

## Operating review continued – Home Experts

## HOME EXPERTS

As expected, Home Experts achieved the key milestone of divisional profitability this financial year, generating £4.3m of adjusted operating profit (FY21: £(10.2)m).

Home Experts comprises the Group's online platform businesses, being Checkatrade in the UK, eLocal in North America and the Group's other interests in online platforms to match consumers with tradespeople – notably Habitissimo in Continental Europe.

Emillion	2022	2021	Change
Revenue			
Checkatrade	55.6	38.9	43%
eLocal	88.9	91.3	(3%)
Other Home Experts	10.7	9.6	11%
Total revenue	155.2	139.8	11%
Adjusted operating costs	(150.9)	(150.0)	1%
Adjusted operating profit/(loss)	4.3	(10.2)	n/a

## Checkatrade

## Paying trades

FY22	47k
FY21	44k

**47k** +7%

## Average revenue per trade

FY22	£1,229
FY21	£939

**£1,229** +31%

## Contacts

FY22	10.3m
FY21	8.1m

**10.3m** +26%

## Web visits

FY22	35.7m
FY21	29.0m

**35.7m** +23%

Continued to strengthen its position as the UK's leading online platform for matching homeowners with quality trades.

Emillion	2022	2021	Change
Total revenue	55.6	38.9	43%
Adjusted operating costs	(58.4)	(54.9)	6%
Adjusted operating loss	(2.8)	(16.0)	(83%)

## Financial performance

Total revenue growth of 43% was driven by an uplift in both average revenue per trade ("ARPT") and the number of paying trades.

Adjusted operating costs grew by 6%, substantially below revenue growth, as brand strength and other initiatives enabled the business to do more efficient consumer marketing. Checkatrade remains firmly on track to reach profitability in FY23.

## Operational performance

Checkatrade made good progress during FY22, as it continues to strengthen its position as the number one destination in the UK for homeowners to get their jobs done by quality, vetted tradespeople.

Sustained high consumer demand for home improvements in the UK meant a more challenging environment to promote the benefits of Checkatrade membership to extremely busy trades. However the business developed its core product to remain relevant to all trades irrespective of the state of their order books. "Lite", Standard and "Pro" packages ("LSP"), which enable trades to tailor their spend to the amount of work they desire, launched towards the end of the first half with a flexible LSP offer (meaning trades can shift up and down the tiers) becoming the lead acquisition product during the second half. Alongside market-wide search trends which pointed to a slight easing in consumer demand during the second half, LSP helped to stimulate 7% growth in paying trades for the year.

The business also delivered more value to its trades. Additional trade categories and postcodes enable trades eager for more work to boost their lead flow, with these cross-sell initiatives aided by sales agents' use of a newly developed postcode analytics tool. Slightly more than half of the 31% increase in average revenue per trade ("ARPT") was driven by cross-sell and pricing initiatives, along with an in-year benefit from the growing roster of national accounts. The balance of the increase was due to the non-repeat of discounts given to trades in FY21 at the onset of the pandemic. Taken together, these factors drove ARPT to exceed the £1,200 target set out at the June 2019 investor day.

For consumers, Checktrade continues to be the number one destination to find a quality trade online. With 18% of all consumers who used a tradesperson in the 12 months ending February 2022 having done so via Checktrade, the platform maintained a significant lead over the no.2 player (at 6%).

The Checktrade Guarantee, which covers a job booked through the platform for up to 12 months to the value of £1,000, launched towards the end of the first half and has resonated strongly with consumers. Consumers covered by the Guarantee are more likely to recommend a Checktrade trade, a good lead indicator as the business seeks to build a necessity for trades to be on the platform as a fundamental badge of quality.



Following its initial launch towards the end of the first half, the number of homeowners registered on the Checktrade consumer portal increased materially to 0.5m over the course of the fourth quarter. Alongside the strength of the Checktrade brand, and relevant consumer content such as price guides, this will aid the business in generating consumer demand in an increasingly efficient manner.



### Monetised calls

FY22	3.4m
FY21	3.6m

**3.4m** -3%



### eLocal's sophisticated pay-for-performance model delivered good momentum in monetisation.

\$million	2022	2021	Change
Total revenue	<b>121.6</b>	119.1	2%
Adjusted operating costs	<b>(107.1)</b>	(102.0)	5%
Adjusted operating profit	<b>14.5</b>	17.1	(15%)
Adjusted operating margin	<b>12%</b>	14%	-2ppts

£million	2022	2021	Change
Total revenue	<b>88.9</b>	91.3	(3%)
Adjusted operating costs	<b>(78.3)</b>	(78.1)	0%
Adjusted operating profit	<b>10.6</b>	13.2	(20%)
Adjusted operating margin	<b>12%</b>	14%	-2ppts

### Financial performance

Total revenue grew by 2% to \$121.6m, as a slight fall in monetised calls was more than offset by higher revenue per call.

The adjusted operating margin declined by 2 percentage points, driven by a higher mix of revenue in lower margin verticals than seen in the prior year.

### Operational performance

At eLocal, consumer demand – as tracked through the volume of monetised calls – declined in the second half against very high prior year levels. During the second half of the prior year, a number of eLocal's categories saw record levels of demand either driven by, or simultaneous with, the lifting of Covid-19 protective measures, tailwinds which normalised by the second half of FY22. This was particularly evident in the legal vertical, with a number of mass litigations coming to an end during the first half. Notwithstanding this, eLocal's sophisticated pay-for-performance model delivered good momentum in monetisation, with revenue per monetised call growing by 5%.

eLocal's lead generation model effectively manages the risk of search engine algorithm changes by working with a number of affiliates, each performing its own search engine management ("SEM") activities, ensuring eLocal's lead sourcing is well-diversified. During the year, eLocal entered into a strategic agreement with a key affiliate, which will give the business direct control of a larger proportion of the leads it sources through SEM.

<sup>1</sup> FY20 comparative for monetised calls represents full 12 months.

## Operating review continued – Home Experts continued



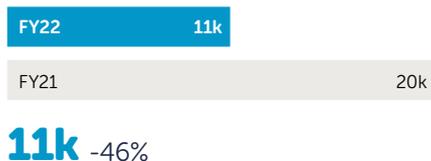
### Other Home Experts

€million	2022	2021	Change
Total revenue	<b>10.7</b>	9.6	11%
Adjusted operating costs	<b>(14.2)</b>	(17.0)	(17%)
Adjusted operating loss	<b>(3.5)</b>	(7.4)	(53%)

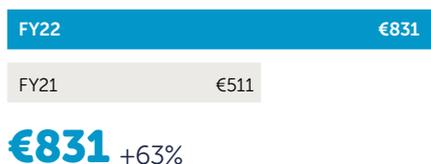
HomeServe’s other Home Experts businesses mainly comprises Habitissimo, the market leader in Spain and Italy, as well as modest interests in other businesses. The financial metrics set out below are on a combined basis, whilst the operational metrics are those of Habitissimo only.

## habitissimo

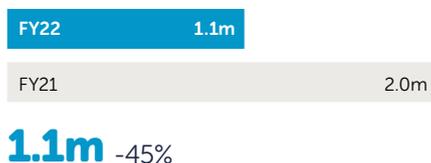
### Paying trades



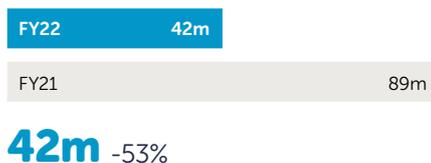
### Average revenue per trade



### Contacts



### Web visits



### Financial performance

The adjusted operating loss narrowed significantly during the year, largely reflecting focusing resource on the continental European markets as well as other organisational efficiencies.

### Operational performance

At Habitissimo the fall in paying trades reflected the full implementation of the Directory Extra model in its largest market of Spain, as well as the strategic decision to focus on the core European markets of Spain, Italy and Portugal. This also saw Habitissimo dispose of its operations in Brazil during the first half. Refining its geographic focus will give Habitissimo a stronger platform as it seeks to implement strategic initiatives that have worked well in other Home Experts businesses, such as cultivating national accounts and driving monetisation through a balance of both subscription and “pay for performance”.

Lower web visits and contacts were driven by resource being focused in trade categories and geographies in which Habitissimo is able to offer good coverage. Alongside the greater appeal to consumers of a ‘directory plus’ user experience, this more focussed model contributed to a sustained improvement in consumer net promoter score (“NPS”) versus the prior year.

The marked increase in average revenue per trade was also driven by the strategic focus on the core European markets – where Habitissimo has historically seen higher levels of monetisation.