

ASX / Media Release 29 July 2021

Q4 FY21 Quarterly Activities Report & Appendix 4C

Strong Q4 performance as hipages beats upgraded FY21 revenue guidance

hipages Group Holdings Limited (ASX:HPG) (“**hipages**” or “**the Company**”), Australia’s largest online tradie marketplace and Software-as-a-Service (SaaS) provider connecting tradies with residential and commercial consumers, today provides its quarterly cash flow and activities summary for the period ended 30 June 2021.

Having upgraded its Prospectus forecasts for FY21 at its Q3 FY21 announcement, hipages delivered a strong performance in Q4 FY21 across all key metrics, including exceeding its upgraded revenue guidance.

Highlights

FY21 total revenue¹ of \$55.8m outperforms upgraded guidance of \$55.7m, driven by strong performance across all key metrics in Q4 FY21

- Total revenue for Q4 FY21 of \$14.6m exceeded upgraded guidance of \$14.5m, driven by shift to subscription-only model and greater demand for trade services in a buoyant home improvement market
- Year-on-Year revenue growth rate accelerated further in Q4 FY21, with total revenue up 20% on the previous corresponding period (pcp) (Q3 FY 21: up 18% vs. pcp)
- Strong recurring revenue growth of 23% in Q4 FY21 driven by:
 - Monthly Recurring Revenue (MRR)² of \$5.2m up 27% vs. pcp
 - Growth in total subscription tradies, up 12% to 31.2K (Q3 FY21: up 10%)
 - Higher Total Tradie ARPU³ of \$1,638, up 27% vs. pcp
- No material financial impact for hipages in Q4 FY21 from latest COVID-19 restrictions affecting NSW, QLD and VIC

Strong financial position with cash and funds on deposit of \$32.6m⁴ and no debt

- Operating cash receipts for Q4 FY21 were \$15.6m, 16% higher than pcp
- Net cash from operating activities was \$3.1m as hipages continues to invest aggressively towards growth and brand awareness. This compared to \$5.7m in Q4 FY20, when the Company implemented various cash management measures amid the uncertainty of COVID-19.

¹ Unaudited financial information.

² Monthly Recurring Revenue (MRR) is the monthly cash revenue hipages will recognise from subscription-based agreements (inclusive of GST) at each period end.

³ Average Annual Revenue Per Tradie (Total Tradie ARPU) is the annual operating revenue divided by the average of the opening and closing number of total tradies for the period.

⁴ Comprising cash and cash equivalents of \$30.3m and funds on deposit of \$2.3m.

Table 1: Key Pro Forma Financial and Operating Metrics

	Q4 FY21 ⁵	Q4 FY20	Var (%)
Total Revenue (\$m)	14.6	12.2	20%
Recurring Revenue (\$m)	13.9	11.2	23%
Recurring revenue % total	95%	92%	3pts
MRR (\$m) ⁶	5.2	4.1	27%
Job volume (000s)	353	340	4%
Subscription tradies (000s)	31.2	27.8	12%
Total Tradie ARPU ⁷ (\$)	1,638	1,294	27%

hipages Co-founder and CEO Roby Sharon-Zipser said: “hipages finished FY21 strongly, delivering accelerated revenue growth of 20% on pcp for the June quarter. Our subscription model continues to deliver higher average revenue per tradie as new tradies join our platform at record average price points and existing tradies ascend to higher packages. In Q4 we saw continued strong recurring revenue growth of 27% from our underlying subscription product, with 95% of our revenues now recurring. Migration from our legacy transactional product continues to proceed as planned and we expect to have migrated the remainder of our transactional tradie base onto the subscription product by the end of FY22.”

“Over the quarter we continued to invest in marketing and technology to further drive brand awareness and accelerate growth. Importantly, independent brand research conducted in Q4 showed that brand awareness for hipages among homeowners remains robust at 55%. Additionally, hipages was the market leader for top of mind awareness for websites that connect consumers with tradespeople at 20%, significantly outperforming our nearest competitor at 12%.”

“In June, we launched Tradiecore, our field service software platform. The launch has been received well by tradies, who have responded positively to Tradiecore’s scheduling, quoting and invoicing capabilities. These features help tradies to efficiently manage their business, while simultaneously enhancing the experience for their customers. The move to a subscription model and the launch of Tradiecore are important steps in hipages’ evolution to a full-service SaaS model and solution for tradies, enabling us to offer new ancillary products and services and opening up multiple new revenue streams.”

⁵ Unaudited financial information

⁶ Monthly Recurring Revenue (MRR) is the monthly amount of cash revenue hipages will recognise from subscription-based agreements (inclusive of GST) at each period end.

⁷ Average Annual Revenue Per Tradie (Total Tradie ARPU) is the annual operating revenue divided by the average of the opening and closing number of total tradies for the period.

Operational & Strategic Update

Marketing investment increased in Q4 FY21 to support both sides of the hipages marketplace. On the tradie side, strong momentum from the previous quarter continued, with a significant investment in brand advertising generating good interest and registrations from new tradies. On the consumer side, tactical investment in digital channels drove jobs growth, particularly in markets where COVID-19 restrictions had impacted other organic channels.

hipages is a lead sponsor of Channel Nine's TV program *The Block* again this year. The program, which has been highly successful for the Company's brand expansion in previous years, is due to launch in August.

hipages is committed to targeting the required level of job growth to optimise its double-sided platform.

Job growth in Q4 FY21 of 4% on pcg was achieved despite the impact of COVID-19 restrictions on job volumes on the hipages platform. The strong job growth rate of 17% reported in Q3 FY21 benefited from lower job volumes in Q3 FY20 at the onset of COVID-19, before job volumes fully recovered in Q4 FY20. Total job volume for FY21 reached 1.53m vs. upgraded guidance of 1.55m, representing an annual shortfall of less than 1%, and strong year-on-year growth of 12%.

It is important to understand that job volume growth is not directly correlated to revenue growth due to the migration from a transactional model to a subscription model.

Jobs from unpaid channels represented 74% of total jobs in the quarter, reflecting the ongoing strength of the Company's organic channels, growth in repeat customers and increasing brand awareness.

During Q4 FY21 the Company also continued its increased investment in its development team and technology architecture in order to support its growth.

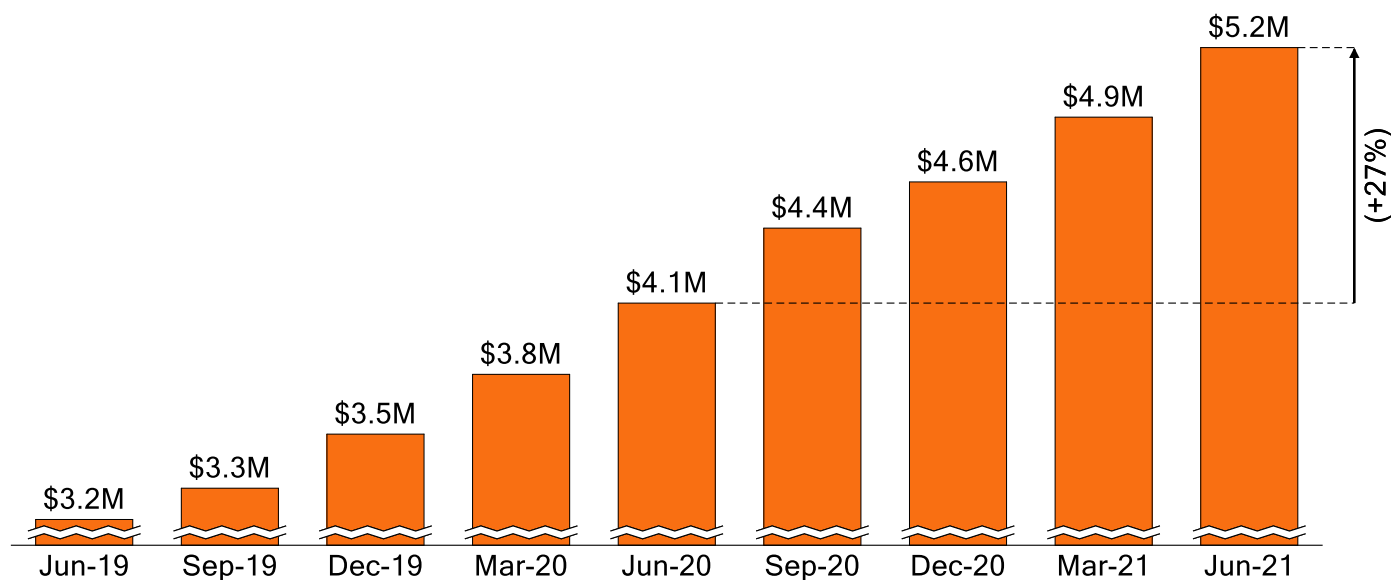
Despite lockdowns in a number of states and the NSW Government's restrictions on construction activity in July, there has been no material financial impact for hipages. As in previous lockdowns, the Company has introduced various initiatives to help its customers through this period. hipages' subscription model has been resilient in previous lockdown periods and the Company expects a similar rebound in activity on its platform as has occurred previously.

Financial Update

In Q4 FY21, total revenue was \$14.6m, an increase of 20% on pcg and outperforming upgraded guidance of \$14.5m. The revenue outperformance was driven by strong recurring revenue growth of 23% due to the shift to a subscription-only model, with recurring revenue now accounting for 95% of total revenue. More broadly, hipages continues to benefit from greater demand for trade services in a buoyant Australian home improvement market.

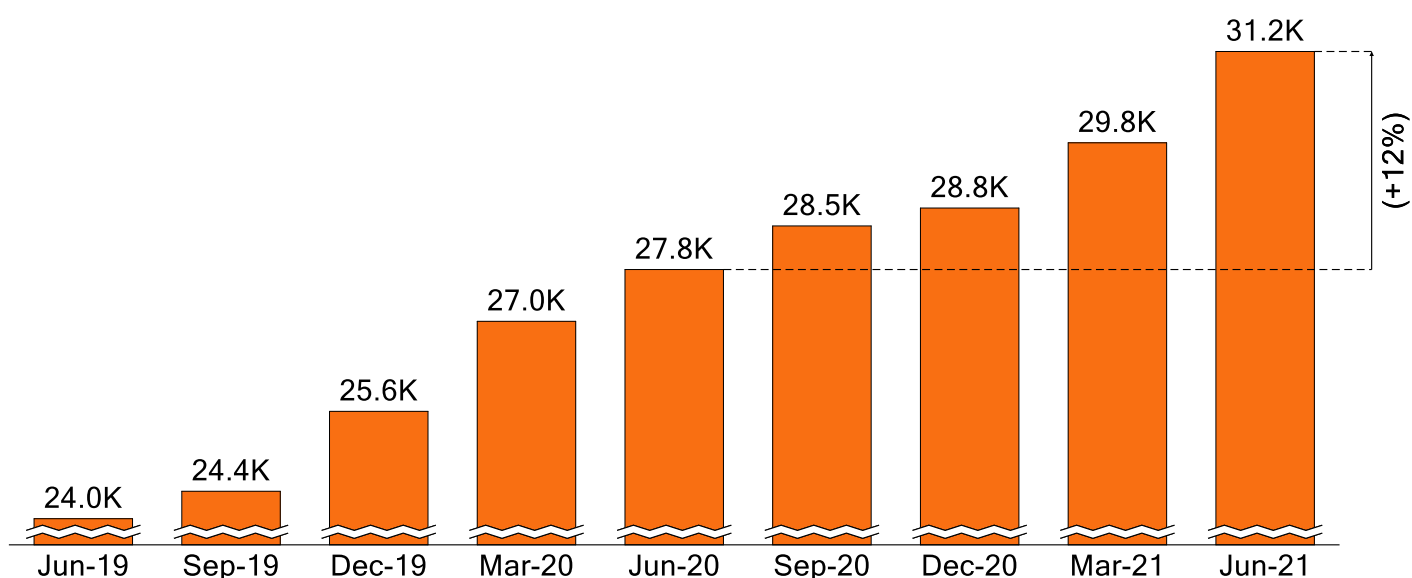
Monthly recurring revenue (MRR) increased by 27% on pcg to \$5.2m in Q4 FY21. Chart 1 shows the continued strength of MRR growth over recent quarters, a result of more tradies subscribing to the hipages platform, new tradies joining the platform at higher average price points, and a significant number of existing customers ascending to higher price points.

Chart 1: Strong growth in MRR⁸ in Q4 FY21



As Chart 2 shows, hipages continues to see strong demand from new tradies joining its platform. In Q4 FY21, subscription tradies increased by 12% to 31.2k, in line with the upgraded full year forecast.

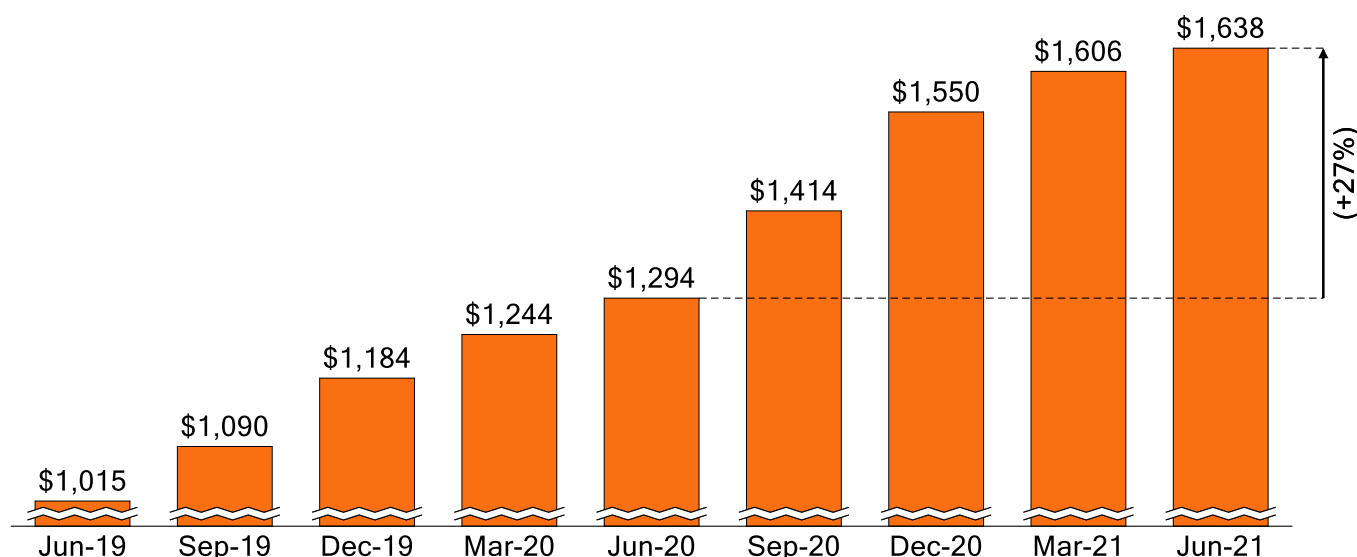
Chart 2: Subscription tradie base continues to expand



⁸ Monthly Recurring Revenue (MRR) is the monthly amount of cash revenue hipages will recognise from subscription-based agreements (inclusive of GST) at each period end.

Chart 3 depicts the average revenue per tradie (Total Tradie ARPU) having increased by 27% to \$1,638, which continues to demonstrate the value that is being unlocked as the Company shifts from the legacy transactional pay-per-lead model to a subscription-only model.

Chart 3: Driving growth in Total Tradie ARPU⁹



Net cash flows and use of funds

Operating cash receipts for the quarter were \$15.6m compared to \$13.5m in Q4 FY20, an increase of 16%. Operating cash payments for the quarter were \$12.5m, including \$5.1m for advertising and marketing as hipages continued to invest aggressively towards growth and brand awareness, \$4.2m for staff costs, and \$3.2m for administrative and corporate costs. This compared to \$11.4m in Q3 FY21 and \$7.8m in Q4 FY20, the latter which was impacted by the Company implementing various cash management measures amid the uncertainty of COVID-19.

As a result of the increased advertising and marketing spend, net cash from operating activities was \$3.1m.

For FY21, the Company reported significant positive operating cashflow, particularly when excluding non-recurring IPO transaction costs attributable to the secondary raise and interest costs associated with venture debt and convertible notes that were retired on IPO. The company has a strong financial position with cash and funds on deposit of \$32.6m and no debt.

There were no material changes in business activities from those described in the Prospectus dated 21 October 2020.

As noted in Appendix 4C, during the quarter there were no payments made to related parties.

⁹ Average Annual Revenue Per Tradie (Total Tradie ARPU) is the annual operating revenue divided by the average of the opening and closing number of total tradies for the period.

Ends

Authorised for release to the ASX by the Board of hipages Group Holdings Limited.

hipages FY21 full year results

hipages will announce its audited full year results for FY21 on Thursday 26 August 2021.

Co-Founder and CEO Roby Sharon-Zipser and CFOO Melissa Fahey will host a webcast and conference call for investors and analysts, including a Q&A session, on the morning of the full year results announcement.

Further information and registration details will be distributed on the ASX ahead of the event.

Further Information

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About hipages

hipages is Australia's largest online tradie marketplace and Software-as-a-Service (SaaS) provider connecting tradies with residential and commercial consumers across the country. The platform helps tradies grow their business by providing job leads from homeowners and organisations looking for qualified professionals, while enabling them to optimise their business through our SaaS product. To date, over three million Australians have changed the way they find, hire and manage trusted tradies with hipages, ultimately providing more work to over 34,000 trade businesses subscribed to the platform. The hipages app is available for download on the App Store and Google Play. www.hipagesgroup.com.au

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

hipages Group Holdings Ltd

ABN

67 644 430 839

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	15,595	60,339
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(5,059)	(16,447)
	(d) leased assets	-	-
	(e) staff costs	(4,184)	(17,585)
	(f) administration and corporate costs	(3,242)	(13,617)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	22	231
1.5	Interest and other costs of finance paid	-	(1,088)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material) ¹⁰	-	(4,771)
1.9	Net cash from / (used in) operating activities¹¹	3,132	7,062

¹⁰ Total IPO transaction costs were \$7.6m in the 12 months year to date. Section 1.8 includes one-off costs of Nil in the current quarter and \$4.8m in the 12 months year to date related to the secondary raise which are included in Cash Flows from operating activities. Section 3.4 includes Nil costs in the current quarter and \$2.8m in the 12 months year to date related to the primary proceeds raised and reflected in Cash flows from financing activities.

¹¹ Net cash from operating activities would have been \$12.9m in the 12 months year to date, excluding non-recurring IPO transaction costs attributable to the secondary raise (Section 1.8) and non-recurring interest costs (Section 1.5) associated with the venture debt and convertible notes that were retired on IPO. Net of investing activities net cash would have been \$5.6m.

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	(88)
	(b) businesses	-	-
	(c) property, plant and equipment	(80)	(548)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	(1,659)	(6,824)
2.2	Proceeds from disposal of:		
	(a) entities	50	120
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash used in investing activities	(1,689)	(7,340)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	40,300
3.2	Proceeds from issue of convertible debt securities	-	3,000
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities ¹²	-	(2,805)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(16,002)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-

¹² Total IPO transaction costs were \$7.6m in the 12 months year to date. Section 1.8 includes one-off costs of Nil in the current quarter and \$4.8m in the 12 months year to date related to the secondary raise which are included in Cash Flows from operating activities. Section 3.4 includes Nil costs in the current quarter and \$2.8m in the 12 months year to date related to the primary proceeds raised and reflected in Cash flows from financing activities. (See also note 11)

3.9	Other – repayment of principal portion of leases and tax cash flows associated with the IPO ¹³	(1,620)	(2,734)
3.10	Net cash (used in)/from financing activities	(1,620)	21,759

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	30,480	8,822
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,132	7,062
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,689)	(7,340)
4.4	Net cash from / (used in) financing activities (item 3.11 above)	(1,620)	21,759
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period¹⁴	30,303	30,303

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	30,303	30,480
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	30,303	30,480

¹³ One-off shareholder withholding tax payment associated with shares issued on IPO.

¹⁴ At 30 June 2021, hipages had cash and funds on deposit of \$32.6m comprising cash and cash equivalents of \$30.3m and funds on deposit of \$2.3m.

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. N/A		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	3,132
8.2	Cash and cash equivalents at quarter end (item 4.6)	30,303
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	30,303
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	N/A	

	8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
		N/A
	8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
		N/A
		<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **29 July 2021**

Authorised by: **The Board of Directors of hipages Group Holdings Limited**