Angi Inc. Q4 2024 Shareholder Letter

February 11, 2025

To our shareholders,

The Angi team is proud to be ready to stand as an independent public company along with the significant number of sister companies spun off from IAC. We expect IAC to complete the spin-off as early as March 31, 2025. The spin-off, however, does not change our mission, nor our strategy, nor our commitment to execute for our customers, shareholders, and employees. While we expect to have all the benefits of being a more broadly held company with greater public liquidity, and we are grateful for that flexibility, our focus remains the same: Jobs Done Well.

In 2024, Angi delivered another strong year against that mission. The rate at which homeowners who submitted a service request hired an Angi pro jumped 22% versus 2023, and the rate at which homeowners rated our pros with 4 or 5 stars out of 5 improved as well. Together, that means more jobs were done well per customer through the platform. Our homeowners are happier (homeowner NPS improved +15 points) and our pros are staying and spending with us longer: our 6- and 12-month retention rates improved by +20% and +45%, respectively.

We also enjoyed a strong year financially, delivering on our profit expectations each quarter and finishing the year with 23% Adjusted EBITDA growth. We restructured our paid marketing and optimized our sales force to focus on fewer, higher quality sales. In doing so, we removed a material amount of unprofitable customers and lower quality revenue, reflected in the significant improvement in both our customer experience metrics and our profitability. The profit we generated from our paid marketing channels, represented by the expected one-year value of a homeowner (less variable and marketing costs) was up approximately 30% for 2024 over 2023, despite the revenue declines. Our smaller, more focused salesforce finished the fourth quarter with a +41% improvement in the ratio of expected lifetime value of a pro to the cost to acquire them (often referred to in shorthand as LTV to CAC ratio). Combined with another year of fixed cost discipline, we were again able to grow our operating margin and our Adjusted EBITDA notwithstanding the revenue declines.

We expect 2025 to be a similar year of incremental progress on Jobs Done Well, significant improvement in our customer experience, and solid profitability. We are focused on three core strategic priorities in 2025: homeowner choice; a single pro product and platform; and driving the quality of experience on both sides of our marketplace.

On January 13 we launched the first pillar of our 2025 strategy: **homeowner choice** on all of our proprietary traffic and a significant portion of our third-party traffic. Homeowner choice means that homeowners choose each individual pro with whom they will match on our platform. When a homeowner chooses a pro, we see homeowner NPS rise 11 points and pro self-reported win rate (the rate at which the pro is hired to complete the job – the key driver of retention) increases by more than 60%. We have been moving steadily towards this change; a few years ago, the number of homeowners actively choosing the individual pros with whom they'd match at Angi was relatively small. By January 2024, we had reached 60% of service requests created through homeowner choice. In December, that number was 71%. Since January 13th, nearly every homeowner who has submitted a service request through our technology has actively chosen the pros with whom to get in contact, and we have seen in real time the significant improvement in the customer experience we expected, increasing our conviction in the long-term value of homeowner choice to the business. We will resume selling pros leads from our network partners when the pro hasn't been specifically chosen, but we will only offer this product to pros as a separate and supplementary product to our proprietary homeowner choice product. We expect that these 3rd party leads without homeowner choice will appeal primarily to the larger enterprise pros.

The second pillar for 2025 is migrating all marketplace pros to a **single product and platform** from our current split between "Leads" pros and "Ads" pros. While "Ads" pros on our legacy platform can only access broader targeting today, all pros will soon be able to more narrowly target customers by both task and location. Narrower targeting capabilities for all pros means improved matching, more hires, and more Jobs Done Well. A single product and platform also mean more efficient operations: one salesforce, one customer care organization, a single CRM, a single marketing engine, and a single core technical platform to build upon. This evolution will also simplify and unify our pricing, enabling us to sunset some outdated pricing structures and bring all tasks and geographies closer to market pricing, increasing average revenue per service request while driving better win rates for pros.

The third pillar for 2025 is our continued investment in **quality** on both sides of the marketplace. In the second half of 2024, we rebuilt our service request question technology. We are now developing new, conditional questions to improve the details of each service request and also building in artificial intelligence capabilities to improve the details of each service request and the relevance of each pro match. Perfecting the questions we ask to most accurately ascertain the homeowners' needs removes friction, increases homeowners' confidence that we'll reliably solve their problems, and delivers valuable service request details to pros. Additionally, as we achieve a single pro product and platform, we will vet and qualify new pros across a single consistent standard while collecting and consolidating all reviews in a single platform for quality monitoring. We are progressively raising the bar for pros who will get Jobs Done Well, in turn, delivering more confidence to homeowners.

We have previously discussed our financial expectations for 2025 and 2026. Our prior commentary assumed an industry landscape shaped by an FCC order, since vacated, which would have required the entire industry to collect one-to-one consent for each pro to contact each homeowner using automated technology. Even if the rest of the industry isn't moving with us, we plan to stick with our homeowner choice implementation in our proprietary channels and a significant portion of our third party channels, and thus we expect a roughly double-digit decline in revenue for the year, most pronounced in Q1 (likely down in the low 20's percent versus the prior year). We expect to improve each quarter sequentially, leading to a return to revenue growth in 2026.

We expect Adjusted EBITDA consistent with 2024 levels, with a target of $135 million to $150 million for the year. We expect a seasonal drop in Adjusted EBITDA from Q4 '24 to Q1 '25 directionally similar to last year, and then growth from there. With some volatility in the current environment given the vacated FCC order and our move to implement homeowner choice more broadly, we expect our Adjusted EBITDA for Q1 2025 to be over $20 million.

We believe we have executed well against the mission Joey and the team set out over two years ago, which was to dramatically improve the customer experience and to return to profitable growth. While executing against both goals has required a reset on revenue, we are clearly improving the customer experience and delivering more cash flow. With the move to homeowner choice in 2025, we will establish a new baseline from which to grow, and, given our customer metrics to date and our strong sales and marketing execution, we have established the trajectory to return to revenue growth in 2026. Our continued investment in driving Jobs Done Well provides material upside to what we see as a baseline performance based on current trends and metrics. We are excited to have gotten to where we are today and believe we are in position to deliver accelerating performance to both our customers and our shareholders as an independent company in the years to come.

Best regards,

Jeff Kip

Non-GAAP Financial Measures

This letter contains references to certain non-GAAP measures, including Adjusted EBITDA. These non-GAAP measures should be considered in conjunction with, but not as a substitute for, financial information presented in accordance with GAAP. Please refer to our Q4 2024 Earnings Release available at https://ir.angi.com/quarterly-earnings and furnished on Form 8-K on February 11, 2025 for a complete reconciliation of operating (loss) income to Adjusted EBITDA.

Q1 and FY 2025 Operating Income to Adjusted EBITDA Reconciliation:

	2025 Outlook	
($ in millions)	**Q1 2025**	**FY 2025**
Operating income (loss)	**$0**	**$25-$60**
Depreciation	25-20	90-80
Stock-based compensation expense (a)	(5)-0	20-10
Adjusted EBITDA	**Over $20**	**$135-$150**

(a) Stock-based compensation expense reflects the reversal in Q1 2025 of approximately $10 million of previously recognized stock-based compensation expense in connection with the Employment Transition Agreement, entered into on January 13, 2025 between IAC and Mr. Levin. The expense was previously recognized from October 10, 2022 through April 8, 2024 when Mr. Levin served as CEO of the Company.

Webcast and Conference Call Details

IAC and Angi Inc. will host a joint conference call to answer questions on February 12, 2025 at 8:30 a.m. Eastern Time. The conference call will be open to the public at **ir.angi.com** or **ir.iac.com**. This letter will not be read on the call.

Cautionary Statement Regarding Forward-Looking Information

This letter and our conference call, which will be held at 8:30 a.m. Eastern Time on Wednesday, February 12, 2025, may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The use of words such as "anticipates," "estimates," "expects," "plans" and "believes," among others, generally identify forward-looking statements. These forward-looking statements include, among others, statements relating to: the future financial performance of the Company and its businesses, business prospects and strategy, the contemplated spin-off of IAC's ownership in the Company and anticipated benefits, anticipated trends and prospects in the home services industry and other similar matters. Actual results could differ materially from those contained in these forward-looking statements for a variety of reasons, including, among others: (i) the continued migration of the home services market online, (ii) our ability to market our various products and services in a successful and cost-effective manner, (iii) the continued prominence of the display of links to websites offering our products and services in search results, (iv) our ability to expand our pre-priced offerings, while balancing the overall mix of service requests and directory services on Angi platforms, (v) our ability to establish and maintain relationships with quality and trustworthy professionals, (vi) our continued ability to develop and monetize versions of our products and services for mobile and other digital devices, (vii) our ability to access, share, use and protect the personal data of consumers, (viii) our continued ability to communicate with consumers and professionals via e-mail (or other sufficient means), (ix) our ability to continue to generate leads for professionals given changing requirements applicable to certain communications with consumers, (x) any challenge to the contractor classification or employment status of our professionals, (xi) our ability to compete, (xii) unstable market and economic conditions (particularly those that adversely impact advertising spending levels and consumer confidence and spending behavior), either generally and/or in any of the markets in which our businesses operate, as well as geopolitical conflicts, (xiii) our ability to maintain and/or enhance our various brands, (xiv) our ability to protect our systems, technology and infrastructure from cyberattacks (including cyberattacks experienced by third parties who whom we do business), (xv) the occurrence of data security breaches and/or fraud, (xvi) increased liabilities and costs related to the processing, storage, use and disclosure of personal and confidential user information, (xvii) the integrity, quality, efficiency and scalability of our systems, technology and infrastructures (and those of third parties with whom we do business), (xviii) changes in key personnel, (xix) various risks related to our relationship with IAC, (xx) our ability to generate sufficient cash to service our indebtedness, (xxi) certain risks related to ownership of our Class A common stock and (xxii) risks related to the proposed spin-off of IAC's ownership in Angi Inc. Certain of these and other risks and uncertainties are discussed in Angi Inc.'s filings with the Securities and Exchange Commission (the "SEC"), including the most recent Annual Report on Form 10-K filed with the SEC on February 29, 2024, and subsequent reports that Angi Inc. files with the SEC. Other unknown or unpredictable factors that could also adversely affect Angi Inc.'s business, financial condition and results of operations may arise from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those expressed in any forward-looking statements we may make. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this letter.