

ASX / Media Release 27 April 2023

Morgan Stanley Alpha ex-100 Conference: Business Update

MRR growth accelerating, on track to achieve guidance

hipages Group Holdings Limited (ASX:HPG) (“hipages Group” or “the Company”), Australia and New Zealand’s largest online tradie marketplace and Software-as-a-Service (SaaS) provider connecting tradies with residential and commercial consumers, provides a business update ahead of today’s Morgan Stanley Alpha ex-100 Conference in Sydney.

Highlights

- MRR growth accelerating, up 7% QoQ and 11% vs. pcp to reach \$6.0m in Q3
- Total revenue up 5% vs. pcp to \$16.7m, with recurring revenue up 7% to \$15.8m
- Marketplace activity is strengthening, with record registrations and stable job flow
- New tradies joining at higher yields drives ARPU¹ growth of 6% vs. pcp to \$1,899, with hipages Australia up 7% to \$2,024
- Q3 net cash flow positive, with year-end cash balance expected to be ahead of H1
- On track to achieve FY23 guidance and positive net cash generation in FY24

Table 1: Key Financial and Operating Metrics	Q3 FY23 ²	Q3 FY22 ²	Var %
Total Revenue (\$m)	16.7	15.9	5%
Recurring Revenue (\$m)	15.8	14.7	7%
Recurring revenue % total	94%	93%	1ppt
MRR ³ (\$m)	6.0	5.4	11%
Job volume (000s)	357	459	(22%)
Subscription tradies ⁴ (000s)	35.1	34.2	3%
ARPU ¹ (\$)	1,899	1,798	6%

hipages Group CEO and Co-founder Roby Sharon-Zipser said: “We continue to see a high level of marketplace activity, with record interest from new tradies showing the countercyclical nature of our model and driving accelerated MRR growth. Market job volumes are normalising from post-COVID highs and are being further impacted by softening consumer demand, which increases the attractiveness of our platform and delivers a significantly improved consumer experience.

“We remain committed to investing for growth while tightly managing our cash, and our operating leverage enabled us to deliver positive net cash flow in Q3. We expect our trading momentum to

¹ 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 \$1,899 is the blended result of hipages’ ARPU of \$2,024 and Builderscrack’s ARPU of \$749 for Q3 FY23.

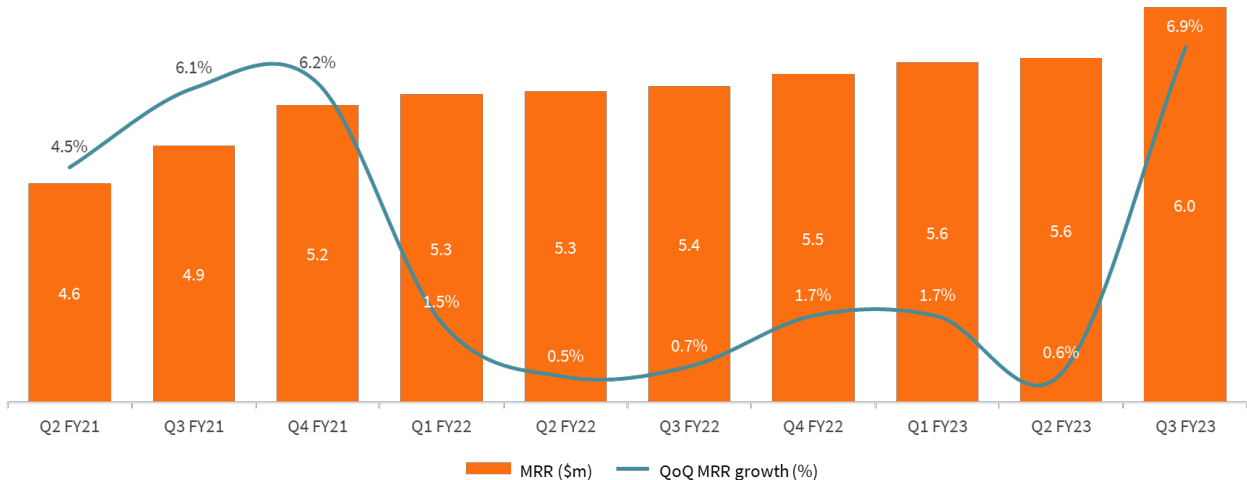
² Unaudited financial information.

³ Monthly recurring revenue at end March 2023 (inclusive of GST).

⁴ Includes tradies committed to a monthly subscription product from hipages and Builderscrack’s paying tradies who generated at least one work invoice over the last 12 months.

continue in Q4 and remain on track to achieve our FY23 guidance for revenue growth and EBITDA margin expansion, and to deliver positive net cash flow in FY24.”

Chart 2. MRR growth accelerating



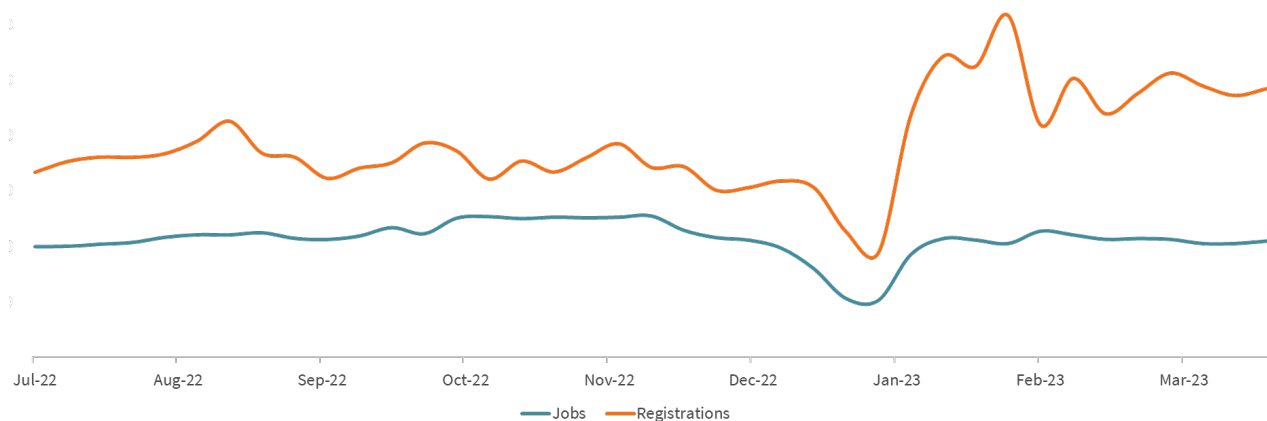
hipages Group has continued its momentum in Q3, with competition for jobs among tradies driving significant marketplace activity.

Registrations from new and returning customers remain at historically high levels, with job volumes normalising from the post COVID-19 peak, further impacted by a tightening macroeconomic environment. This has resulted in a much-improved consumer experience, with zero-quote jobs remaining materially below the pcp.

Total revenue grew by 5% on the pcp to \$16.7m, with recurring revenue up 7% to \$15.8m. In Q3, MRR grew by 7% on the prior quarter and 11% on the pcp to \$6.0m.

Total subscription tradies were up 3% to 35.1k, with total tradie ARPU, up 6% to \$1,899, with hipages Australia up 7% to \$2,024 as new tradies continue to join at higher price points.

Chart 3. Marketplace activity is strengthening



In Q3, hipages Group delivered positive net cash flow, with the year-end cash balance expected to be higher than reported at the end of H1.

The Company remains on track to deliver its guidance for high single-digit revenue growth in H2, with the FY23 EBITDA margin to be ahead of FY22, and positive net cash flow expected in FY24.

Ends

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

Further Information

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About hipages Group (ASX:HPG)

hipages Group creates effortless solutions that help tradies streamline and grow their business and delight their customers. As Australia and New Zealand's largest online tradie marketplace and Software-as-a-Service (SaaS) provider, hipages Group connects tradies with residential and commercial consumers through its platforms, hipages and Builderscrack. The Company helps tradies grow their business by providing job leads from homeowners and organisations looking for qualified professionals, while enabling them to optimise their business. To date, over three million Australians and New Zealanders have used hipages Group to change the way they find, hire and manage trusted tradies, providing more work to over 35k subscribed trade businesses. Also part of the hipages Group ecosystem is Tradiecore, workflow management software that eases the burden of everyday admin for tradie businesses, and Bricks & Agent, the market-leading property maintenance platform in which the Company has a minority ownership.