

Business model and strategy continued



## NORTH AMERICAN MEMBERSHIP & HVAC STRATEGY

Tom Rusin, CEO, North American Membership & HVAC

North American Membership & HVAC is focussed on providing exceptional customer service; on continuing to sign new affinity partnerships to give us access to more households; on developing the best products and services to match the needs of our customers and our utility partners; and on marketing effectively and engagingly through affinity partner and local HVAC brands. We operate a high-quality network of vetted tradespeople through a combination of directly employed and network contractors. We use M&A to acquire existing policy books as well as high quality, profitable HVAC businesses. By doing all of this, we generate repeat and recurring income and a strong return on invested capital (ROIC).

Our priorities include continuing to develop our relationships with our affinity partners. We built our business using direct mail to reach customers, and are now making our business more digital across the board. We are broadening our product range to appeal to millennials as well as older demographics. We are constantly building and refreshing our team of outstanding leaders, who have proven ability to lead with courage, persistence and integrity. We are committed to doing business responsibly, and to building a diverse workforce right across our organization with the skills and capabilities we need to continue to grow.

See page 41 for North America Membership & HVAC Operating review.



Key performance indicators

1. New Membership customer additions (m)
2. Net income per Membership customer (\$)
3. Retention rate (%)
4. HVAC adjusted operating profit (\$m)

See page 32 for Principal risks and uncertainties.



### TARGETS

North American Membership & HVAC is our biggest short to medium-term growth opportunity.

#### Membership customers

FY22	4.8m
FY21	4.7m

**4.8m** +3%

Medium-term target 6-7m

#### Income per Membership customer

FY22	\$113
FY21	\$108

**\$113** +5%

Medium-term target \$120-125

#### Margin (policies)

FY22	25%
FY21	25%

**25%** –

Medium-term target 24-26%

#### HVAC adjusted operating profit

FY22	\$17.8m
FY21	\$9.8m

**\$17.8m** +79%

Medium-term target \$30-45m

#### Adjusted operating profit

FY22	\$159.1m
FY21	\$137.9m

**\$159.1m** +15%

Medium-term target \$230m

## EMEA MEMBERSHIP & HVAC STRATEGY

Ross Clemmow, CEO, EMEA Membership & HVAC



In EMEA Membership & HVAC, we are passionate about solving everyday home emergencies and improving sustainability in the home. We aspire to being best in the world at connecting trades with customers to get home repairs done easily. We drive profitable, recurring revenue through Membership and repeat jobs, and are building three key capabilities – Membership, HVAC and Claims Assistance.

Our dedicated and experienced local management teams are developing highly efficient, multi-skilled networks of marketers, customer service experts and technicians capable of creating and supporting market leading products and services, including electric vehicle charging and green heating solutions. Across EMEA, we are driving to make our businesses more digital.

UK Membership is our most established business. While the competitive landscape is stable, it is the only one to operate with a larger competitor. Customer numbers for our traditional plumbing and drainage products are past their peak, so we are looking to expand our product line and partnerships to stabilise our customer book at around 1.5m customers. We have established a 2-3 year transformation plan to stabilise our UK business and return it to profitable growth, which will build a more efficient, multi-channel, multi-product business. We are rolling out our successful HVAC buy and build strategy, increasing our presence in the energy markets and expanding into Claims Assistance with the acquisition of CET in October 2021.

In France and Spain, we have already diversified into multi-product, multi-channel businesses to support stable, profitable growth. In Spain, we have developed a new model (“service customer”) to return our Membership business to growth following the end of our partnership with Endesa. Our near neighbour geographic expansion strategy leverages our know-how in existing markets to develop new opportunities in Belgium, Portugal and Germany.

We have a promising joint venture in Japan with Mitsubishi Corporation.

**See page 43 for EMEA Membership & HVAC Operating review.**

**See page 32 for Principal risks and uncertainties.**

### IN A NUTSHELL

We are growing broad-based businesses in the UK, France, Spain, Belgium, Portugal, Germany and Japan based on three key capabilities:

#### Membership

Home emergency policies covering plumbing, heating and electricals.



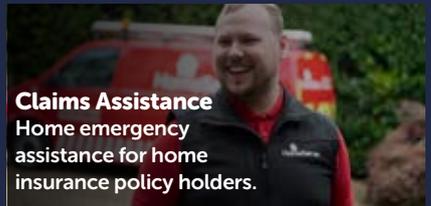
#### HVAC

Installation, maintenance and repair of heating, ventilation and air conditioning systems.



#### Claims Assistance

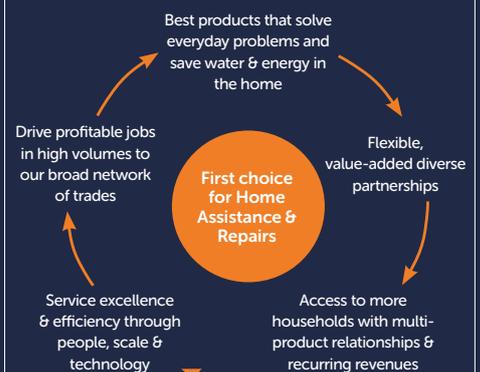
Home emergency assistance for home insurance policy holders.



#### Key performance indicators

1. New customer additions (m)
2. Retention rate (%)
3. Proportion of revenue from non-Membership businesses (%)

#### Flywheel



## Business model and strategy continued



### HOME EXPERTS STRATEGY

Richard Harpin, Founder and Chief Executive

Our Membership & HVAC businesses are built on a single business model, which we have adapted and scaled to serve different geographies. My ambition is to build an equally successful business model for the significantly bigger £450bn home repairs and improvements market.

In Home Experts, we match homeowners with quality trades, on demand and online, to get jobs done well. By doing this successfully, consumers will come back again and again, and we'll deliver more high quality leads to our tradespeople.

**Checkatrade** | the UK's leading online directory of checked and vetted trades

**habitissimo** | the market leader in Spain

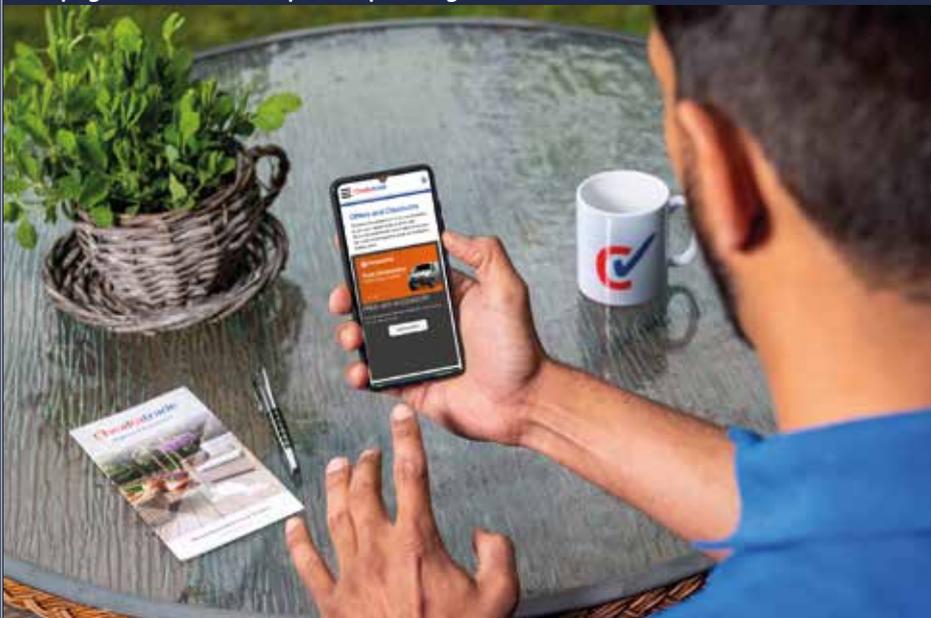
**eLocal.com** | in the US, where we took our stake to 90% in September 2021

To make our platforms a success, we are building products and services that inspire loyalty from trades and consumers alike. For consumers, we help them check a trade's reputation as well as book a job. We make it easy for them to find the trade they need and see relevant content to help with their search. We are even introducing free guarantees. For trades, we let them control how much work they get, and how much they pay. We are underpinning our platforms with intelligent, scalable, tech-enabled solutions and data management.

There are many challenges associated with building a successful platform business, such as balancing supply and demand and attracting and retaining trades through feast and famine. Our teams at Checkatrade, Habitissimo and eLocal are learning from each other and making great progress.

Our model is most advanced at Checkatrade in the UK.

See page 48 for Home Experts Operating review.



### TARGETS

For Checkatrade only.

#### Trades

<b>FY22</b>	<b>47k</b>
FY21	44k

**47k** +7%

Medium to long-term target 150,000-200,000k

#### Average revenue per trade

<b>FY22</b>	<b>£1,229</b>
FY21	£939

**£1,229** +31%

Medium to long-term target £1,200-1,300

#### Adjusted operating loss

<b>FY22</b>	<b>(£2.8m)</b>
FY21	(16.0m)

**(£2.8m)** -83%

Medium to long-term target £45-90m

#### Key performance indicators

1. **Paying trades** (k)
2. **Average revenue per member** (£)
3. **Contacts** (m)

