



# FY21 Result

26 August 2021



Australia's largest online tradie marketplace and SaaS<sup>1</sup> provider, creating effortless solutions that help tradies streamline and grow their business and delight their customers.

# Agenda

1. FY21 overview & opportunity
2. Strategy
3. Financial & operational update
4. FY22 outlook



# FY21 overview & opportunity



**ROBY SHARON-ZIPSER**  
Chief Executive Officer & Co-Founder



# FY21 business highlights

- ✓ **Strong performance in all key metrics** as hipages achieves upgraded guidance for revenue, EBITDA and NPAT
- ✓ **Awarded #2 Best Place to Work in Australia** in the WRK+ 2021 Best Places to Work study
- ✓ **Product enhancements and transition to subscription-only model** drive higher ARPU and recurring revenue growth
- ✓ Consumer trust and brand awareness drive flywheel effect, **increasing jobs from repeat consumers and unpaid channels**
- ✓ **Successful launch of Tradiecore** field service software the next step in evolution to full-service SaaS model
- ✓ **hipages uniquely positioned to benefit from structural tailwinds** driving buoyant home improvement market
- ✓ **Actively pursuing job channel expansion** and ancillary revenue opportunities

# FY21 overview

## Revenue

**\$5.2m**

MRR<sup>1</sup> Up 27%



**\$52.7m**

Recurring revenue<sup>2</sup> Up 25%



**\$55.8m**

Total revenue Up 19%



## Profitability

**85%**

Gross margin<sup>3</sup>  
(FY20: 79%)



**\$11.7m**

EBITDA<sup>4</sup> Up 91%  
EBITDA margin 21%



**\$1.2m**

NPAT<sup>5</sup> Up 128%



## Key drivers

**31.2k**

Subscription tradies Up 12%



**\$1,536**

Total Tradie ARPU<sup>6</sup> Up 29%

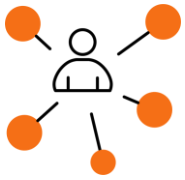


**1.53m**

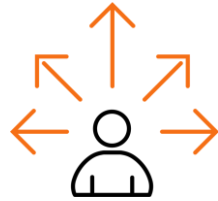
Job volume Up 12%



# Australia's largest online tradie platform



**Large and growing** addressable market



**Evolving** to SaaS model and **expanding** into ancillary opportunities



Subscription-only product with **94% recurring revenue**



**Over 31k** subscription tradies



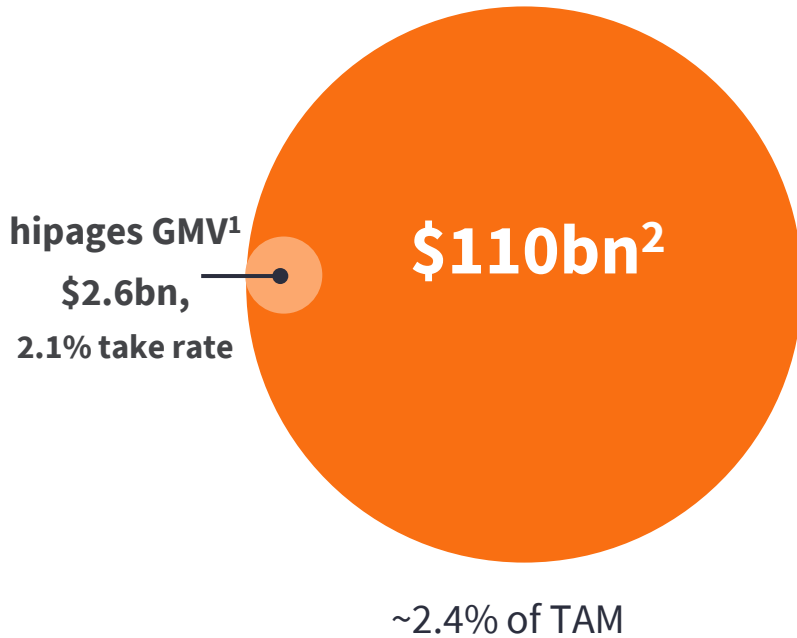
Strong brand awareness of **55%**



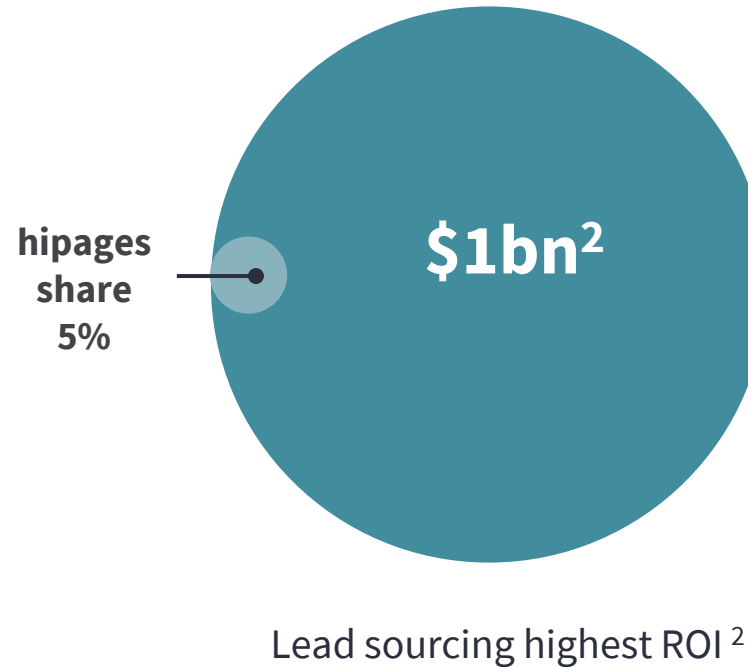
**3.5m users** have posted jobs

# Large addressable market with small market share

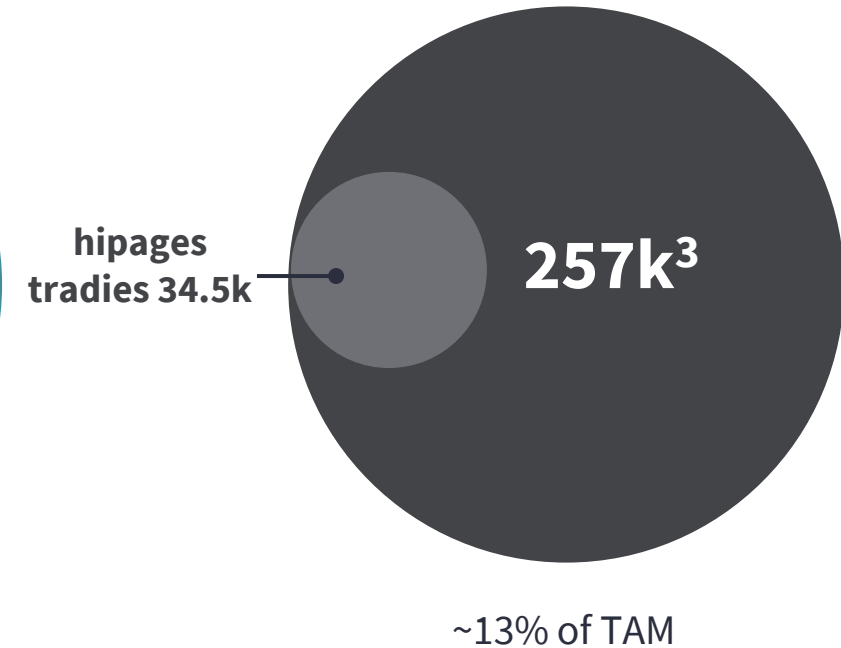
## Total Addressable Market



## Trade advertising spend



## # Trade Businesses



**Large opportunity to increase our share of TAM and take rate beyond 2.1%**



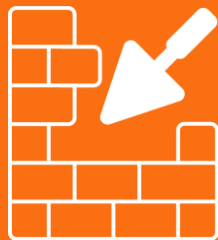
# Strategy



**ROBY SHARON-ZIPSER**  
Chief Executive Officer & Co-Founder



# Why we do what we do



## Purpose

Transforming the trade industry, building better lives for everyone

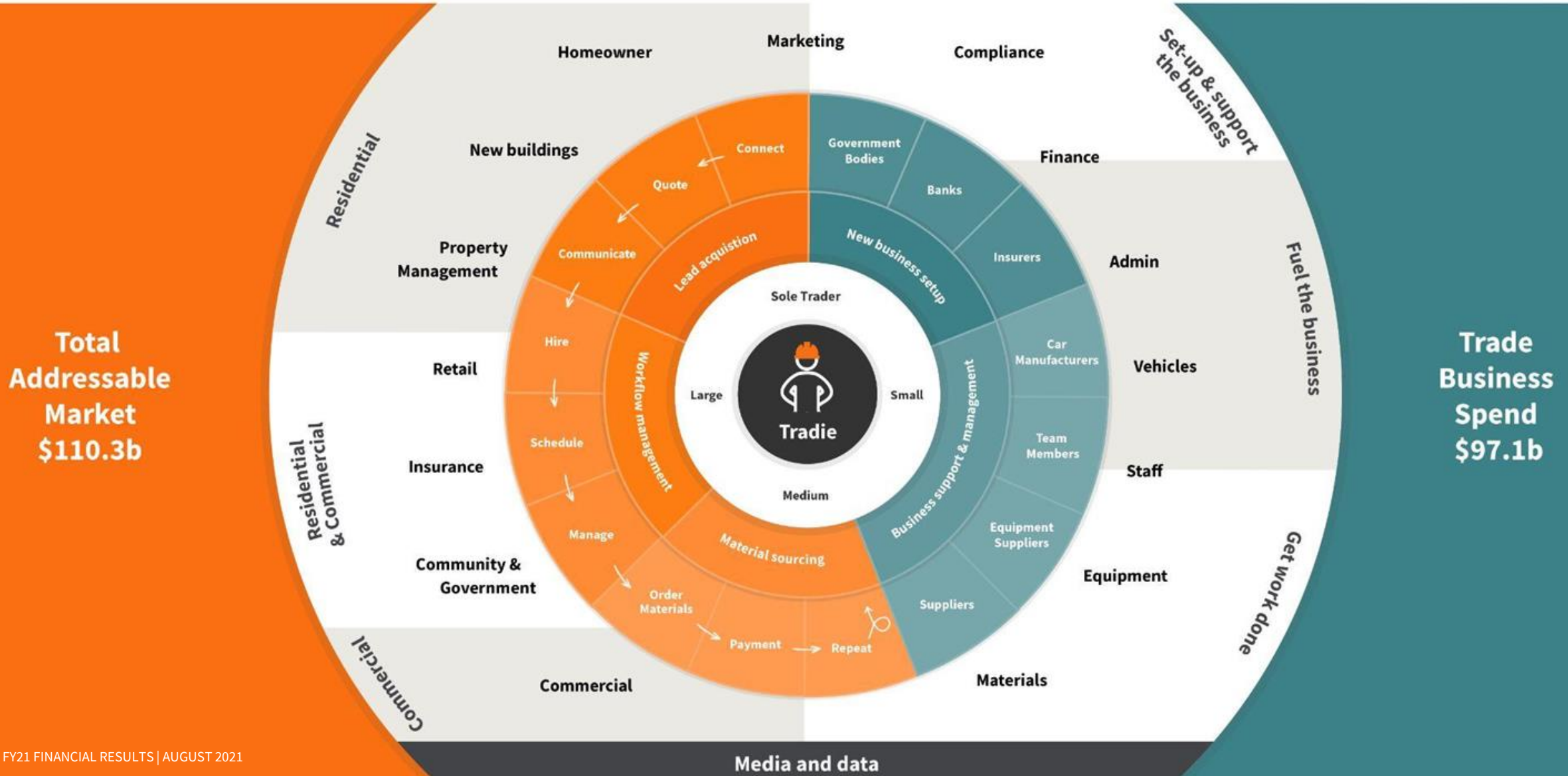


## Vision

To be the most trusted partner in the trade industry

**To win the tradie economy**

# Overall strategic opportunity



# Value of the total addressable market

Residential			Residential & Commercial			Commercial
Homeowner	Residential New Builds	Residential Property Management	Retail	Insurance	Community & Government	Commercial property management
Maintenance Repairs Renovation	Homes Apartments	Rental properties Strata	Stores E-commerce	Claims	Charity Local, state and federal government	Offices Retail Warehouse
<b>\$41.2b</b>	<b>\$31.9b</b>	<b>\$12.7b</b>	<b>\$0.6b</b>	<b>\$7.5b</b>	<b>\$8.0b</b>	
<b>\$85.8b</b>			<b>\$16.2b</b>			<b>\$8.3b</b>

**TAM \$110.3 billion**

# Trade business spend

Marketing	Compliance	Finance	Admin	Vehicles	Staff	Equipment	Materials
Traditional Online	Licensing and regulation Trade memberships Education CPE	Banking and finance Insurance	Technology Rent	Purchase Maintain	Administrative Apprentices Trades and sub-contractors	Hire Purchase Maintenance	New Home construction Renovation Maintenance & repair
<b>\$1.0b</b>	<b>\$3.3b</b>	<b>\$4.4b</b>	<b>\$3.4b</b>	<b>\$7.8b</b>	<b>\$46.5b</b>	<b>\$10.8b</b>	<b>\$19.9b</b>

**Trade Business Spend \$97.1 billion**

# Strategy Execution

	FY20-21	FY22-23	FY24+
<b>Grow core category</b>	Marketing effectiveness		
	Subscription product		
	Operational excellence		
		Tradiecore will optimise experience for tradies and consumers	
		Enhance product features	
		Medium to large Tradies	
			On-demand booking and fixed-price services
<b>Expand category channels / partnerships</b>	Retail		
		Community	
			New channel partners
<b>New category adjacencies</b>		Payments	
		Financial Services	
			New adjacencies
			Marketing and media / data
<b>Inorganic growth</b>		Pursue inorganic opportunities that accelerate growth in a disciplined way	



**Data innovation supporting key business growth drivers**





# FY21 financial & operational update

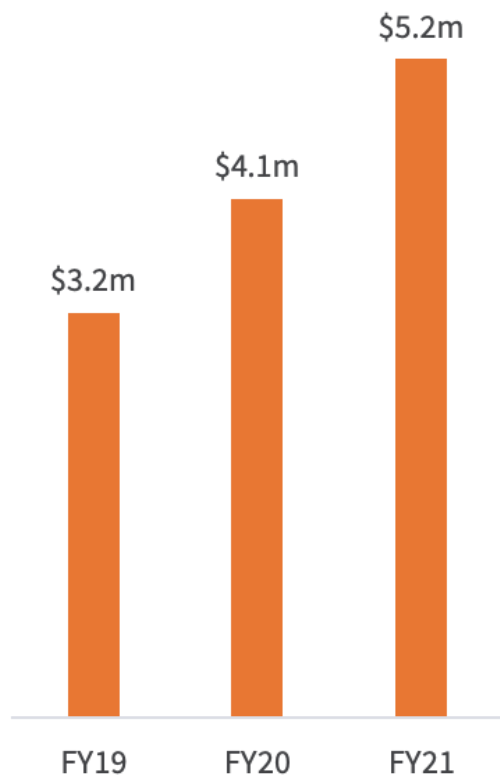


**MELISSA FAHEY**  
Chief Finance & Operations Officer

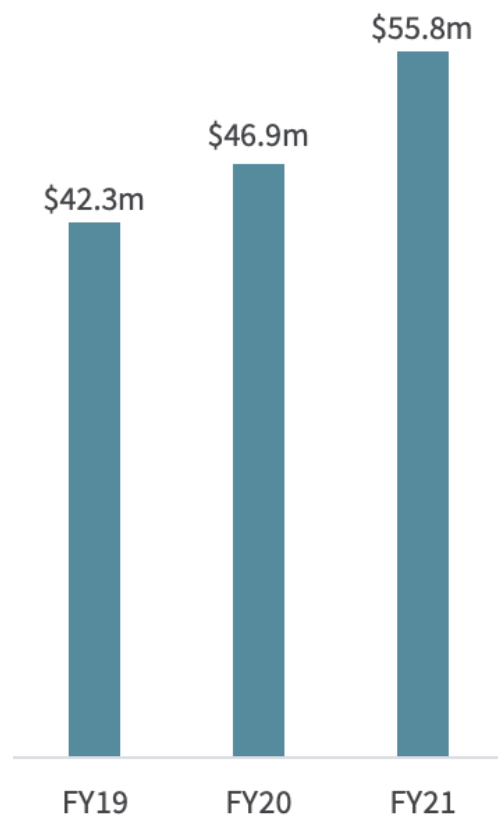


# Delivering sustainable growth

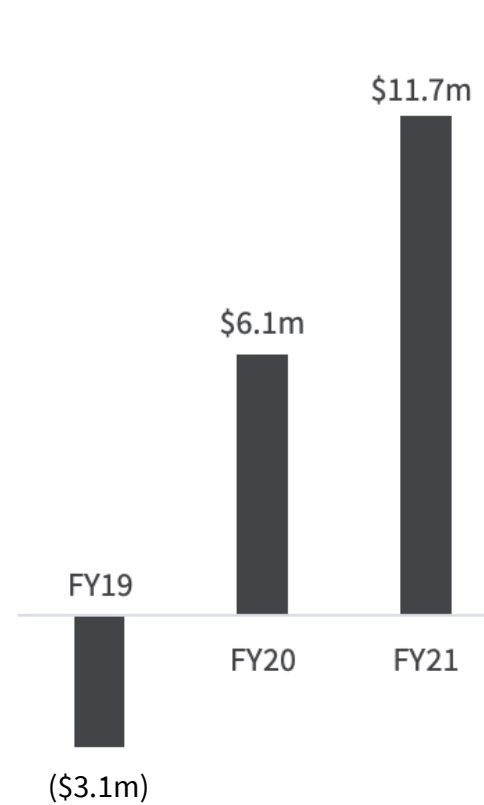
### MRR



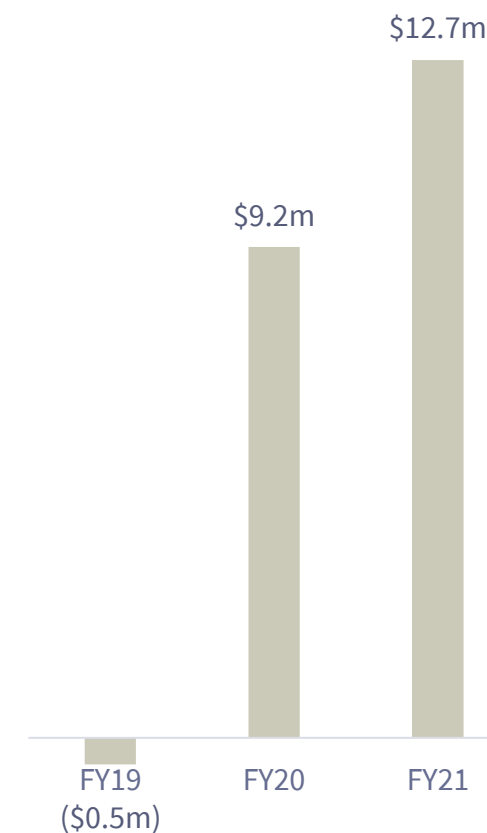
### Total Revenue



### EBITDA



### Operating cash flow



# FY21 financial highlights

## Revenue

**MRR<sup>1</sup>** up 27% drives **recurring revenue** growth of 25%

29% **Total Tradie ARPU** growth as we attract higher value subscribers

Strong **total revenue** growth of 19% driven by business model transformation

## Operating Leverage

**Gross margin<sup>2</sup>** of 85%

Marketing efficiencies drive **Opex as a % of revenue** down to 79%

**LTV/CAC** improvement showcases attractive unit economics

## Profitability

**Pro forma EBITDA<sup>3</sup>** of \$11.7m and **Pro Forma OCF** of \$12.7m

**EBITDA margin** expands to 21%

**NPAT<sup>4</sup>** of \$1.2m

**Strong balance sheet with closing cash and funds on deposit of \$32.6m and no debt**

# FY21 result summary

## Strong performance across all key metrics

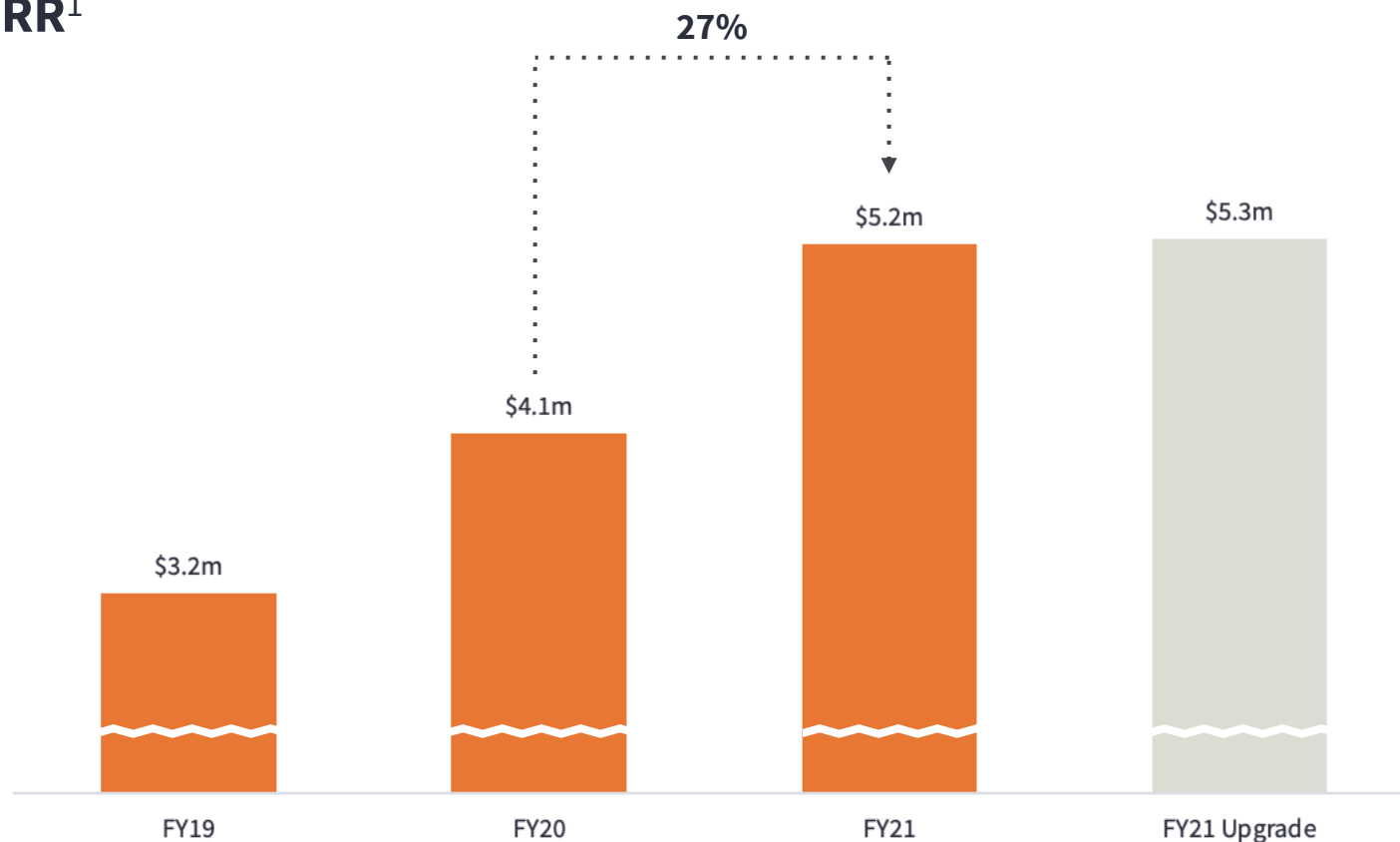
Pro forma financial and operating metrics	FY21	FY20	Var (%)	FY21F Upgrade	Var (%) <sup>4</sup>
<b>Financial Summary</b>					
Total revenue (\$m)	55.8	46.9	19%	55.7	-
Recurring revenue (\$m)	52.7	42.2	25%	52.6	-
Recurring revenue % Total	94%	90%	4pts	94%	
Operating expenses <sup>1</sup> (\$m)	(44.3)	(40.8)	9%	(44.4)	-
EBITDA <sup>2</sup> (\$m)	11.7	6.1	91%	11.5	2%
EBITDA <sup>2</sup> margin	21%	13%	8pts	21%	-
NPAT (\$m)	1.2	(4.2)	128%	0.3	285%
<b>Key Operational Metrics</b>					
MRR <sup>3</sup> (\$m)	5.2	4.1	27%	5.3	-1%
Job volume (m)	1.53	1.37	12%	1.55	-1%
Subscription tradies ('000s)	31.2	27.9	12%	31.2	-
Total Tradie ARPU <sup>4</sup> (\$)	1,536	1,194	29%	1,525	1%

- Achieved upgraded FY21 revenue, EBITDA<sup>2</sup> and NPAT guidance
- 27% growth in MRR @ June 2021 driving recurring revenue growth of 25%
- Total revenue growth of 19%; 94% recurring
- Exit Q4 FY21 total revenue growth of 20%
- Strong revenue growth driven by:
  - Subscription tradies up 12% on pcp
  - Total Tradie ARPU up 29% on pcp
- Gross margin<sup>5</sup> of 85%
- EBITDA of \$11.7m and EBITDA margin of 21%
- NPAT ahead of Prospectus forecast due to EBITDA outperformance, reduced finance costs and lower amortisation charge

# Strong growth in MRR<sup>1</sup>

Acceleration in MRR as more tradies subscribe and ascend to higher price points

## MRR<sup>1</sup>



- MRR<sup>1</sup> of \$5.2m @ June 2021, up 27% vs pcp, underpins strong recurring revenue growth
- Driven by growth in subscription tradies, jobs and APRU
- Flywheel effect of double-sided marketplace
- MRR 1% behind upgraded FY21 guidance due to impact of COVID-19 in June



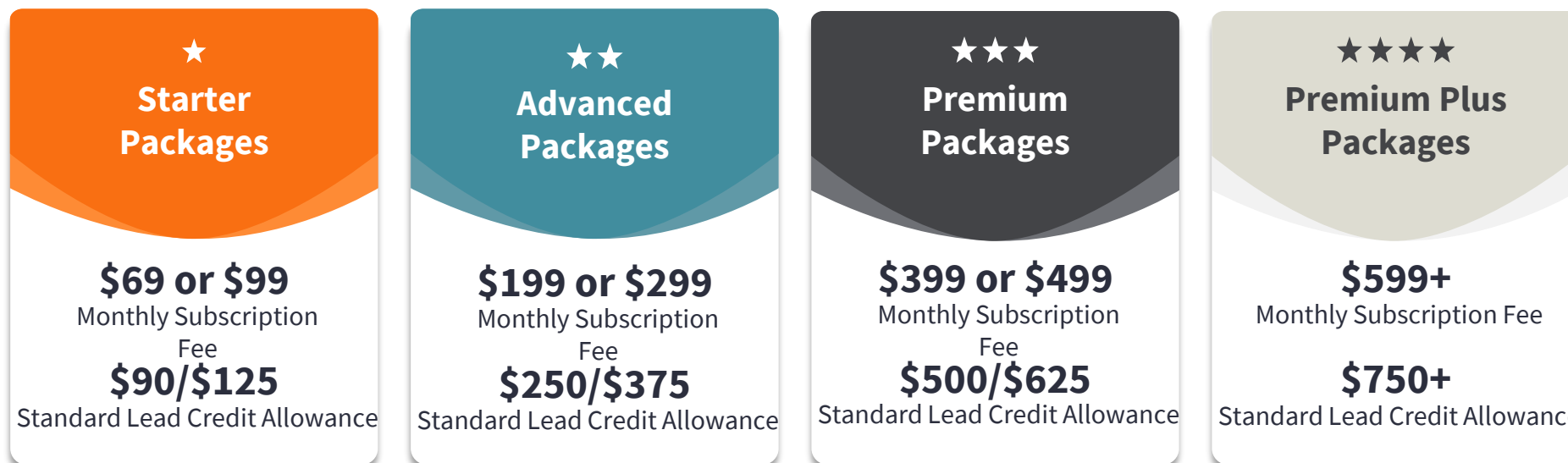
# Subscription-only model drives ARPU growth of 29%

## Pre November 2019

- **Transactional product** – small annual listing fee and tradie would pay each time they claimed a job lead
- **Subscription product** - monthly subscription product with contract terms of 6-12 months

## Post November 2019

- Moved to a **subscription-only** product offering for new tradies
- New version of subscription package with new, improved features
- Removed lower price tier (< \$69)
- Automatic 12-month renewal

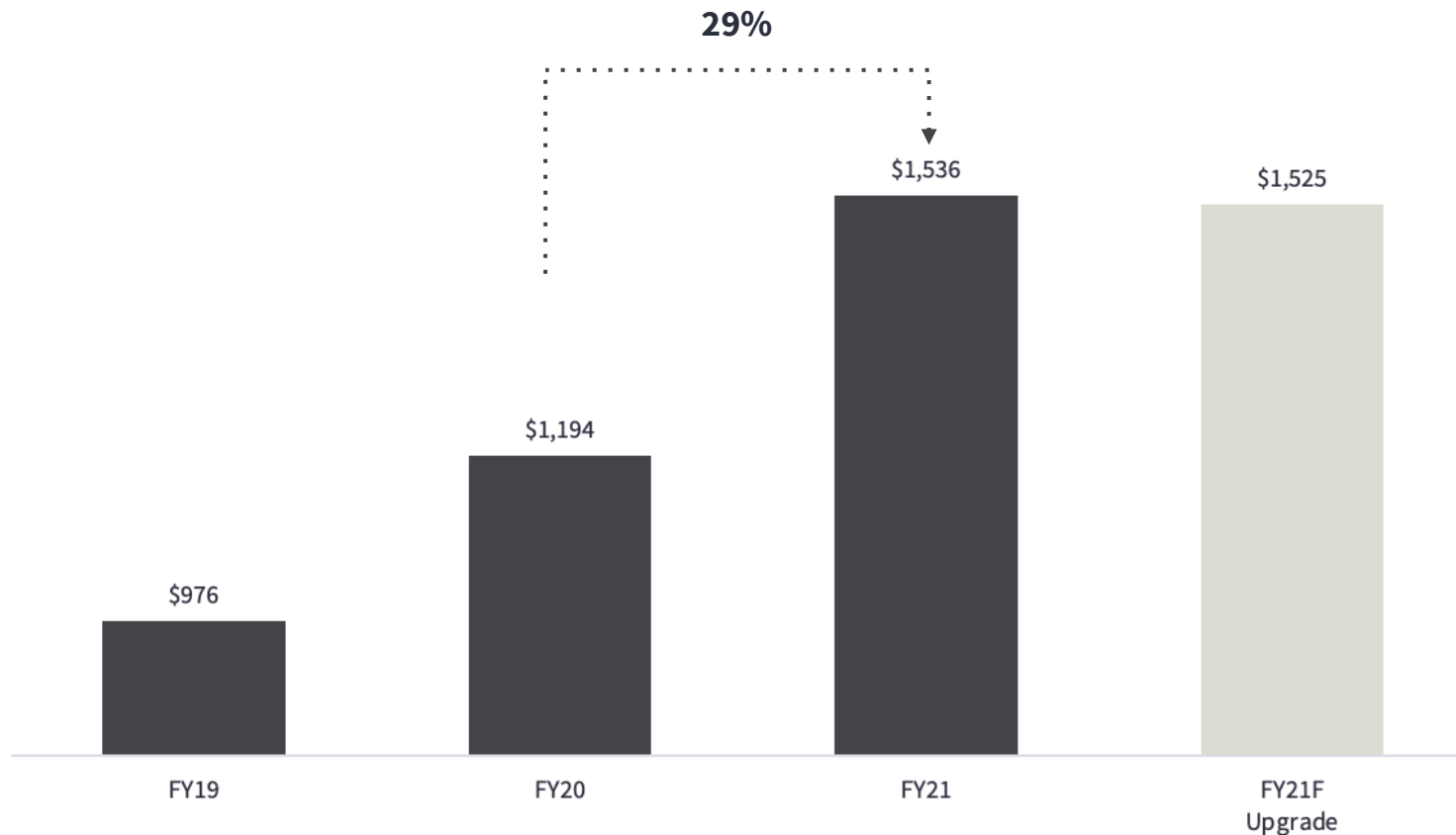


**New subscribers joining platform at higher price points and existing subscribers upgrading to higher price tiers**

# Subscription model drives growth in Total Tradie ARPU<sup>1</sup>

## Business model transition and platform enhancements deliver higher value tradies

### Total Tradie ARPU

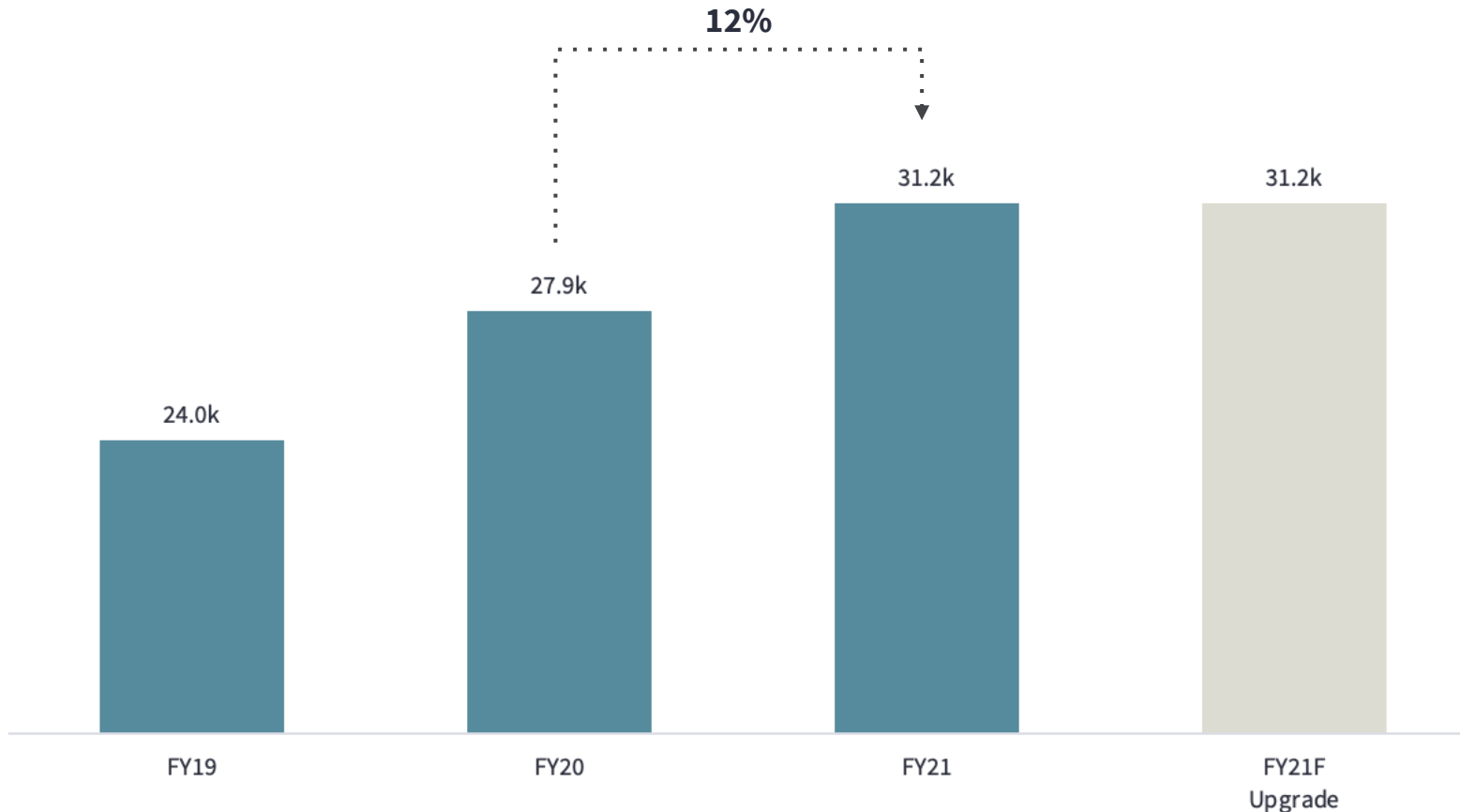


- Total Tradie ARPU<sup>1</sup> of \$1,536 up 29% on pcp
- Outperformed FY21 Upgrade
- Driven by:
  - Move to subscription-only product
  - New and improved features
  - New subscribers joining at higher price points
  - Existing subscribers upgrading to higher price tiers
  - Successful program targeting medium-sized tradies in H2 joining platform at average yields of ~\$600 (vs. total avg of ~\$130)

# Subscription tradie base continues to expand

## Brand awareness drives increased subscriptions

### Total subscription tradies

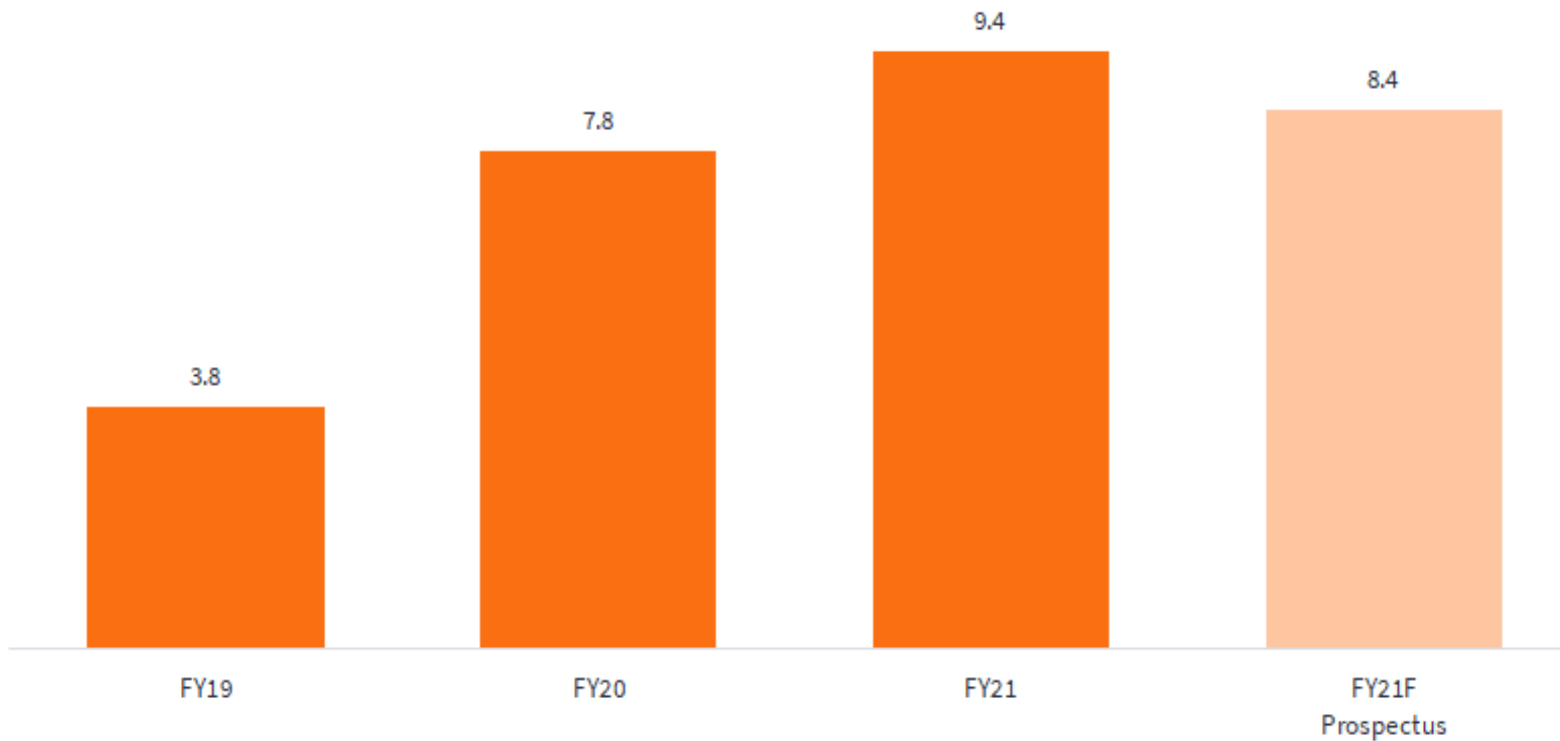


- Total subscription tradies up 12% in FY21 to 31.2k
- In line with FY21 Upgrade
- Successful brand campaign targeting tradie customers resulted in increased registrations and brand awareness

# Lifetime Transaction Value / Customer Acquisition Costs<sup>1</sup>

Significant improvement in unit economics

## Annualised LTV/CAC

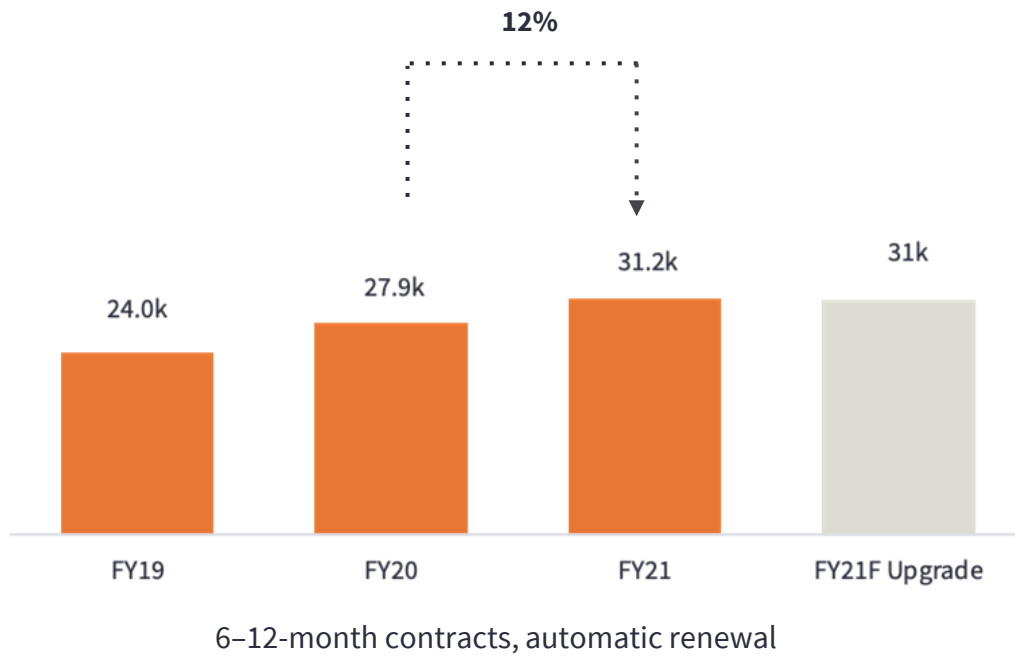


- LTV vs CAC ratio increasing as a result of improved unit economics
- ~60% increase in ARPU and ~40% reduction in CAC from FY19-FY21
- FY21 outperformed Prospectus forecast

# Flywheel effect driven by growth on both sides of marketplace

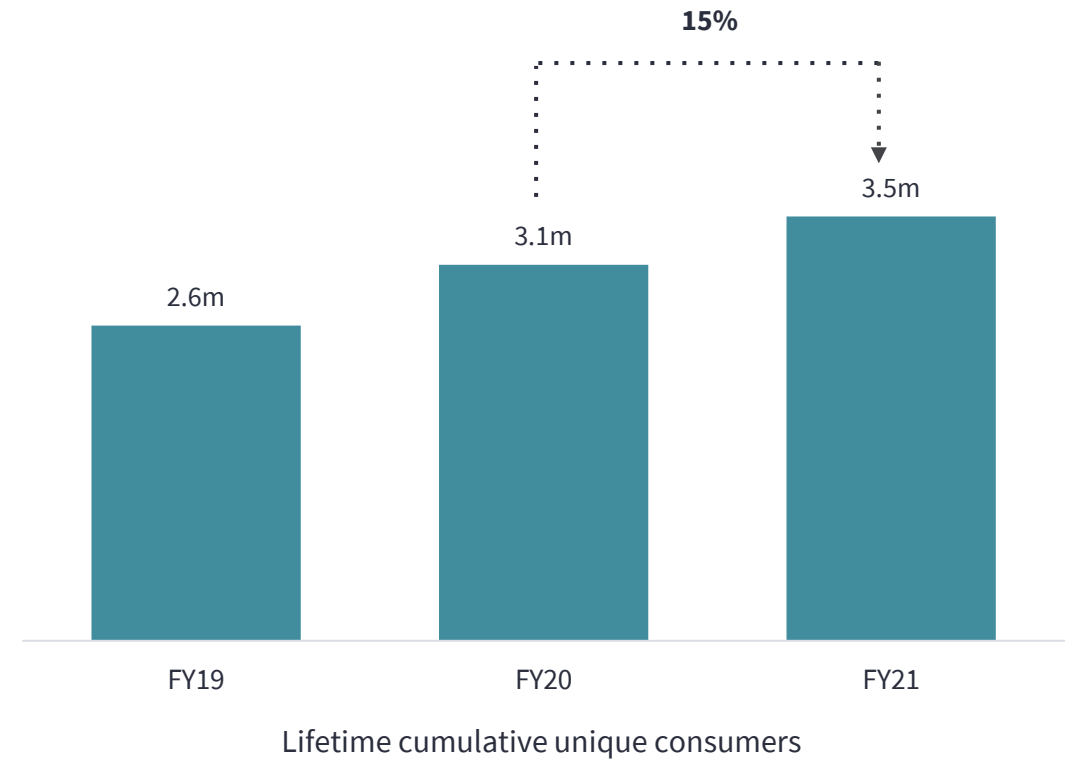
## Subscription trades

Subscription trades increased from 77% to 90% of customer base



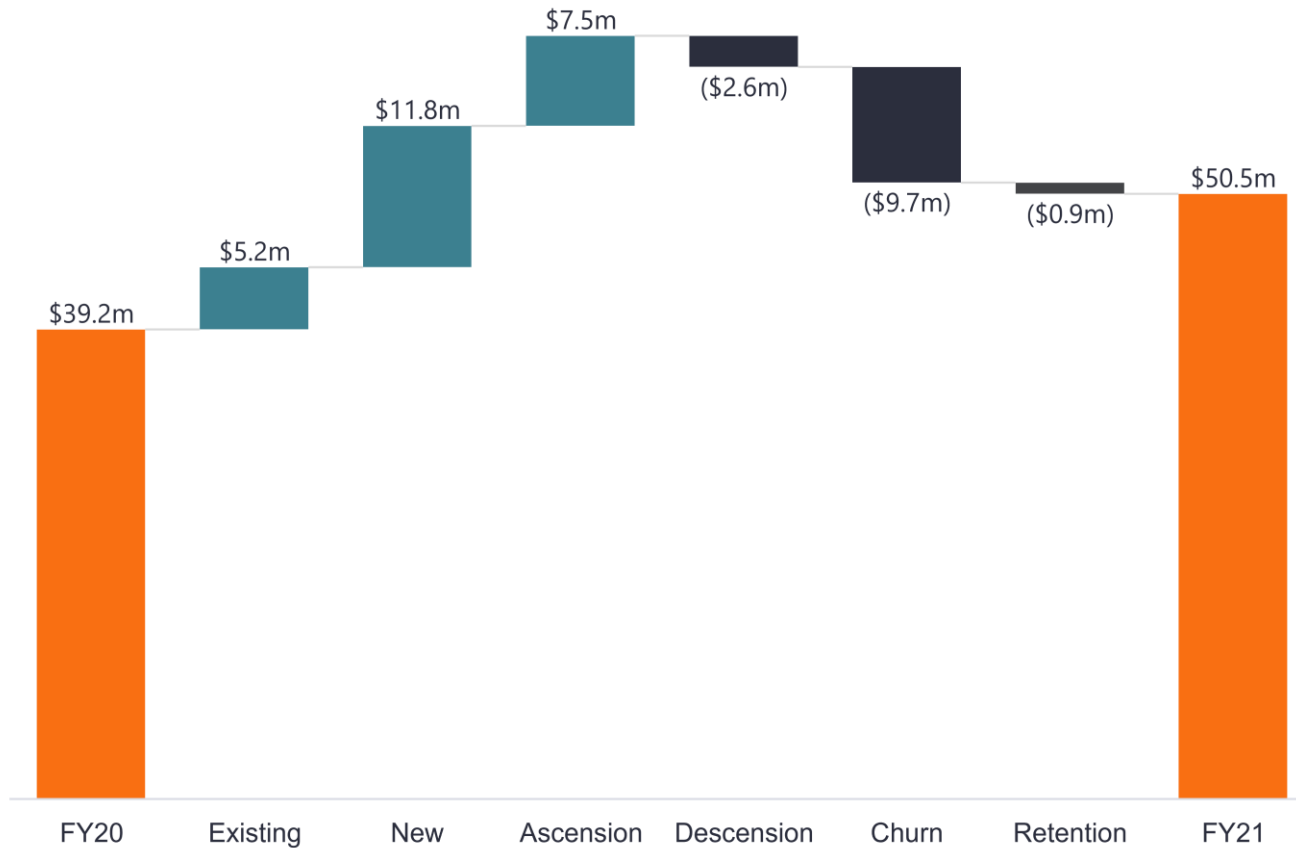
## Users

3.5m unique users posted a job to hipages platform to end FY21



# FY21 subscription revenue bridge

New tradies and ascensions drive subscription revenue higher



- FY21 subscription revenue growth driven by:
  - Strong demand from new subscribers joining the platform
  - Net ascensions as tradies moved to higher tier subscription products
- Total monthly churn 3.5%<sup>1</sup> in line with Upgrade forecast and better than FY21 Prospectus of 3.8%. Annualised churn as % revenue 25%.
- Reported churn inflated as 10-15% of new tradies are returning customers
- Successfully targeting higher value tradies with inherently lower churn. In FY21 average price point for new tradies was \$125 and in Q4 FY21 \$131 with the average price point for all subscription tradies at \$161.
- Successfully launched Hunter program targeting medium to large-sized tradie businesses, joining at average price points of \$600 in Q4 FY21
- Moving up the price curve and launching Tradiecore solutions expected to drive further improvements in retention and customer stickiness
  - 2.6% for tradies on packages >\$129 pm
  - 2.2% for tradies on packages >\$299 pm

**Tradies on packages >\$129 represent ~40% of tradie base but 75% of MRR @ June 2021**

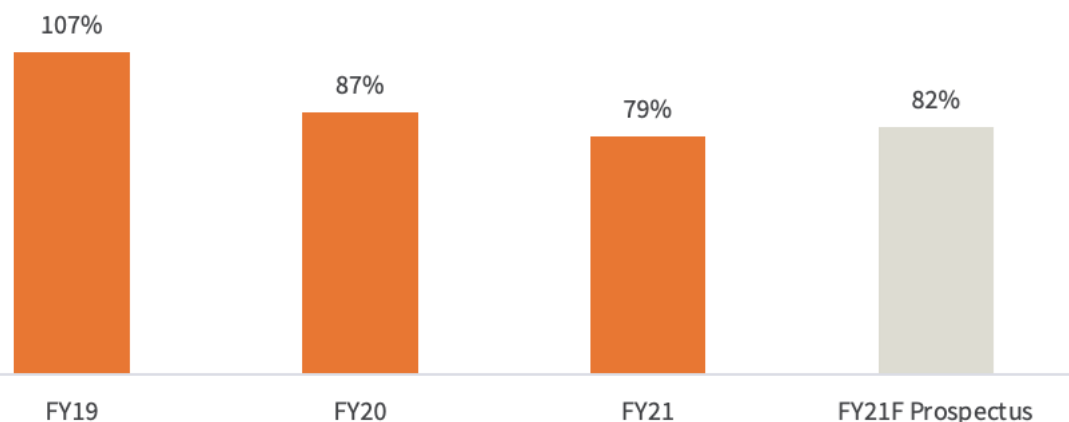


# Pro Forma Operating Expenses

Marketing efficiency drives increased operating leverage

Expenses as a % revenue <sup>1</sup>	FY19	FY20	FY21	FY21F Prospectus
Operations and administration	39%	34%	35%	35%
Technology Development	4%	3%	4%	3%
Marketing	51%	39%	32%	33%
Sales	13%	11%	9%	10%
<b>Total</b>	<b>107%</b>	<b>87%</b>	<b>79%</b>	<b>82%</b>

Ongoing reduction in total expenses as % revenue



- **Expenses as % of revenue** were 79% of revenue in FY21 after reinvestment in growth in H2.
- Sales, service and marketing efficiencies driving **operating leverage** for the business following efficiencies and automation implemented in FY20 Efficiencies for Growth project

## Marketing

- Reduced reliance on SEM spend due to shift from paid to unpaid channels and increase in customer and consumer brand awareness

## Technology development

- Investment in technology team to drive growth, \$1m increase in costs, 14%
- 76% of technology development costs capitalised and amortised over 3 years

# Effective investment driving increased brand awareness

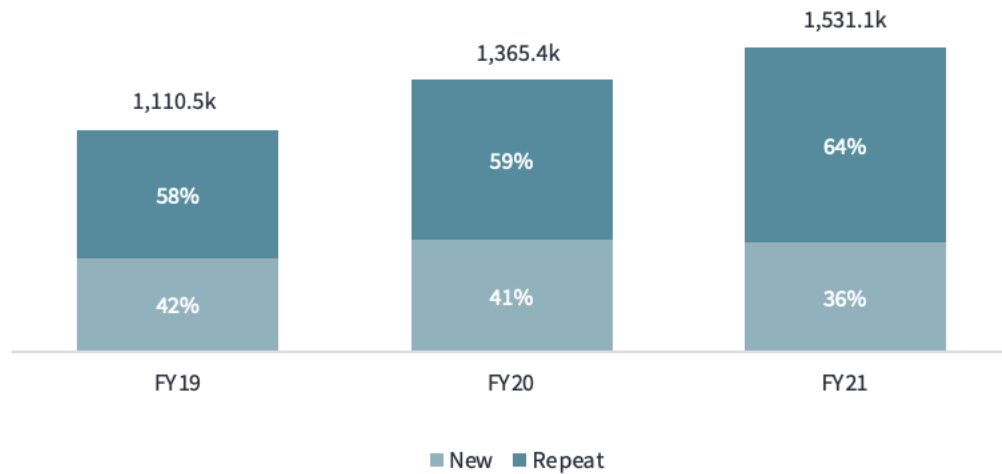
- Consumer brand awareness remains strong at 55%
- Market leader for top-of-mind awareness at 20% vs. nearest competitor at 12%
- Successful brand campaign across radio and digital increased tradie customer brand awareness from 35% to 49%
- Sponsorships of *The Block* and *Better Homes & Gardens*
- Jobs from paid channels now only 23% of total jobs



# Building consumer trust and brand awareness

14% increase in job volume, strong growth in jobs from repeat consumers and unpaid channels<sup>1</sup>

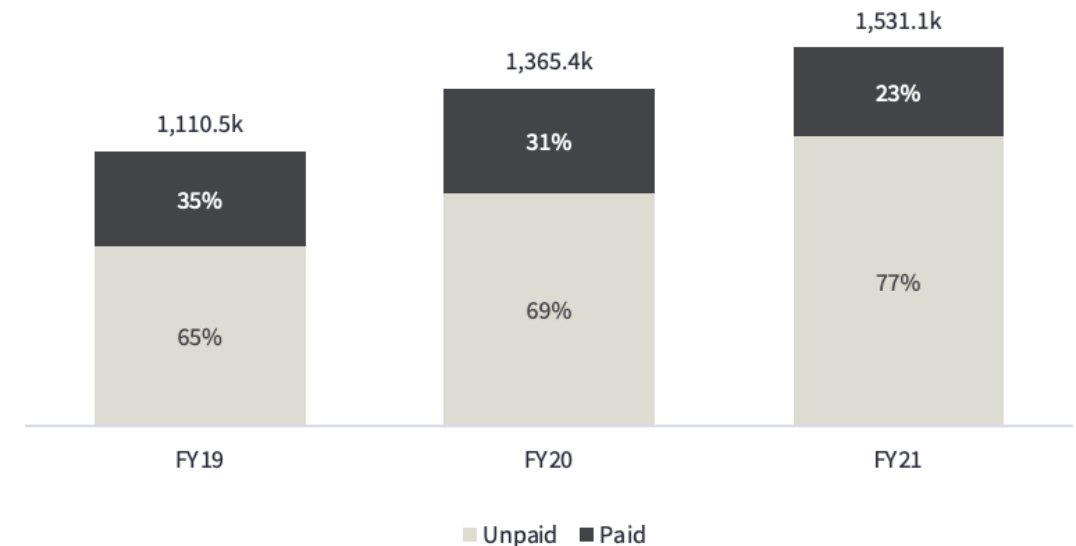
## 64% of jobs from repeat consumers



22% increase in jobs from repeat consumers<sup>1</sup>

## 77% of jobs from unpaid channels

3.5m unique users posted a job to hipages platform as at FY21



25% increase in jobs from unpaid channels<sup>1</sup>

# FY21 Pro Forma Financial Summary

\$m	FY21	FY20	\$ Var	% Var
Recurring	52.7	42.2	10.5	25%
Transactional	1.7	3.4	(1.7)	(50%)
<b>Operating Revenue</b>	<b>54.4</b>	<b>45.6</b>	<b>8.8</b>	<b>19%</b>
Other	1.4	1.3	0.0	3%
<b>Total Revenue<sup>1</sup></b>	<b>55.8</b>	<b>46.9</b>	<b>8.9</b>	<b>19%</b>
Sales	(5.0)	(5.0)	0.1	(1%)
Marketing	(17.8)	(18.4)	0.5	(3%)
Technology and Development	(2.1)	(1.5)	(0.7)	46%
Operations and Administration	(19.4)	(16.0)	(3.4)	22%
<b>Total Operating Expenses</b>	<b>(44.3)</b>	<b>(40.8)</b>	<b>(3.5)</b>	<b>(9%)</b>
Other Income and Expenses	0.2	0.0	0.2	
<b>EBITDA before significant items</b>	<b>11.7</b>	<b>6.1</b>	<b>5.6</b>	<b>91%</b>
Significant Items	(1.2)	(0.1)	(1.1)	
<b>EBITDA after significant items</b>	<b>10.5</b>	<b>6.0</b>	<b>4.5</b>	<b>74%</b>
Depreciation & Amortization	(8.6)	(9.0)	0.4	(5%)
<b>EBIT</b>	<b>1.9</b>	<b>(3.0)</b>	<b>4.9</b>	<b>165%</b>
Net Finance Costs	(0.8)	(1.2)	0.4	(36%)
<b>NPAT</b>	<b>1.2</b>	<b>(4.2)</b>	<b>5.3</b>	<b>128%</b>

- Strong revenue growth in FY21
- Recurring revenue growth of 25%, total revenue up 19% on pcp
- 94% of total revenue was recurring
- Gross margin<sup>2</sup> of 85% (FY20:79%)
- Total operating expenses 9% lower on pcp due to sales and marketing efficiencies net of investment in growth
- EBITDA before significant items of \$11.7m (FY20: \$6.1m)
- EBITDA margin of 21% (FY20: 13%)
- NPAT of \$1.2m vs net loss of (\$4.2m) in FY20

# FY21 Cash Flow

\$'000s	Pro forma FY21 <sup>1</sup>	Statutory FY21	Statutory FY20 <sup>2</sup>	\$ Var
Receipts from customers (inclusive of GST)	60,346	60,346	52,168	8,178
Payments to suppliers and employees (inclusive of GST)	(47,857)	(47,857)	(40,449)	(7,407)
Transaction costs in relation to secondary raise	-	(4,771)	-	(4,771)
Interest received	231	231	158	73
Interest paid	(31)	(1,088)	(1,805)	717
<b>Net cash flows from operating activities</b>	<b>12,690</b>	<b>6,862</b>	10,072	(3,021)
Payments for purchase of business	(88)	(88)	(175)	87
Payments for property, plant and equipment	(368)	(368)	(191)	177
Payments for intangible assets	(6,806)	(6,806)	(6,666)	(140)
Proceeds from funds on deposit	-	-	1,018	(169)
Proceeds from divestments	121	121	289	(169)
<b>Net cash flows used in investing activities</b>	<b>(7,141)</b>	<b>(7,141)</b>	(5,725)	(1,416)
Proceeds from issue of shares	-	40,300	-	40,300
Proceeds from borrowings	-	3,000	3,500	(500)
Repayment of borrowings	-	(16,002)	(1,443)	(14,559)
Payment of principle portion of lease liabilities	(2,733)	(2,733)	(2,869)	136
Payment of transaction costs on issue of new shares	-	(2,805)	-	(2,805)
<b>Net cash flows from financing activities</b>	<b>(2,733)</b>	<b>21,760</b>	(812)	22,572
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,816</b>	<b>21,481</b>	3,535	17,946
Cash and cash equivalents at the beginning of the period		8,822	5,287	3,535
<b>Cash and cash equivalents at end of the period</b>		<b>30,303</b>	8,822	21,481

- Strong FY21 Pro Forma operating cash flow (OCF) of \$12.7m with Pro Forma EBITDA to OCF conversion of 109%
- Receipts from customers of \$60.3m up 20% on a Pro Forma basis
- Strong Statutory FY21 net cash inflow of \$21.5m driven by:
  - IPO proceeds of \$40.3m used to pay \$2.7m of IPO offer costs in relation to primary raise and \$16.0m in repayment of borrowings
  - Positive Statutory operating cash flow of \$6.9m after one-off IPO transaction costs in relation to secondary raise of \$4.8m and non-recurring interest costs of \$1.1m in relation to debt retired on IPO

# FY21 Statutory Balance Sheet

\$'000s	30 Jun 21	30 Jun 20	\$ Var
Cash and cash equivalents	30,303	8,822	21,481
Funds on deposit	2,271	2,271	-
Trade and other receivables	1,461	1,426	35
Other assets	1,976	1,086	890
<b>Total current assets</b>	<b>36,011</b>	<b>13,605</b>	<b>22,406</b>
Other assets	639	922	(283)
Financial assets at fair value through other comprehensive income	800	800	-
Property, plant and equipment	1,868	2,323	(455)
Right-of-use asset	6,370	6,979	(609)
Intangible assets	11,596	10,726	870
<b>Total non-current assets</b>	<b>21,273</b>	<b>21,750</b>	<b>(477)</b>
<b>Total assets</b>	<b>57,284</b>	<b>35,355</b>	<b>21,929</b>
Trade and other payables	7,235	6,720	515
Contract liabilities	3,715	3,510	205
Borrowings	-	1,795	(1,795)
Provisions	1,461	1,547	(86)
Lease liabilities	3,086	2,283	803
<b>Total current liabilities</b>	<b>15,497</b>	<b>15,855</b>	<b>(358)</b>
Borrowings	-	12,118	(12,118)
Provisions	552	397	154
Lease liabilities	5,495	7,384	(1,889)
Other	-	221	(221)
<b>Total non-current liabilities</b>	<b>6,047</b>	<b>20,120</b>	<b>(14,074)</b>
<b>Total liabilities</b>	<b>21,544</b>	<b>35,975</b>	<b>(14,432)</b>
<b>Net assets</b>	<b>35,740</b>	<b>(620)</b>	<b>36,360</b>
Issued capital	315,775	48,087	267,688
Reserves	(220,443)	4,017	(224,460)
Accumulated losses	(59,592)	(52,724)	(6,868)
<b>Total equity</b>	<b>35,740</b>	<b>(620)</b>	<b>36,360</b>

- Strong FY21 total equity position of \$35.7m, an increase of \$36.4m driven by:
  - Increase in total assets of \$21.9m primarily due to increased in cash balance
  - Reduction in total liabilities of \$14.4m due to repayment of borrowings, no debt
- Strong cash balance of \$30.3m provides financial flexibility to execute the strategic plan for growth – organic and inorganic



# Profit Reconciliation

	\$'000s
<b>Reported EBITDA (from continuing operations)</b>	<b>5,603</b>
Transaction costs related to IPO	4,784
Non-recurring remuneration	1,166
Net loss on conversion of convertible notes	467
Public company costs	(345)
<b>Pro forma EBITDA before significant items</b>	<b>11,675</b>

	\$'000s
<b>Reported NPAT (from continuing operations)</b>	<b>(6,199)</b>
Non-recurring interest and gain / losses on debt repaid on IPO	2,932
Public company costs	(345)
Transaction costs related to IPO	4,784
<b>Pro forma NPAT</b>	<b>1,172</b>

- **Pro forma EBITDA** of \$11.7m after:
  - Removal of IPO transaction costs in relation to the secondary raise (\$4.8m)
  - Non-recurring remuneration and conversion loss on convertible note retired on IPO
  - Pro-forma adjustment to reflect public company costs as if incurred for the full period
- **Pro forma NPAT** of \$1.2m after:
  - Adjustments noted above
  - Non-recurring interest and other gain/losses on debt repaid on IPO



# FY22 outlook



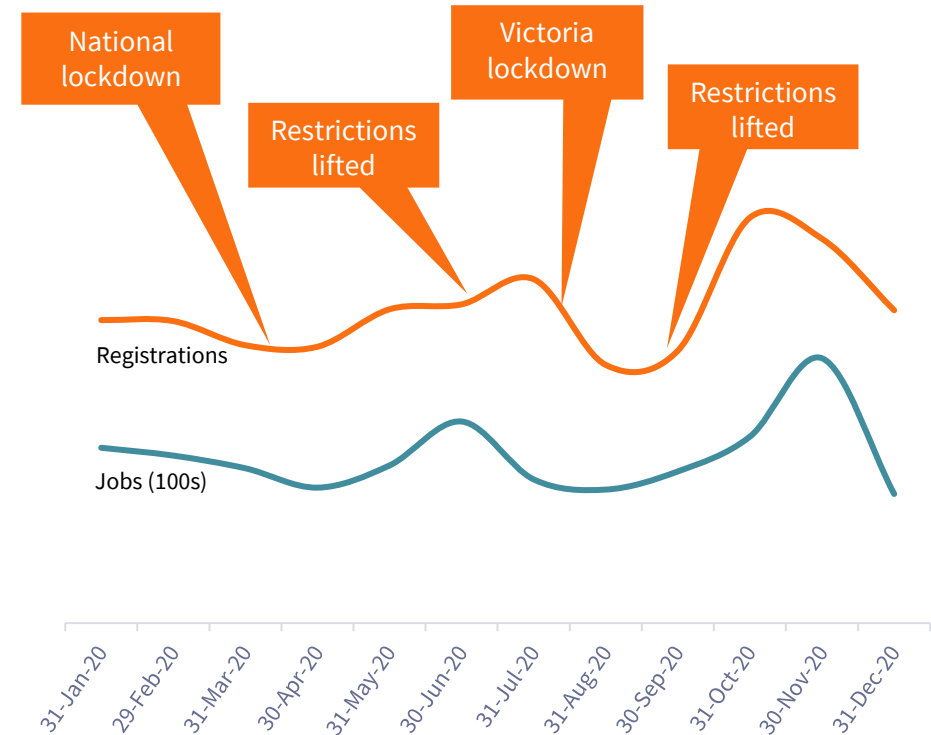
**ROBY SHARON-ZIPSER**  
Chief Executive Officer & Co-Founder

# Managing COVID-19

## Near-term volatility, long-term opportunity

- Supporting our tradie customers:
  - Short-term discounts and lead credit extension
  - Temporary contract pause
  - COVID safe badge for fully vaccinated tradies
- Moderate impact on revenue growth rate expected for duration of lockdown (Q4 FY21: marginal)
- Subscription model highly resilient in previous lockdowns
- Strong rebound expected when lockdowns ease
- Australian home improvement market remains very buoyant, long-term opportunity as attractive as ever

Victoria marketplace activity 2020



COVID-19  
Vaccinated

Win more work by displaying  
you're Covid-19 vaccinated

[Add Covid-19 Certificate](#)

# FY22 outlook

- ✓ Continue to successfully **navigate the impacts of COVID-19 and support our tradie customers**
- ✓ **Migrate remainder of transactional tradies** onto subscription product by end FY22
- ✓ **Evolution to SaaS model continues, with Tradiecore to offer expanded functionality**
- ✓ **Expand into new job channels** and opening ancillary revenue opportunities
- ✓ **Pursue growth opportunities** to strengthen market leadership and win the tradie economy

# Q&A



# Disclaimer

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