

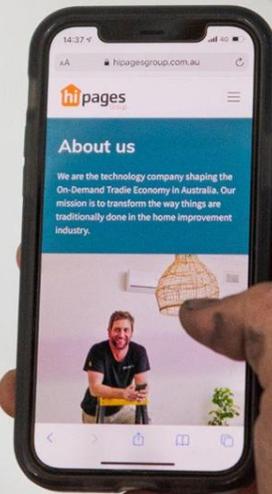


H1 FY23 Results

23 February 2023



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.



Agenda

1. H1 FY23 overview
2. Financial & operational update
3. Strategy update
4. FY23 outlook



H1 FY23 overview



ROBY SHARON-ZIPSER
Chief Executive Officer & Co-Founder

H1 FY23 highlights

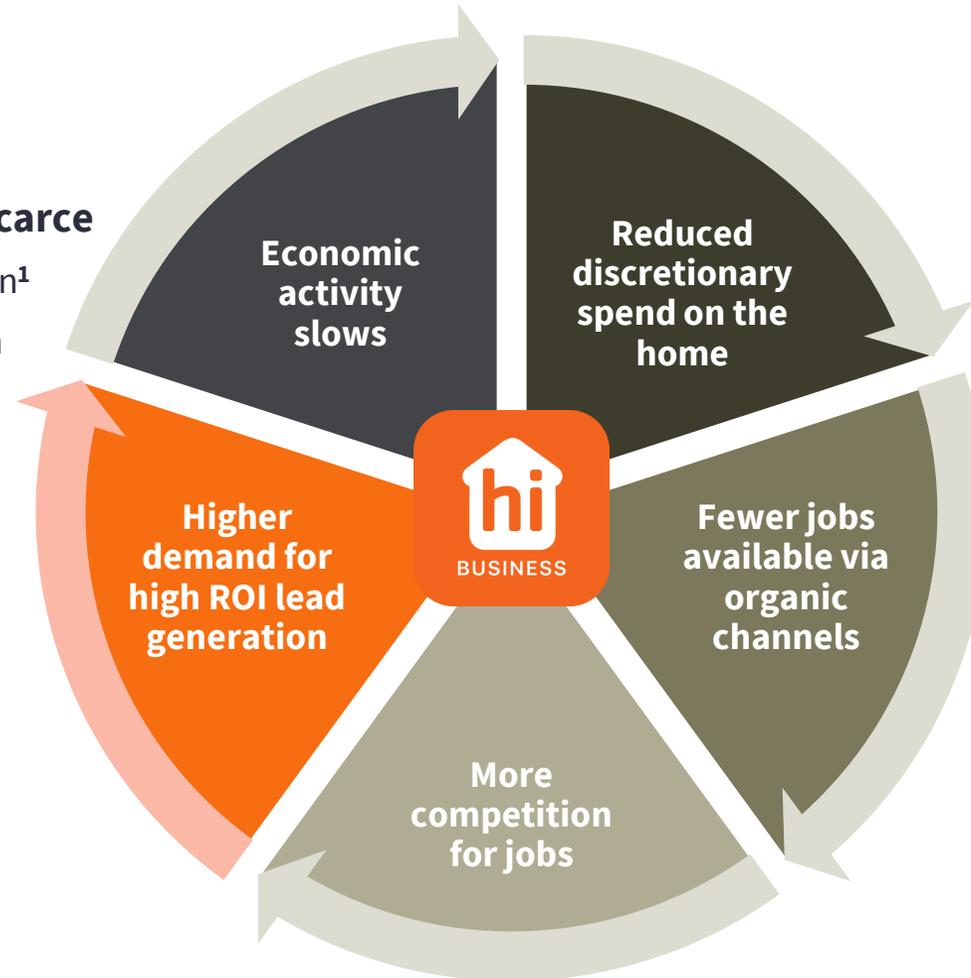
- Growth in revenue and ARPU continues, with lead indicators showing countercyclicality of hipages model
- Margin expansion due to prudent expense management and emerging operating leverage
- Strategic evolution from marketplace to platform progressing well
- Comfortably capitalised and targeting cash flow breakeven by end of FY24
- Strong start to H2 trading

Countercyclical model in action

Marketplace balance returning as key lead indicators turn green

Tradies need us more when work is scarce

- Consumer confidence continues to soften¹
- Tradies are facing increased competition
- hipages is the highest ROI lead generation provider²



Marketplace returning to balance

- Job volumes normalising
- Record new tradie registrations
- Returning customers at all-time high
- Zero-quote jobs ~50% lower than pcpc
- Quotes per job and claim value record levels
- Tradie yields increasing
- January MRR strongest since 2021

Financial & operational update



JACO JONKER
Chief Finance & Operations Officer

H1 FY23 financial highlights

Revenue

\$5.6m

MRR¹

Up 5%



\$30.6m

Recurring revenue²

Up 6%



\$32.6m

Total revenue

Up 8%



Profitability

89%

Gross margin³

(H1 FY22: 87%)



\$5.8m

EBITDA⁴

EBITDA margin 18%



\$(1.5)m

NPAT



Key drivers

34.2k

Subscription tradies



\$1,863

ARPU⁵

Up 11%

(Up 12% to \$1,978 for hipages Australia)



0.7m

Job volume

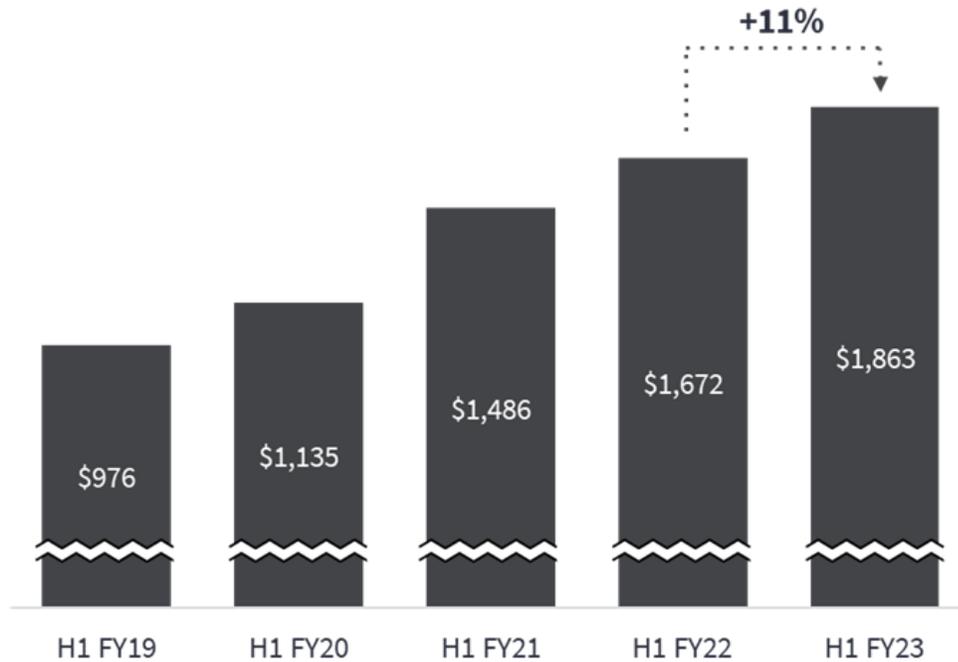
Down 8%



Strong balance sheet with closing cash and funds on deposit of \$9.7m and no debt

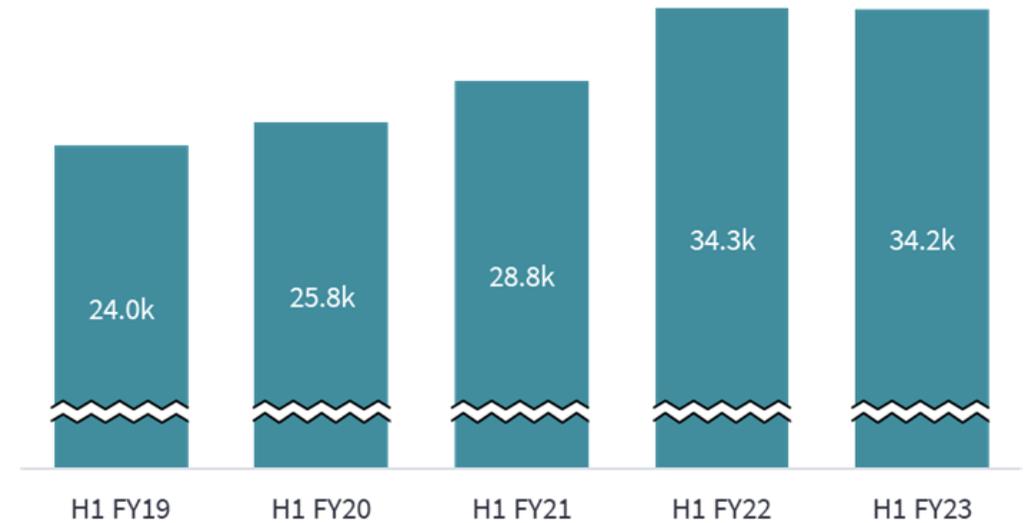
Strong ARPU growth continues as tradie numbers stabilise

Total Tradie ARPU¹



- ARPU grew by 11% to \$1,863¹
- New tradies join at higher price points driving new business yields up 29% pcp
- Continued ARPU growth expected over the medium-term, driven by price increases across customer base and additional services offering

Total subscription tradies

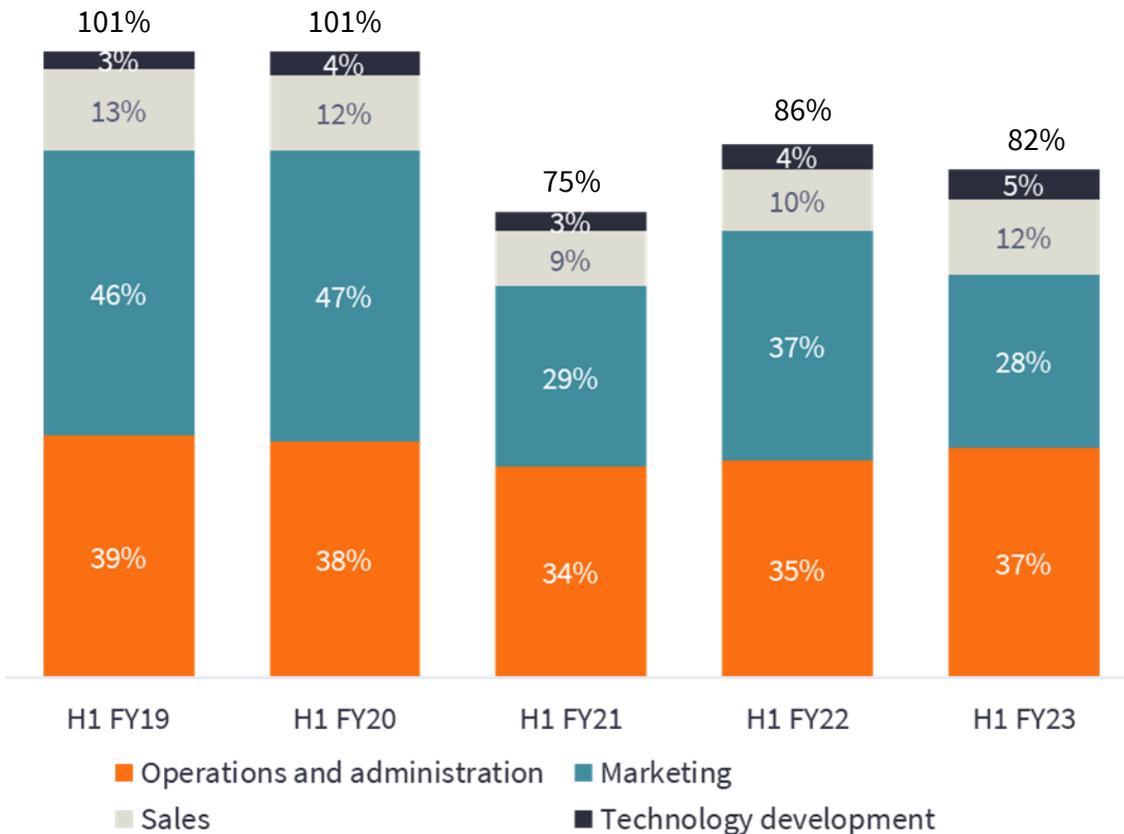


- Total subscription tradies flat in H1, expected to improve as softening consumer demand drives higher tradie engagement
- Start of H2 has already shown growth, with total subscription tradies at **34.4k** at January
- Continued subscription growth expected as marketplace returns to balance

Pro Forma Operating Expenses

Prudently managing our expenses

Expenses as % revenue¹



Total operating expenses

- Total opex ratio reduced to 82% of revenue in HY23 as we adapted to the market conditions, while continuing to invest for growth

Marketing

- Continued brand investment to drive strong consumer and tradie brand awareness
- Marketing expenses as % of revenue now 28%, down 9ppts with strong brand supporting more efficient acquisition spend

Technology development

- Continued investment in product development and technology architecture to drive long-term growth

Brand investment drives significant marketing efficiency

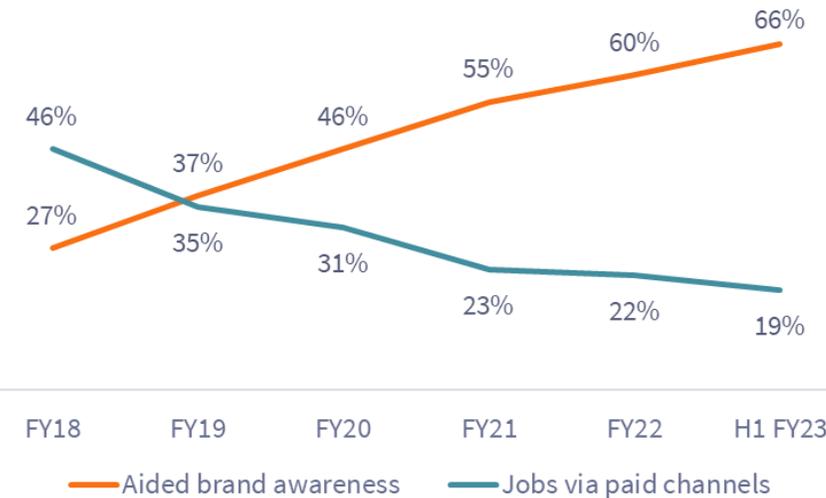
Consumer brand

- Record consumer brand awareness of 66%¹
- Market leading top-of-mind awareness² 15ppts ahead of nearest competitor

Tradie brand

- Record tradie brand awareness 64% (+5ppts)
- Market-leading top-of-mind awareness for tradies 14ppts ahead of nearest competitor³
- Tradie registrations up 38% following effective sales & marketing activity as marketplace returns to balance

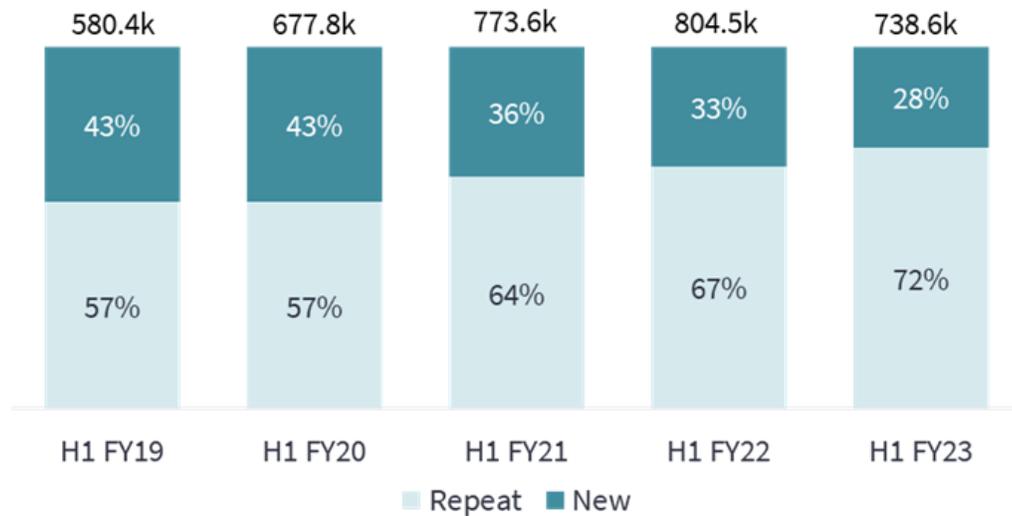
Impact of hipages growing brand awareness in Australia¹



Building consumer trust and brand awareness

Jobs from repeat customers and unpaid channels continued to improve

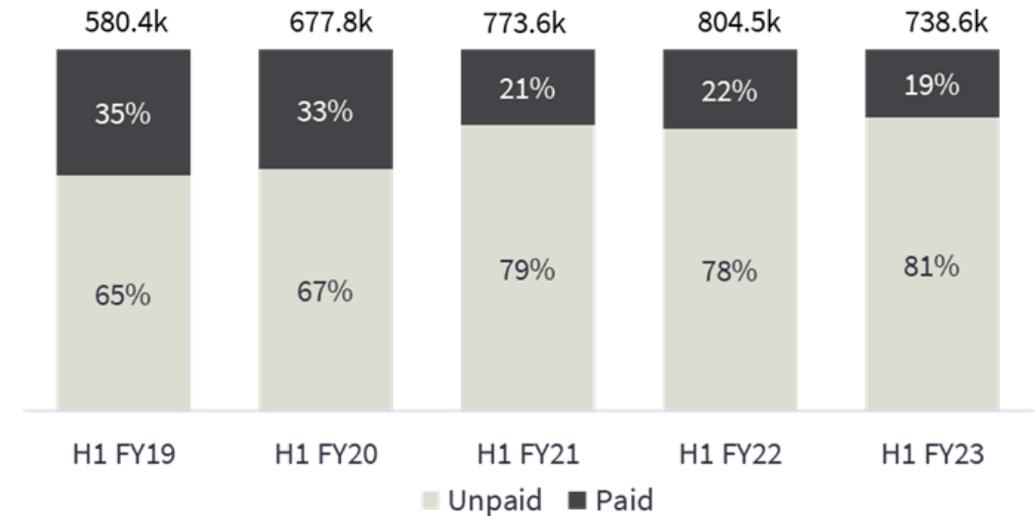
72% of jobs from repeat consumers



Contribution from repeat consumers increased by 5ppts¹

81% of jobs from unpaid channels

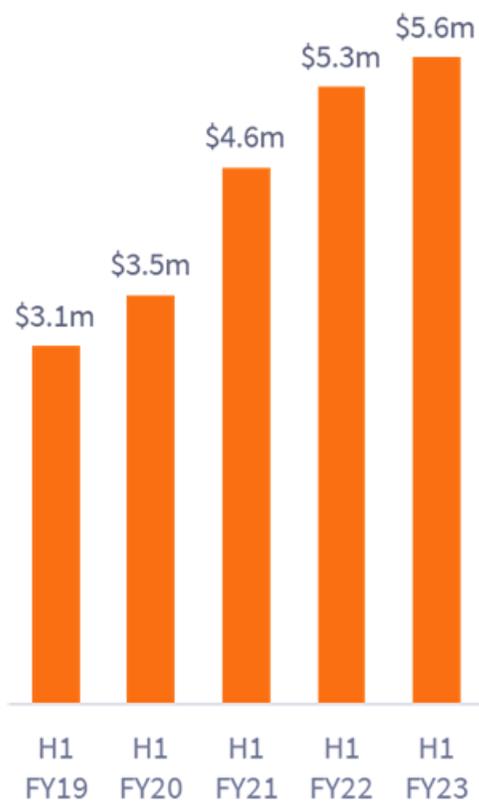
4.2m unique users have posted a job on hipages²



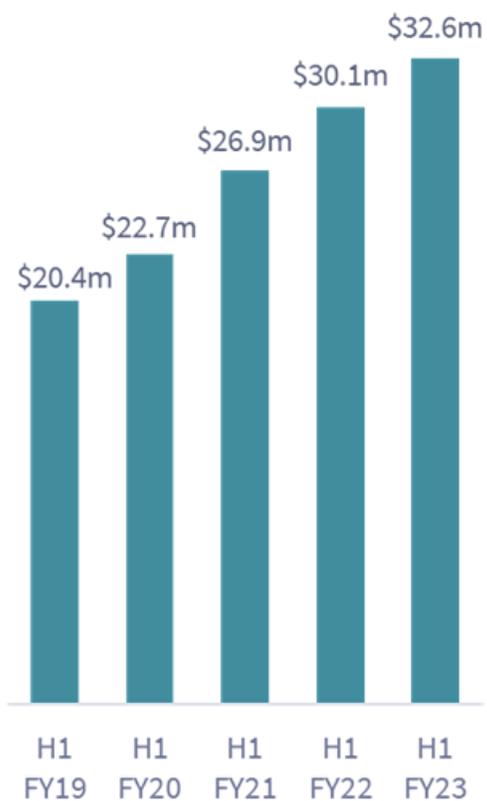
Contribution from unpaid channels increased by 3ppts¹

Delivering sustainable growth

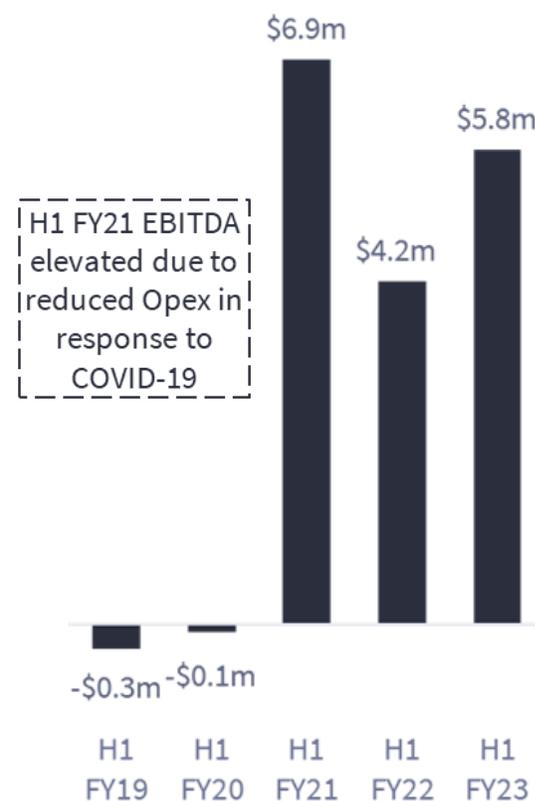
MRR



Total Revenue



EBITDA¹



Operating cash flow²



Strategy update

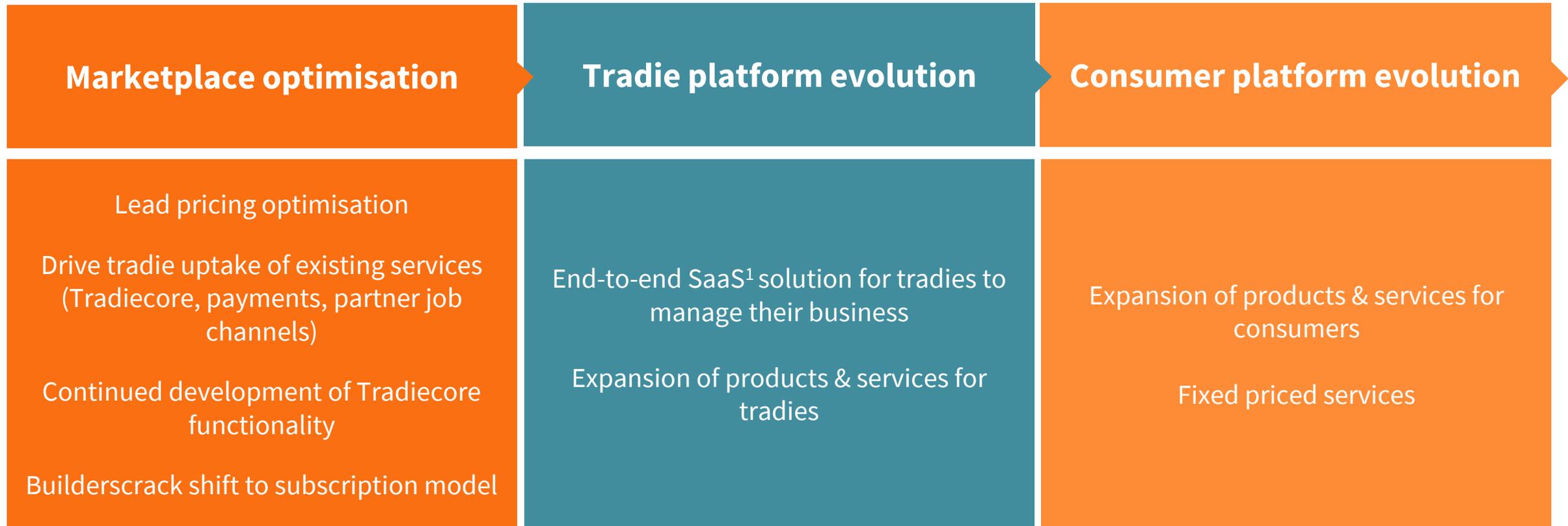


ROBY SHARON-ZIPSER
Chief Executive Officer & Co-Founder



Strategic evolution from marketplace to platform

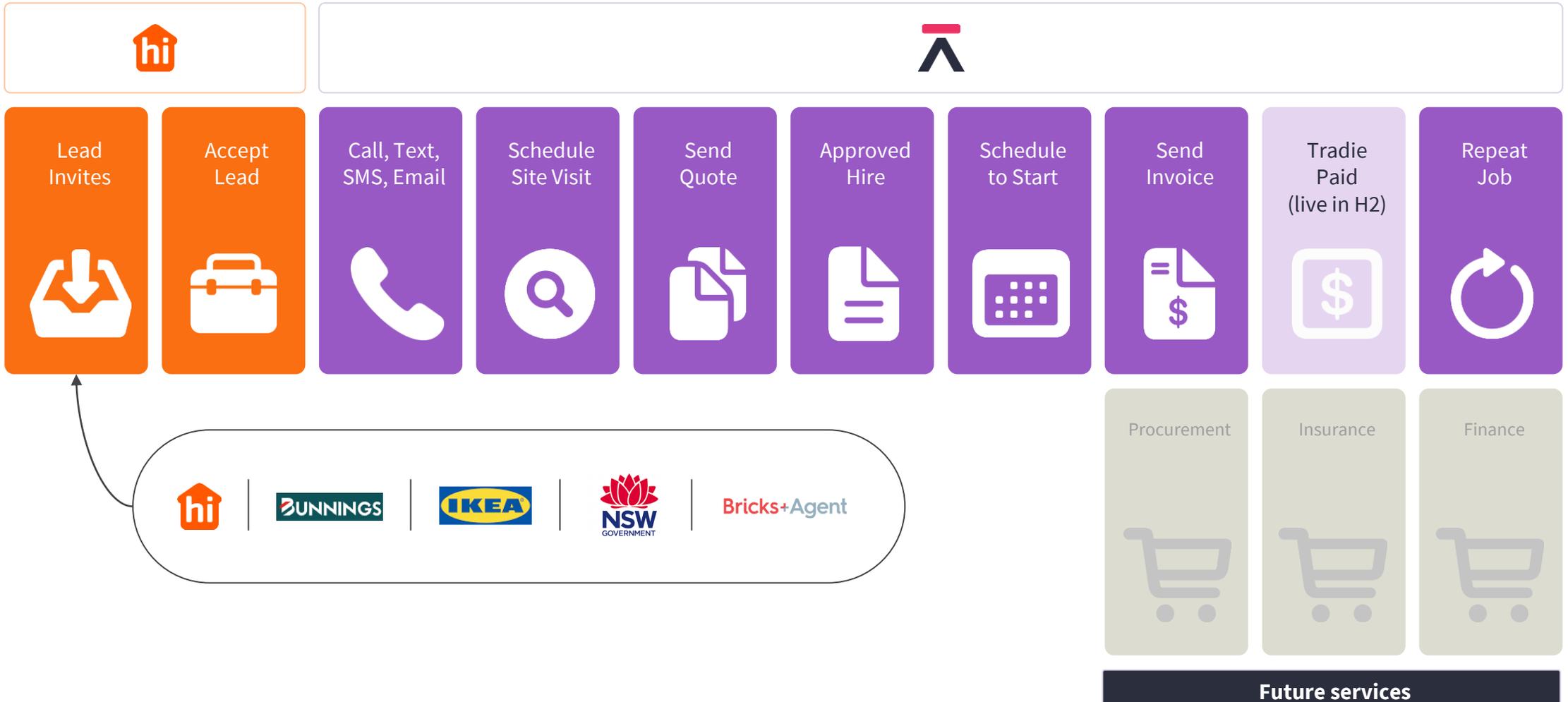
FY23-FY26+ roadmap evolution





+ TRADIECORE

Creating an end-to-end platform to win whole tradie ecosystem



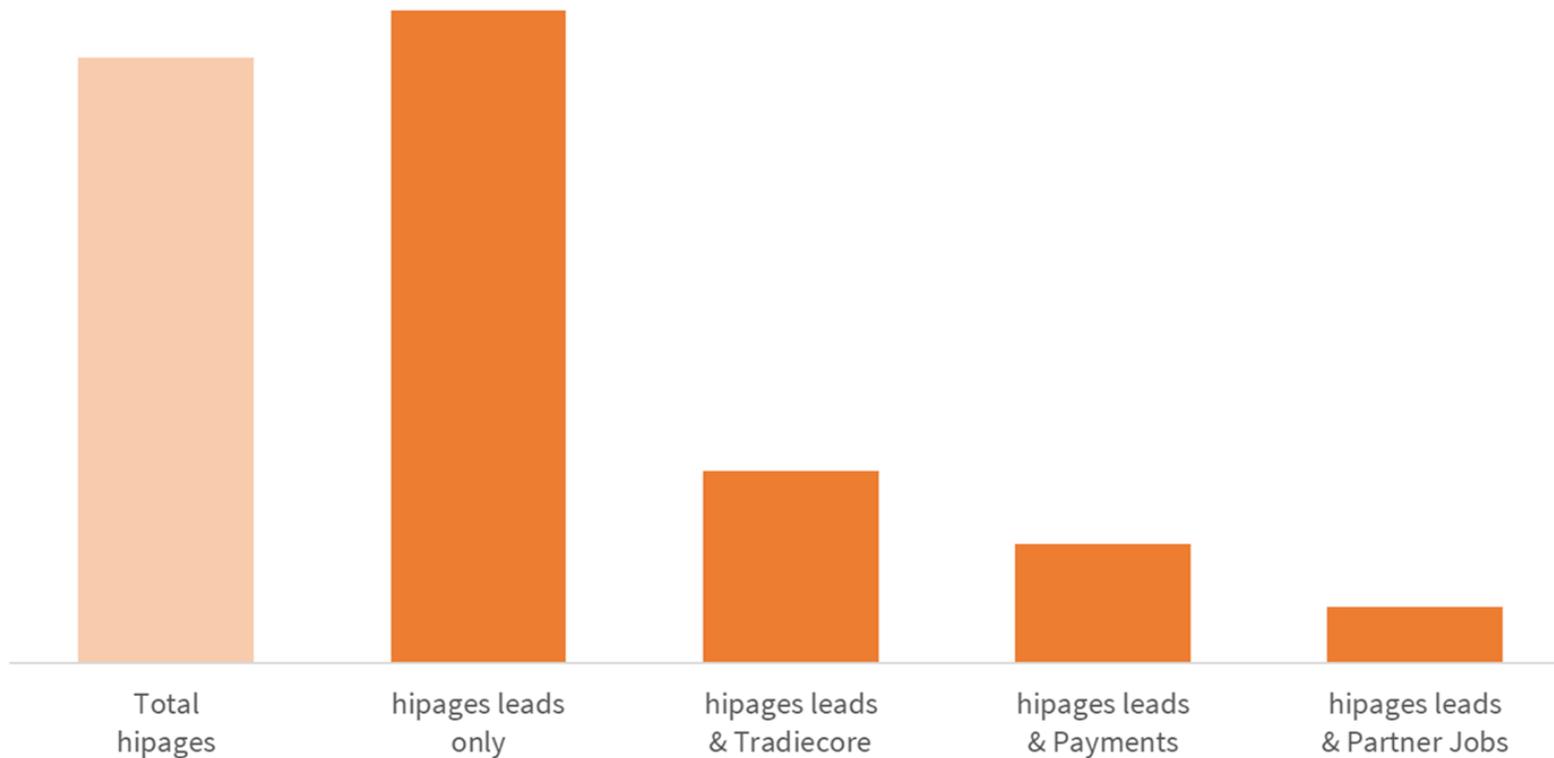
The future of hipages



Evolution to platform already paying dividends

Driving enhanced customer retention through increased engagement

Customer churn % by # of services (FY22)



- Significant improvement in retention when tradie customers purchase more than one service
- Customer retention four times higher when using both hipages and Tradiecore
- Additional LTV increases revenue per customer and decreases CAC

TRADIECORE

Enhanced functionality for a seamless customer experience

H1 achievements

- Now approaching 1,000 users actively engaged regularly using app
- Accounting Integration completed for Xero, MYOB and QuickBooks
- Guided in-app onboarding

Up next in H2

- GTM for Accounting integration
- Payments feature go-live
- Additional functionality for quotes, invoices and jobs
- Desktop version & reporting dashboards



Send your invoices to Xero, so that you can keep up to date with your accounting.



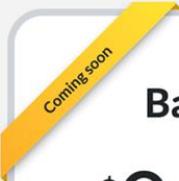
Send your invoices to QuickBooks, so that you can keep up to date with your accounting.



Send your invoices to MYOB, so that you can keep up to date with your accounting.



New pricing model and product functionality

 <p>Basic</p> <p>\$0 + GST per month</p> <p>Go Basic</p> <ul style="list-style-type: none"> ✓ 1 chases per week ✓ Basic public profile ✗ No discount on success fees ✗ No public contact details 	<p>Standard</p> <p>\$29 + GST per month (Paid quarterly \$87 + GST)</p> <p>Go Standard</p> <ul style="list-style-type: none"> ✓ 5 chases per week ✓ Basic public profile ✓ 5% discount on success fees ✗ No public contact details 	<p>Business</p> <p>\$47 + GST per month (Paid quarterly \$141 + GST)</p> <p>Go Business</p> <ul style="list-style-type: none"> ✓ 10 chases per week ✓ Premium public profile ✓ 10% discount on success fees ✗ No public contact details 	<p>Advantage</p> <p>\$89 + GST per month (Paid quarterly \$267 + GST)</p> <p>Go Advantage</p> <ul style="list-style-type: none"> ✓ Unlimited chases ✓ Premium public profile ✓ 20% discount on success fees ✓ Public contact details
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- Transition to subscription model continues to progress well, leveraging learnings from hipages experience
- Introduced new subscription packages to enhance retention and drive ARPU growth
- Improving the user experiences for tradies and consumers

Bricks+Agent

Bricks + Agent now #1 in ANZ

- Bricks + Agent acquired its largest Australian competitor, Maintenance Manager
- Now #1 in \$21 billion ANZ property management market
- Now more than 800k users on platform
- Integrations with Palace and Console complete
- New partnerships including McGrath Network, accessing more than 70k properties



FY23 outlook



ROBY SHARON-ZIPSER
Chief Executive Officer & Co-Founder

Trading update

Marketplace balance is returning and key lead indicators are green

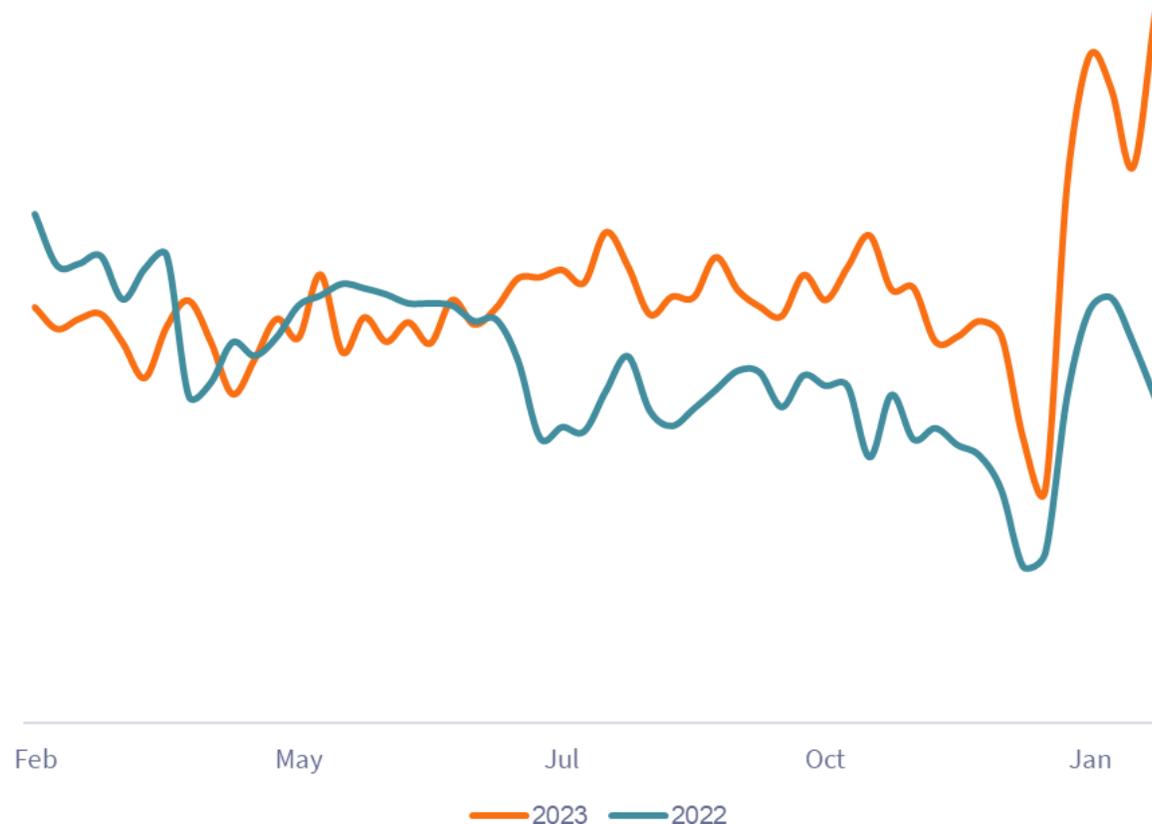
Marketplace balance driving increased activity

- Job volumes normalising
- Quotes per job at multi-year highs
- Zero-quote jobs ~50% lower than pcp

Translating to strong new business growth

- Record new tradie registrations
- Returning customers at all-time high (24% in February)
- Lead credit claim value at record levels
- January incremental in-month MRR strongest since 2021 at \$105k

Qualified tradie registrations per week



FY23 outlook

- Lead indicators expected to continue to improve and benefit key metrics in H2
- Churn expected to normalise in H2, with improvement vs. pcg already evident in January
- Due to the impact of marketplace imbalance in the first half, high single-digit revenue growth is expected in H2, with MRR acceleration already evident in January
- EBITDA margin to be ahead of FY22
- Rollout of further Tradiecore functionality as we continue our evolution from marketplace to platform

Targeting positive net cash flow by end FY24

1 Accelerating revenue growth in FY24

- Growth in total subscription trades as marketplace returns to balance
- Driving revenue growth through dynamic lead pricing
- Migrating trades to higher subscription price tiers

2 Prudent expense management

- Stabilising current employment costs
- Marketing efficiencies from effective brand investment
- Maintaining investment in technology platform at current levels

3 Cash flow

- High operating leverage to deliver continued margin expansion
- Continued positive operating cash flow
- Targeting positive net cash flow by end FY24

Q&A



Appendix



H1 FY23 result summary

Growth in revenue and EBITDA, with key metrics stabilising

	H1 FY23	H1 FY22	pcp (%) ⁵
Financial Metrics			
Total revenue (\$m)	32.6	30.1	8%
Recurring revenue (\$m)	30.6	28.8	6%
Recurring revenue % Total	94%	95%	(1ppt)
Operating expenses ¹ (\$m)	(26.8)	(25.9)	4%
EBITDA before significant items ² (\$m)	5.8	4.2	38%
EBITDA ² margin	18%	14%	4ppts
NPAT (\$m)	(1.5)	(0.8)	(80%)
Operational Metrics			
MRR ³ (\$m)	5.6	5.3	5%
Job volume (m)	0.74	0.80	(8%)
Subscription tradies ('000s)	34.2	34.3	-
Total Tradie ARPU ⁴ (\$)	1,863	1,672	11%
LTV/CAC	7.9	7.6	-

- Resilient subscription model supporting growth in key metrics
- Total revenue growth marginally higher than recurring revenue due to six-month impact of Builderscrack acquisition in H1 FY23
- MRR increased by 5% to \$5.6m
- ARPU increased by 11% as new tradies join at higher price points
- Job volumes down as consumer demand softens and marketplace balances
- Subscription tradies flat over H1, already increasing in H2

1. Pro Forma operating expenses excludes significant items and net other expenses.

2. Pro Forma EBITDA before significant items.

3. Monthly recurring revenue (MRR) @ December 2022 and December 2021 inclusive of GST.

4. Avg Annual Revenue Per Tradie (Total Tradie ARPU): operating revenue divided by the average of the opening

and closing # of total tradies for the period.

5. Includes impact of six months of Builderscrack performance for HY23 and one month of Builderscrack

performance post-completion on 8 December 2021 for HY22.

6. Presented on a like-for-like basis with hipages Group preceding the acquisition of Builderscrack.

H1 FY23 Pro Forma Financial Summary

\$'000	H1 FY23 ⁽¹⁾	H1 FY22 ⁽¹⁾	\$ Var	% Var
Recurring	30,601	28,768	1,833	6%
Transactional	1,472	737	735	100%
Operating Revenue	32,073	29,505	2,568	9%
Other	548	632	(84)	(13%)
Total Revenue	32,621	30,137	2,484	8%
Sales	(3,927)	(2,871)	(1,056)	37%
Marketing	(9,123)	(11,178)	2,055	(18%)
Technology and Development	(1,747)	(1,090)	(657)	60%
Operations and Administration	(12,051)	(10,767)	(1,285)	12%
Total Operating Expenses	(26,848)	(25,906)	(943)	4%
Net other expenses	(4)	(55)	51	93%
EBITDA before significant items	5,769	4,176	1,593	38%
Significant Items	(130)	(367)	237	(65%)
EBITDA after significant items	5,639	3,809	1,830	48%
Depreciation & Amortisation	(6,971)	(4,496)	(2,475)	55%
EBIT	(1,332)	(687)	(645)	(94%)
Net Finance Costs	(125)	(50)	(75)	150%
Share of loss of equity accounted investee, net of tax	(187)	(118)	(69)	59%
Loss before income tax	(1,644)	(855)	(789)	(92%)
Income tax benefit	153	25	128	512%
NPAT	(1,491)	(830)	(661)	(80%)

- Total revenue growth rate of 8% expected to be maintained in H2, with acceleration in Q4
- Continued growth investment, with increased product development and technology team and architecture investment (mostly capitalised)
- Pro forma operating expenses up 4% as we adapt to current market conditions and focus on cost control
 - Continued brand investment to drive strong consumer and tradie brand awareness, which enables lower overall acquisition costs
- Improved gross margin² of 89% (HY22: 87%) as we benefit from marketing efficiencies
- Expanding EBITDA margin of 18% (pcp: 14%) in line with expectations and expected to hold through H2

H1 FY23 Cash Flow

\$'000s	H1 FY23 Statutory	H1 FY22 Statutory	\$ Var
Receipts from customers (inclusive of GST)	34,567	31,514	3,053
Payments to suppliers and employees (inclusive of GST)	(28,508)	(27,364)	(1,144)
Interest received	41	33	8
Income taxes paid	(76)	-	(76)
Interest paid	(2)	-	(2)
Net cash flows from operating activities	6,022	4,183	1,839
Payments for purchase of business net of cash acquired	(414)	(7,843)	7,429
Payments for investments	-	(6,747)	6,747
Payments for property, plant and equipment	(771)	(225)	(546)
Payments for intangible assets	(7,691)	(5,107)	(2,584)
Proceeds from divestments	250	150	100
Net cash flows used in investing activities	(8,626)	(19,772)	11,146
Payment of principle portion of lease liabilities	(1,460)	(1,584)	124
Proceeds from reimbursement of office refurbishment costs	600	-	600
Cash settlement of share-based payments	(42)	-	(42)
Net cash flows from financing activities	(902)	(1,584)	682
Net (decrease) / increase in cash and cash equivalents	(3,506)	(17,173)	13,667
Cash and cash equivalents at the beginning of the period	10,907	30,303	(19,396)
Effects of exchange rate changes on cash and cash equivalents	27	(9)	36
Cash and cash equivalents at end of the period	7,428	13,121	(5,693)

- Positive operating cash flow of \$6.0m, up 44% vs. pcp with Pro Forma EBITDA to OCF conversion of 104%
- Cash outflow from investing activities (\$8.6m) mainly driven by:
 - Continued investment in technology (\$7.7m), driven by a larger Product & Development team to enable accelerated delivery of key platform features
 - Deferred consideration payment made in relation to the acquisition of Builderscrack (\$0.4m)
- At 31 December 2022 hipages Group had cash and funds on deposit of \$9.7m and no debt

H1 FY23 Statutory Balance Sheet

\$'000s	31-Dec-22	30-Jun-22	\$ Var
Cash and cash equivalents	7,428	10,907	(3,479)
Funds on deposit	2,271	2,271	-
Trade and other receivables	1,852	1,861	(9)
Other assets	2,288	1,864	424
Total current assets	13,839	16,903	(3,064)
Other assets	-	105	(105)
Other investments	800	800	-
Equity-accounted investment	6,111	6,298	(187)
Property, plant and equipment	1,719	1,731	(12)
Right-of-use asset	11,187	12,312	(1,125)
Intangible assets	32,259	29,611	2,648
Total non-current assets	52,076	50,857	1,219
Total assets	65,915	67,760	(1,845)
Trade and other payables	8,441	8,419	22
Contract liabilities	2,689	3,004	(315)
Provisions	1,789	1,912	(123)
Lease liabilities	2,939	2,324	615
Current tax liability	26	24	2
Total current liabilities	15,884	15,683	201
Other payables	-	738	(738)
Provisions	581	588	(7)
Lease liabilities	10,312	11,526	(1,214)
Deferred Tax Liability	1,966	2,127	(161)
Total non-current liabilities	12,859	14,979	(2,120)
Total liabilities	28,743	30,662	(1,919)
Net assets	37,172	37,098	74
Issued capital	318,099	317,639	460
Reserves	(218,934)	(220,039)	1,105
Accumulated losses	(61,993)	(60,502)	(1,491)
Total equity	37,172	37,098	74

- Strong balance sheet maintained
- Cash and funds on deposit of \$9.7m at the end of HY23
- hipages continues to invest in its technology platform as it progresses with its evolution from online marketplace to a SaaS platform provider

Profit Reconciliation

	H1 FY23 \$'000	H1 FY22 \$'000
Reported EBITDA (from continuing operations)	5,639	3,809
Non-recurring remuneration	130	367
Pro forma EBITDA before significant items	5,769	4,176

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