



FY22 Results

25 August 2022



Australia and New Zealand's largest online tradie marketplace and SaaS¹ provider, creating effortless solutions that help tradies streamline and grow their business and delight their customers.

1. Software-as-a-Service (SaaS)

A photograph of two young men in a workshop or construction site. They are both wearing grey polo shirts and are looking at each other with smiles. One is holding a small object, possibly a piece of wood or a tool. In the background, there is a large miter saw on a stand and stacks of white materials. The scene is brightly lit, suggesting a sunny day.

Purpose:
**Transforming the trade industry,
building better lives for everyone**

A man with a beard, wearing a bright yellow hoodie and khaki pants, is looking down at his work site. He is standing on a dirt path next to a brick wall. In the background, there is a blue car and some trees. The scene is outdoors and appears to be a construction or renovation site.

Vision:
**To be the most trusted partner
in the trade industry**

Agenda

1. FY22 overview
2. Financial & operational update
3. Strategy update
4. FY23 outlook

FY22 overview



ROBY SHARON-ZIPSER
Chief Executive Officer & Co-Founder

FY22 highlights



Business model delivers resilience and growth



Significant strategic progress with transition to subscription model complete



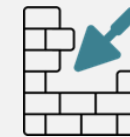
Continued investment in people and technology



Effective investment drives strong brand awareness

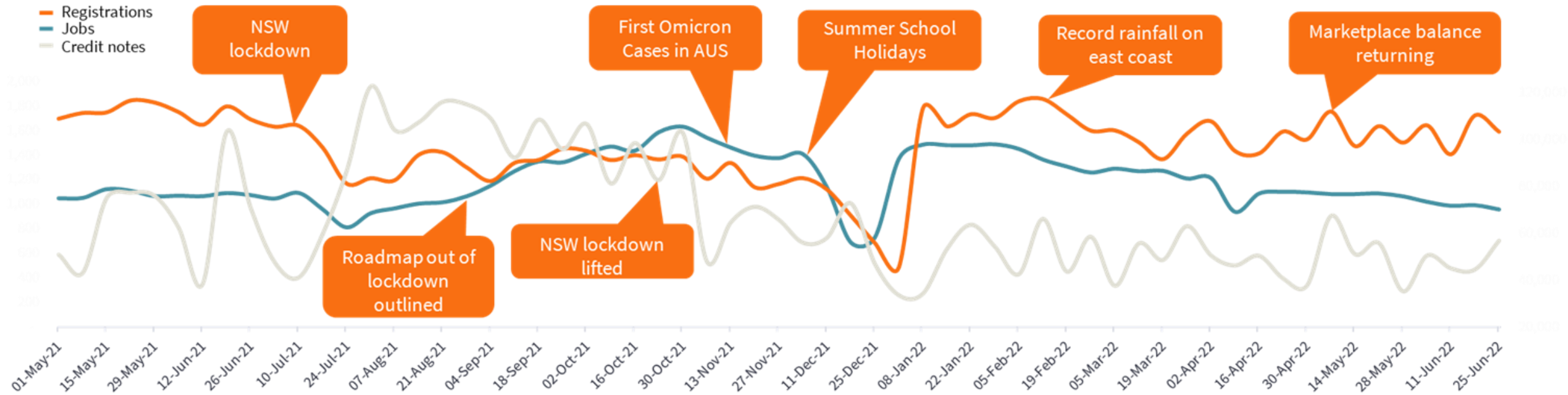


Efficient operating model delivers strong EBITDA margin and improved cash flow



Maintained strong balance sheet

Significant macro headwinds impacted marketplace activity in FY22



- Government-mandated COVID lockdowns and restrictions on construction meant tradies were unable to work for extended periods
- Omicron outbreak and extreme weather further delayed the industry’s recovery
- Record consumer demand from households saw tradies at full capacity facing a significant backlog of work
- As lockdowns eased, COVID-related supply chain disruptions and inflation impacted cost and availability of key materials

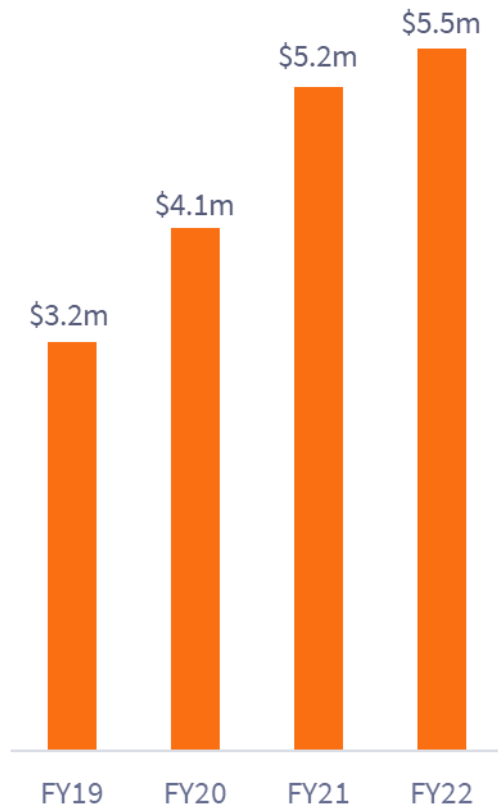
FY22 financial & operational update



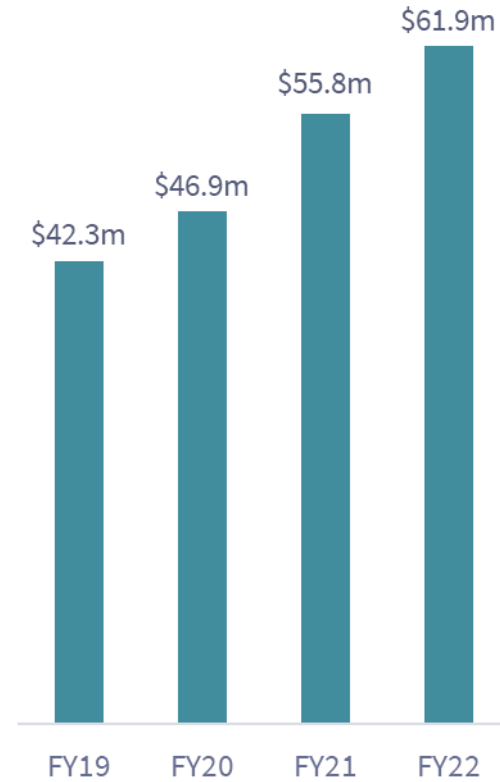
MELISSA FAHEY
Chief Finance & Operations Officer

Delivering sustainable growth

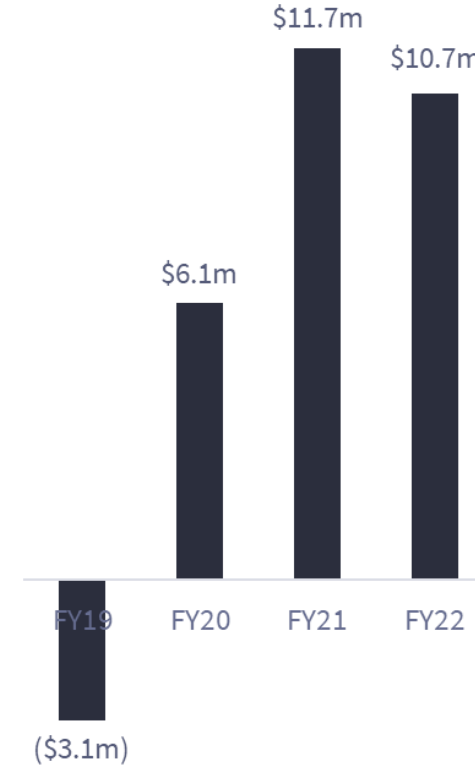
MRR



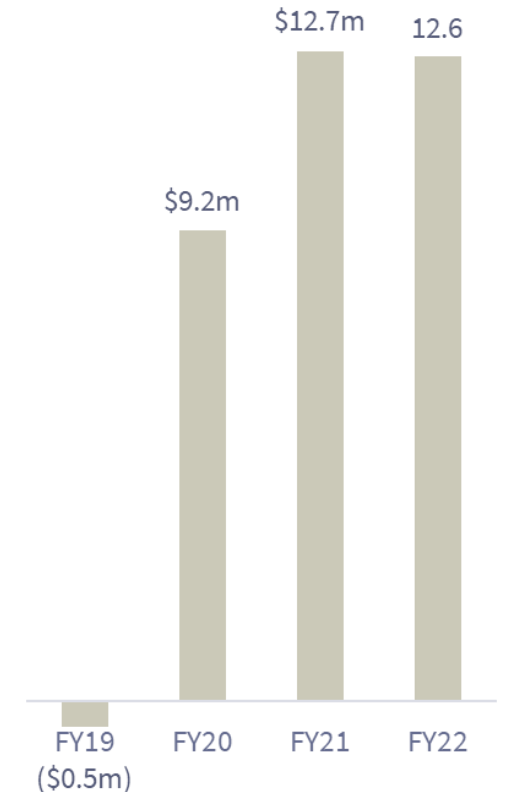
Total Revenue



EBITDA



Operating cash flow



FY22 financial highlights

Revenue

\$5.5m

MRR¹

Up 5%



\$58.2m

Recurring revenue² Up 11%



\$61.9m

Total revenue

Up 11%



Profitability

85%

Gross margin³
(FY21: 85%)



\$10.7m

EBITDA⁴
EBITDA margin 17%



\$(0.9)m

NPAT⁵



Key drivers

34.6k

Subscription tradies Up 11%



\$1,789

hipages ARPU⁶ Up 16%
(Up 11% to \$1,707 for hipages Group)



1.63m

Job volume
Up 6%

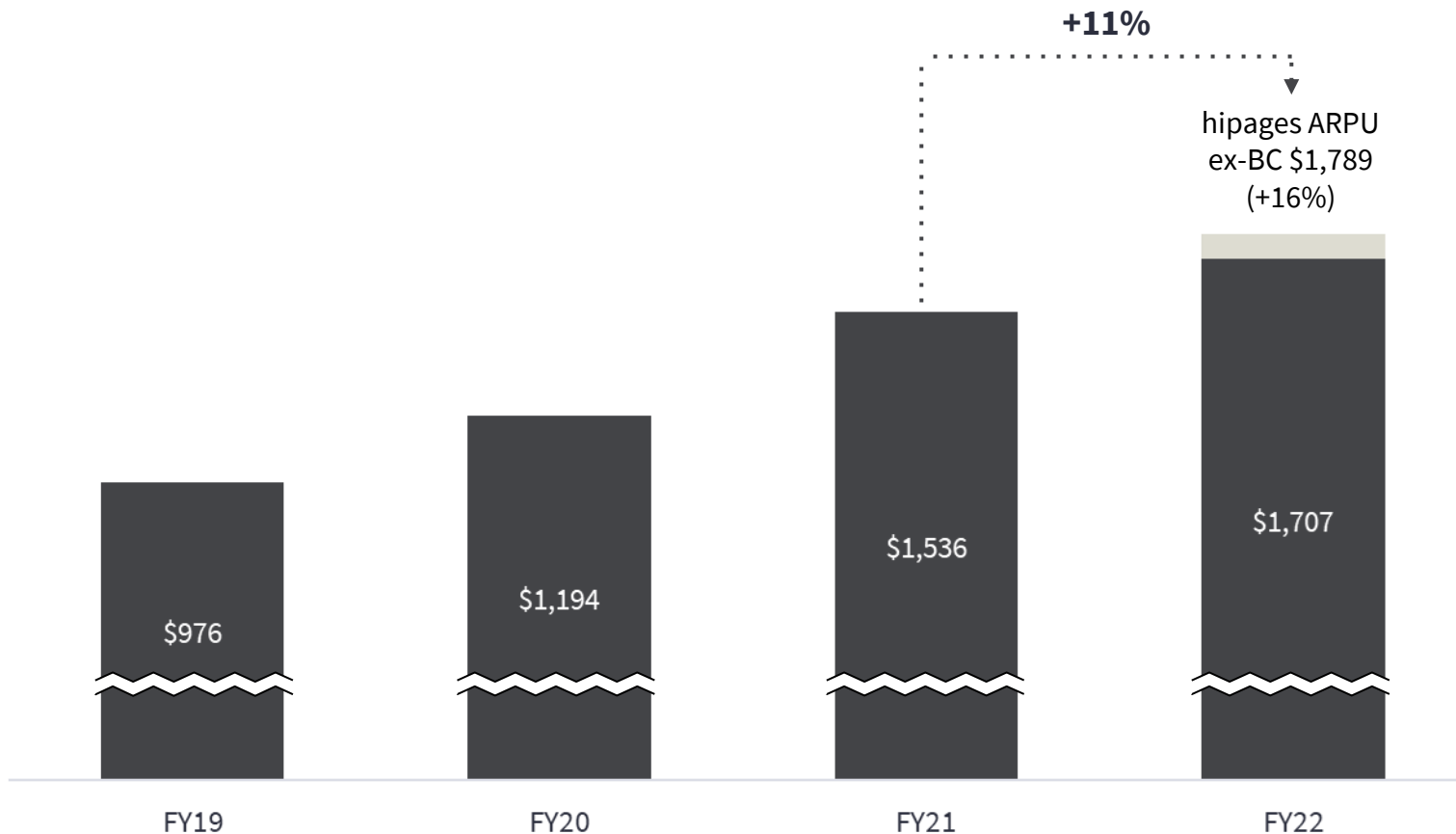


Strong balance sheet with closing cash and funds on deposit of \$13.2m and no debt

1. Monthly Recurring Revenue @ June 2022 (includes GST).
 2. FY22 revenue represents Statutory and Pro Forma revenue.
 3. Gross profit margin includes total revenue less cost of sales (consumer and tradie SEM spend and merchant fees).
 4. Pro Forma EBITDA before significant items.
 5. Pro Forma NPAT.
 6. Average Annual Revenue Per Unit (i.e. Tradie ARPU) is the annual operating revenue divided by the average of the opening and closing number of total hipages tradies and paying Builderscrack tradies for the period. hipages Group ARPU of \$1,707 is the blended result of hipages' ARPU of \$1,789 and Builderscrack's ARPU of \$883 for the 7 months post-completion.

Business model drives strong ARPU growth

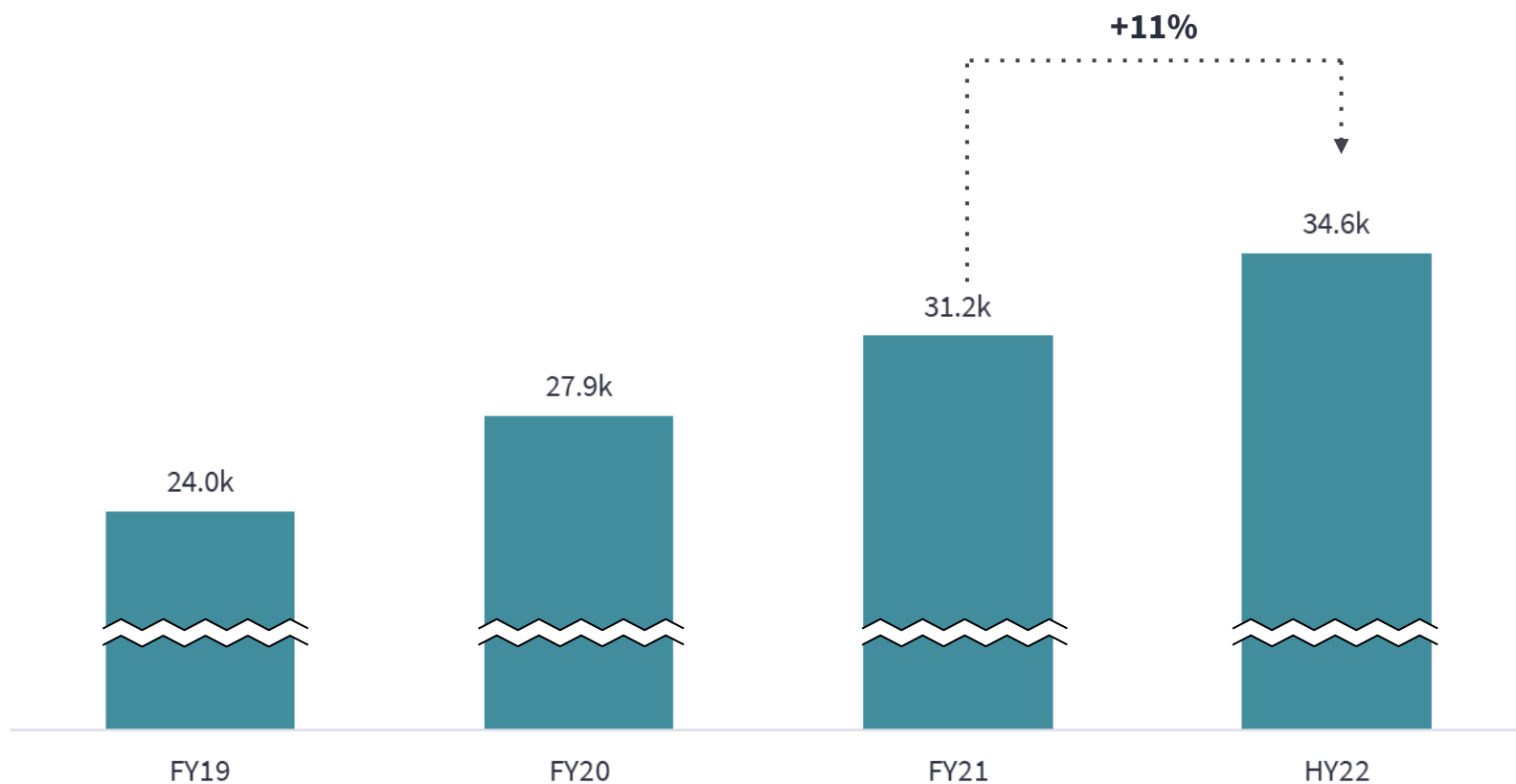
Total Tradie ARPU



- ARPU grew by 16% to \$1,789 for hipages in Australia, or 11% overall to \$1,707
- Driven by:
 - Completed transition to subscription-only product in Australia
 - New tradies joining at higher price points, driving new business yields up 12%
 - Establishment of a dedicated Sales team targeting medium-large tradies
 - Subscription product has 6- or 12-month contract terms, paid monthly, with automatic 12-month renewal
 - Moving forward, continued ARPU growth is expected to be driven by price increases, increased yields from targeting higher value customers and continued market improvement

Subscription tradie base continues to grow

Total subscription tradies

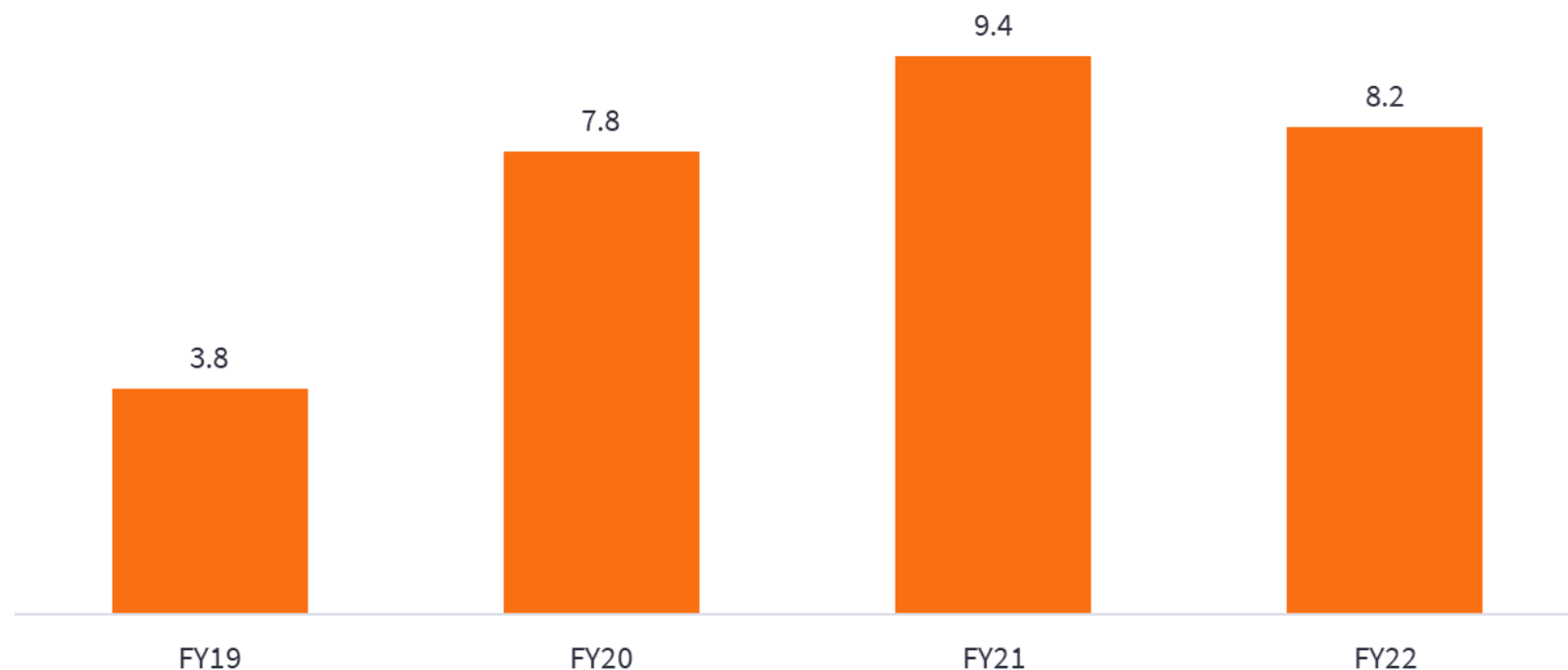


- Total subscription tradies up 11% to 34.6k, with a slight growth in hipages Australia in a challenging market
- Retention impacted by industry lockdowns and restrictions followed by unprecedented demand to fulfill backlog of jobs
- Increased cancellation requests due to tradies being too busy in H1, improved in H2
- Next evolution of strategy focused on enhancing user experience to improve retention

Lifetime Transaction Value / Customer Acquisition Costs¹

COVID impacts customer lifetime and CAC, offsetting double-digit ARPU growth

Annualised LTV/CAC



- COVID disruptions and marketplace imbalance reduced average customer lifetime and drove a 12% increase in CAC per tradie, despite ARPU continuing to grow by 11% vs. pcp
- Customer lifetime is expected to increase throughout FY23 as churn reduces from current levels

Pro Forma Operating Expenses

Increased investment in brand to drive growth

Expenses as % revenue ¹	FY19	FY20	FY21	FY22
Sales	13%	11%	9%	10%
Marketing	51%	39%	32%	34%
Technology Development	4%	3%	4%	4%
Operations and administration	39%	34%	35%	35%
Total	107%	87%	80%	83%

Expenses as % of revenue were 83% of revenue in FY22 after increased investment in growth

Marketing

- Continued brand investment across both sides of the marketplace delivering increased consumer and customer brand awareness of 60% and 67% respectively

Technology development

- Continued investment in product development and technology team and architecture to deliver growth strategy

Effective investment drives record brand awareness

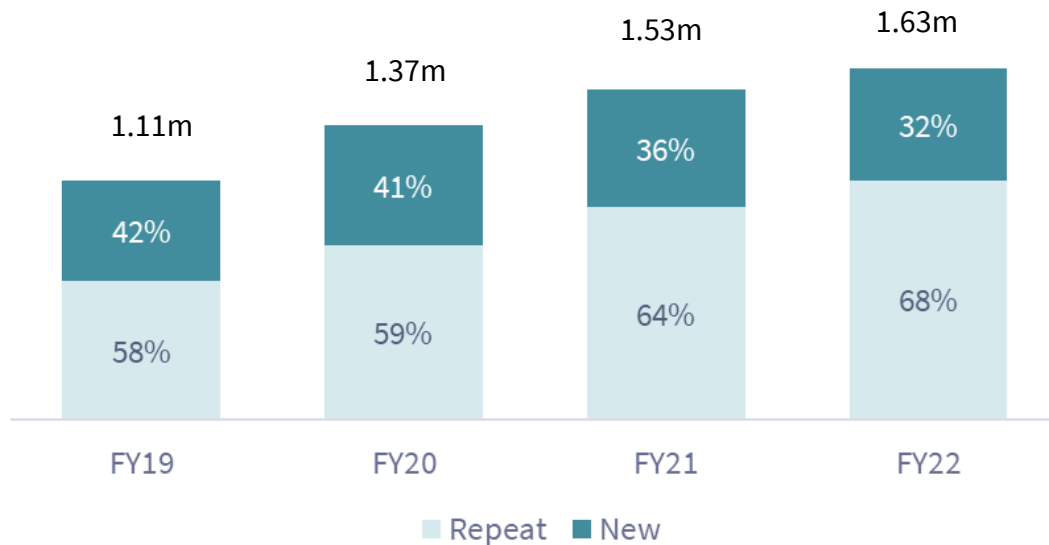
- Successful platinum sponsorship of *The Block*, regularly the highest rating nightly entertainment program, with additional integration with Channel Nine's *Space Invaders* program
- Highest ever consumer brand awareness of 60%¹
- Market leading top-of-mind awareness for consumers at 26%², 15pts ahead of nearest competitor
- Targeted radio, television and digital advertising for tradies delivers strong total awareness growth to 67%, up 8pts since December 2021
- Market leading top-of-mind awareness for tradies at 21%, 10 pts ahead of nearest competitor³
- Jobs from paid channels now only 22% of total jobs



Building consumer trust and brand awareness

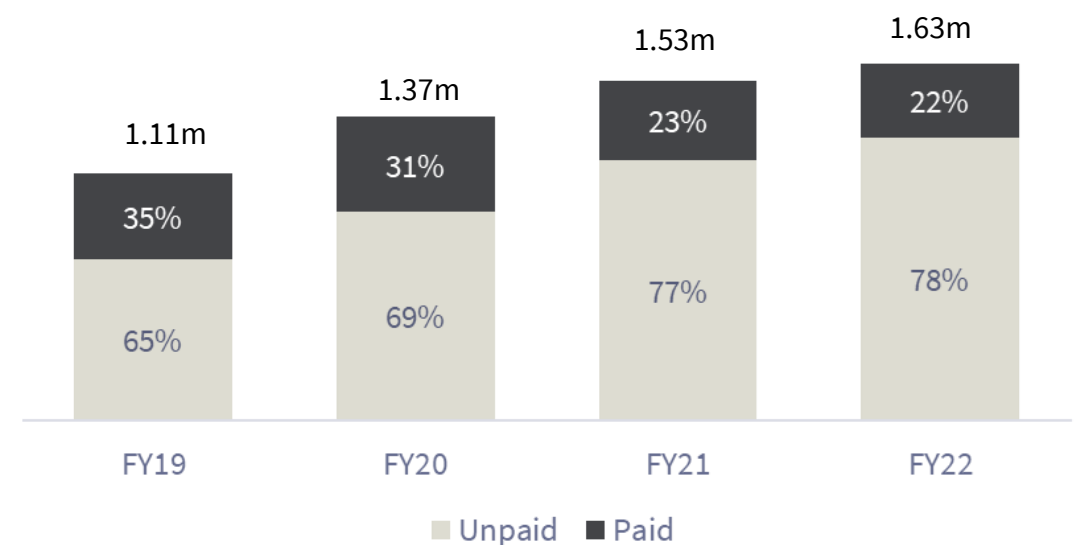
68% of jobs from repeat consumers

4m unique users posted a job to hipages in FY22¹



13% increase in jobs from repeat consumers²

78% of jobs from unpaid channels

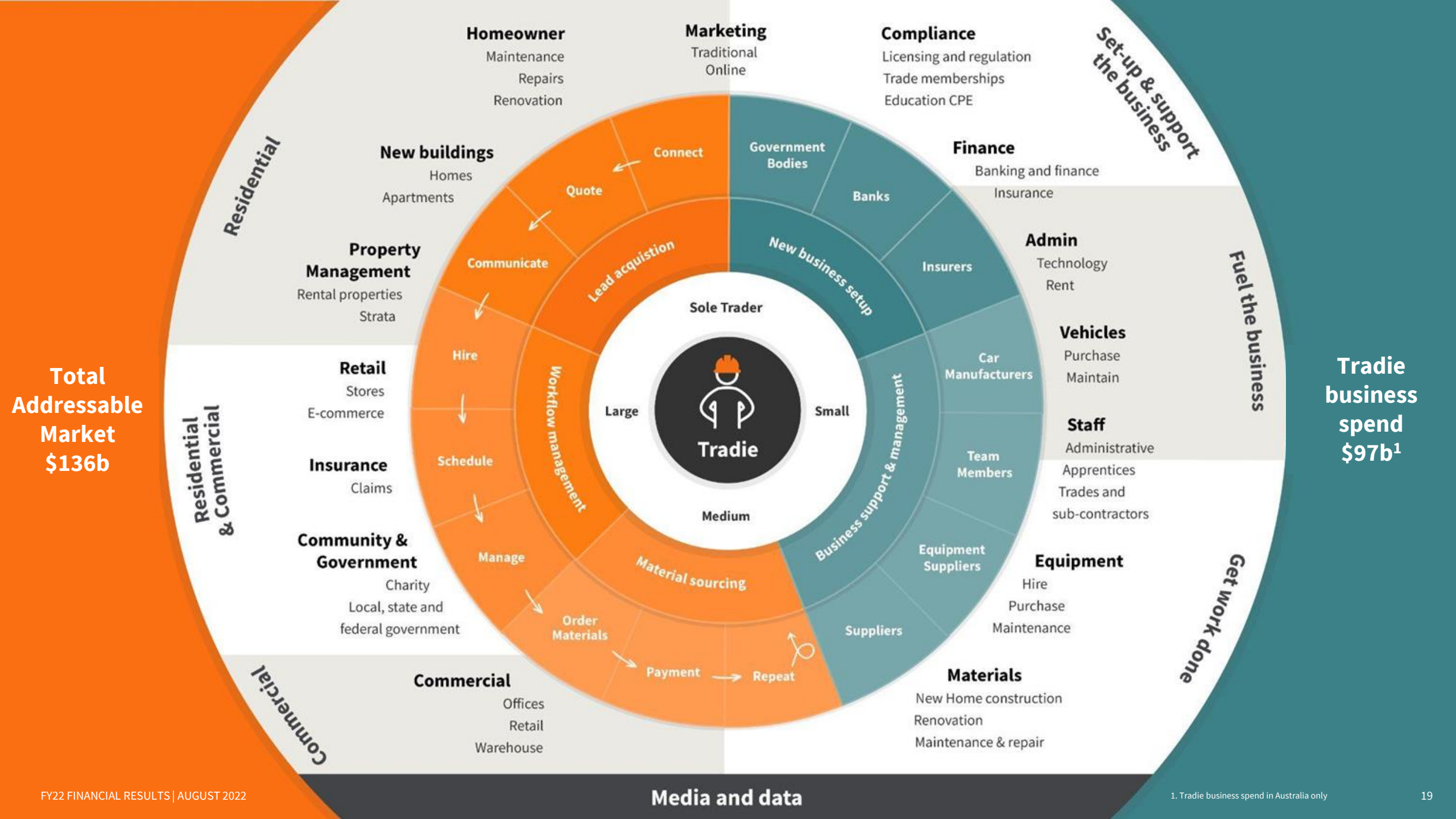


8% increase in jobs from unpaid channels²

Strategy update



ROBY SHARON-ZIPSER
Chief Executive Officer & Co-Founder



hipages 3.0 - the next evolution of our strategy

CORE	Consumer journeys	Delight consumers with tailored journeys to meet their needs
	Marketplace growth	Accelerate new tradie MRR growth by reimagining how tradies <i>discover & join</i> hipages
	Continuous tradie nurturing	Drive platform engagement via continuous tradie nurturing
	Lead claim experience	Improve the end-to-end experience for tradies and consumers to build trust and fulfil the promise to consumers
	Tradie profiles directory	Create authentic connections that are valuable to both sides of the marketplace
EXPANSION	Partnerships	Enable new & existing partners to efficiently integrate with the hipages ecosystem, delivering incremental revenue
ENABLERS	Tech uplift	Upgrade technology platforms, enabling product innovation, engineering efficiency and engineering at scale
	Business transformation	Deliver efficiencies for self-sustained growth
	Tradiecore	Create amazing technology to enable tradies to optimise their businesses
	Data	Leverage data to personalise our customer offering and enable data-driven decision making

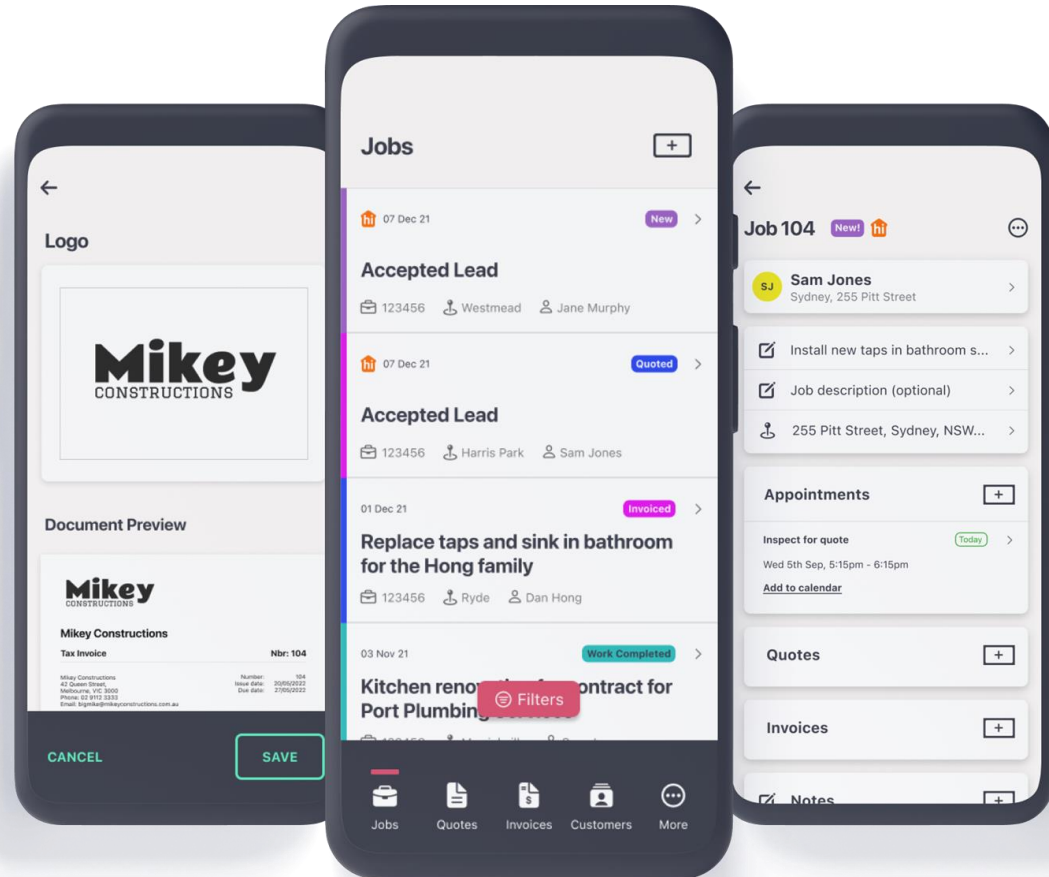
Capturing consumer intent

Bespoke consumer journeys to drive higher ARPU and lower churn

Higher intent to transact	Customer journey		Take rate
	Directory	Traditional directory of trade businesses to browse before undertaking a job	~0-2%
	Get quote	Consumer linked with up to three tradies (current hipages model)	~2-3%
	Double accept	Higher level of user curation to match higher consumer intent	~3-5%
	Fixed price	Jobs priced accurately using rich marketplace data	~10-15%

TRADIECORE

Enhancing the product to drive user adoption



New features delivered

- hipages lead integration
- CRM (click to call, text and email)
- Job scheduling
- Self-service options
- Personalised documents and job attachments

Strong user engagement

- Now live on iOS and Android
- Six-month free trial for all hipages subscribers
- Over 15,000 jobs created in FY22, 86% via hipages lead integration

Up next

- Payments solution available in H2 FY23
- More data enables better insights for tradie customers

Strong financial performance

- Strong EBITDA growth and cash flow

Emerging category leader

- Market-leading top-of-mind awareness among New Zealand homeowners

Investing for growth

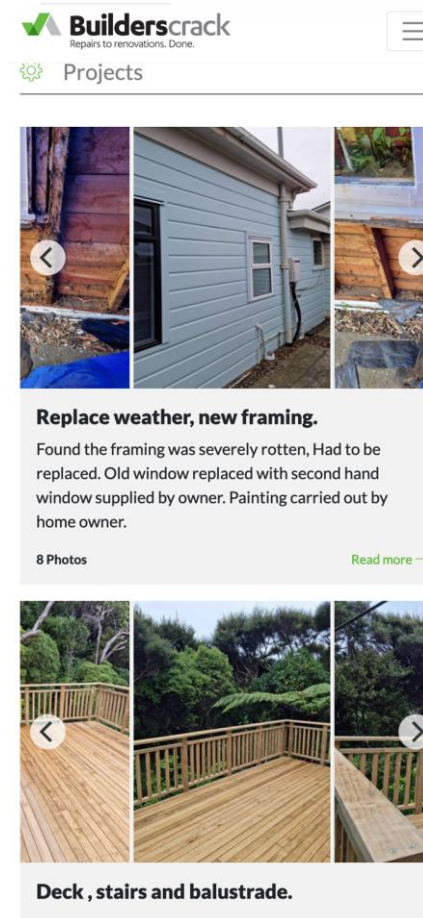
- Growing the team with key hires in marketing and sales to accelerate growth

New pricing model and product functionality

- Introduction of new tiered pricing model based on job value creates fairer outcomes and increases average yield per job
- New profiles functionality provides additional value for tradies


Supporting tradies during lockdowns

- Builderscrack provided support and free access to its premium subscription service




Builderscrack
Repairs to renovations. Done.

Projects

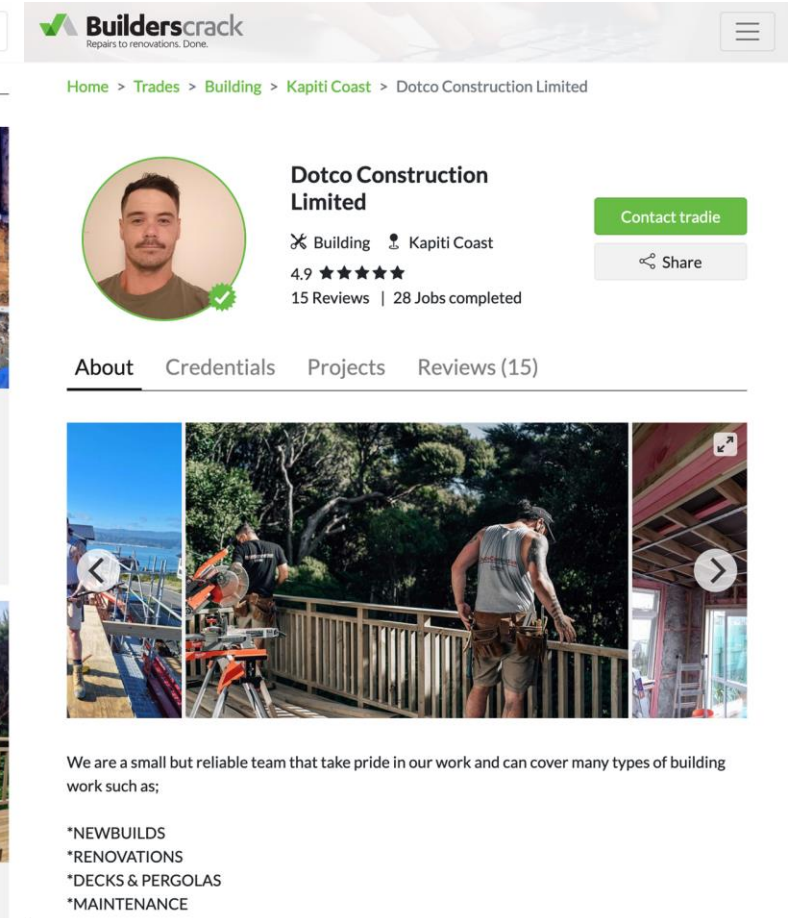


Replace weather, new framing.
Found the framing was severely rotten, Had to be replaced. Old window replaced with second hand window supplied by owner. Painting carried out by home owner.

8 Photos [Read more →](#)




Deck , stairs and balustrade.



Builderscrack
Repairs to renovations. Done.

Home > Trades > Building > Kapiti Coast > Dotco Construction Limited



Dotco Construction Limited


✂ Building 📍 Kapiti Coast

4.9 ★★★★★
15 Reviews | 28 Jobs completed

[Contact tradie](#)

[Share](#)

About Credentials Projects Reviews (15)



We are a small but reliable team that take pride in our work and can cover many types of building work such as;

- *NEWBUILDS
- *RENOVATIONS
- *DECKS & PERGOLAS
- *MAINTENANCE

FY23 outlook

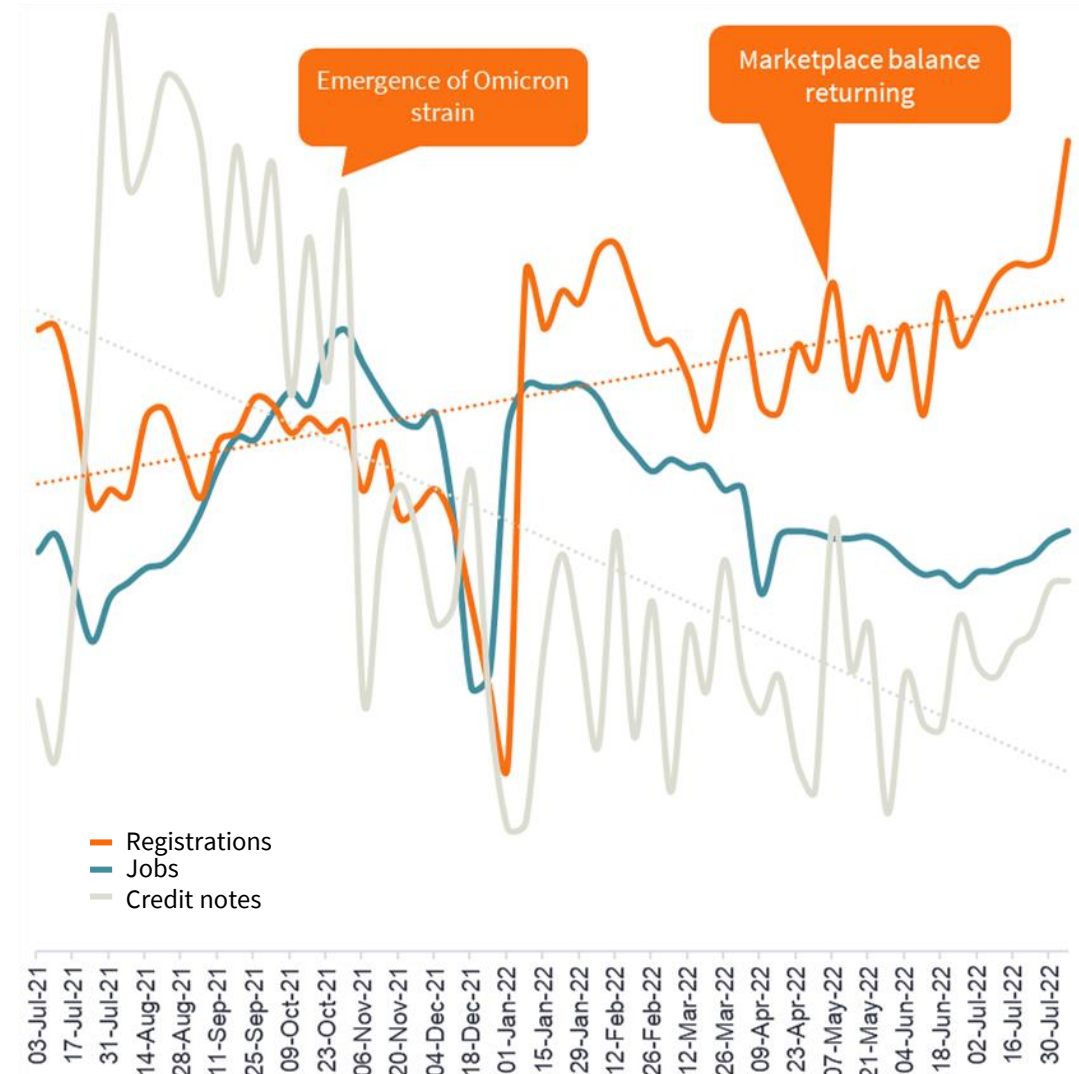


ROBY SHARON-ZIPSER
Chief Executive Officer & Co-Founder

FY23 outlook

- Exited Q4 with good momentum, with registrations improving and credit notes¹ normalising as marketplace balance returns
- Rising inflation and interest rates expected to further balance marketplace, driving growth due to countercyclical nature of business model
- H1 revenue growth rate to be similar to H2 FY22, reaching mid-teens in H2
- Churn to remain elevated above pre-COVID levels before normalising in H2
- EBITDA margin to be slightly ahead of FY22, with H1 impacted by timing of marketing expenditure
- Continue to invest in technology, with higher level of capitalised development spend to continue in FY23-24, before reducing in FY25
- Continued rollout of Tradiecore functionality and further strategic progress to build out ecosystem
- Clear path towards sustainable free cash generation while investing to execute growth strategy and maintaining a strong balance sheet

Marketplace activity



Q&A



Appendix



FY22 result summary

Continued growth in key metrics

	FY22	FY21	pcp (%) ⁶	LFL % ⁷
Financial Metrics				
Total revenue (\$m)	61.9	55.8	11%	8%
Recurring revenue (\$m)	58.2	52.7	11%	10%
Recurring revenue % Total	94%	94%	-	2%
Operating expenses ¹ (\$m)	(51.1)	(44.3)	15%	13%
EBITDA before significant items ² (\$m)	10.7	11.7	(8%)	(13%)
EBITDA ² margin	17%	21%	(4ppt)	(4ppt)
NPAT ³ (\$m)	(0.9)	1.2	N/A	N/A
Key Operational Metrics				
MRR ⁴ (\$m)	5.5	5.2	5%	4%
Job volume (m)	1.63	1.53	6%	3%
Subscription tradies ('000s)	34.6	31.2	11%	0.3%
Total Tradie ARPU ⁵ (\$)	1,707	1,536	11%	16%

- Resilient business model and transition to subscription model drove growth in key metrics
- Total Revenue grew in line with Recurring Revenue, which now accounts for 94% of total revenue and 96% in Australia
- Record job volumes in H2 drove overall job volumes up by 6% to 1.63m
- Subscription tradies up 11% on pcp, with hipages Australia returning to growth in Q4
- Continued strong ARPU growth of 11%, up 16% in Australia

1. Pro Forma operating expenses
 2. Pro Forma EBITDA before significant items.
 3. Pro-Forma EBITDA and NPAT in FY22 adjusted for one-off IPO related costs
 4. Monthly recurring revenue (MRR) @ June 2022 and June 2021 inclusive of GST.

5. Avg Annual Revenue Per Tradie (Total Tradie ARPU): operating revenue divided by the average of the opening and closing nb of total tradies for the period.
 6. Includes impact of one month of Builderscrack performance post-completion on 8 December 2021.
 7. Presented on a like-for-like basis with hipages Group preceding the acquisition of Builderscrack.

FY22 Pro Forma Financial Summary

\$'000	FY22	FY21	\$ Var	% Var
Recurring	58,238	52,664	5,574	11%
Transactional	2,419	1,722	697	40%
Operating Revenue	60,657	54,386	6,271	12%
Other	1,202	1,420	(218)	(15%)
Total Revenue ¹	61,859	55,806	6,053	11%
Sales	(6,188)	(4,987)	(1,201)	24%
Marketing	(20,836)	(17,808)	(3,028)	17%
Technology and Development	(2,305)	(2,142)	(163)	8%
Operations and Administration	(21,801)	(19,404)	(2,397)	12%
Total Operating Expenses	(51,130)	(44,341)	(6,789)	15%
Other (Expenses)/Income	2	209	(207)	(99%)
EBITDA before significant items	10,731	11,674	(943)	(8%)
Significant Items	(646)	(1,160)	514	(44%)
EBITDA after significant items	10,085	10,514	(429)	(4%)
Depreciation & Amortization	(10,439)	(8,583)	(1,856)	22%
EBIT	(354)	1,931	(2,285)	(118%)
Net Finance Costs	(201)	(759)	558	(74%)
Share of profit/(loss) of equity-accounted investees	(520)	-	(520)	-
Loss before income tax	(1,075)	1,172	(2,247)	(192%)
Income tax benefit	165	-	165	-
NPAT	(910)	1,172	(2,082)	(178%)

- Double-digit revenue growth in challenging year for the trades industry
- Continued investment for growth, with:
 - Increased brand marketing and advertising on both sides of the marketplace
 - Increased product development and technology team and architecture investment (mostly capitalised)
- Gross margin² of 85% (FY21: 85%)
- Strong EBITDA margin of 17%, with further operational efficiencies driving 21% margin in H2

FY22 Cash Flow

\$'000s	FY22		FY21		\$ Var
	Proforma/Statutory ¹	Proforma ²	Statutory ³		
Receipts from customers (inclusive of GST)	65,203	60,340	60,340	4,863	
Payments to suppliers and employees (inclusive of GST)	(52,512)	(47,850)	(47,850)	(4,662)	
Transaction costs in relation to secondary offer	-	-	(4,771)	4,771	
Interest received	45	231	231	(186)	
Income taxes paid	(150)	-	-	(150)	
Interest paid	-	(31)	(1,088)	1,088	
Net cash flows from operating activities	12,586	12,690	6,862	5,724	
Payments for purchase of business net of cash acquired	(8,899)	(88)	(88)	(8,811)	
Payments for investments	(6,769)	-	-	(6,769)	
Payments for property, plant and equipment	(692)	(368)	(368)	(324)	
Payments for intangible assets	(12,458)	(6,806)	(6,806)	(5,652)	
Proceeds from disposal of property, plant and equipment	1	-	-	1	
Proceeds from divestments	150	121	121	29	
Net cash flows used in investing activities	(28,667)	(7,141)	(7,141)	(21,526)	
Proceeds from issue of shares	919	-	40,300	(39,381)	
Payments for shares acquired by hipages Share Trust	(919)	-	-	(919)	
Proceeds from borrowings	-	-	3,000	(3,000)	
Repayment of borrowings	-	-	(16,002)	16,002	
Payment of principle portion of lease liabilities	(3,250)	(2,733)	(2,733)	(517)	
Payment of transaction costs on issue of new shares	-	-	(2,805)	2,805	
Cash settlement of share-based payments	(26)	-	-	(26)	
Net cash flows from financing activities	(3,276)	(2,733)	21,760	(25,036)	
Net (decrease) / increase in cash and cash equivalents	(19,357)	2,816	21,481	(40,838)	
Cash and cash equivalents at the beginning of the period	30,303		8,822	21,481	
Effects of exchange rate changes on cash and cash equivalents	(39)		-	(39)	
Cash and cash equivalents at end of the period	10,907		30,303	(19,396)	
Payments for M&A activities	(15,667)		-	(15,667)	
Net cash (outflows)/inflows excluding M&A activities	(3,690)		21,481	(25,171)	

- Positive operating cash flow of \$12.6m with EBITDA to OCF conversion of 125%
- Cash outflow from investing activities (\$28.7m) included:
 - Payments in relation to the acquisition of Builderscrack (\$8.6m)
 - Minority investment in Bricks and Agent (\$6.8m)
 - Continued investment in technology (\$12.5m)
- Net cash outflow excluding one-off M&A activities of (\$3.7m) and (\$0.2m) for H2 FY22 with positive free cash flow of \$0.3m in Q4.
- At 30 June 2022 hipages Group had cash and funds on deposit of \$13.2m and no debt

1.FY22 Proforma and Statutory cash flows are the same.

2.FY21 Pro Forma operating cashflow normalised for IPO transaction costs (\$4.6m) and non-recurring interest (\$1.1m). Financing cashflow is normalised for proceeds from issues of shares , convertible note raise, repayment of borrowings and IPO transaction costs.

3.FY21 IPO offer costs, \$4.8m in operating cashflow in relation to secondary raise and \$2.8m in financing cashflows in relation to primary raise

FY22 Statutory Balance Sheet

\$'000s	30-Jun-22	30-Jun-21	\$ Var
Cash and cash equivalents	10,907	30,303	(19,396)
Funds on deposit	2,271	2,271	-
Trade and other receivables	1,861	1,461	400
Other assets	1,864	1,976	(112)
Total current assets	16,903	36,011	(19,108)
Other assets	105	639	(534)
Other investments	800	800	-
Equity-accounted investment	6,298	-	6,298
Property, plant and equipment	1,731	1,868	(137)
Right-of-use asset	12,312	6,370	5,942
Intangible assets	29,611	11,596	18,015
Total non-current assets	50,857	21,273	29,584
Total assets	67,760	57,284	10,476
Trade and other payables	8,419	7,235	1,184
Contract liabilities	3,004	3,715	(711)
Provisions	1,912	1,461	451
Lease liabilities	2,324	3,086	(762)
Current tax liability	24	-	24
Total current liabilities	15,683	15,497	186
Other payables	738	-	738
Provisions	588	552	36
Lease liabilities	11,526	5,495	6,031
Deferred Tax Liability	2,127	-	2,127
Total non-current liabilities	14,979	6,047	8,932
Total liabilities	30,662	21,544	9,118
Net assets	37,098	35,740	1,358
Issued capital	317,639	315,775	1,864
Reserves	(220,039)	(220,443)	404
Accumulated losses	(60,502)	(59,592)	(910)
Total equity	37,098	35,740	1,358

- Strong balance sheet maintained at the end of FY22 with \$13.2m cash and funds on deposit
- FY22 total equity position of \$37.1m, an increase of \$1.4m driven by:
 - Increase in total assets of \$10.5m primarily due to investment in Bricks + Agent \$6.3m
 - Increase in intangibles of \$18.0m and ROU lease asset of \$5.9m, offset by decrease in cash balance of (\$19.4m)
 - Increase in total liabilities of \$9.1m primarily related to an increase in lease liability of \$5.3m and a deferred tax Liability of \$2.1m

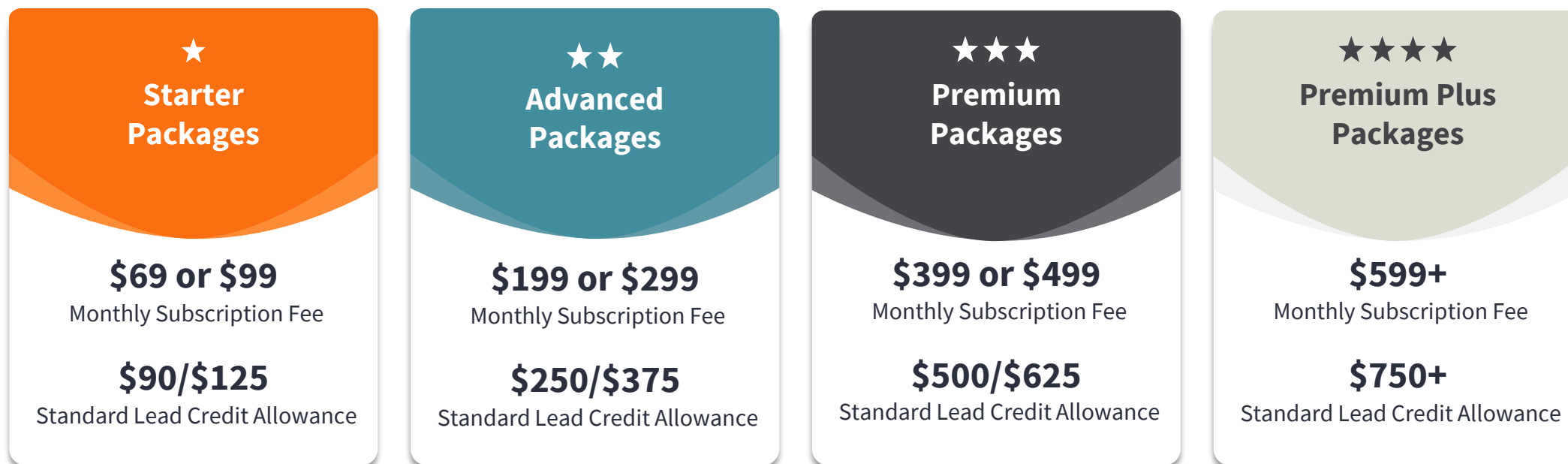
Profit Reconciliation

	\$'000
Reported EBITDA (from continuing operations)	10,085
Non-recurring remuneration	646
Pro forma EBITDA before significant items	10,731

hipages packages

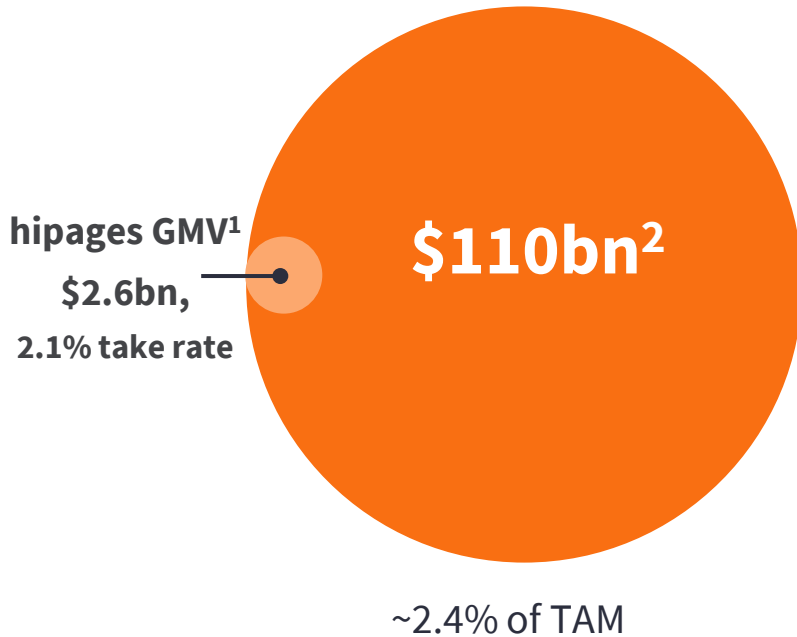
Package features

- Transition to subscription model now complete
- Subscription product has 6 or 12 month contract terms, paid monthly with automatic 12-month renewal
- New product features to introduce more product flexibility and value for customers and optimise retention

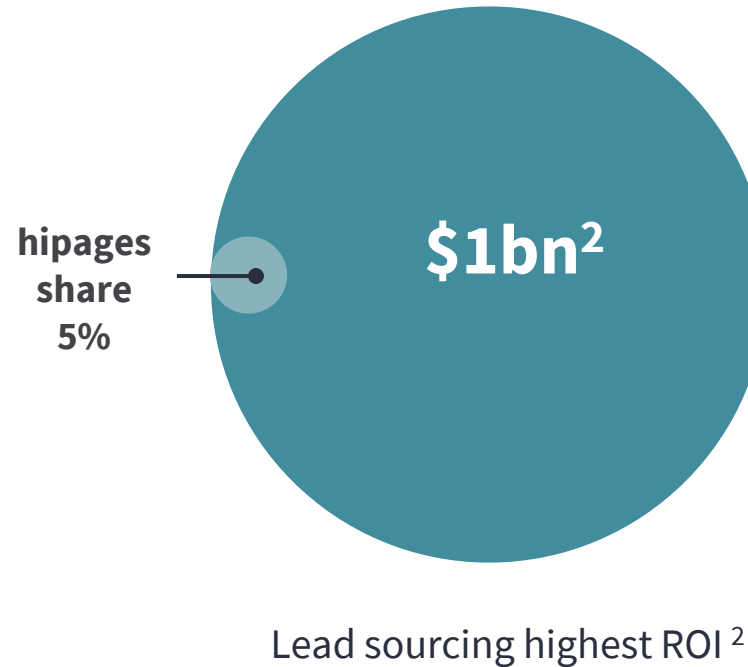


Large addressable market with small market share

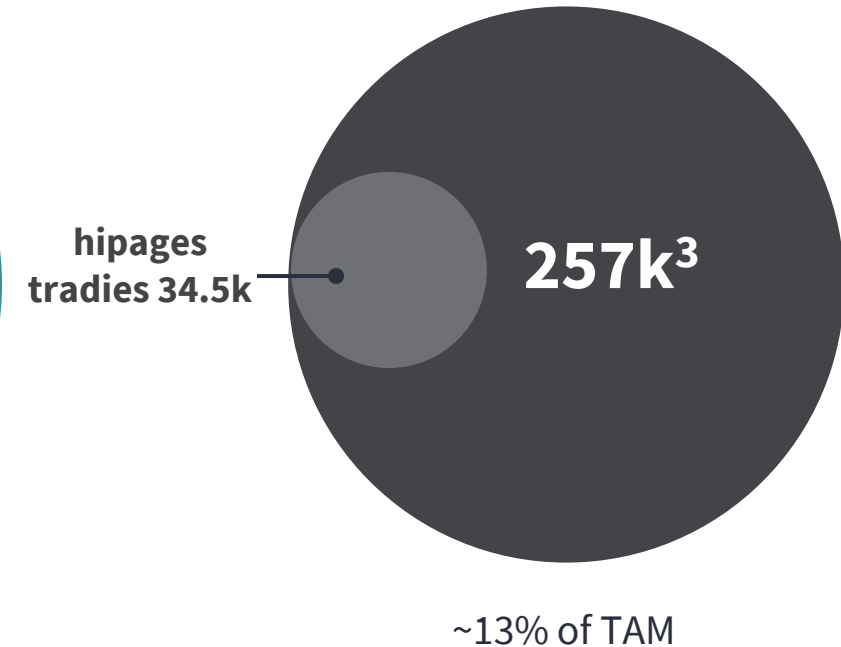
Total Addressable Market



Trade advertising spend



Trade Businesses



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

Value of the total ANZ 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	Office Retail Warehouse
\$51.7b	\$41.1b	\$14.2b	\$0.9b	\$8.2b	\$9.4b	
\$107b			AUS \$18.6b			\$10.3b

TAM \$135.9 billion

Australia 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
\$1.0b	\$3.3b	\$4.4b	\$3.4b	\$7.8b	\$46.5b	\$10.8b	\$19.9b

Trade Business Spend \$97.1 billion

Disclaimer

Important notice

The material in this presentation has been prepared by hipages Group Holdings Limited (ASX: HPG) ABN67 644 430 839 (“hipages” or the Company”) and is general background information about hipages’ activities current as at the date of this presentation. The information is given in summary form and does not purport to be complete in every aspect. In particular you are cautioned not to place undue reliance on any forward looking statements regarding our belief, intent or expectations with respect to hipages’ businesses, market conditions and/or results of operations, as although due care has been used in the preparation of such statements, actual results may vary in a material manner. Information in this presentation or subsequently provided to the recipient of this information, whether orally or in writing, including forecast financial information, should not be considered advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities in the Company. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice.

The financial information should be read in conjunction with the basis of preparation set out in the Company’s accounts.

Forward-looking statements

This presentation may contain forward-looking statements which are statements that may be identified by words such as “may”, “will”, “would”, “could”, “expects”, “intends”, “anticipates”, and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions that, at the date of this document, are expected to take place. No person who has made any forward-looking statements in this document has any intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this document, other than to the extent required by law. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company.

This presentation also contains references to certain intentions, expectations and plans of the Company. These intentions, expectations and plans may or may not be achieved. They are based on certain assumptions which may not be met or on which views may differ.

To the maximum extent permitted by law none of hipages, its subsidiaries, or its respective officers, employees, agents or consultants nor any other person accepts any liability, including, without limitation, any liability arising out of negligence, for any loss arising from the use of the information.