



hipages Group

(ASX:HPG)

Goldman Sachs

Emerging Leaders Conference

28 October 2021



ersonal use only

Australia'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)

Consumer experience – selecting a tradie

Connected with up to 3 tradies



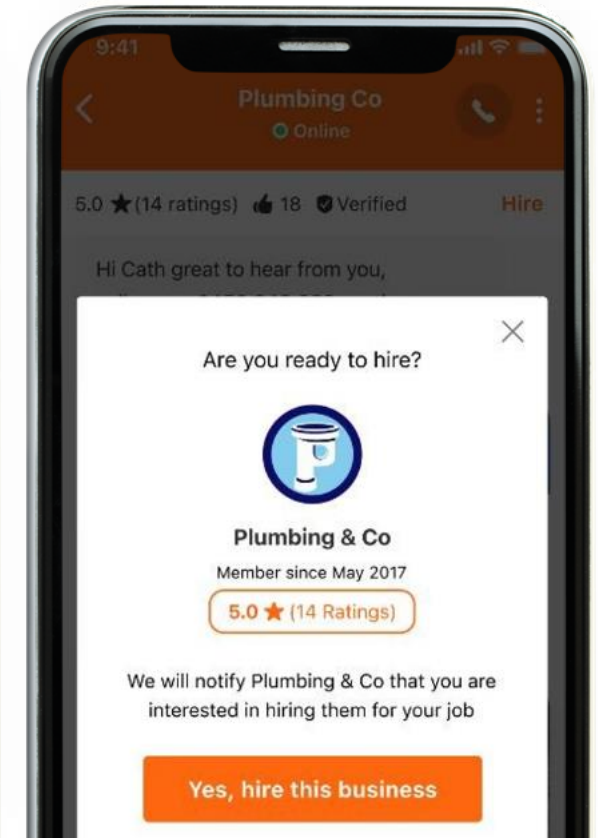
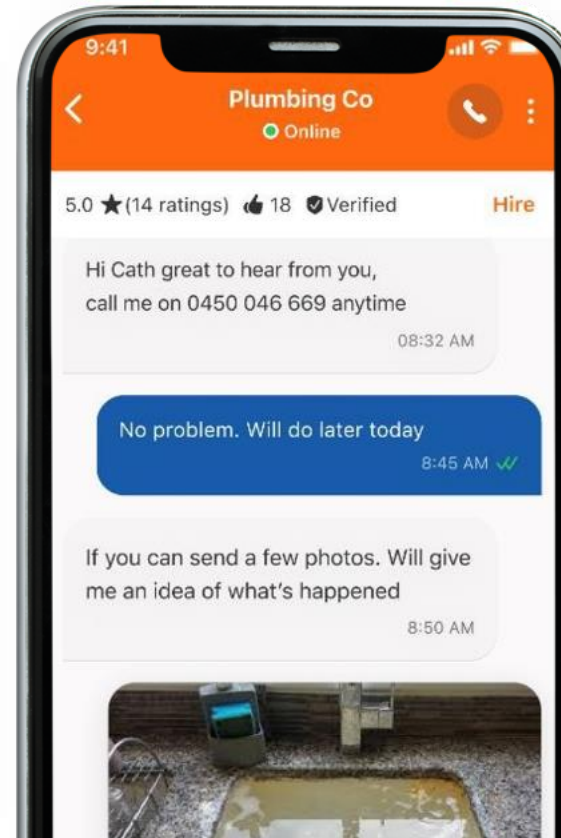
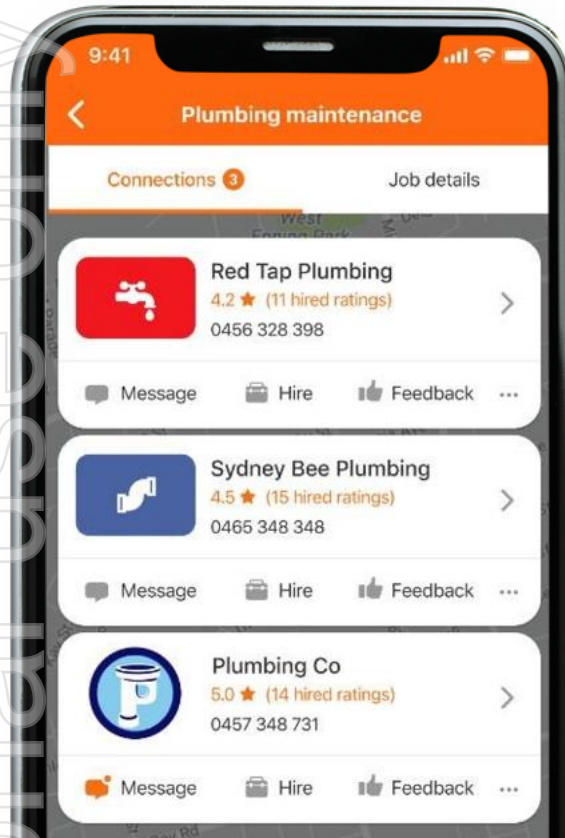
View profile and recommendations



Communicate directly with tradie



Select the best tradie for the job



TIMELY RESPONSE

I received immediate responses from 3 painters who all attended to the quotation process in a timely and professional manner. The work is scheduled for commencement next week and as a first-time user I am confident of a successful Completion.



GREAT SERVICE FROM EXPERIENCED TRADIES

Arrived on time, top quality work and fair price for the job. This is the best way to find the right trades person who supplies top quality work. Price was fair and reasonable

Proprietary algorithm matches consumers & tradies



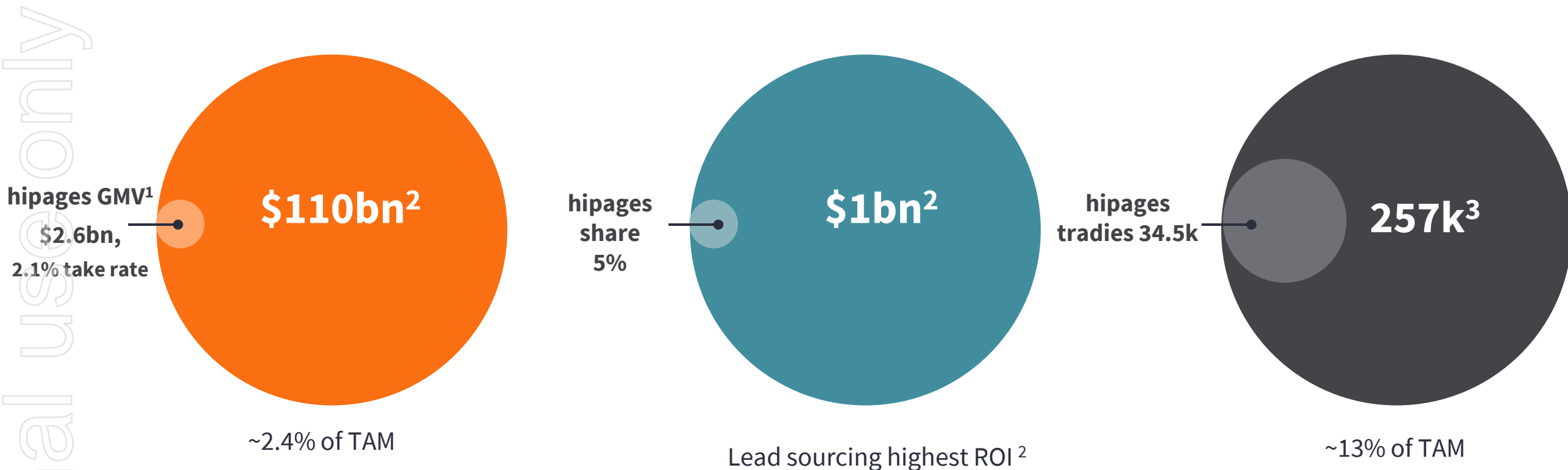
Optimised to provide
up to 3 contacts in the
first invitation batch

Large addressable market with small market share

Total Addressable Market

Tradie advertising spend

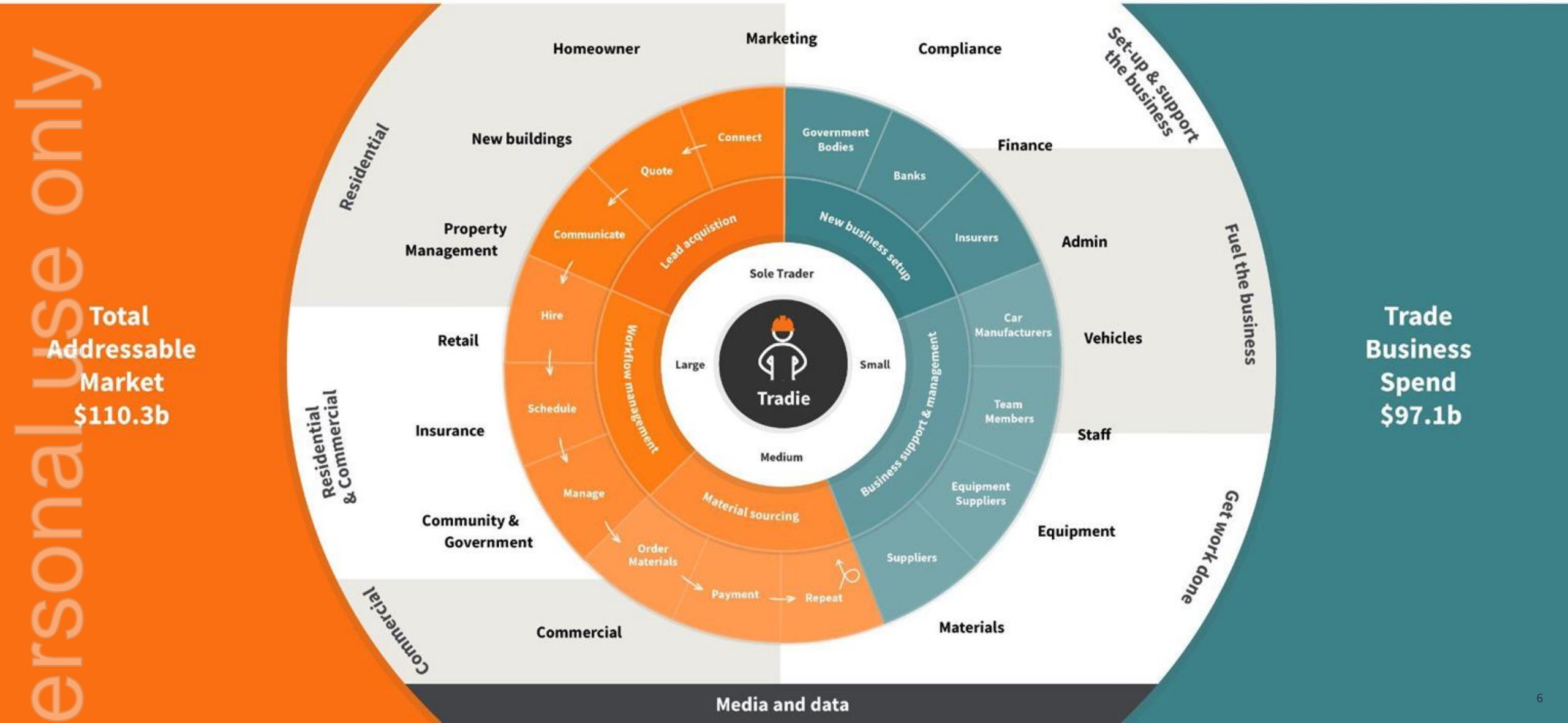
Trade Businesses



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

1. Estimated Gross Merchandise Value (GMV) in 2020 based on the value of the 1.1m claimed jobs on HPG platform.
2. Expected spend on home improvement services in 2021 (Publicis Sapient, August 2021).
3. Residential Trades Market (Publicis Sapient, September 2020); hipages Group Prospectus 2020, pp.28-31.

Overall strategic opportunity



Value of the total addressable market

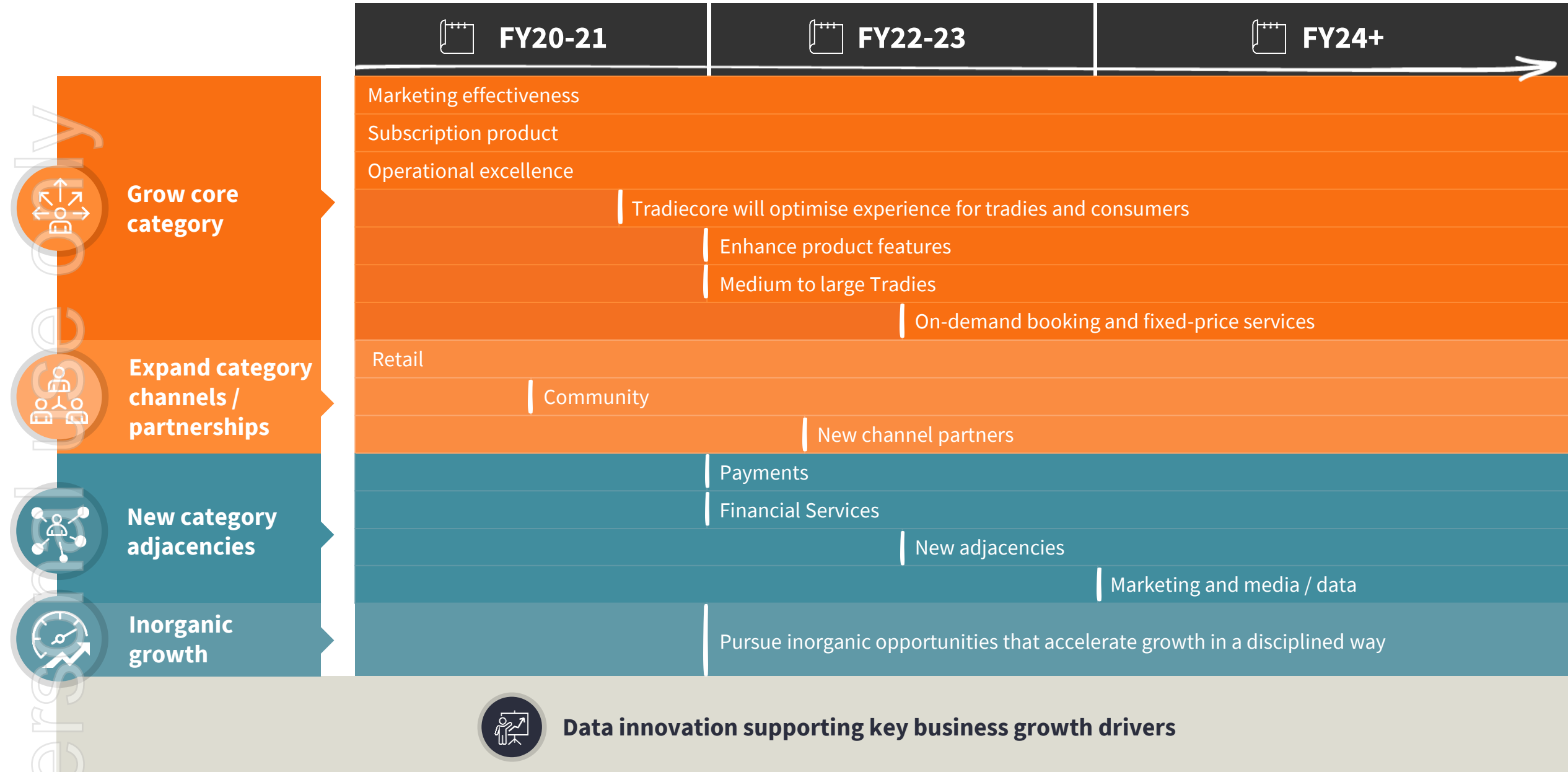
Residential			Residential & Commercial			Commercial
Homeowner	Residential New Builds	Residential Property Management	Retail	Insurance	Community & Government	Commercial property management
Maintenance	Homes	Rental properties	Stores	Claims	Charity	Offices
Repairs	Apartments	Strata	E-commerce		Local, state and federal government	Retail
Renovation						Warehouse
\$41.2b	\$31.9b	\$12.7b	\$0.6b	\$7.5b	\$8.0b	
\$85.8b			\$16.2b			\$8.3b
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
\$1.0b	\$3.3b	\$4.4b	\$3.4b	\$7.8b	\$46.5b	\$10.8b	\$19.9b
Trade Business Spend \$97.1 billion							

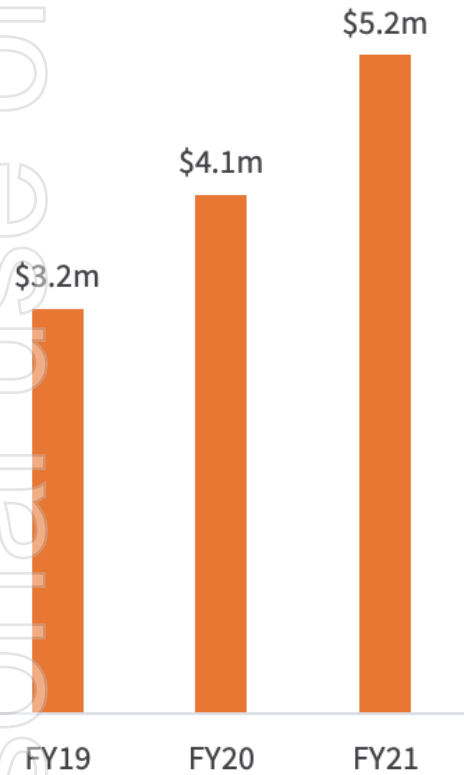


Strategy Execution

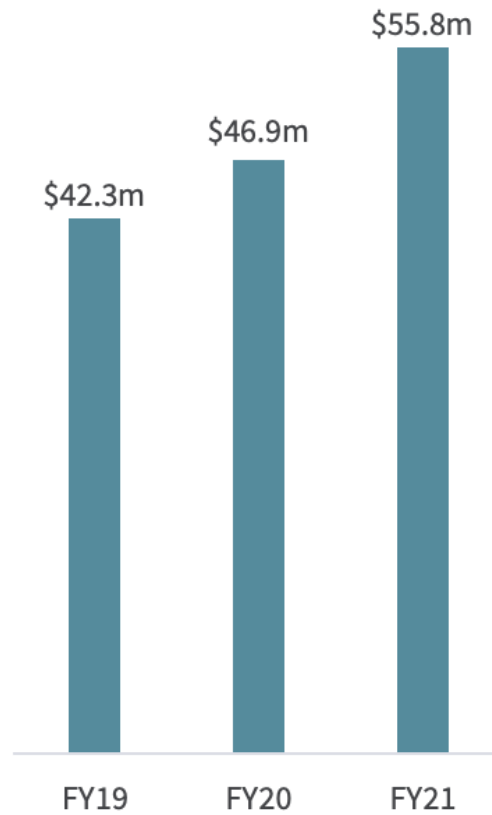


Delivering sustainable growth

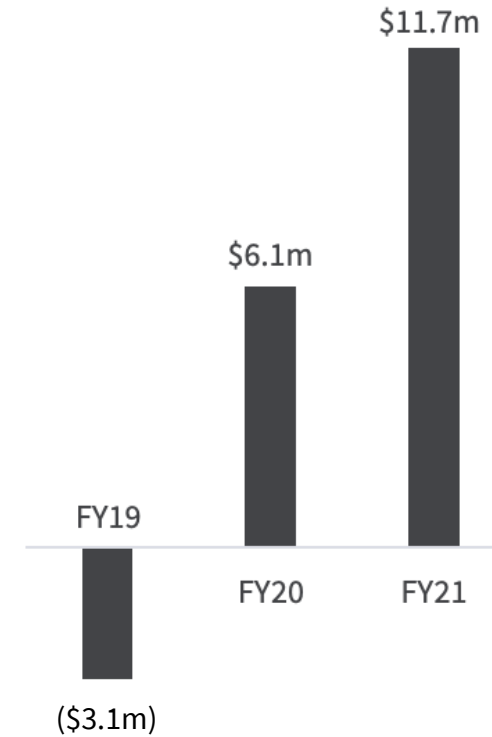
MRR



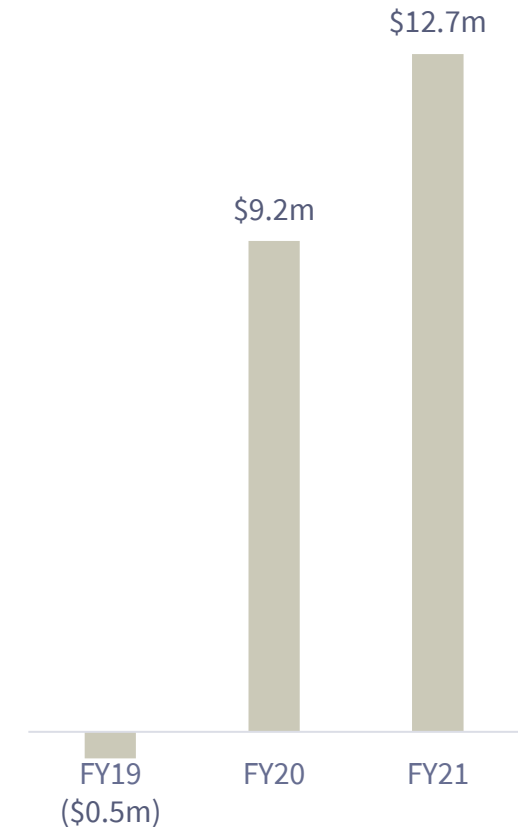
Total Revenue



EBITDA



Operating cash flow



FY21 overview

Revenue

\$5.2m

MRR¹ Up 27%



\$52.7m

Recurring revenue² Up 25%



\$55.8m

Total revenue Up 19%



Profitability

85%

Gross margin³
(FY20: 79%)



\$11.7m

EBITDA⁴ Up 91%
EBITDA margin 21%



\$1.2m

NPAT⁵ Up 128%



Key drivers

31.2k

Subscription tradies Up 12%



\$1,536

Total Tradie ARPU⁶ Up 29%



1.53m

Job volume Up 12%



1. Monthly Recurring Revenue @ June 2021 (includes GST).
2. FY21 revenue represents Statutory and Pro Forma revenue. FY20 Statutory revenue includes discontinued operations.
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 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.

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

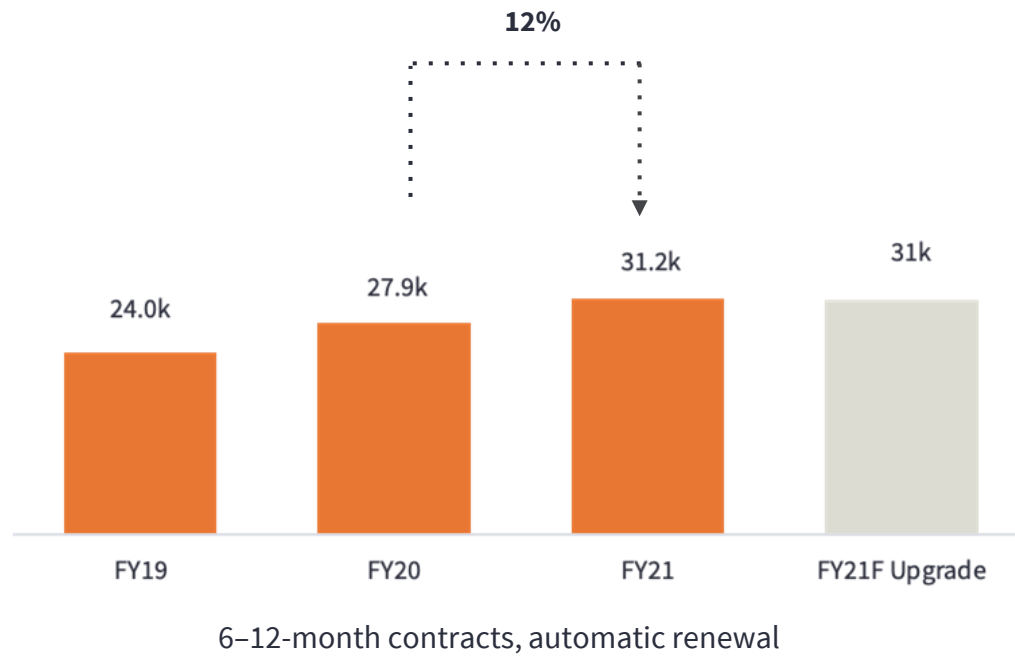


New subscribers joining platform at higher price points and existing subscribers upgrading to higher price tiers

Flywheel effect driven by growth on both sides of marketplace

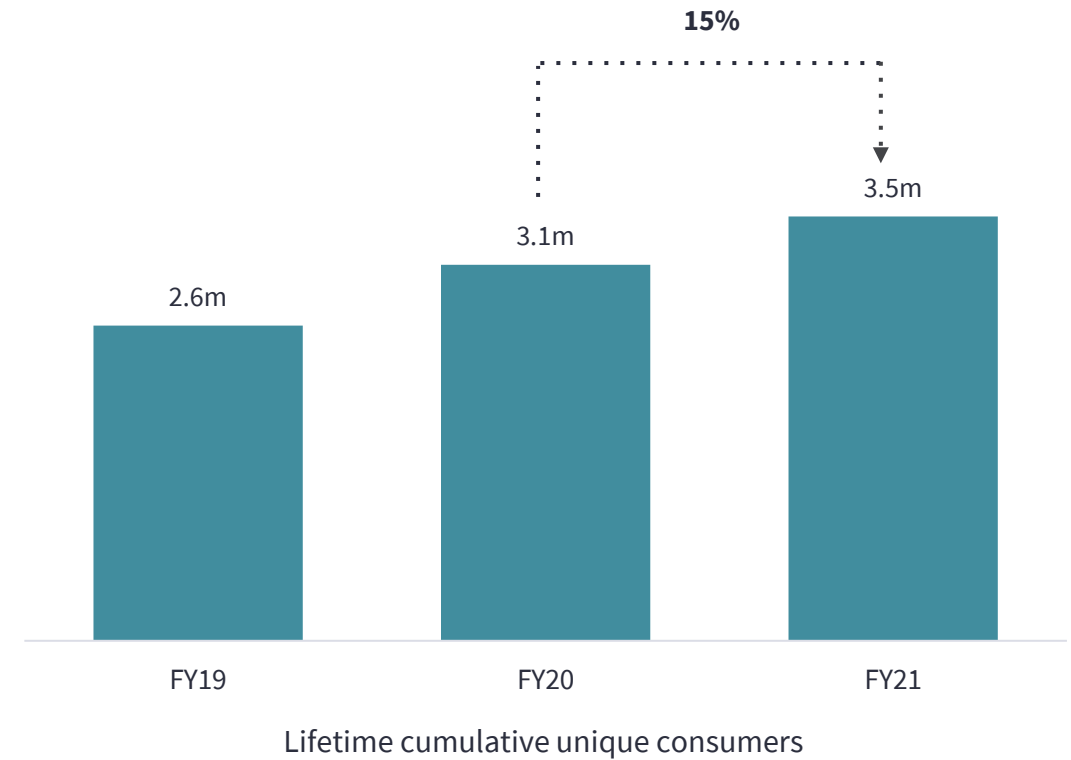
Subscription trades

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



Users

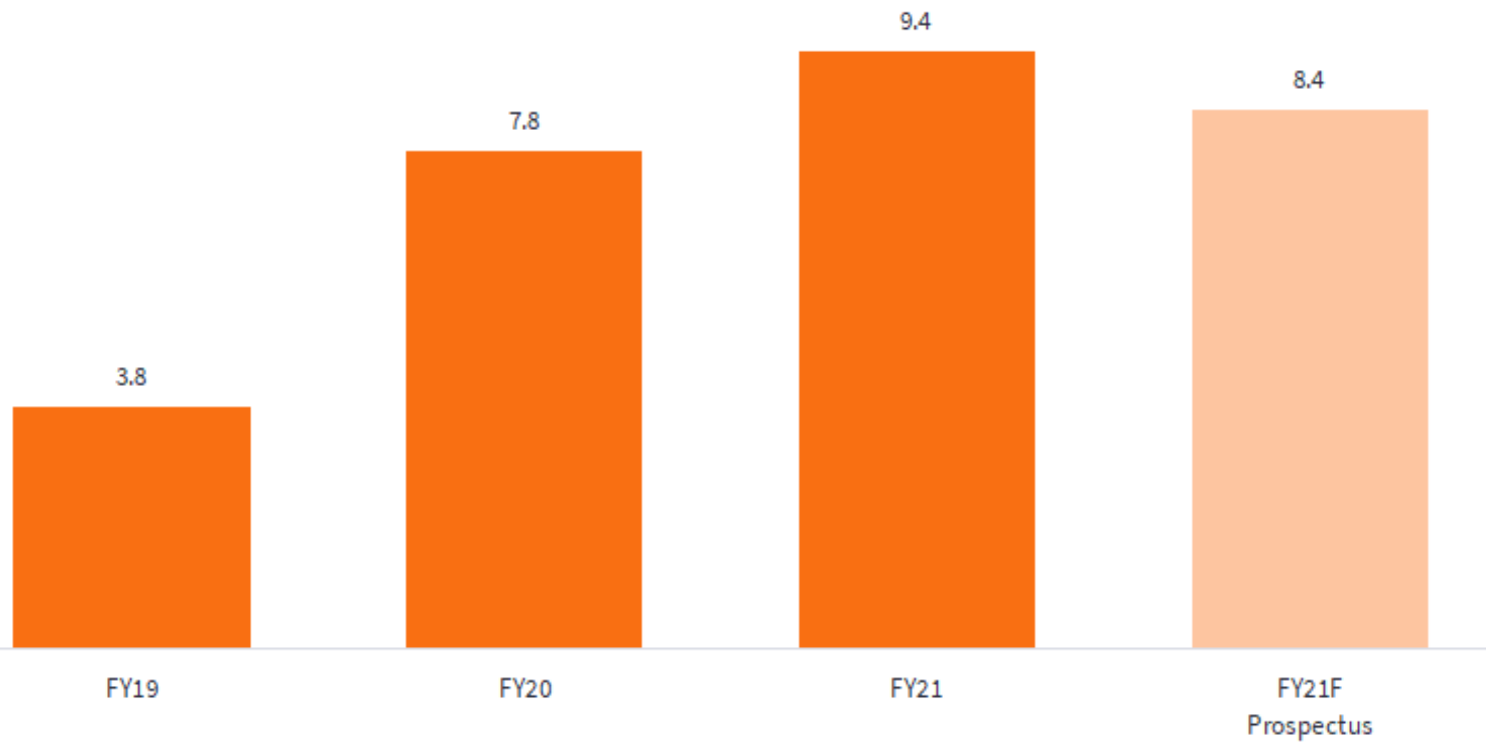
3.5m unique users posted a job to hipages platform to end FY21



Lifetime Transaction Value / Customer Acquisition Costs¹

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

1. LTV/CAC is calculated as LTV of total tradie ARPU over the CAC per Tradie over the period. Lifetime years using an annualised churn rate of 35% in FY21 (i.e. $(1 - (1 - \text{monthly counter churn})^{12})$). CAC allocates a portion of sales, marketing and Operations and Administration costs to tradie acquisition. CAC for FY21 represents ~17% of total operating expenses

Effective investment driving increased brand awareness

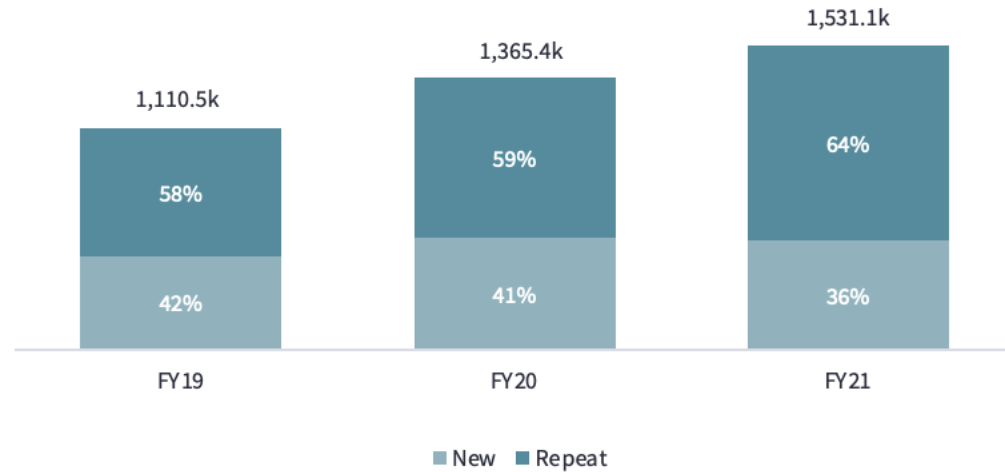
- Consumer brand awareness remains strong at 55%
- Market leader for top-of-mind awareness at 20% vs. nearest competitor at 12%
- Successful brand campaign across radio and digital increased tradie customer brand awareness from 35% to 49%
- Sponsorships of *The Block* and *Better Homes & Gardens*
- Jobs 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 channels¹

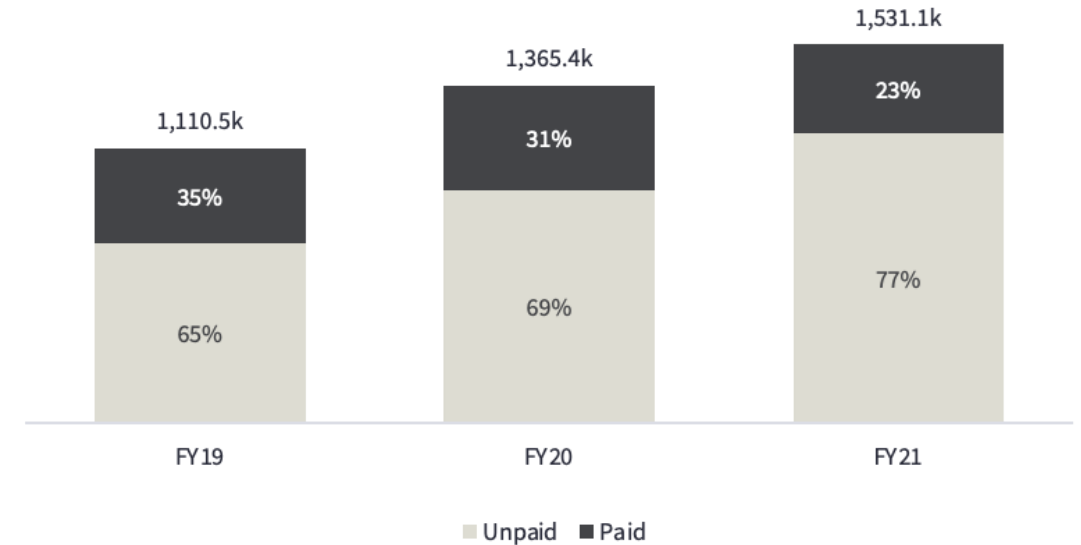
64% of jobs from repeat consumers



22% increase in jobs from repeat consumers¹

77% of jobs from unpaid channels

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



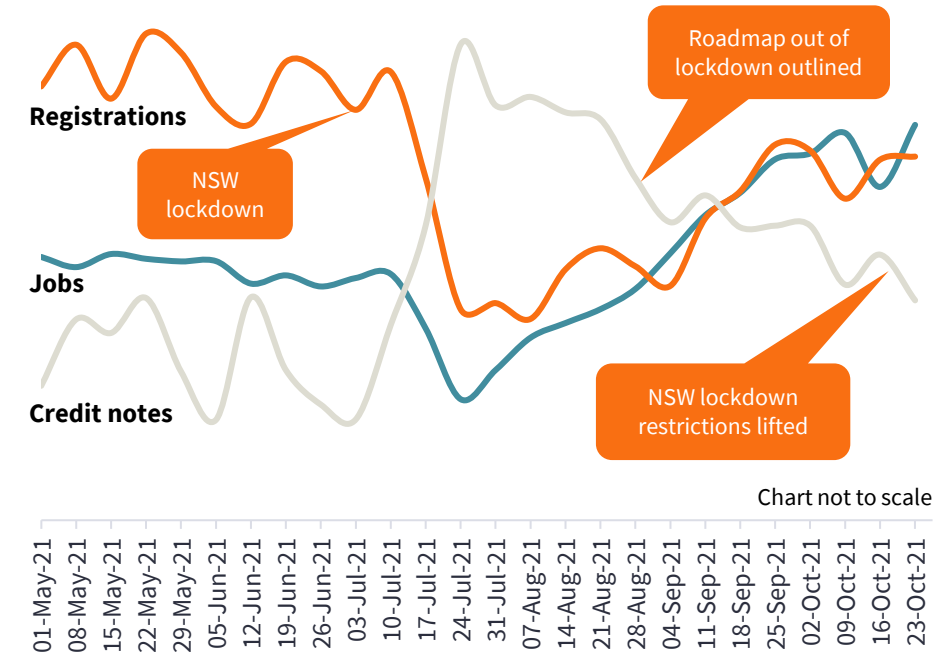
25% increase in jobs from unpaid channels¹

Q1 FY22 trading update¹

Resilient performance as hipages supports tradies through COVID-19 lockdowns

- Supporting our tradie customers:
 - Industry-first COVID-19 safe badge for fully vaccinated tradies
 - Contract pause, short-term discounts and lead credit extension
 - Special offers for new tradies to kickstart their experience
 - Frequent communication to inform tradies of restrictions and opportunities
- Lockdowns had a moderate impact on revenue growth as expected, with total revenue up 14% on pcp to \$14.9m
- Subscription model proving resilient in a challenging environment with MRR up 20%²
- Total Tradie ARPU³ up 22% to \$1,721 and total subscription tradies up 10% to 31.3k
- Australian home improvement market remains very buoyant, long-term opportunity as attractive as ever

Strong rebound in NSW marketplace activity in Q1



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

Add Covid-19 Certificate

¹ Unaudited financial information.

² 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.

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.

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

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Q&A



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