

hipages Group

Goldman Sachs
12th Annual
Emerging Leaders Conference

28 April 2021

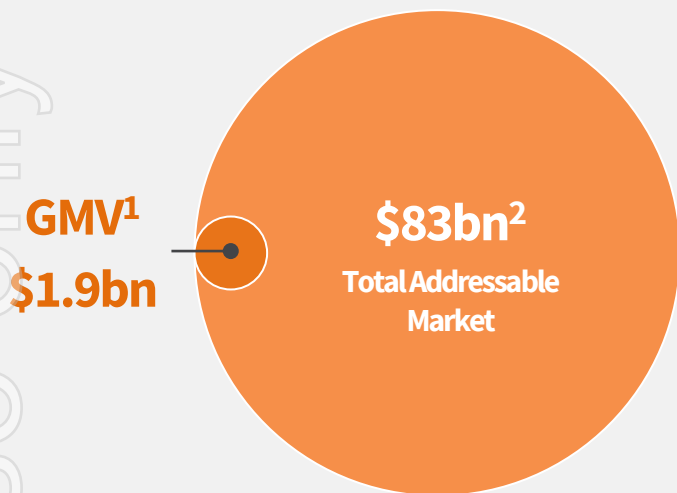


Australia's largest online tradie marketplace and SaaS provider connecting tradies with residential and commercial consumers to simplify property improvement.¹



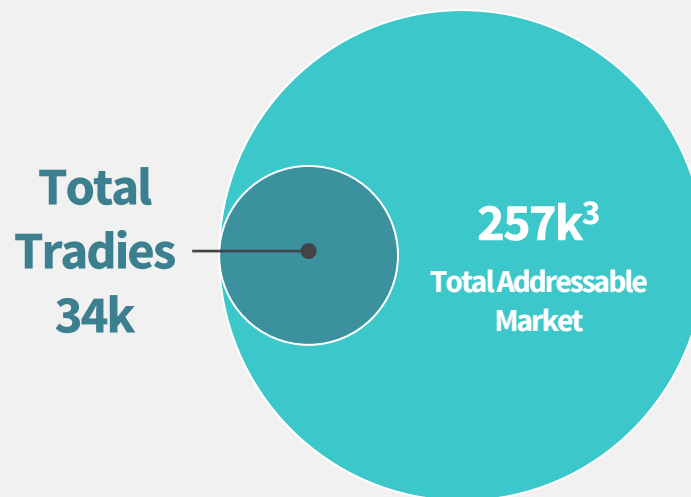
Large and growing addressable market

Australian Home Improvement Spend



hipages GMV estimated at 2% of TAM

Tradie Businesses in Australia



Trade businesses on hipages platform estimated at 13% of TAM

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 2020. hipages Group Prospectus 2020, p.29.
3. Residential Trades Market (Publicis Sapient, September 2020); hipages Group Prospectus 2020, pp.28-31.

Macro trends driving tradie advertising¹

Growth in tradie ad spend

- **\$976m** spent by tradies on advertising
- **8.8% pa** projected growth in tradie ad spend

Growth in online spend

- **60%** of tradie ad budget spent **online**
- **11.2% pa** projected growth in online ad channels

Highest ROI from lead sourcing

- **12%** of tradie ad spend on **lead sourcing**
- **\$13.80** tradie ROI from lead sourcing

Australia's largest online tradie platform



Subscription-only product



94% recurring revenue¹



Strong brand awareness of 56%



Flywheel effect of double-sided marketplace



Over 34k trade businesses



3.3m unique users have posted jobs

1. 94% recurring revenue forecast for FY21. Q3 FY21 recurring revenue estimated at 95% of total revenue (unaudited financial information).

Consumer experience – Selecting a tradie

Connected with
up to 3 tradies



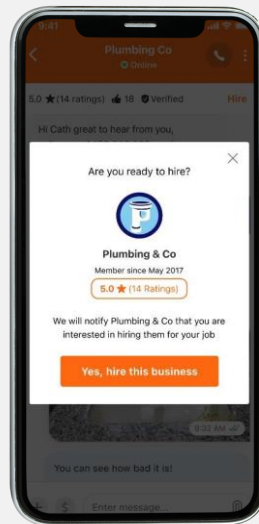
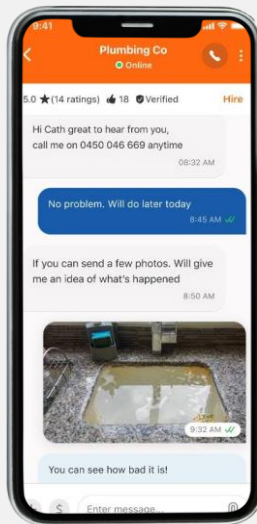
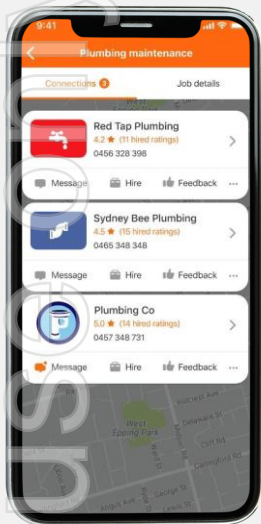
View profile and
recommendations



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.



Tradie Experience – Message centre & payments

Message centre



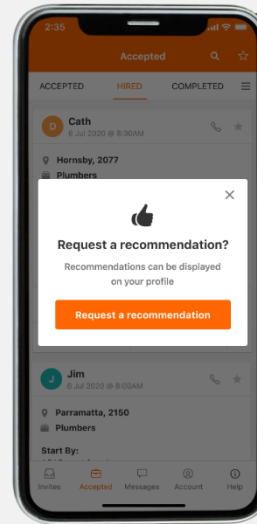
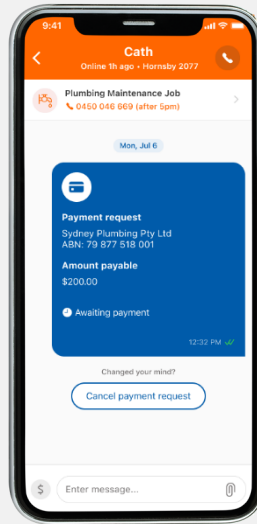
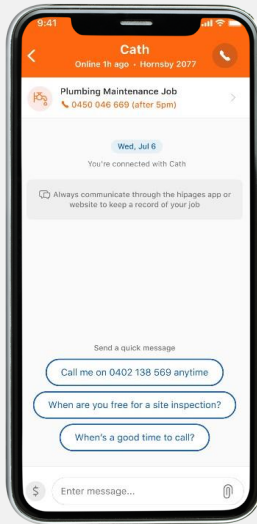
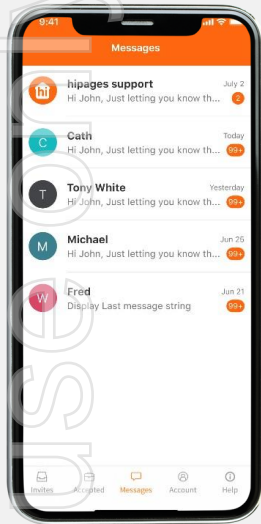
Streamlined communication with customer



Payment functionality



Request for feedback



Hipages is a great service. Would highly recommend. Has helped me enormously grow my business. THANK YOU hipages team.



Hipages has provided me with over \$15K worth of business in 8 months and that's just from the jobs listed. I'm positive that this amount will triple through follow up work and referrals. Great model great service. 5 stars.



Proprietary algorithm matches consumers & tradies



Distance to the job



Recent tradie activity



Customer tier



Tradie tenure



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

Ongoing transformation in unit economics

WHAT WE HAVE DONE

- Enhance subscription offering
- Transformation change project
- Investment in technology to drive scale
- Focus on building brand

OUTCOMES

- Subscription drives higher ARPU¹
- Reinvest savings in brand, tech and tradie acquisition accelerating growth
- Evolution to SaaS increasing customer stickiness
- New revenue channels driving ownership of on-demand tradie economy

Subscription-only model drives ARPU growth

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 (< \$49)
- Automatic 12-month renewal



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

Q3 FY21 delivers another strong performance¹

REVENUE

MRR² **\$4.9m**
Up 30%

Recurring revenue³ **\$13.5m**
Up 23%

Total revenue³ **\$14.3m**
Up 18%

% Recurring revenue **95%**
Q3 FY20: 91%

CASHFLOW

Closing cash⁴ **\$32.7m**
No debt

Cash receipts **\$15.2m**
Up 14%

Net operating cashflow **\$3.8m**
Q3 FY20: \$1.5m

KEY DRIVERS

Total Tradie ARPU **\$1,606**
Up 29%

Subscription tradies **29.8k**
Up 10%

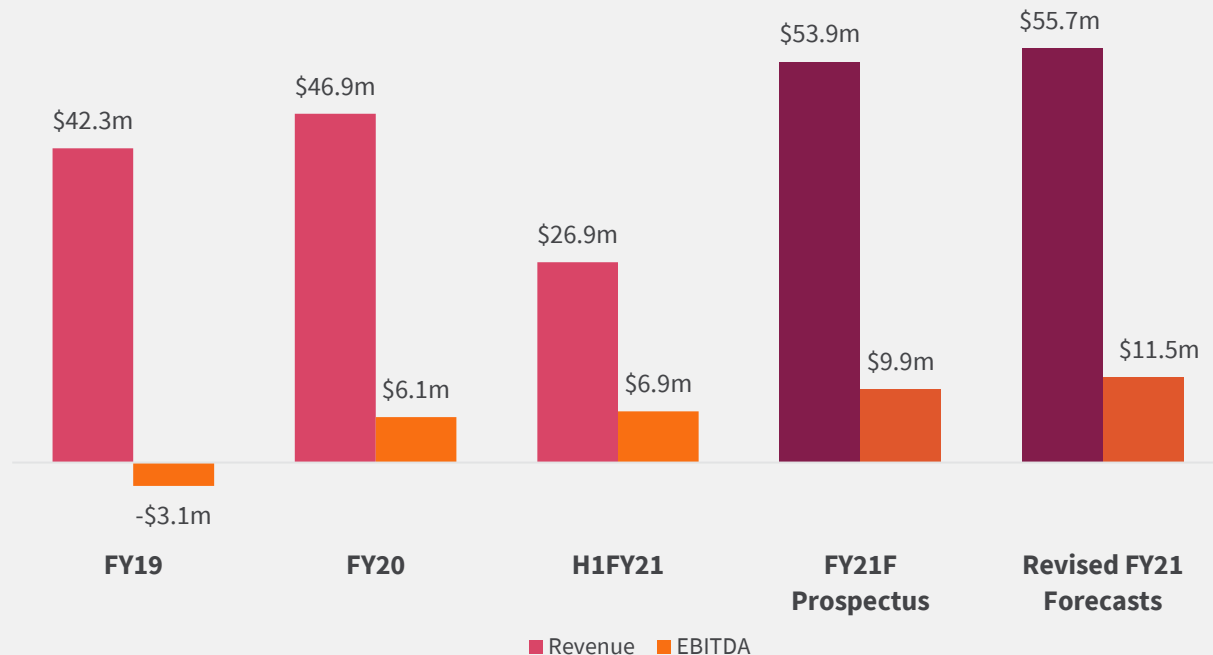
Job volumes **0.4m**
Up 17%

Jobs from repeat consumers **64%**
Q3 FY20: 59%

Upgrade to FY21 Prospectus Forecasts

	Revised FY21F	Prospectus FY21F	Var (%)	Pro Forma FY20	Revised FY21F Var (%)	Prospectus FY21F Var (%)
Total Revenue (\$m)	55.7	53.9	3%	46.9	19%	15%
Recurring Revenue (\$m)	52.6	50.5	4%	42.2	25%	20%
Recurring revenue % total	94.4%	93.6%	1pts	90%	4pts	4pts
EBITDA before Significant Items	11.5	9.9	16%	6.1	88%	62%
EBITDA before Significant Items Margin	21%	18%	3pts	13%	8pts	5pts
NPAT	0.3	-1.8	117%	-4.2	107%	58%
MRR (\$m)	5.3	5.0	6%	4.1	28%	21%
Job volume (m)	1.6	1.5	3%	1.4	14%	10%
Subscription tradies (000s)	31	30	4%	28	12%	7%
Total Tradie ARPU (\$)	1,525	1,449	5%	1,194	28%	21%

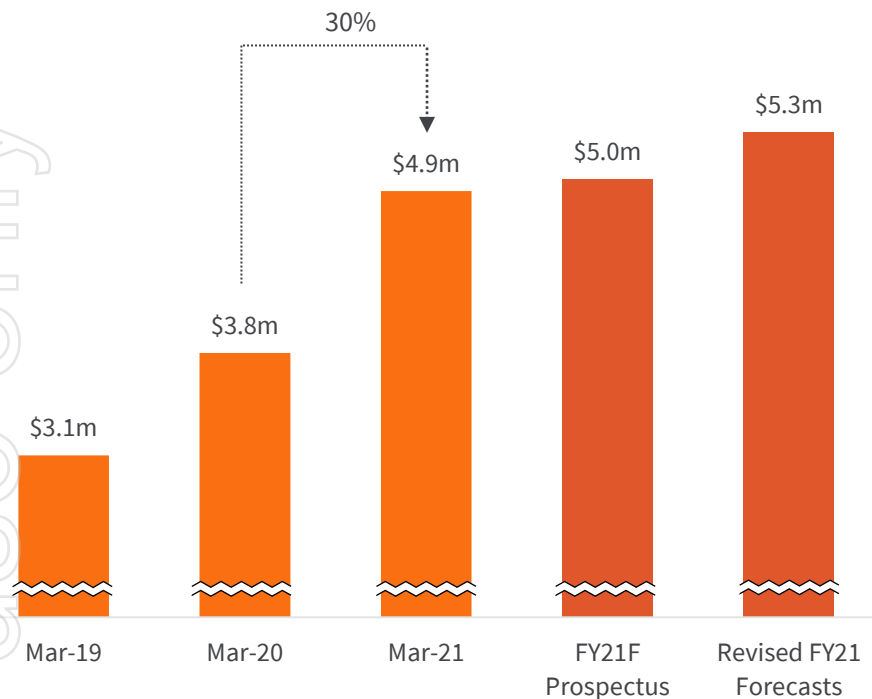
Delivering sustainable profit growth¹



1. Pro Forma Historical Total Revenue and EBITDA – FY19 and FY20.
H1 FY21 Statutory Total Revenue is the same as Pro Forma Total Revenue.
H1 FY21 Pro Forma EBITDA is before significant items.
FY21 Prospectus and Revised Forecasts for Pro Forma Total Revenue and EBITDA before significant items

Strong growth in Monthly Recurring Revenue¹

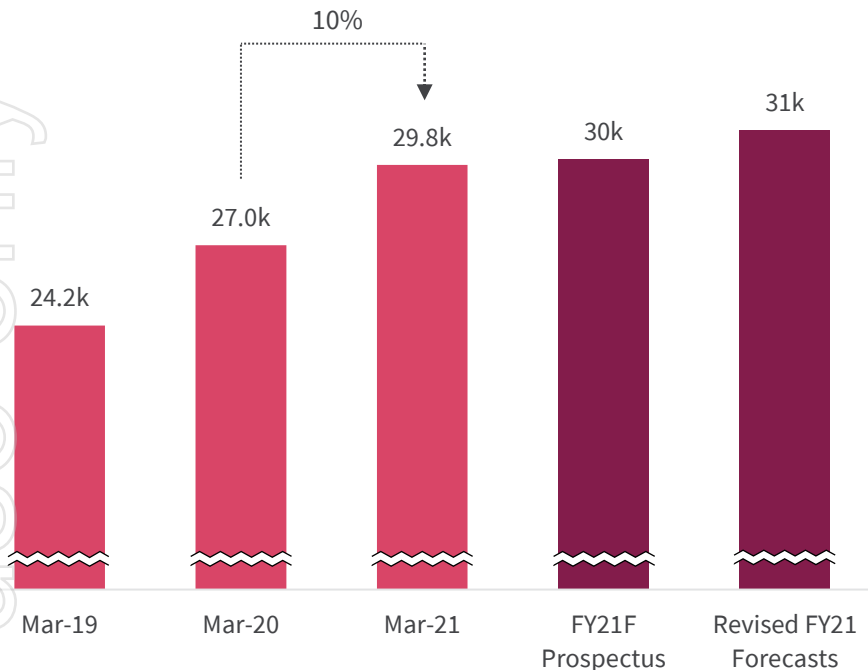
Acceleration in MRR as more tradies subscribe and ascend to higher price points



- MRR¹ of \$4.9m @ March 2021, up 30% vs pcp underpins strong recurring revenue growth
- Driven by growth in subscription tradies, jobs and APRU
- Flywheel effect of double-sided marketplace
- Upgrade to FY21 Prospectus forecast for MRR @ June 2021
 - from \$5m, up 21% on pcp
 - to \$5.3m, up 28% on pcp

Subscription tradie base continues to expand

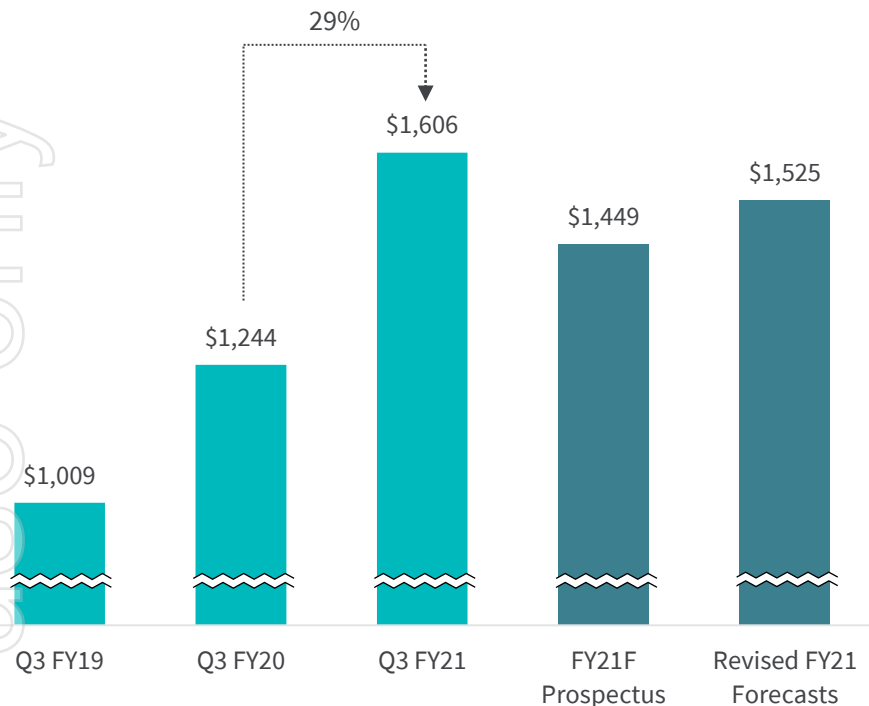
Improvement in subscription product offering drives tradie engagement at higher price points



- Total subscription tradies of 29.8K in Q3 FY21 up 10% on pcp
- Upgrade to FY21 Prospectus forecast for Subscription Tradies @ June 2021
 - from 30K, up 7%
 - to 31K, up 12%
- Marketing initiatives in place to further accelerate the number of tradie subscriptions

Subscription model drives growth in Total Tradie ARPU¹

Unlocking value as tradies opt for higher tier packages



- Total Tradie ARPU¹ of \$1,606 in Q3 FY21 up 29% on pcp
- Driven by
 - Move to subscription only product
 - New and improve features
 - New subscribers joining at higher price points
 - Existing subscribers upgrading to higher price tiers
- Upgrade to FY21 Prospectus forecast for ARPU
 - From \$1,449, up 21% on pcp
 - To \$1,525, up 28% on pcp

Building brand awareness, less reliance on paid channels

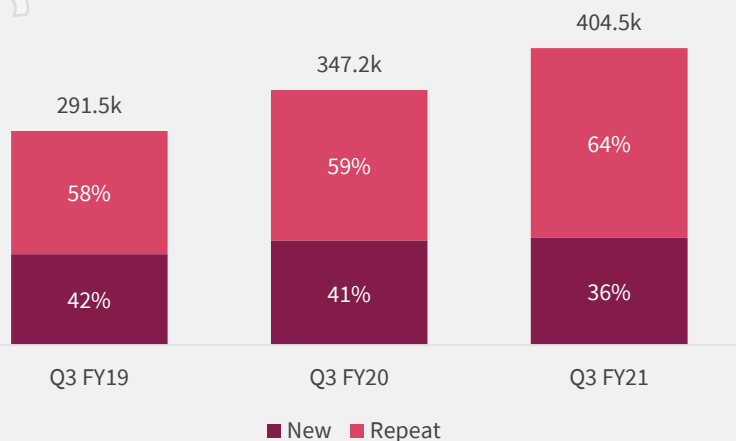
- Jobs from unpaid channels up 35% in Q3 FY21 on pcp
- Brand awareness increased to 56% from 27% in July 2018
- Platinum sponsor of *The Block*
- Sponsorship of *Better Homes & Gardens* starting in March 2021
- In Jan 2021, launched brand campaign targeting trade businesses
- Reinvesting SEM efficiencies in tradie acquisition, jobs from unpaid channels 75% of total jobs



Building consumer trust and brand awareness

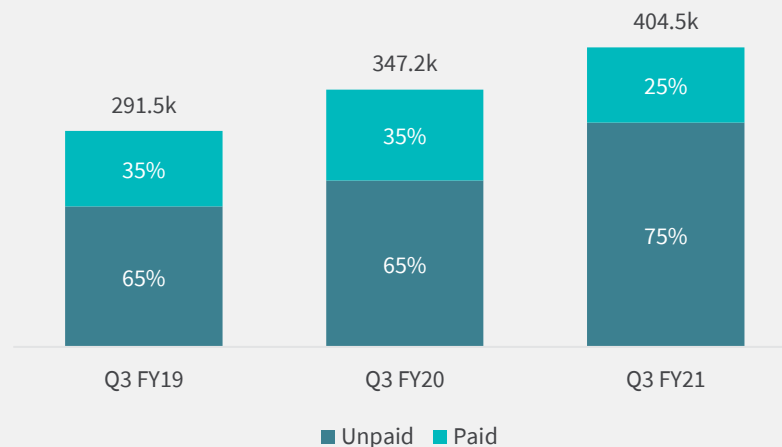
17% increase in job volumes in Q3 FY21 with strong growth in jobs from repeat consumers¹ and unpaid channels

64% of jobs from repeat consumers



26% increase in jobs from repeat consumers¹

75% of jobs from unpaid channels



35% increase in jobs from unpaid channels

Customer retention improves as target higher value tradies

- H1 FY21 churn as % of revenue was 23%
- H1 FY21 counter churn of 3.5% was lower than FY21 Prospectus Forecast of 3.8%
- Counter churn is higher than revenue churn as result of churn from lower value customers in line with strategy
- Industry churn is offset by new trade businesses
- Reported churn inflated as 10-15% of new customers have been on hipages platform before

Total monthly counter churn will continue to improve as:-

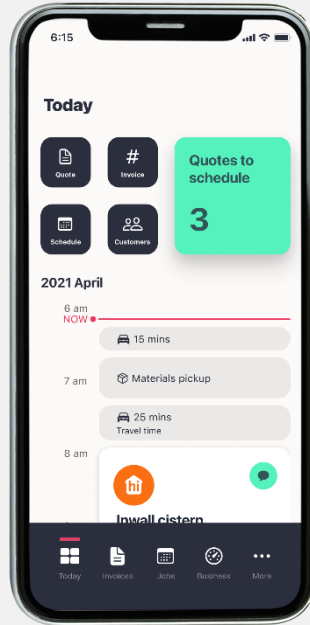
- Target higher value customers - better retention, ROI and LTV
 - H1 FY21 - 2.6% for tradies on packages >\$129 pm
 - H1 FY21 - 1.8% for tradies on packages >\$299 pm
 - Average yield for new tradies is at \$122 pm which will reduce average churn
- Target medium to larger size customers
- Deliver field service software solutions and other ancillary products to drive further improvements in retention

Tradies on packages >\$129 represent 41% of tradie base but 75% of MRR@ Dec 2020

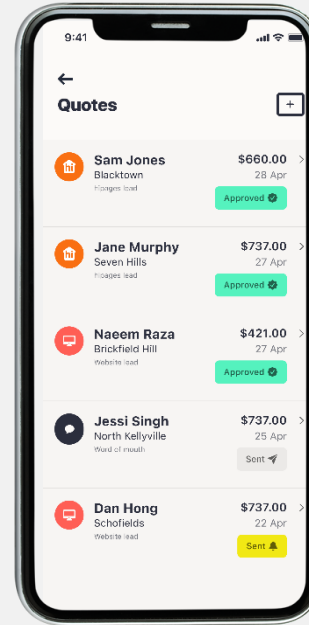
Introducing Tradiecore



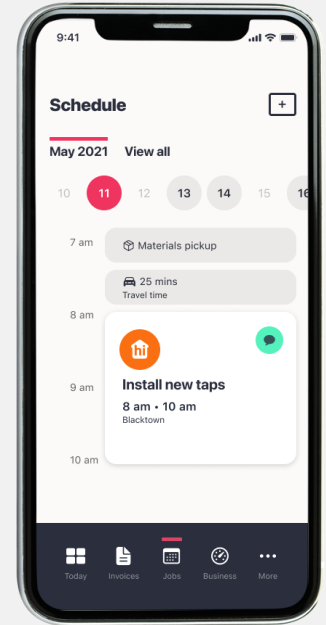
TRADIECORE



Got some quotes approved?

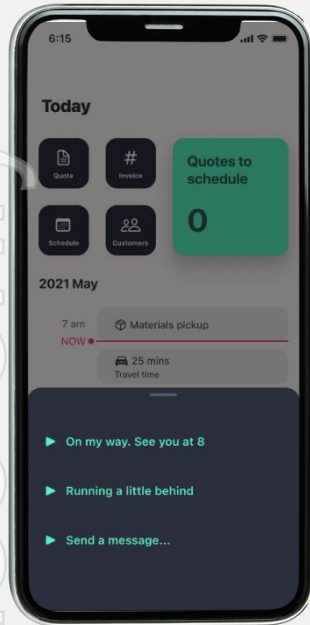


Manage quotes from every source not just hipages

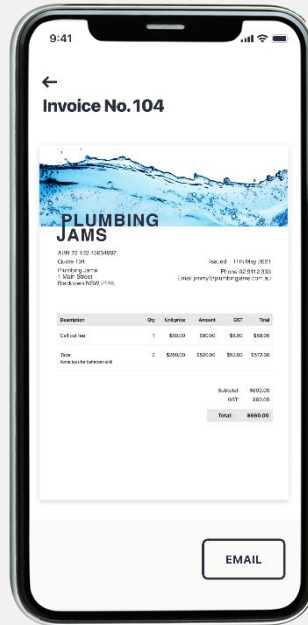


Travel buffer automatically added to the job

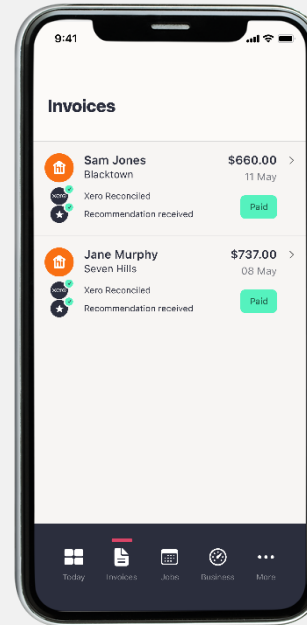
Delivering a field service software solution



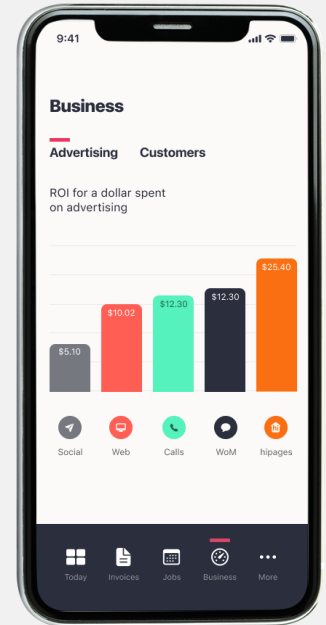
Send a quick message
you're on your way



Quote to invoice.
Easy Pezy



Make world class
customer service



See what's up
with ROI

Long-term focus on expanding the ecosystem

Optimise hipages

- Enhanced subscription offering and moved to subscription-only model
- Customer Experience
- Efficiencies
- Job growth
- System Architecture

Strengthen hipages

→ Optimise hipages

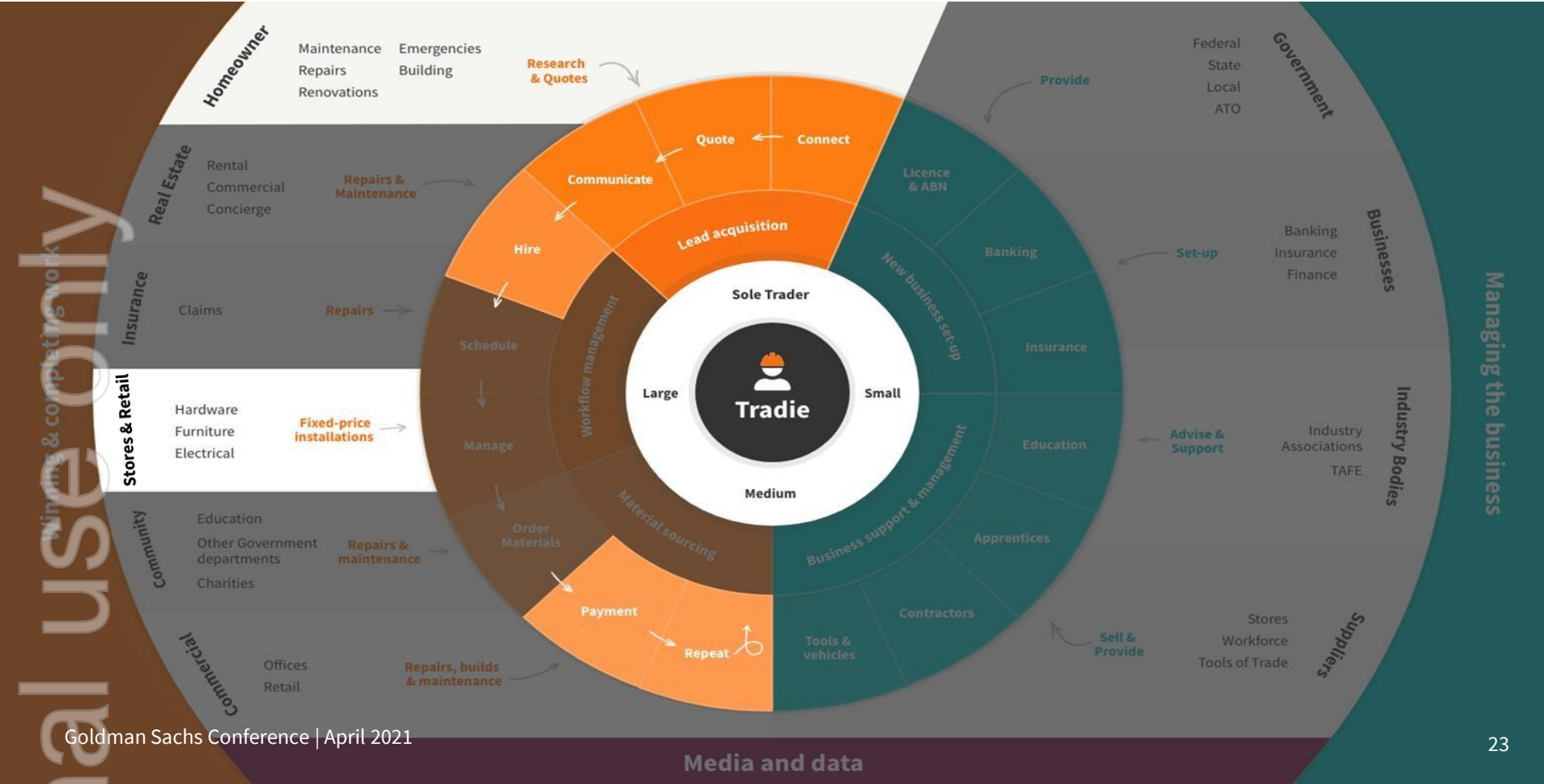
- **Provide end-to-end solution**
 - Field Service Software (SAAS)
 - End-To-End experience
- **Brand authority**
- **Channel expansion**
 - Government
 - Retail
- **Broaden customer base**

Expand the ecosystem

→ Optimise hipages → Strengthen hipages

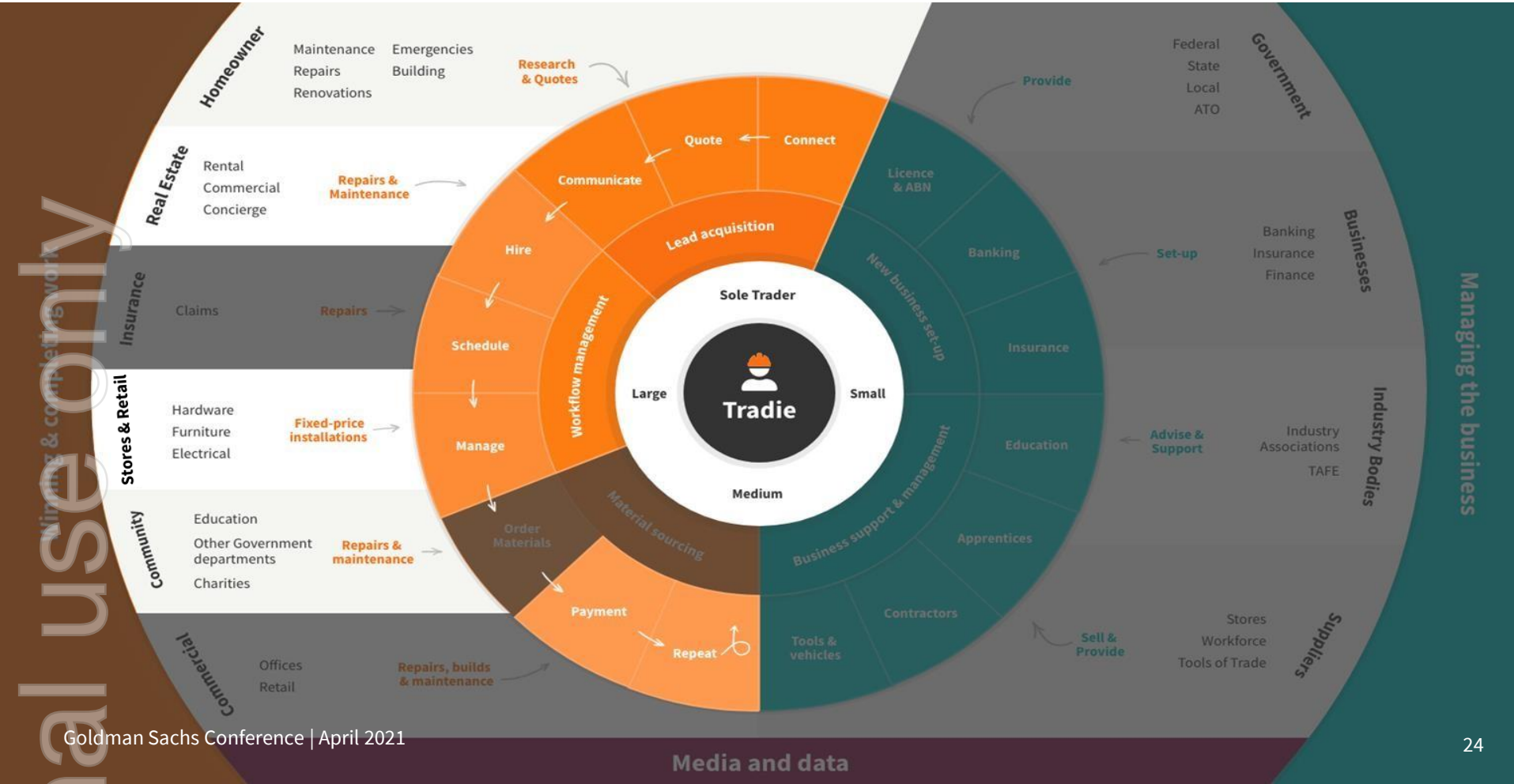
- **Value-add services**
 - Fintech
 - Insurance services
 - Procurement & Delivery
- **Channel expansion**
 - Insurance claims (repairs)
 - Property, commercial & facility management
- **Data**
 - Expand fixed priced service
 - On demand booking
 - Media

From subscription model



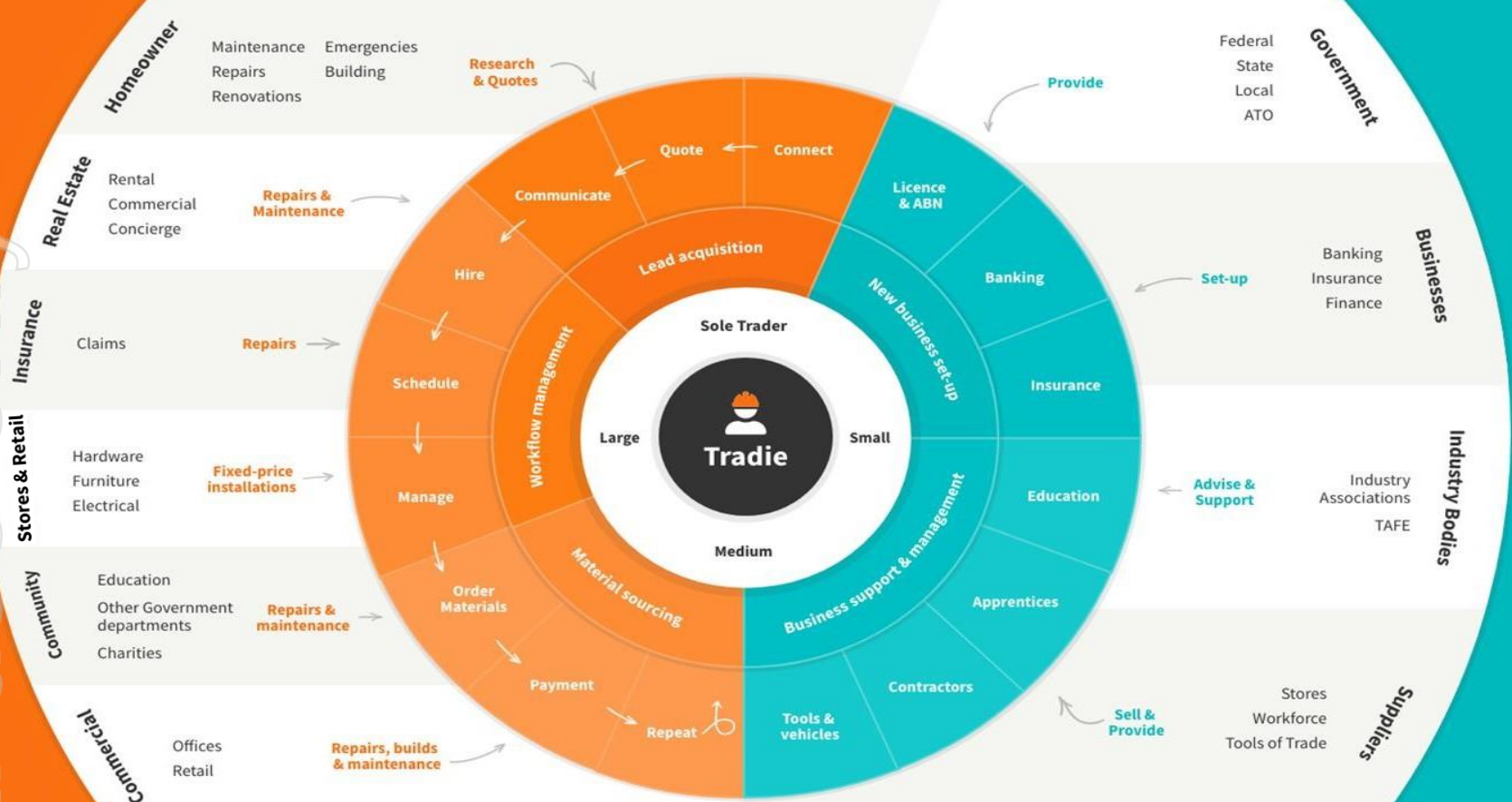
Internal use only

to Software-as-a-Service (SaaS) provider



to winning the on-demand tradie economy

Winning & completing work
 Retail
 Insurance
 Homeowner



Managing the business

FY21 Outlook



On track to achieve Revised FY21 forecast with strong start to Q4



Continue evolution to SaaS model with delivery of Field Service software solutions



Reinvest cost savings in brand marketing, tradie acquisition, technology and product development to accelerate growth beyond FY21



Continue to optimise job mix and provide highest quality tradie network; tradie base engagement to focus on higher ROI and LTV customers

Internal use only

Q&A

Disclaimer

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