Angi Inc. Q1 2025 Shareholder Letter

May 6, 2025

To our shareholders,

The first quarter of 2025 was a very significant quarter for Angi, as we:

- Executed a reverse stock split and spun off from IAC to become an independent, publicly traded company;
- Implemented homeowner choice, representing the final significant pillar in the Angi turnaround (homeowner choice means that a pro only receives a lead when the homeowner chooses that pro from a list of pros in our user interface; previously, a significant portion of leads were created through automatic matching of homeowners to pros);
- Saw core marketplace homeowner Net Promoter Score turn positive in February for the first time since we started tracking the metric and has stayed close to positive, following the move to homeowner choice in late January;
- Lifted self-reported pro win rate (the percentage of time that a pro wins a job from a lead they paid for) by 10% following the move to homeowner choice, which involved the removal of lower-quality, auto-matched leads;
- Saw proprietary channel lead volume, representing more than 80% of total volume, decline only (1)% after 5 quarters of double-digit decline, driven by improved online acquisition, targeting & matching (proprietary channels are those that come through our owned & operated sites, applications, and customer experience – we are now disclosing this key metric publicly);
- Consolidated our sales representatives into a single team, selling a single product on a single platform, while at the same time bringing the aggregate pro lifetime value sold by our salesforce net of the cost of our salesforce and marketing up 143% year over year; said differently, we cut our total cost of pro acquisition (41)% and delivered only (18)% less aggregate pro lifetime value – meaning we increased both our aggregate margin dollars net of acquisition costs and our margin percentage generated in our new pro acquisition;

- Rolled out a consumer-facing "AI helper," powered by large language model technology, to nearly all proprietary traffic, along with launching improved questions & content across a significant portion of proprietary traffic, which improved both service request conversion and matching; and
- Improved 12-month pro retention by 17% versus the first quarter of 2024 after improving that metric 35% in 2024 as a whole, resulting in significantly higher year over year retention across cohorts.

Our focus remains on both our mission of Jobs Done Well and our commitment to return the Angi business to profitable revenue growth in 2026. We have a number of incremental initiatives coming to drive performance for the second quarter, the rest of 2025 and full year 2026, including:

- The continued rollout of improved service request questions and expanded deployment of our homeowner AI helper beyond these questions across our user experience;
- Expansion of service request acquisition in existing and new proprietary channels;
- Deployment of an online-only pro acquisition path, modeled on the online enroll channel from our international business;
- Upgraded qualification & vetting of all pros including ongoing license, ID & background checks, which, coupled with review collection & moderation, target the consistency of the "Well" in "Jobs Done Well" and drive consumer confidence in Angi; and
- Continued investment against improved matching and connection between homeowners and pros and increased hiring rates of our pros by our homeowners - to drive more Jobs Done Well.

We are, of course, paying careful attention to macroeconomic forces. It is worth noting that our business overall consists of approximately two-thirds non-discretionary and one-third discretionary service requests. We have historically seen drops in homeowner demand for our pros in volatile economic periods, but we have conversely also seen counter-cyclical increased demand from our pro customers for our leads in the same periods. However, the strides we have made in the first quarter, including the stabilization of proprietary lead volume, our continued improvements in customer satisfaction and pro retention, and the roll-forward of our current initiatives, all give us confidence in our ability to deliver our full year 2025 performance and return to profitable revenue growth in 2026.

Our full year expectations for revenue and margins remain the same. We continue to expect our revenue to improve progressively each quarter of 2025, with the full year decline in the range of (12)% to (16)%. We are projecting full year Adjusted EBITDA in the range of $135 million to $150 million. For the second quarter, we expect revenue declines to improve to in the range of (15)% to (18)%, with Adjusted EBITDA projected at $28 million to $33 million. These projections include approximately (3)% to (5)% of negative incremental impact on revenue growth from macroeconomic conditions. Over the course of the year, our projected sequential revenue and profitability improvements will be driven by:

- Acceleration of our proprietary service request acquisition, which improved from (21)% in the fourth quarter to (15)% in the first quarter, on an improving trendline;
- Growth in net revenue per lead driven by our work to move to a single pro product with improved unit economics; and
- Sequential margin expansion, driven by more efficient pro acquisition and fixed overhead costs.

Finally, with the expected return to profitable revenue growth in 2026, we also anticipate continued operating leverage given fixed cost discipline leading to solid Adjusted EBITDA growth in 2026.

We look forward to delivering more jobs done well for our customers, shareholders and team members over the months and 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 Q1 2025 Earnings Release available at https://ir.angi.com/quarterly-earnings and furnished on Form 8-K on May 6, 2025 for a complete reconciliation of operating (loss) income to Adjusted EBITDA.

Q2 and FY 2025 Operating Income to Adjusted EBITDA Reconciliation:

	2025 Outlook	
($ in million)	**Q2 2025**	**FY 2025**
Operating income / (loss)	**$7 - $23**	**$55 - $100**
Depreciation	13 - 7	60 - 40
Stock-based compensation expense (a)	8 - 3	20 - 10
Adjusted EBITDA	**$28 - $33**	**$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

Angi Inc. will host a joint conference call to answer questions on May 7, 2025, at 8:30 a.m. Eastern Time. The conference call will be open to the public at ir.angi.com. This letter will not be read on the call.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

This letter and our conference call, which will be held at 8:30 a.m. Eastern Time on Wednesday, May 7, 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 anticipated benefits of being an independent public company, 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 Pros, (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 Pros via e-mail (or other sufficient means), (ix) our ability to continue to generate leads for Pros given changing requirements applicable to certain communications with consumers, (x) any challenge to the contractor classification or employment status of our Pros, (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 following the spin-off, (xx) our ability to generate sufficient cash to service our indebtedness and (xxi) certain risks related to ownership of our Class A common stock. 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 28, 2025, 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.