Appendix 4E

(pursuant to ASX listing rule 4.3A)

hipages Group Holdings Limited

ABN 67 644 430 839

Reporting period	The year ended 30 June 2022
Previous reporting period	The year ended 30 June 2021

Results for announcement to market

		30 June 2022	Change		30 June 2021
		A$'000	A$'000	%	A$'000
Revenue from ordinary activities	**up**	**61,859**	**6,053**	**11%**	**55,806**
Net loss for the period attributable to members	**down**	**(910)**	**5,289**	**(85%)**	**(6,199)**
Net Tangible Assets		**$ per share**			**$ per share**
Net tangible asset backing per ordinary security[1]	**down**	**(0.037)**	**(0.182)**	**(126%)**	**0.145**

Dividends

No dividend will be paid for the year ended 30 June 2022

1. Net tangible assets represents Net assets less Right-of-use assets, Intangible assets, and Deferred tax assets. The calculation is based upon the weighted average number of shares on issue during the period.

Change in ownership of controlled entities

Effective 8 December 2021, the Group acquired 100% of the issued share capital of the New Zealand domiciled MyQuote Limited, trading as Builderscrack. Builderscrack is New Zealand's leading online tradie platform enabling consumers to connect with trade service providers. Two dormant subsidiaries, Pet Pages Pty Ltd and Start Local Pty Ltd, both with nil assets and nil liabilities, have been placed into members, voluntary liquidation.

There were no other changes in ownership of controlled entities during the current year ended 30 June 2022.

Admission to ASX and commencement of official quotation

During the prior year ended 30 June 2021, on 11 November 2020 hipages Group Holdings Limited ('HPG') was admitted to the official list of the Australian Securities Exchange (ASX) and official quotation of the Company's ordinary fully paid shares commenced on 12 November 2020. Primary Initial Public Offering (IPO) proceeds raised $40 million.

Dividend reinvestment plans

There are no dividend reinvestment plans in place.

Additional Appendix 4E disclosures pursuant to ASX Listing Rule 4.3A

Additional Appendix 4E disclosures can be found in the attached audited Consolidated Financial Report and the Directors' Report for the year ended 30 June 2022.

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Annual Financial Report 2022

for the year ended 30 June 2022

hipages Group Holdings Limited
ABN 67 644 430 839

Contents

Directors' report

The Directors of hipages Group Holdings Limited present their report together with the Consolidated Financial Statements of hipages Group Holdings Limited (referred to hereafter as hipages, the Company or the Group) consisting of hipages Group Holdings Limited and the entities it controlled at the end of, or during, the year ended 30 June 2022 (FY22) and the independent auditor's report on the Group.

Directors

The names of the Directors of hipages Group Holdings Limited in office during the reporting period are set out below. Directors were in office for this entire period unless otherwise stated.

Chris Knoblanche AM

Chairman and Independent Non-Executive Director

B Comm ACA FCPA

Experience and other directorships

Chris joined hipages in March 2020 as Chairman and Independent Non-Executive Director.

Chris currently serves on the boards of Latitude Insurance and PM Capital Global Fund.

Chris was previously Chair of iSelect Limited, the Australian Ballet, Trustee of the Sydney Opera House, a non-executive director of Aussie Home Loans, Greencross, iMed Radiology and the Environment Protection Authority of NSW.

Chris is a chartered accountant and has extensive CEO, executive and financial markets experience having served as Managing Director and Head of Citigroup Corporate and Investment banking (Australia and NZ), a partner in Caliburn (now Greenhill Investment Bank) and CEO of Andersen Australia and Andersen Business Consulting – Asia.

Chris holds a Bachelor of Commerce and is a member of the Chartered Accountants of Australia and New Zealand (ACA), and Fellow of the Australian Society of CPAs (FCPA).

Date of appointment to hipages Group Holdings Limited: 18 September 2020

Robert Sharon-Zipser

Co-founder, Chief Executive Officer and Non-Independent Director

B Comm Mbr AICD ACA

Experience and other directorships

Roby joined hipages in 2004 and has been a Director of the hipages Board since 2005.

Roby commenced his career as a Senior Accountant, working with PwC and Allco Finance Group on clients from a broad range of industries. He subsequently founded his own boutique accounting firm Advanced Audit Solutions, offering audit, accounts payable and recovery services for large Australian corporate clients. Roby also provided a small business advisory service.

Roby holds a Bachelor of Commerce, is a graduate Member of the Australian Institute of Company Directors and a Member of Chartered Accountants of Australia and New Zealand.

Date of appointment to hipages Group Holdings Limited: 18 September 2020

Stacey Brown

Independent
Non-Executive Director

Chair of the Audit and
Risk Committee

B Bus ACA GAICD

Experience and other directorships

Stacey joined hipages in March 2019 as a Non-Executive Director.

Stacey currently serves as the Chief Financial Officer of Laser Clinics. Stacey was previously the Chief Financial Officer of News Corp Australia from July 2017 to March 2020, and has extensive experience in financial management, governance and leadership, having also served as the General Manager (Finance) (2012-2015) and Deputy CFO (2015-2017) of News Corp Australia.

Prior to News, Stacey held a number of senior financial roles across a variety of corporations including the Lowy Family Group, Qantas and Multiplex and has previously been a director and chair of the audit committee for Qantas Superannuation, Foxtel and KU Children's Services.

Stacey holds a Bachelor of Business and is a graduate Member of the Australian Institute of Company Directors and a Member of Chartered Accountants of Australia and New Zealand.

Date of appointment to hipages Group Holdings Limited: 18 September 2020

Nicholas Gray

Non-Executive Director

LLB B Comm (UNSW)

Experience and other directorships

Nicholas currently serves as the managing director of Tech Networks and New Channel Partnerships at News Corp Australia ('NCA'). Past roles at NCA include CEO of The Australian, MD of Vogue and NSW and the Director of Transformation for NCA.

He is the chairman of ThinkNewsBrands and a non-executive director of the UNSW Australia Foundation and the Committee for Sydney.

Nicholas has prior experience in senior finance, sales and strategy roles at ninemsn and Lion Co, as well as in investment banking at Citi and Macquarie Bank.

Nicholas has a Bachelor of Laws and a Bachelor of Commerce (Accounting) from the University of New South Wales.

Date of appointment to hipages Group Holdings Limited: 2 October 2020

Inese Kingsmill

Independent
Non-Executive Director

Chair of the
Remuneration and
Nominations Committee

B Bus GAICD

Experience and other directorships

Inese joined hipages in October 2020 as an Independent Non-Executive Director.

Over the course of a career spanning 25 years, Inese has earned a reputation as a growth-focused and customer orientated business leader, with leadership experience across a broad spectrum of accountabilities at Microsoft, Telstra and Virgin Australia.

Inese has been involved with and led major transformations across a range of scenarios including enterprise-wide business restructuring, culture change, digital transformations, customer experience and design, brand re-launches and re-positioning as well as developing fit-for-purpose operating models.

Inese currently serves as a Non-Executive Director on the boards of Noble Oak Life Limited and Bigtincan Holdings Limited. She is also a member of the Advisory Board of Waltzing Matilda Aviation.

Date of appointment to hipages Group Holdings Limited: 1 October 2020

Company secretaries

Kylie Quinlivan Bachelor of Commerce/Law (Hons) Master of Laws	Kylie joined hipages as General Counsel and Company Secretary on 11 October 2021. Kylie is a top tier trained corporate lawyer with over 15 years' experience in public and private M&A, fundraising and corporate governance. This is her second role as General Counsel and Company Secretary of an ASX listed Company. Kylie holds a Bachelor of Commerce/Law (Hons) and a Master of Laws from the University of Sydney.
Andrew Whitten BA (Economics), MLLP (Corporate Finance and Securities Law), FCIS, Notary Public	Andrew was joint Company Secretary of the Company during FY22. Andrew was appointed on 15 December 2020 and resigned on 30 November 2021. Andrew is an experienced corporate lawyer with over 20 years' experience and at the relevant time, was an advisor with Automic Group. Andrew resigned 30 November 2021.
Oonagh McEldowney B LLB AICD Resigned	Oonagh was a joint Company Secretary of the Company during FY22. Oonagh was appointed on 18 September 2020 and resigned on 6 August 2021. Oonagh is an experienced commercial lawyer and general counsel with over 20 years' experience across start-ups, small businesses, major corporations and law firms. At the relevant time Oonagh was General Counsel of the Company. Oonagh resigned 6 August 2021.

Principal activities

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 34,500 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 and Agent, the market-leading property maintenance platform in which the Company has a minority ownership.

Operating and financial review

For the 12 months ended 30 June 2022 hipages delivered continued growth in revenue and key metrics in a challenging period for the trades industry. Key highlights[1] include:

- Total revenue up 11% (up 8% LFL), with recurring revenue up 11% to $58.2 million (up 10% LFL);
- Strong proforma EBITDA[2] before significant items margin of 17%, with further operational efficiencies driving 21% margin in the second half;
- Subscription tradies up 11% to 34.6k[3], with hipages Australia returning to growth in Q4;
- Strong ARPU[4] growth continues, up 11% with hipages Australia up 16% to $1,789;
- Strategic execution with first significant acquisition of Builderscrack in New Zealand and rollout of Tradiecore, with next evolution of strategy announced to enhance user experience;
- Efficient business model delivered positive cash flow in Q4 after significant investment in product and technology to build platform for long-term growth;
- Maintained strong balance sheet with $13.2 million cash and funds on deposit; and

1. A comparisons refer to the prior corresponding period (pcp) unless otherwise stated.
2. Earnings before interest, tax, depreciation and amortisation.
3. Includes 3.3k New Zealand paying tradies acquired through the acquisition of Builderscrack.
4. 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 $1,707 is the blended result of hipages' ARPU of $1,789 and Builderscrack's ARPU of $883 for one month post-completion.

- Uncertain macroeconomic environment expected to bring further balance to marketplace and drive accelerated growth due to countercyclicality of hipages Group model.

A reconciliation of Reported results in the Financial Statements to non-IFRS (International Financial Reporting Standards) numbers in the Directors' Report is provided below.

Result Overview

Summary of Group performance	Total 30-Jun-22 $'000	Total 30-Jun-21 $'000	change %
Sales revenue			
Contracts with customers – continuing operations	**60,657**	54,386	**12%**
Rental income	**1,202**	1,420	**(15%)**
	61,859	55,806	**11%**
Statutory EBITDA (from continuing operations)	**10,085**	5,603	**80%**
Add back other items which are one-off in nature:			
Transaction costs related to IPO	–	4,784	**(100%)**
Non-recurring remuneration	**646**	1,166	**(49%)**
Net loss on conversion of convertible notes	–	467	**(100%)**
Public company costs	–	(345)	**(100%)**
Pro forma EBITDA before significant items[1]	**10,731**	11,675	**(8%)**
Net cash	**10,907**	30,303	**(64.0%)**

1. The statutory results have been adjusted for pro forma one-off items on the basis that management believes this reflects a more meaningful measure of the Group's underlying performance. The underlying (non-IFRS) EBITDA before significant items is unaudited but is derived from the financial statements audited by PwC by removing the impact of certain one-off items. Management believes this reflects a more meaningful measure of the Group's underlying performance.

The subscription model has delivered continued growth in revenue and key metrics. The government-mandated lockdowns in the first half of the financial year and COVID-19 restrictions on construction and home improvement meant tradies were unable to work for extended periods. The Omicron outbreak and extreme weather events on the east coast further delayed the industry's recovery. As lockdowns eased in the second half, COVID-related supply chain disruptions and record consumer demand from households saw tradies facing a significant backlog of work, with demand far outstripping supply.

Against that backdrop, hipages Group's subscription model delivered total revenue growth of 11%, with recurring revenue also growing by 11%. MRR[5] increased by 5% to $5.5 million. Record job volumes throughout the year drove overall job volumes up by 6%. Subscription tradies grew by 16%, or 7% excluding tradies added as part of the acquisition of Builderscrack. ARPU grew by 16% to $1,789[6] for hipages in Australia, or 11% overall. After peaking in the third quarter due to the impacts of COVID, tradie churn reduced in the final quarter to its lowest point in FY22 and continued the trend towards more normalised levels.

EBITDA before significant items was $10.7 million. The strong EBITDA margin of 17% was achieved despite the revenue shortfall and the introduction of customer support initiatives in response to COVID-19, with tight cost control delivering a margin of 21% in the second half. In the final quarter, the EBITDA margin was 24% as further operational efficiencies were achieved, including in marketing where jobs from paid channels represented just 21% of total jobs, with 71% of jobs coming from repeat consumers.

5. Monthly Recurring Revenue at 30 June 2022 (inclusive of GST).
6. hipages Group ARPU of $1,707 is the blended result of hipages' ARPU of $1,789 and Builderscrack's ARPU of $883 for one month post-completion.

Net Cash

The Group reported strong Company positive statutory operating cash flow of $12,586 million (2021: $6.862 million). Cash outflow from investing activities was $28.667 million (2021: $7.141 million) included payments in relation to the acquisition of Builderscrack of $8.636 million and the investment made in Bricks and Agent ($6.769 million) as well as continued investment in the underlying technology platform of $12.458 million.

hipages closed 30 June 2022 with cash and funds on deposit of $13.178 million (2021: $32.574 million) and no debt.

Looking forward

Moving further into an uncertain macroeconomic environment, with rising inflation and interest rates, the Company expects balance to return to the marketplace, driving accelerated growth due to the countercyclicality of the hipages Group model. Revenue growth is expected to remain at similar levels and EBITDA margin is expected to be slightly ahead of the current financial year.

The Group will continue to invest in technology to build a platform for long-term growth and expects the higher level of capitalised development spend to continue for the next two years, before reducing in FY25. There will be continued rollout of Tradiecore functionality and further strategic progress towards building out the hipages Group ecosystem.

Having delivered positive free cash flow in Q4 FY22, the Company has a clear path towards sustainable free cash flow generation whilst still investing to deliver growth and deploy strategy, while remaining committed to maintaining a strong balance sheet.

Environmental regulations and climate change

The Group's operations are not subject to any significant environmental Commonwealth or State regulations or laws. The Group is aware of the general risks associated with climate change and continues to be committed to operating sustainably.

Corporate governance statement

The Board is committed to effective corporate governance. The Board has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

A description of current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at https://hipagesgroup.com.au/investor-centre/corporate-governance/.

Dividends

No dividend has been proposed or paid during the year ended 30 June 2022 or previous year ended 30 June 2021.

Director meetings

Director	Board meetings		Audit and risk committee meetings		Remuneration and nominations committee meetings	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Chris Knoblanche	12	12	8	8	6	6
Roby Sharon-Zipser	12	12	–	–	–	–
Stacey Brown	12	12	8	8	–	–
Nicholas Gray	12	12	–	–	6	6
Inese Kingsmill	12	12	8	8	6	6

Directors' interests in shares and share rights

Director	Shares held at reporting date	Rights held at reporting date	Shares held at reporting date	Rights held at reporting date
	30-Jun-22	30-Jun-22	30-Jun-21	30-Jun-21
Chris Knoblanche	**239,074**	**158,876**	239,074	18,935
Roby Sharon-Zipser	**8,567,841**	**405,202**	8,567,841	321,429
Stacey Brown	**48,483**	**–**	40,816	–
Nicholas Gray	**–**	**–**	–	–
Inese Kingsmill	**24,609**	**–**	16,327	–

Indemnification and insurance of Directors and Officers

The Company's Constitution provides that the Company will, to the extent permitted by law, indemnify the Group's Directors and officers against liabilities and related legal costs incurred in their capacity as officers. The Company has entered into a Deed of Access and Indemnity with its current and former Directors and officers. During the reporting period the Company paid a premium for a Directors and officers insurance policy which covers the Directors and officers against certain liabilities in accordance with the terms of the policy. The insurance contract requires the nature of the liability covered and the amount of premium paid to be confidential.

Rounding of amounts

The Company is an entity to which the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies. Amounts have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 35.

Auditor

PwC is the Group's auditor and continues in this position in accordance with section 327A of the Corporations Act. To the extent permitted by law, the Company has agreed to indemnify PwC as part of its audit engagement agreement. No payment has been made to indemnify PwC.

Audit and non-audit services

Total fees paid to the auditor for audit and non-audit services provided by PwC to the Group during the year are detailed below:

Audit and review services	30-Jun-22 $	30-Jun-21 $
Auditors of the Group – PwC	**483,711**	295,800
Assurance and other services		
Due Diligence services related to acquisitions	**253,000**	–
ASX Appendix 4C review	**24,000**	–
Regulatory assurance services – investigating accountant's report	–	545,000
Immigration advisory services	**155,716**	17,251
Total auditor remuneration for non-audit services	**432,716**	562,251
Total fees paid to auditor – PwC	**916,427**	858,051

The Directors are satisfied that the provision of these non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that the auditor independence was not compromised.

Subsequent events

On 25 August 2022, Chris Knoblanche stepped down as Chair as part of his planned retirement from the hipages Board. Chris will continue as a Non-Executive Director.

On 25 August 2022, Inese Kingsmill was elected Chair.

On 25 August 2022, Melissa Fahey notified hipages of her resignation to take up a new senior leadership role with another company. Melissa will continue in her role as CFOO to support a smooth transition during her termination notice period.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected the Group's operations, results or state of affairs.

This report is made in accordance with a resolution of Directors.

Chris Knoblanche
Chair

Robert Sharon-Zipser
CEO and Managing Director

Sydney
25 August 2022

Remuneration Report

Dear Shareholder,

It is my pleasure, on behalf of the hipages Board of Directors, to present the hipages Group Remuneration Report, consisting of hipages Group Holdings Limited and its controlled entities for the financial year ended 30 June 2022.

The 2022 financial year was a challenging year for Australian businesses with the ongoing pandemic impacting business performance and the employment market. FY22 saw the introduction of the term 'The Great Resignation' as record low unemployment, ongoing restrictions on immigration and a post-lockdown revaluation of work and life by many people resulted in unprecedented employee attrition.

However, whilst hipages' was not immune to these impacts, our business model has proved to be largely resilient to fluctuations in the economy and our strong employer brand has enabled us to retain and attract talent in a very competitive environment. In parallel, the complexity of the hipages business has increased with the investment of Bricks and Agent, the acquisition of Builderscrack and the team now operates from four geographies.

Against the backdrop of this environment, combined with the uncertain economic conditions ahead, the Board aims to ensure that the structure of Executive remuneration for the coming year achieves a balance between cost control, retaining our strong executive team and creating an environment where we can attract the appropriate talent to support hipages' growth objectives.

hipages has a comprehensive Remuneration and Nominations Charter which ensures that the Board and Executive Remuneration framework is thoroughly assessed annually, and a review undertaken as to its ongoing effectiveness in meeting hipages' short-term and long-term business strategy, as well as aligning with shareholder interests.

For these reasons, and following shareholder feedback in 2021, we undertook a comprehensive review of our Executive remuneration to align hipages with similar ASX companies in the technology market for FY23.

Whilst the remuneration structure for FY22 was unchanged from FY21 (only the incentive KPIs were amended), the Board has evolved the Executive remuneration structure for FY23.

Whilst this plan has served us well over recent years, we recognise the benefits of continuous review with our new plan more closely aligned with ASX peers. The primary change is a move from a combined STI/LTI program based on a 12-month performance period to separate STI and LTI plans with associated separate performance periods of 12 months and three years. More detail on both the FY22 Executive remuneration outcomes and new FY23 Executiveremuneration structure is outlined in this report.

As has been announced to the market, Chris Knoblanche will step down as hipages Group Chair into an NED role and I will commence as group Chair from the 25th August 2022. In addition, Melissa Fahey, CFOO has resigned to take on a COO role elsewhere and is currently working out her notice period. The Board and Executive are committed to taking the time to ensure smooth transitions and have commenced the process to appoint an additional NED (who will also be the RNC Chair) and to appoint a new CFOO. We extend our gratitude to Melissa and Chris for the significant contributions they have each made to hipages growth and listing.

We welcome shareholder feedback on this report.

Yours sincerely,

Inese Kingsmill

Chair of the Remuneration and Nominations Committee

The Directors are pleased to present the Remuneration Report prepared in accordance with section 300A of the Corporations Act 2001 ('the Act') for the consolidated entity for the year ended 30 June 2022.

This Remuneration Report, which forms part of the Directors' Report, outlines the remuneration strategy, framework and practices adopted by hipages in accordance with the requirements of the Act and its regulations. The information provided in this Remuneration Report has been audited as required by Section 308 (3C) of the Corporations Act 2001. This report details remuneration information pertaining to Directors and Executives who are the 'Key Management Personnel' ('KMP').

Table of Contents, Abbreviations and Defined Terms

The Remuneration Report comprises the following sections:

Abbreviations used in this report

Act	*Corporations Act 2001* (Cth)
AGM	Annual General Meeting
ARC	Audit and Risk Committee
ASX	Australian Stock Exchange
CEO	Chief Executive Officer
CFOO	Chief Finance and Operations Officer
ED	Executive Director
FY	Financial year
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
HMEP	hipages Management Equity Plan
IPO	Initial Public Offering
KMP	Key Management Personnel
KPI	Key Performance Indicator
LTI	Long-Term Incentive
NED	Non-Executive Director
RNC	Remuneration and Nominations Committee
STI	Short-Term Incentive
TSR	Total Shareholder Return
rTSR	relative Total Shareholder Return
TFR	Total Fixed remuneration
VWAP	Volume Weighted Average Price

Defined terms

hipages:
hipages Group Holdings Ltd, and its subsidiaries.

Executive:
Includes the CEO and his direct reports including the Chief Finance and Operations Officer, Chief Product and Technology Officer, Chief Customer Officer, Chief People and Culture Officer, and General Counsel and Company Secretary.

Executive KMP:
Refers to the CEO and the CFOO.

Non-Executive Directors:
Refers to all Directors with the exception of the CEO.

Remuneration Report

1. Persons to whom this Report applies

The remuneration disclosures in this report apply to those persons who have been classified as Key Management Personnel (KMP) of hipages during the financial year ended 30 June 2022 and are set out as follows:

Name	Role	Appointment date
Non-Executive KMP		
Chris Knoblanche	Chair and Non-Executive Director	18 September 2020
Stacey Brown	Independent, Non-Executive Director	18 September 2020
Nicholas Gray	Non-independent, Non-Executive Director	2 October 2020
Inese Kingsmill	Independent, Non-Executive Director	1 October 2020
Executive KMP		
Roby Sharon-Zipser	Chief Executive Officer and Executive Director	18 September 2020
Melissa Fahey	Chief Finance and Operating Officer	18 September 2020

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including all Directors (Non-Executive and Executive) of the consolidated entity.

Roby Sharon-Zipser and Melissa Fahey as CEO and CFOO respectively, under the supervision of the Board of Directors, have overall authority and responsibility for all operating activities as well as decisions related to the strategic direction of hipages and future acquisitions. The KMP are supported by the Executive team who have responsibility for executing decisions taken by the KMP.

2. Remuneration Report Summary

2.1. Remuneration Principles and Strategy

hipages has a comprehensive purpose and growth strategy which is supported by the Executive Remuneration Framework, and is underpinned by the hipages values and remuneration principles and strategy.

EXECUTIVE RENUMERATION FRAMEWORK FOR THE 2022 FINANCIAL YEAR

Our Values and DNA

Define who we are and how we act ...

- **Service:** We enjoy exceeding expectations
- **Innovation:** We constantly challenge the way things are done
- **Being Genuine:** We are real people who breathe life into the brand
- **Value:** We don't hold back in adding value
- **Collaboration:** We bounce ideas around, listen and respect each other
- And always **'Make it Happen'** by acting quickly to make hipages great

Our remuneration principles

... ensure business strategy and shareholder alignment to create long-term value

- Aligned with **shareholder value** creation
- Market competitive to attract and retain **high calibre talent**
- **Reward sustainable outperformance** and discourage poor performance
- Recognise the role of **non-financial drivers** in longer-term value creation
- **Simple and transparent**
- Reflect hipages' **strategy** and **values**

2.2. FY22 Executive Remuneration Framework

Remuneration Objectives

Supports Business Objectives: Encourages the pursuit of growth and the success of hipages. Aligned with hipages' purpose, vision, values, strategy and risk appetite. Aligned with shareholder requirements.

Operates Sustainably: Encourages sound management of financial and non-financial risks. Encourages good conduct and discourages misconduct. Considers cost and reputations factors and complies with relevant laws and regulations.

Market Competitive: Attracts, motivates, retains and appropriately rewards a capable Executive Team.

Remuneration Effectiveness

Oversight: Remuneration governance roles clearly defined for the Board: Remuneration and Nominations Committee; Audit and Risk Committee; and independent remuneration consultants.

Structure: Design elements that reward for performance, but also protect against unjustified pay outcomes.

Operation: Demonstrated history of aligning remuneration outcomes with performance, appropriate application of Board discretion and adjusting remuneration outcomes based on individual performance and conduct.

Quantum: Remuneration decisions made with reference to comparable roles in other listed Australian companies and in consultation with external advisors in the case of Executives and Board.

2.2. FY22 Executive Remuneration Framework (continued)

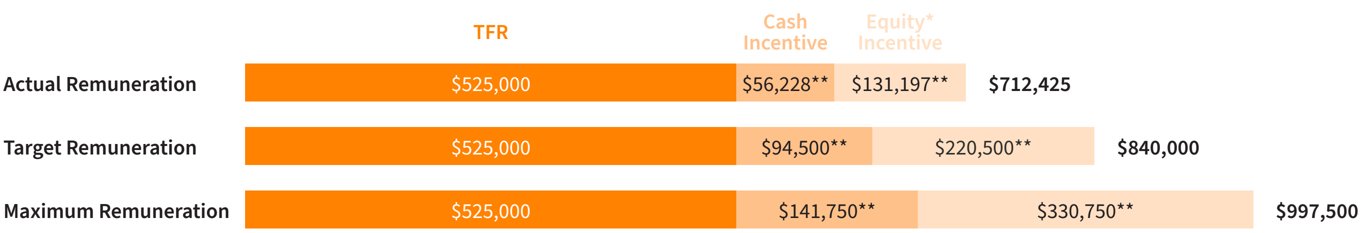
Annual Remuneration Package				
Total Fixed Remuneration	Base salary plus superannuation	Cash (100%)		
Annual Total Incentive	• An annual incentive opportunity aligned to the financial year performance period • Delivered in both cash and equity • Equity awarded as Performance Rights, which may convert to shares on vesting • Balanced scorecard (financial, non-financial and individual performance measures)	Cash (30%)	Paid Annually	Claw back applies
		Performance Rights (70%)	• Performance Rights are granted at the end of the performance period • Three-year Vesting Period, commences one year after performance rights granted • Vesting in equal tranches • Vesting conditions: continued employment	
	12 months performance period		+ Year 1 · + Year 2 · + Year 3	

2.3. FY22 Summary of Executive KMP Remuneration Outcomes

The following table summarises the remuneration decision outcomes for the CEO and CFOO for the year ended 30 June 2022. The remuneration detailed in the table is aligned with current year performance and is useful in understanding current year pay and its alignment with performance, in comparison to the statutory disclosures in section 6.1, Executive KMP performance outcomes.

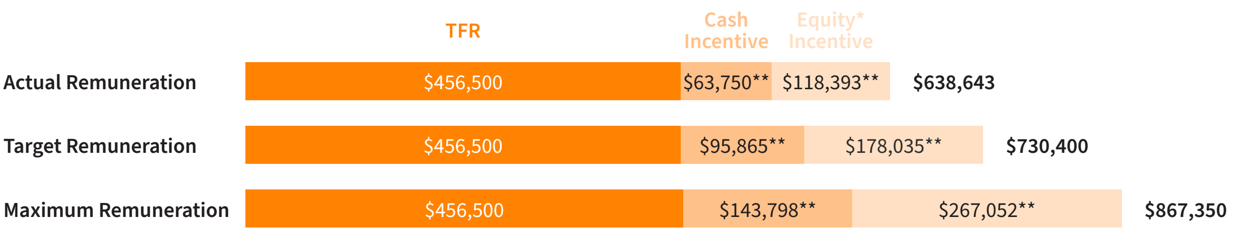
Roby Sharon-Zipser – Chief Executive Officer — Term as KMP: Full Year

Actual remuneration received for FY22 vs target and maximum



Melissa Fahey – Chief Finance and Operations Officer — Term as KMP: Full Year

Actual remuneration received for FY22 vs target and maximum



* Equity quantum illustrated is as fully granted; equity vests in equal tranches over three years, with the first tranche vesting 12 months after the end of the performance period.

** Roby's cash/equity ratio is 30/70 and Melissa's is 35/65.

3. Executive Remuneration Philosophy and Framework

hipages' team members are at the heart of our success, enabling us to achieve our purpose, vision and long-term goals. Our remuneration philosophy and framework aims to drive the achievement of hipages' annual objectives and ensure long-term value creation for shareholders.

3.1. Alignment of Remuneration Strategy with Business Strategy

The Board has established a remuneration strategy and principles with the objective to drive and support the achievement of the hipages business strategy.

To achieve this alignment, the Executive KMP annual remuneration package comprises Total Fixed Remuneration (TFR) which includes base salary and superannuation, with an annual variable incentive plan which rewards with both annual cash incentive and deferred equity pursuant to the Hipages Management Equity Plan (**HMEP**) and is heavily weighted towards equity to drive long-term shareholder value.

Executives' performance is assessed (by the CEO and for the CEO, by the Board) and rewarded on achievement of quarterly and annual key performance indicators (KPIs) that are approved by the Board to ensure alignment with business strategy.

<table>
<tr><th colspan="6">Executive KMP Annual Remuneration Package</th></tr>
<tr><td>Market competitive to attract and retain high calibre talent</td><td>Simple and transparent</td><td>Reflects hipages' strategy and values</td><td>Aligned with shareholder value creation</td><td>Rewards sustainable out performance and discourages poor performance</td><td>Recognises the value of non-financial drivers in longer-term value creation</td></tr>
<tr><td colspan="2">Fixed Remuneration</td><td colspan="4">Executive Variable Remuneration</td></tr>
<tr><td colspan="3">Cash</td><td colspan="3">Equity</td></tr>
<tr><td colspan="2">TFR:
Base salary plus superannuation</td><td colspan="4">The outcome for the FY22 Executive Annual Incentive Plan was based on the achievement of financial, strategic, customer and employee priorities.
Performance over the financial year was measured against financial and non-financial performance targets.
Incentive outcomes were determined having regard to the target incentive opportunity and individual performance, ultimately at the discretion of the Board.</td></tr>
<tr><td colspan="2">TFR is set considering:
• skills, capabilities, experience and performance
• business performance, scarcity of talent, economic climate and market conditions
• external comparator groups made up of companies of similar size and complexity</td><td>• 30%* of the Incentive Plan outcome is provided in cash</td><td colspan="2">• 70%* of the Incentive Plan outcome is allocated in Equity (Performance Rights)</td><td>• Performance Rights are granted at the end of the performance period
• Performance Rights vest over three years in equal tranches and are typically forfeited if employment ceases prior to the vesting date
• Vested but unexercised Performance Rights may be forfeited in cases of misconduct or fraud</td></tr>
<tr><td colspan="2" rowspan="2">Market competitive</td><td colspan="4">Recognises sustainable performance in the medium to longer term</td></tr>
<tr><td>Rewards annual performance, providing specific focus on strategic priorities</td><td colspan="2">Recognises the criticality of strategic non-financial measures as drivers of longer-term value creation</td><td>Focuses on achieving longer-term superior performance for stakeholders</td></tr>
</table>

* In FY22 the incentive plan cash to equity mix for the CEO was 30% cash and 70% equity and for the CFOO was 35% cash and 65% equity.

3.2. FY22 Executive KMP Annual Incentive

How much can Executives earn?

For Executive KMP the target annual incentive is set at 60% of TFR, payable as 30% cash and 70% equity for Roby and 35% cash and 65% equity for Melissa.

The incentive plan has four core metrics that operate independently of each other (two financial and two non-financial) and together determine the quantum of incentive payable. Over achievement of revenue target and individual goals is encouraged and rewarded by the ability to earn additional incentive if target are exceeded.

The following metrics determine the amount of that incentive payable based on the following Key Performance Indicator weightings:

KPI Type	Annual KPI Metric	Weighting	Threshold Minimum	Threshold Maximum	Incentive Component Maximum
Financial	Revenue target	30%	100%	110%	Up to an additional 25% of total incentive amount payable
	EBITDA target*	30%	100%	100%	100% of 30% of the incentive amount payable
Non-Financial	Net Promoter Score (Customer, Consumer, Employee)	20% (15%, 5%, 5%)	85%	100%	85% to 100% of the 20% incentive amount payable
	Individual Targets**	20%	85%	125%	Up to an additional 25% of total incentive amount payable
	Total	**100%**			**150%**

If either Revenue or EBITDA target is not achieved, then no incentive is payable for the metric that was not achieved. If Revenue target is over-achieved up to 110%, then up to an additional 25% of the total annual incentive plan is payable on a sliding scale. There is no over-achievement component for EBITDA or for the NPS metrics. Over-achievement of Individual Goals is discretionary as assessed by the CEO for the Executives and by the Chair for the CEO and up to an additional 25% of the total annual incentive plan is payable on a sliding scale based on this assessment. Total annual incentive payable is capped at 150% of annual incentive.

* Plan amendment: In light of the multiple COVID lock-downs impacting ability of Trades to operate, it was agreed by the Board that if the re-forecast EBITDA target was achieved then 15% of the 30% of this incentive component could be payable.

** Individual targets are based on achievement of quarterly and annual individual goals/KPIs as well as overall performance assessment (by the CEO for the Executive team and by the Chair for the CEO).

How is it paid?	At the end of the financial year, after audited financial results are completed and the Board has approved individual performance, an annual incentive quantum is determined, paid in cash and deferred equity. For the deferred equity component, participants will be granted rights to acquire shares in hipages (Shares), subject to meeting vesting conditions, for nil consideration (Rights). – Rights must be held by the Participant (or a Nominee as approved by the Board), with no ability to hedge or borrow against unexercised Rights. – The Rights will vest in three equal tranches after a period of one, two and three years following the grant, subject to continued service (vesting dates are aligned with full-year results announcement). – Subject to hipages Security Trading Policy, vested rights can be exercised by participants at their election, at any time from vesting until the expiry date of five (5) years following the grant. – Rights do not carry any 'dividend' entitlements or voting rights. – Rights may be settled in cash equivalent value, if determined by the Board at the time of vesting.
How is performance measured?	Performance measures (KPIs) selected reflect financial, strategic and operational objectives relevant to the level and function of the role that are central to achievement of the business plan and strategy and building shareholder value. Financial measures selected are measures against which the Executive and the Board assess the short-term (annual) financial performance of hipages. Strategic and operational objectives are assigned to each individual to drive specific outcomes considered to be of strategic importance to hipages within that individual's level of responsibility. These objectives are determined by the CEO and the Board in accordance with the process set out in the Remuneration Governance (section 8). The Board retains final discretion over annual incentive payments and awards to ensure outcomes appropriately reflect performance and achieve the objectives of the annual incentive scheme. The financial and non-financial metrics are set annually by the Board and are based on business performance, core strategic and operational objectives and the strategy for the next financial year.
What happens if an Executive leaves?	If an eligible Executive ceases employment with hipages during the performance period other than by way of dismissal or resignation (e.g. death, total and permanent disablement, redundancy, retrenchment or retirement with prior written consent of the Board), then the Executive will usually be entitled to a pro-rata cash payment and allocation of equity based on assessment of performance according to the eligible period served up until the termination date. Where termination occurs by way of dismissal or resignation before the end of the financial year, no annual incentive is awarded for that year. Similarly unvested LTI awards are forfeited, unless otherwise determined by the Board.

3.3. hipages Management Equity Plan (HMEP)

Objective	The hipages Management Equity Plan (HMEP) for Executives was established during the financial year ended 30 June 2019 and was designed to assist in the attraction, motivation and retention of senior management. The HMEP is designed to align participants' interests with the interests of shareholders by providing participants the opportunity to receive Shares through the granting of Rights under and pursuant to their respective terms.
Eligible Participants	Executive and Senior Leadership Team.
Awards under the HMEP	The opportunity for senior management to receive Rights and the performance conditions to be achieved to be eligible for an award of Rights under the HMEP are set out above in section 3.2 FY22 Executive KMP Annual Incentive. The number of Rights granted to senior management is calculated by dividing the monetary value of the equity component awarded to a person (having regard to the performance indicators set out above in section 3.2 FY22 Executive KMP Annual Incentive) by the Volume Weighted Average Price (VWAP) of a Share over the five trading days preceding the grant date. Rights are granted shortly after the hipages audited full-year results have been released to the market. Rights awarded under the HMEP are subject to time-based vesting conditions which operate such that the Rights vest over the next three years in three equal tranches, commencing 12 months after the effective date of grant. The grant date associated with the FY21 award to the Executives and Senior Leadership team was 1 October 2021. The grant of Performance Rights in relation to FY22 is expected to occur during September 2022.
Dividends and voting rights	Rights do not carry dividend or voting rights prior to vesting and exercise. Shares allocated on exercise of Rights carry the same dividend and voting rights as other Shares.
Issue and exercise price	Rights under the HMEP are issued for nil consideration and do not have an exercise price.
Expiry	Unvested rights will lapse five years after the start of the performance period.

4. New FY23 Executive Remuneration Framework

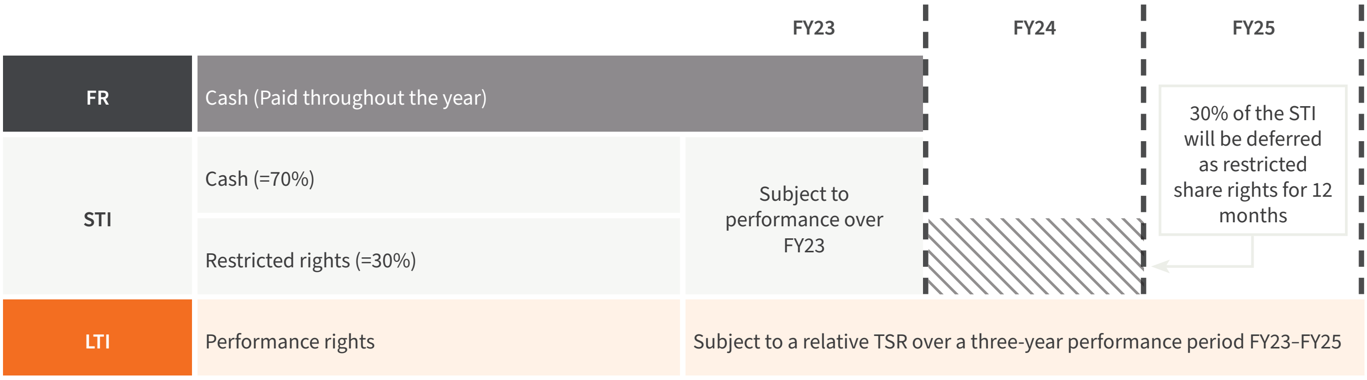
New Executive KMP Incentive Plan Structure

For FY23 the incentive plan structure for the Executive KMP will change from the previous incentive plan structure which has been in place since FY19. The new structure will no longer combine Short-Term Incentives (STI) and Long-Term Incentives (LTI) based on a 12-month performance period. The FY23 structure clearly separates the STI and LTI plans to align with similar ASX technology company remuneration structures. This change is a result of the annual review by the Board and feedback from shareholders received in 2021. Whilst the preceding incentive structure has served the Company well and driven the desired performance and culture, we recognise the need to continue to evaluate and evolve our plans. This update is being made to ensure behaviours and focus are aligned to the evolving needs of the business with appropriate weighting towards long-term value creation.

The STI will continue to be an annual cash bonus based on a 12-month performance period, however it will now incorporate a 12-month deferred equity component.

The LTI will continue to be an annual award of Performance Rights, however the granting of the Performance Rights will be subject to relative TSR (total shareholder return) over a three-year performance period and will vest at the end of that three-year period.

The new Remuneration Structure is illustrated below:



Short-Term Incentive Plan

In FY23 the Executive KMP will have 35% of their Total Fixed Remuneration available to them as a short-term incentive, 70% payable in cash and 30% as 12-month deferred equity.

Performance Metrics

The annual performance against which the Executive KMP will be measured in FY23 is in accordance with the balanced scorecard which has the following measures:

FY23 Executive KMP Annual Incentive Plan KPIs

Element	Measure and Weighting	Threshold Minimum and Maximum	Incentive Component Maximum
Financial 60% of variable incentive	(a) FY23 Revenue target (30%)	100% to 110%	Up to an additional 25% of total incentive amount payable
	(b) FY23 EBITDA target (30%)	100%	100% of 30% of the incentive amount payable
Non-financial 40% of variable incentive	(a) Customer, Consumer and Employee Advocacy (20%)	85% to 100%	85% to 100% of the 20% incentive amount payable
	(b) Individual Annual and Quarterly KPIs (20%)	85% to 125%	Up to an additional 25% of total incentive amount payable
		Total Incentive Possible	150% (Capped)

The Board has discretion to amend the Performance measure(s) and target(s), how they are measured and adjust for events which are considered to be outside management's control. Cash payments are also subject to the participant meeting minimum individual performance standards and subject to the Participant's continued employment with the Company during the performance period.

Under the terms of the plan, the Board will have flexibility to exercise its discretion to apply malus (i.e. lapsing some or all unvested Rights) or clawback (i.e. requiring any realised benefit to be repaid to the Company) in certain circumstances e.g. in the event of a material misstatement, fraud or behaviour that brings the Company into disrepute, and the Participant is not terminated from employment.

Deferral of Equity

A portion of the STI (30% of award) will be issued as Performance Rights with vesting deferred for 12 months (Rights). Exercise of the Rights on vesting will be at no cost to the participant.

Rights will be granted as soon as practicable following the Board approving STI performance outcomes and release of full-year financial results. The Rights vest and become exercisable approximately 12 months after grant, following release of the next financial year's full-year results, subject to the participant's continued employment during the deferral period, and the participant meeting minimum performance standards. Subject to hipages' Security Trading Policy, the vested Rights can be exercised by participants at their election, at any time from vesting until the expiry date of five (5) years following the grant.

Long-Term Incentive Plan

The Executive KMP will have 30% of their Total Fixed Remuneration available to them as a long-term incentive.

The LTI will be granted in the form of Performance Rights (Rights), which are rights to acquire Shares at no cost to the participant upon the satisfaction of relevant performance and service-related conditions. Rights holders do not have an entitlement to voting rights or receive dividends, until Rights have vested and Shares have been acquired.

Performance Period and Vesting Period

LTI Rights are subject to a three-year performance period (three consecutive financial years), with no re-testing. At the end of the performance period, subject to the performance target being achieved, Rights will vest and become exercisable. The vested Rights can be exercised by participants at their election, at any time from vesting until the expiry date of five (5) years following the grant.

Performance target

Performance will be assessed against a relative Total Shareholder Return (rTSR) measure which will apply to 100% of the award. The comparator group for assessing rTSR performance will comprise of ~20 selected listed comparator companies as approved by the Board.

rTSR measures the Company's TSR performance against the TSR performance of companies within a selected comparator group. Key drivers of relative TSR performance are: Share price performance, dividends paid and TSR performance of companies in the selected comparator group. To determine relative TSR performance, companies in the comparator group (including the Company) are ranked from highest to lowest in accordance with their TSR for the relevant performance period. The percentile ranking of the Company is used to determined LTI vesting levels.

The following vesting schedule will apply to the rTSR performance measure:

hipages TSR ranking against comparator group:	The Proportion of the award which vest is:
Below the 50th percentile	0%
At the 50th percentile	50% vesting
Between the 50th and 75th percentiles	Straight-line vesting between 50% and 100%
At or above the 75th percentile	100%

The Board has discretion to amend the performance target, the comparator group and/or how TSR is measured and modify for events which are considered to be outside management's control.

5. Link between Group Performance, Shareholder wealth and Executive Remuneration

A key underlying principle of hipages' executive remuneration framework is that executive remuneration outcomes should be linked to business and individual performance. Understanding hipages' performance over the financial year ended 30 June 2022, and the longer term, will provide shareholders and other interested stakeholders with important context when reviewing our remuneration framework and outcomes in more detail over the coming pages of this report.

Outlined below we show hipages' performance and KMP remuneration outcomes.

5.1. hipages Performance

Summary of Group Performance

The table below summarises key indicators of the Group's performance by year and the effect on shareholder value since IPO:

Key Financials[1]		FY22	FY21	FY20	FY19	FY18
Recurring revenue	$'000	58,238	52,664	42,200	37,297	34,771
Reported revenue	$'000	61,859	55,806	46,939	42,261	41,518
EBITDA[2]	$'000	10,085	5,603	6,033	(3,143)	(2,660)
NPAT[3]	$'000	(910)	(6,199)	(4,157)	(13,629)	(10,456)
Total Tradie ARPU[4]	$	1,707	1,536	1,194	976	938
Subscription Tradies at 30 June	000's	35	31	28	24	23
DPS[5]	cents	–	–	–	–	–

1. In respect of the years FY18 to FY20, the Key Financials represent pro forma historical financial information. This information was previously presented in the prospectus of the Company dated 21 October 2020. The above pro forma information has been derived from the historical Statutory Financial Information adjusted for certain transactions, including:
   - the incremental costs associated with being a publicly listed entity assuming Completion of the Offer occurred on 1 July 2017;
   - the divestment and discontinuation of businesses as if they had occurred prior to 1 July 2017;
   - the impact of AASB 16 *Leases* which came into effect from FY20 as if it had been applied from 1 July 2017 to 30 June 2019;
   - the exclusion of restructuring costs;
   - the redemption and conversion of convertible notes and reversal of the associated interest and fair value measurement as if redemption and conversion had occurred prior to 1 July 2017;
   - the repayment of debt facilities and associated interest as if repayment had occurred prior to 1 July 2017; and
   - the income tax effect of the applicable pro forma adjustments above.
2. Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA excluding significant items, for the year ended 30 June 2022 is $10.731 million.
3. Net Profit/(Loss) after Tax.
4. Average Revenue per Tradie per annum.
5. Dividend Per Share.

6. Executive KMP Performance Outcomes

6.1. *Statutory Remuneration*

The table below has been prepared in accordance with the requirements of the Corporations Act and relevant Australian Accounting Standards. The figures provided under the equity component are based on accounting values and do not reflect actual cash amounts received by Non-Executive Directors in FY22.

	Short-term benefits			Long-term benefits	Post-employment benefits	Share-based payments			
	Salary package[1] $	Short-term incentive entitlement[2] $	Other short-term benefits[3] $	Long service leave[4] $	Superannuation benefits[5] $	Performance Rights[6] $	Total remuneration $	Proportion of remuneration that is performance based %	Proportion of remuneration that consists of Rights %
Current year ended 30 June 2022									
Roby Sharon-Zipser[7]	499,413	56,228	8,448	37,960	27,500	446,484	1,076,033	47%	41%
Melissa Fahey[8]	423,766	63,750	8,448	–	27,500	294,228	817,692	44%	36%
	923,179	**119,978**	**16,896**	**37,960**	**55,000**	**740,712**	**1,893,725**	**45%**	**39%**
Prior year ended 30 June 2021									
Roby Sharon-Zipser[7]	453,768	101,437	8,316	11,199	25,000	494,365	1,094,085	54%	45%
Melissa Fahey[8]	361,501	285,524	8,316	–	25,000	354,383	1,034,724	62%	34%
	815,269	**386,961**	**16,632**	**11,199**	**50,000**	**848,748**	**2,128,809**	**58%**	**40%**

1. Salary package refers to base salary, exclusive of superannuation.
2. The short-term incentive entitlement represents a payment in respect of the current year. The amount was finally determined on 24th August 2022 after performance reviews were completed and approved by the Board. The prior year cash bonus includes an amount paid to Melissa in respect of the successful IPO as described below in section 6.3.
3. Other short-term benefits include the non-monetary benefit related to a car park provided by the Company.
4. In accordance with AASB 119 *Employee benefits*, long service leave is classified as other long-term employee benefits.
5. Superannuation benefits represent amounts paid or payable related to services received during the year.
6. Performance rights represents the accrued expenses amortised over the vesting period. These include IPO rights which vest over a two-year period ending 11 November 2022 as described below in section 6.3.
7. The Total Fixed Remuneration for Roby remained unchanged in FY22 at $525,000 inclusive of a superannuation entitlement.
8. Effective 1 September 2021, the Total Fixed Remuneration for Melissa increased to $456,500 inclusive of a superannuation entitlement. On 25 August 2022, Melissa Fahey notified hipages of her resignation to take up a new senior leadership role with another company. Melissa will continue in her role as CFOO to support a smooth transition during her termination notice period. There is no present decision regarding Melissa's unvested performance rights on termination.

6.2. *Executive KMP Performance and Remuneration Outcomes*

Performance outcomes

The following table provides a summary of Executive KMP financial and non-financial objectives and outcomes for the 2022 financial year.

Executive Incentive Remuneration KPI Outcomes

Category	Objective	Percentage Incentive Payable		Comments
Financial	Revenue target	0%		Macro conditions resulted in non-achievement of revenue target.
Financial	EBITDA target	50%		Continued focus on operational efficiencies has resulted in hipages exceeding re-forecast target but not achieving the original target.
Non-Financial	Customer NPS Consumer NPS Employee NPS	95% 0% 166%	72.5%	Solid improvements in Customer sentiment however Tradie supply issues greatly impacted our Consumer sentiment. Significant improvement in employee engagement indicates strong trust, engagement and collaboration, excellent results after a year managing lockdowns and global talent shortages.
Non-Financial (CEO)	Individual Strategic	>100%		Roby over achieved his strategic goals for FY22.
Non-Financial (CFOO)	Individual Strategic	>100%		Melissa over achieved her strategic goals for FY22.

Remuneration outcomes

The following table sets out the annual incentive outcomes for the Executive KMP for FY22 based on achievement of financial and non-financial objectives.

Executive Incentive Remuneration KPI Outcomes

Executives	Actual Annual Incentive	% On-Target Incentive Payable
CEO	$56,228 (Cash) $131,197 (Equity value)	59.5%
CFOO	$63,750 (Cash) $118,393 (Equity value)	66.5%

The business did not achieve its Revenue target, but did achieve the EBITDA related target, with the combined metrics representing 60% of the total incentive payable. Unfortunately, the Net Promoter Score (NPS) target for Consumer (5% weighting) was also not achieved. The Customer NPS (10% weighting) was achieved at 95%. The employee Net Promoter Score (5% weighting) was over-achieved by 166%. Given there was no over-achievement component for the NPS Measure the end result was 14.5/20 or 72.5% achievement for overall NPS. The Individual Goal metric had an over-achievement component of 25% of total incentive and for the Executive KMP Roby achieved 10/25 and Melissa achieved 18/25 for this metric. Illustration of the metrics achievement is below:

KPI Type	Annual KPI Metric	Weighting	Threshold Minimum	Threshold Maximum	Incentive Component Maximum	CEO Performance Outcome	CFOO Performance Outcome
Financial	Revenue target	30%	100%	110%	Up to an additional 25% of total incentive amount payable	0%	0%
	EBITDA target	30%	100%	100%	100% of 30% of the incentive amount payable	15%	15%
Non-Financial	Net Promoter Score (Customer, Consumer, Employee)	20% (15%, 5%, 5%)	85%	100%	85% to 100% of the 20% incentive amount payable	14.5% (9.5% Customer, 0% Consumer, 5% Employee)	14.5% (9.5% Customer, 0% Consumer, 5% Employee)
	Individual targets	20%	85%	125%	Up to an additional 25% of total incentive amount payable	100% plus 40% of additional 25%	95% plus 72% of additional 25%
	Total	**100%**			**150%**	**59.5%**	**66.5%**

6.3. *Prior Year Special IPO Incentive Grant to Executives*

During the previous financial year ended 30 June 2021, the Company awarded a one-off grant of performance rights to Executive KMP to reward their efforts in the Company achieving a successful listing on the ASX. The plan vests in two equal tranches as follows:

- 50% vested on the 1st anniversary of the hipages IPO; 12 November 2021, with the remaining
- 50% vesting on the 2nd anniversary 12 November 2022.

The Rights granted to Executive KMP for nil consideration were as follows:

Name	Role	Total number of IPO incentive Rights and value of IPO grants
Roby Sharon-Zipser	Chief Executive Officer	321,429 Rights valued at $787,500
Melissa Fahey	Chief Finance and Operations Officer	110,988 Rights valued at $271,920 and cash payment of $181,280

6.4 CEO Remuneration Update

Following a comprehensive review of hipages Group's executive remuneration plan including market benchmarking of fixed remuneration and incentive structures (refer section 4. New FY23 Executive Remuneration), Roby Sharon-Zipser's remuneration will change, effective 1 September 2022. The changes bring the total remuneration package for the CEO role closer to the market benchmark. Roby's fixed remuneration will increase to $627,500, with an on-target short term incentive opportunity of 35% and a long term incentive opportunity of 30%.

7. Non-Executive Director Remuneration

The Board sets Non-Executive Director (NED) remuneration at a level which enables the attraction and retention of Directors of the highest calibre, while incurring a cost which is acceptable to shareholders. The remuneration of the Non-Executive Directors is determined by the Board on recommendation from the Remuneration and Nominations Committee within a maximum NED fee pool.

Non-Executive Directors receive a fee which includes any statutory superannuation contributions.

7.1. Fee Pool

Under the Constitution, the Board may decide the total amount paid to each Director as remuneration for their services as a Director. Under the Constitution and the ASX Listing Rules, the total amount of fees payable to all Non-Executive Directors for their services must not exceed, in aggregate in any financial year, the amount approved by Shareholders at the Company's Annual General Meeting held on 30 November 2021, a fee pool of $900,000 was approved by Shareholders.

Current NED Fees are as follows:

	Notes	Chair fee 2022 $	Member fee 2022 $
Board	1	300,000	100,000
Audit and Risk Committee	1	10,000	–
Remuneration and Nomination Committee	1	10,000	–

1. The annual base fee of the Chair of the Board is $300,000 comprising a $150,000 cash component and a $150,000 Director Equity component. The annual base fee for members of the Board is $100,000 comprising a $70,000 cash component and a $30,000 Director Equity component. Committee Chair fees are $10,000 cash per annum.

7.2. Statutory Non-Executive Directors' Remuneration Outcomes

The table below has been prepared in accordance with the requirements of the Corporations Act and relevant Australian Accounting Standards. The figures provided under the equity component are based on accounting values and do not reflect actual cash amounts received by Non-Executive Directors in FY22.

Non-Executive KMP	Fees paid in cash $	Director equity component $	Non-monetary benefits $	Superannuation $	Total remuneration $	Proportion of remuneration that consists of equity %
Current year ended 30 June 2022						
Chris Knoblanche[1]	137,512	116,866	–	13,751	268,129	44%
Stacey Brown[2]	73,341	30,000	–	7,334	110,675	27%
Nicholas Gray[3]	70,000	–	–	–	70,000	–
Inese Kingsmill[4]	73,341	30,000	–	7,334	110,675	27%
	354,194	**176,866**	**–**	**28,419**	**559,479**	
Prior year ended 30 June 2021						
Chris Knoblanche[1]	131,894	124,126	–	12,466	268,486	46%
Stacey Brown[2]	54,794	22,356	–	5,125	82,275	27%
Nicholas Gray[3]	51,973	–	–	–	51,973	–
Inese Kingsmill[4]	54,794	22,356	–	5,125	82,275	27%
	293,455	**168,838**	**–**	**22,716**	**485,009**	**–**

1. Chris was Chair of hipages Group Pty Ltd immediately prior to the incorporation of hipages Group Holdings Limited on 18 September 2020 and joining the Board of the Company. Fees paid during the prior year ended 30 June 2021 represent total fees paid for his continuous service throughout the entire period. The equity component Chris receives is described in detail in section 7.3. On 25 August 2022, Chris Knoblanche stepped down as Chair as part of his planned retirement from the hipages Board. Chris will continue as a Non-Executive Director. There is no present decision regarding Chris' unvested performance rights on retirement.
2. Stacey is entitled to receive an equity component to the value of $30,000 annually as described in section 7.3. The equity award was 7,667 shares.
3. Nicholas joined the board of hipages Group Holdings Limited on 2 October 2020. Mr Gray is not remunerated by hipages due to Mr Gray being a nominee of News Corp Australia, however hipages reimburses News Corp Australia $70,000 per annum which is equal to the cash component of Non-Executive Director remuneration that would have been paid to Nicholas.
4. Inese is entitled to receive an equity component to the value of $30,000 annually as described in section 7.3. The equity award was 8,282 shares. On 25 August 2022, Inese Kingsmill was elected Chair. Inese' remuneration package will be $215,000 p.a. inclusive of superannuation, comprising $165,000 p.a. in cash and subject to shareholder approval, $50,000 p.a. in equity, vesting immediately after grant.

7.3. Non-Executive Directors' Remuneration Details

Equity Entitlement – *non-performance based*

In addition to Director fees paid in cash, with the exception of Nicholas Gray, as a shareholder appointed Director, Non-Executive Directors are eligible for equity on an annual basis to align their interests with other shareholders and with other Directors' remuneration in the technology industry. The amounts are not sufficiently material to impact Director independence and nor does the quantum have a material dilutive impact. In addition the grant of equity conserves cash reserves. The equity entitlement component of remuneration is not linked to Board performance.

Director Equity Entitlements will be granted annually to the Chair and each Non-Executive Director, other than Nicholas Gray, as part of their remuneration arrangements. The equity entitlement is a right to receive shares in the Company every year, in addition to the cash component of the Director's salary. Under the Director Equity Entitlement:

- The Chair is granted the right to be issued $150,000 worth of Shares annually on the first anniversary of his NED appointment date, being 16 March 2020, subject to vesting conditions, which are outlined below; and
- Each Non-Executive Director (with the exception of Nicholas Gray, a shareholder nominee Director) is granted the right to be issued $30,000 worth of Shares annually on the first anniversary of the appointment date, with no vesting conditions.

The Plan Rules applicable to the Hipages Management Equity Plan (refer section 3.3) also apply to Director Equity Entitlements. All grants of Director Equity Entitlements and the issue of Shares thereunder are subject to the Company's Securities Trading Policy as well as the Corporations Act and the ASX Listing Rules.

The equity entitlements were issued to the NEDs (excluding the Chair) on 18 January 2022.

Chair Equity Entitlement – *non-performance based*

The Chair's Director Equity Entitlement is subject to time-based vesting conditions under which the entitlements vest in three equal tranches, over a three-year period. The annual equity grant on the appointment anniversary date, representing $150,000 worth of Shares, vests as follows:

- Only the first tranche of the Year 1 Director Equity Grant will vest on the first anniversary since grant date.
- The second tranche of the Year 1 Director Equity Grant will vest on the second anniversary since grant date.
- The third tranche of the Year 1 Director Equity Grant will vest on the third anniversary since grant date.

If the Chair's appointment terminates without cause prior to the second anniversary of his appointment, the Year 1 and Year 2 Director Equity Entitlement will be granted and vested on an accelerated basis on the date of termination.

The equity entitlements were issued to the Chair in two tranches on 14 January 2022 and 9 May 2022.

Calculation of the number of shares provided under the Director Equity Entitlements

The number of shares which will be provided in respect of a grant of Director Equity Entitlements will depend on the prevailing market price of hipages' shares at the time of the grant. hipages will apply the following formula to calculate the number of shares which will be provided under the Director Equity Entitlements:

Number of Shares = Value of the vested Director Equity Entitlement (or a vested tranche) / 5-day VWAP price

The '5-day VWAP price' represents the price per share equal to its volume weighted average price (VWAP) calculated over five consecutive trading days ending the day prior to grant date.

hipages will retain the discretion to satisfy the vesting of Director Equity Entitlements by a new issue of shares or the transfer of shares acquired on-market.

8. Remuneration Governance

The Board annually reviews hipages' remuneration principles, practices, strategy and approach to ensure they support hipages' long-term business strategy and are appropriate for a listed company of our size, industry and nature. Robust governance processes for remuneration matters have been put in place.

The Board takes guidance and reviews recommendations from the RNC and makes decisions on remuneration strategy and outcomes for Executive KMP, and the Executive and Non-Executive Directors.

8.1 Role of the Remuneration and Nominations Committee

The Board has delegated to the Remuneration and Nominations Committee (RNC) the responsibility for reviewing and making remuneration and Non-Executive and Executive nominations-related recommendations to the Board.

The RNC consists of Non-Executive Directors: Inese Kingsmill (Chair), Chris Knoblanche and Nicholas Gray. The CEO and Executive Director, the Chief People and Culture Officer, External Advisors and other Directors and Executives attend meetings as required at the invitation of the Committee Chair.

The RNC has remunerations governance responsibility for:

- the ongoing appropriateness and relevance of the remuneration framework for the Chair, the Board Committees and the Non-Executive Directors;
- the ongoing appropriateness of the remuneration framework for the Executive team, any changes to the framework, and the implementation of the framework including any shareholder approvals required; and
- Facilitation of a mechanism for the selection and appointment practices of the Company as well as ensuring a diversity and inclusion lens is applied to remuneration across the business.

Further detail on the Remuneration and Nominations Committee's responsibilities is set out in its Charter, which is reviewed annually and is available on the hipages website at: www.hipages.com.au > *About hipages Group* > *Investor Centre* > *Corporate Governance.*

8.2 Review of Executive KMP and Other Senior Executive Remuneration

Decision area	CEO	RNC	BOARD
KPIs	• Sets each Executive's quarterly and annual performance KPIs.	• Reviews the CEO's recommendations and provides appropriate recommendations to the Board. • Recommends to the Board the CEO's quarterly and annual KPIs	• Reviews the RNC's recommendations and approves or amends.
Vesting Outcomes	• Provides appropriate recommendations to the RNC regarding Executive incentive payments based on actual performance outcomes against approved KPIs.	• Assesses both the CEO's recommendations and the CEO's own quarterly and annual performance and remuneration outcomes against agreed targets, formulating a recommendation to the Board.	• Approves current year incentive payments.

Decision area	CEO	RNC	BOARD
Fixed Remuneration	• Provides appropriate recommendations to the RNC of the amount of fixed remuneration of the Executive Team for the future measurement period, considering general performance, market conditions and other external factors.	• Provides appropriate recommendations to the Board of the amount of the CEO's fixed remuneration for the future measurement period, considering general performance, market conditions and other external factors.	• Approves the remuneration and remuneration structure for future measurement periods including incentive targets.

8.3 *Review of Director Remuneration*

The Board seeks to set the fees for the Non-Executive Directors at a level that provides hipages with the ability to attract and retain Directors of the highest calibre, while incurring a cost that is acceptable to shareholders.

During FY22, the Board policy was that the Chair and Independent Non-Executive Directors receive remuneration for their services as Directors. Prior to the IPO a review was conducted, and a remuneration framework established for Board Director remuneration.

Non-Executive Director remuneration is additionally governed by resolutions passed at an annual general meeting of shareholders. The Group's next AGM is scheduled to take place on 10 November 2022, and the Board will not be seeking a change to Non-Executive Director remuneration at that time.

8.4 *Use of Independent Remuneration Consultants*

Remuneration consultants are engaged from time to time to provide independent information and guidance on remuneration for executives, facilitate discussion, conduct benchmarking and provide commentary on a number of remuneration issues. Any advice provided by external advisors is used as a guide and is not a substitute for the considerations and procedures of the Board and People & Culture Committee.

During the year, the People & Culture Committee appointed Ernst & Young (EY) as its primary remuneration advisor on executive remuneration matters. EY provided market practice, remuneration data, trends and assistance with stakeholder engagement matters. The RNC also accessed the salary benchmarking survey data of AON Radford.

8.5 *hipages' Share Trading Policy*

The Share Trading Policy imposes trading restrictions on all employees who are considered to be in possession of 'inside information' and additional restrictions in the form of trading windows for senior executives. Board members, senior executives and members of the broader management team are prohibited from trading in hipages shares during specific periods prior to the announcement of the half-year and full-year results. This policy applies equally to shares received as part of remuneration. The Securities Policy is available on the hipages website at: www.corporate.hipages.com.au/about-us/governance.

8.6 *hipages Board Discretion and Financial Audit*

To strengthen the governance of the remuneration strategy, the Board has complete discretion in determining any and all Executive incentive allocations. In addition, approval requests for Executive incentive payments do not get tabled to the Board until after the full financial year external audit has been completed and reviewed by the Audit and Risk Committee (ARC).

9. Equity Instrument and other disclosures relating to KMP

9.1. Share Holdings

Non-Executive and Executive KMPs or their related parties directly or indirectly held shares in hipages as detailed below.

Ordinary shares – Number ***Movement for year ended 30 June 2022***	**Balance at the beginning of the financial year 1 July 2021**	**Commenced as KMP**	**Awarded as remuneration**	**Rights converted to Shares**	**Balance at the end of the financial year 30 June 2022**
Non-Executive Directors					
Chris Knoblanche[1]	239,074	–	–	–	239,074
Stacey Brown[2]	40,816	–	–	7,667	48,483
Nicholas Gray[3]	–	–	–	–	–
Inese Kingsmill[2]	16,327	–	–	8,282	24,609
Executive Director					
Roby Sharon-Zipser[4]	8,567,841	–	–	–	8,567,841
Senior Executive					
Melissa Fahey[5]	53,838	–	–	123,135	176,973

Ordinary shares – Number *Movement for period ended 30 June 2021*	**Balance on Completion of Initial Public Offering[6] 12 November 2020**	**Commenced as KMP**	**Awarded as remuneration**	**Rights converted to Shares**	**Balance at the end of the financial year 30 June 2021**
Non-Executive Directors					
Chris Knoblanche[1]	239,074	–	–	–	239,074
Stacey Brown[2]	40,816	–	–	–	40,816
Nicholas Gray[3]	–	–	–	–	–
Inese Kingsmill[2]	16,327	–	–	–	16,327
Executive Director					
Roby Sharon-Zipser[4]	8,567,841	–	–	–	8,567,841
Senior Executive					
Melissa Fahey[5]	53,838	–	–	–	53,838

There were no shares granted during the reporting period as compensation.

1. The Chair receives Director Equity Entitlements in the form of Rights to the value of $150,000 which are granted annually on the annual appointment anniversary date (being 16 March 2020). These Rights are subject to vesting conditions and vest in three equal tranches on the 1st, 2nd and 3rd anniversary of grant date. Further information is described in section 7.3.
2. Stacey Brown and Inese Kingsmill receive Director equity entitlements in the form of Rights to the value of $30,000 which are granted annually on the annual appointment anniversary date. There are no vesting conditions and these Rights convert to Ordinary shares. Refer to section 7.3 for further details.
3. Equity entitlements will not be granted as part of his remuneration. Refer to section 7.3 for further details.
4. Shares are not granted as remuneration; however, Rights will be awarded as detailed in section 6.2. Opening and closing shares include 1,046,765 shares owned by Hipages ESP Pty Ltd ACN 605 224 128 as trustee for Hipages Employee Share Plan Trust.
5. Shares are not granted as remuneration; however, Rights will be awarded as detailed in section 6.2.
6. Balance of shares on completion of IPO represents the opening balance.

9.2. *Rights to Ordinary Shares*

Non-Executive and Executive KMPs or their related parties directly or indirectly held Rights to Ordinary Shares in hipages as detailed below.

Rights – Number *Movement for the year ended 30 June 2022*	Balance at the beginning of the financial year 1 July 2021	Commenced as KMP	Awarded as remuneration	Rights converted to Shares	Balance at the end of the financial year 30 June 2022
Non-Executive Directors					
Chris Knoblanche[1]	18,935	–	139,941	–	158,876
Stacey Brown[2]	–	–	7,667	(7,667)	–
Inese Kingsmill[2]	–	–	8,282	(8,282)	–
Executive Director					
Roby Sharon-Zipser[3]	321,429	–	83,773	–	405,202
Senior Executive					
Melissa Fahey[3]	383,655	–	58,111	(123,135)	318,631

Rights – Number *Movement for the period ended 30 June 2021*	Balance on Completion of Initial Public Offering[4] 12 November 2020	Commenced as KMP	Awarded as remuneration	Rights converted to Shares	Balance at the end of the financial year 30 June 2021
Non-Executive Directors					
Chris Knoblanche[1]	18,935	–	–	–	18,935
Executive Director					
Roby Sharon-Zipser[3]	–	–	321,429	–	321,429
Senior Executive					
Melissa Fahey[3]	272,667	–	110,988	–	383,655

1. The Chair receives Director Equity Entitlements in the form of Rights to the value of $150,000 which are granted annually on the annual appointment anniversary date, (being 16 March 2020). These Rights are subject to vesting conditions and vest in three equal tranches on the 1st, 2nd and 3rd anniversary of grant date. Further information is described in section 7.3.
2. Stacey Brown and Inese Kingsmill receive Director equity entitlements in the form of Rights to the value of $30,000 which are granted annually on the annual appointment anniversary date. There are no vesting conditions and these Rights convert to Ordinary shares. Refer to section 7.3 for further details.
3. In respect of Executive KMP, the Rights awarded as remuneration will convert to Shares subject to vesting conditions described in section 6.3.
4. Balance on completion of Initial Public Offering represents the cumulative opening balance value of rights previously awarded prior to the listing of the Company on the ASX. Other than the Rights awarded as remuneration, no other Rights were awarded in the current financial year.

10. Executive KMP Contractual Arrangements

All Executive KMP are permanent employees and have service agreements determining fixed remuneration and performance based variable incentives. The following table summarises the contractual arrangements:

	Contract details	
	Roby Sharon-Zipser	**Melissa Fahey**
Base pay per contract, inclusive of superannuation	$525,000	$456,500
Incentive Mix:		
• **STI Target, inclusive of superannuation**	$94,500	$95,865
• **LTI Target**	$220,500	$178,035
Other benefits	Car parking is provided to both, valued at $8,448 per annum.	
Notice	The termination notice period is six months' written notice by either party.	
Severance	In respect of the CEO, a severance payment of six months' Base Pay applies where termination is initiated by hipages together with the notice period which may be worked or paid in lieu at the discretion of hipages Group.[1] In respect of the CFOO, a severance payment of seven weeks' Base Pay (per the National Employment Standards for length of service) applies where termination is initiated by hipages together with the notice period which may be worked or paid in lieu at the discretion of hipages Group.[1]	
Restraints	For a period of up to 12 months in respect of both the CEO and CFOO following termination of employment, they will be subject to a restraint, which will prohibit them from, directly or indirectly: – Engaging in or performing any work in competition with the part of the business of hipages in which they worked in the 12 months preceding the termination of their employment. – Canvassing, soliciting, or enticing away the business or custom of any client, or providing products or services to any client, with whom they (or a person reporting to them) has performed work or had dealings in the 12 months preceding the termination of employment. – Inducing or encouraging any client, supplier, employee, agent, officer, contractor, partner, advisor or consultant with whom they (or a person reporting to them) has performed work or had dealings in the 12 months preceding the termination of employment, to terminate or otherwise alter their business relationship with hipages. These restraints are expressed to apply to a range of geographic areas of different sizes, namely Australia and New Zealand; Australia: New South Wales; and within two kilometres of the Sydney CBD.	

1. Other than for serious misconduct or unsatisfactory performance.

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the audit of hipages Group Holdings Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of hipages Group Holdings Limited and the entities it controlled during the period.

Mark Valerio
Partner
PricewaterhouseCoopers

Sydney
25 August 2022

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Financial Statements

for the year ended 30 June 2022

hipages Group Holdings Limited
ABN 67 644 430 839

Consolidated Statement of Profit or Loss

For the year ended 30 June 2022

	Notes	30 June 2022 $'000	30 June 2021 $'000
Continuing operations			
Revenue	2.2	**61,859**	55,806
		61,859	55,806
Expenses excluding interest, tax, depreciation and amortisation			
Employee benefits expenses	4.1	**(21,877)**	(19,416)
Marketing related expenses		**(18,754)**	(15,973)
Operations and administration expenses		**(9,107)**	(8,443)
Impairment of trade receivables	3.2	**(2,038)**	(1,322)
Transaction costs related to IPO		**–**	(4,784)
Net other income/(expenses)		**2**	**(265)**
Total expenses excluding interest, tax, depreciation and amortisation		**(51,774)**	**(50,203)**
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**10,085**	**5,603**
Depreciation and amortisation	2.3	**(10,439)**	(8,583)
Loss before interest and income tax		**(354)**	(2,980)
Finance income	2.4	**112**	265
Finance expenses	2.4	**(313)**	(3,484)
Net finance expenses	2.4	**(201)**	(3,219)
Share of loss of equity-accounted investees, net of tax	6.3	**(520)**	–
Loss before income tax from continuing operations		**(1,075)**	(6,199)
Income tax benefit	2.6	**165**	–
Loss for the period from continuing operations		**(910)**	(6,199)
Loss for the period, attributable to the members of the Group		**(910)**	(6,199)
		Cents	**Cents**
Earnings per share attributable to the ordinary equity holders of the Group:			
Basic and diluted earnings per share:			
From continuing operations	2.5	**(0.70)**	(5.04)

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2022

	30 June 2022 $'000	30 June 2021 $'000
Loss for the period attributable to members of the Company	**(910)**	(6,199)
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Foreign currency translation differences for foreign operations	**(649)**	–
Other comprehensive loss net of tax	**(649)**	–
Total comprehensive loss, attributable to owners of hipages Group Holdings Limited	**(1,559)**	(6,199)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	30 June 2022 $'000	30 June 2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents	3.1	**10,907**	30,303
Funds on deposit	3.1	**2,271**	2,271
Trade and other receivables	3.2	**1,861**	1,461
Other assets	3.3	**1,864**	1,976
Total current assets		**16,903**	36,011
Non-current assets			
Other assets	3.3	**105**	639
Other investments	3.3	**800**	800
Equity-accounted investment	6.3	**6,298**	–
Property, plant and equipment	3.4	**1,731**	1,868
Right-of-use asset	3.6	**12,312**	6,370
Intangible assets	3.5	**29,611**	11,596
Total non-current assets		**50,857**	21,273
Total assets		**67,760**	57,284
LIABILITIES			
Current liabilities			
Trade and other payables	3.7	**8,419**	7,235
Contract liabilities	3.8	**3,004**	3,715
Provisions	3.9	**1,912**	1,461
Lease liabilities	3.6	**2,324**	3,086
Current Tax Liability		**24**	–
Total current liabilities		**15,683**	15,497
Non-current liabilities			
Trade and other payables	3.7	**738**	–
Provisions	3.9	**588**	552
Lease liabilities	3.6	**11,526**	5,495
Deferred Tax Liability	2.6	**2,127**	–
Total non-current liabilities		**14,979**	6,047
Total liabilities		**30,662**	21,544
Net assets		**37,098**	35,740
EQUITY			
Issued capital	5.3	**317,639**	315,775
Reserves	5.4	**(220,039)**	(220,443)
Accumulated losses	5.5	**(60,502)**	(59,592)
Total equity		**37,098**	35,740

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

Attributable to owners of hipages Group Holdings Limited

	Notes	Contributed equity $'000	Capital reorganisation reserve $'000	Share-based payments reserve $'000	Translation and other reserves[1] $'000	Accumulated losses $'000	Total $'000
Balance at 1 July 2020		48,087	–	5,086	(1,069)	(52,724)	(620)
Loss for the period, attributable to the members of the Group		–	–	–	–	(6,199)	(6,199)
Transactions with owners in their capacity as owners:							
Contributions of equity pre-IPO		300	–	–	–	–	300
Conversion of convertible note		5,044	–	–	–	497	5,541
Settlement of risk participation fee		(1,542)	–	–	–	(1,166)	(2,708)
Capital reorganisation		(51,889)	(226,612)	–	–	–	(278,501)
New shares issued to existing shareholders		218,076	–	–	–	–	218,076
New shares issued to new shareholders under the primary offering		40,000	–	–	–	–	40,000
New shares issued to new shareholders under the secondary offering		60,424	–	–	–	–	60,424
Contributions of equity – transaction costs related to IPO		(2,795)	–	–	–	–	(2,795)
Employee share-based payments expense		–	–	2,152	–	–	2,152
Contributions of equity, net of transaction costs		70	–	–	–	–	70
Balance at 30 June 2021		315,775	(226,612)	7,238	(1,069)	(59,592)	35,740
Balance at 1 July 2021		**315,775**	**(226,612)**	**7,238**	**(1,069)**	**(59,592)**	**35,740**
Loss for the period, attributable to the members of the Group		**–**	**–**	**–**	**–**	**(910)**	**(910)**
Transactions with owners in their capacity as owners:							
Employee share-based payments expense		**–**	**–**	**2,076**	**–**	**–**	**2,076**
New shares issued for share-based payment	**5.4**	**919**	**–**	**(919)**	**–**	**–**	**–**
New shares issued to existing shareholders	**5.4**	**60**	**–**	**(60)**	**–**	**–**	**–**
Cash settled share-based payments		**–**	**–**	**(44)**	**–**	**–**	**(44)**
Contributions of equity, net of transaction costs	**7.1**	**885**	**–**	**–**	**–**	**–**	**885**
Foreign currency translation differences		**–**	**–**	**–**	**(649)**	**–**	**(649)**
Balance at 30 June 2022		**317,639**	**(226,612)**	**8,291**	**(1,718)**	**(60,502)**	**37,098**

1. Translation and other reserves incorporate foreign exchange movements as well as movements related to fair value assessments related to assets measured at fair value through other comprehensive income movement, refer Note 5.4, Reserves.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Notes	30 June 2022 $'000	30 June 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**65,203**	60,340
Payments to suppliers and employees (inclusive of GST)		**(52,512)**	(47,850)
		12,691	12,490
Transaction costs in relation to secondary offer		–	(4,771)
Interest received		**45**	231
Income taxes paid		**(150)**	–
Interest paid		–	(1,088)
Net cash flows from operating activities	3.1	**12,586**	6,862
Cash flows from investing activities			
Payments for purchase of business net of cash acquired		**(8,899)**	(88)
Payments for investments		**(6,769)**	–
Payments for property, plant and equipment	3.4	**(692)**	(368)
Payments for intangible assets	3.5	**(12,458)**	(6,806)
Proceeds from disposal of property, plant and equipment		**1**	–
Proceeds from divestments		**150**	121
Net cash flows used in investing activities		**(28,667)**	(7,141)
Cash flows from financing activities			
Proceeds from issue of shares	5.3	**919**	40,300
Payments for shares acquired by the hipages Employee Share Trust	5.4	**(919)**	–
Proceeds from borrowings		–	3,000
Repayment of borrowings		–	(16,002)
Payment of principal portion of lease liabilities	3.6	**(3,250)**	(2,733)
Payment of transaction costs on issue of new shares		–	(2,805)
Cash settlement of share-based payments		**(26)**	–
Net cash flows (used in)/from financing activities		**(3,276)**	21,760
Net (decrease)/increase in cash and cash equivalents		**(19,357)**	21,481
Cash and cash equivalents at the beginning of the period		**30,303**	8,822
Effects of exchange rate changes on cash and cash equivalents		**(39)**	–
Cash and cash equivalents at end of the period	3.1	**10,907**	30,303

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

For the year ended 30 June 2022

1. Basis of preparation

1.1. Reporting entity

These consolidated financial statements are for the Group consisting of hipages Group Holdings Limited (the 'Company' or 'parent entity') and its subsidiaries (together referred to as the 'Group' or 'Consolidated Entity' and individually as 'Group Entities') for the year ended 30 June 2022 and were authorised for issue in accordance with a resolution of the Directors on 25 August 2022.

The Company provides an online marketplace and Software-as-a-Service (SaaS) connecting tradies with residential and commercial consumers. The Company is limited by shares, incorporated and domiciled in Australia. The registered office is located at 255 Pitt Street, Sydney NSW Australia.

1.2. Incorporation, Company restructure and listing on the Australian Securities Exchange

hipages Group Holdings Limited was incorporated on 18 September 2020 and became the parent Company of hipages Group Pty Limited in a restructure where existing shareholders exchanged their shares in hipages Group Pty Limited for shares in the Company.

Prior to the restructure, hipages Group Pty Limited was the parent Company of the Group. The restructure has been accounted for as a capital reorganisation and did not result in a business combination for accounting purposes. Financial information of the Company has been presented as a continuation of hipages Group Pty Limited. Accordingly, the assets and liabilities continued to be recorded at their existing values in the Consolidated Statement of Financial Position.

On 12 November 2020, the Company successfully listed on the Australian Securities Exchange (ASX) following an Initial Public Offering (IPO) which raised $100.4 million (before costs), which included $40 million by way of a subscription into the Company and approximately $60 million by way of a secondary sell-down of existing shareholders.

1.3. Basis of preparation

These general-purpose financial statements:

- have been prepared in accordance with Australian Accounting Standards (AASBs) and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001;
- comply with International Financial Reporting Standards (IFRSs) as issued by the International Standards Board (IASB);
- have been prepared on a going concern basis;
- have been prepared under the historical cost convention except for the revaluation of financial assets and liabilities (including derivative instruments) measured at fair value through other comprehensive income; and
- are presented in Australian dollars with amounts rounded off in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 to the nearest thousand dollars, or in certain cases, the nearest dollar.

As at 30 June 2022, the Group had net assets of $37.098 million (30 June 2021: $35.740 million).

Changes in accounting policies are set out in Note 8.4, Other significant accounting policies.

1.4. Key accounting estimates

In preparing these financial statements, management is required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity that are believed reasonable in the circumstances, and are reviewed on an ongoing basis.

The areas involving a higher degree of judgement and use of an estimate are described in the relevant notes. These include:

- revenue lead credits and lead utilisation;
- capitalisation of internally generated software;
- estimation of useful lives of assets; and
- going concern.

Following the acquisition of a subsidiary (refer Note 7.1, Acquisition of a subsidiary) and an acquisition of an associate (refer Note 7.2, Acquisition of an Associate) additional judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses have been made for the first time. These include:

- valuation of deferred consideration payable on acquisition of subsidiary;and
- estimation of valuation and carrying amount of identifiable and unidentifiable intangible assets acquired following acquisition of a subsidiary and an associate during the year ended 30 June 2022.

1.5. Going concern

At 30 June 2022 the Group's current assets exceed its current liabilities by $1.220 million (30 June 2021: $20.513 million). The current liabilities include unearned income of $3.004 million as well as employee leave liabilities of $1.912 million. Whilst the leave liabilities are required to be disclosed as a current liability, a large portion of this liability is not expected to be settled within 12 months.

The Directors continually monitor the Group's working capital position, including forecast working capital requirements, to ensure there are appropriate financing strategies and funding facilities in place to accommodate financial obligations as and when they fall due. The financial report therefore has been prepared on a going concern basis.

2. Business performance

2.1. *Segment information*

Accounting policy

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Makers (CODM), being the Chief Executive Officer and the Chief Finance and Operations Officer. The results of operating segments are reviewed regularly by the CODM to assess performance of the business and to make decisions about resources to be allocated to the segment.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Operating segments that exhibit similar long-term economic characteristics, and have similar products, processes, customers, distribution methods and regulatory environments, are aggregated into segments. The Group has two reportable segments, as summarised below:

Australia: **hipages online tradie platform**	hipages is Australia's largest online tradie marketplace and Software-as-a-Service (SaaS) provider, creating effortless solutions that help tradies streamline and grow their business and delight their customers. The platform helps tradies grow their business by providing job leads from homeowners and organisations looking for qualified professionals, while enabling them to optimise their business through our SaaS product. To date, over three million Australians have changed the way they find, hire and manage trusted tradies with hipages, ultimately providing more work to over 34,000 trade businesses subscribed to the platform.
New Zealand: **Builderscrack online tradie platform**	Effective 8 December 2021, the Group acquired 100% of the issued share capital of the New Zealand domiciled MyQuote Limited, which operates the platform named 'Builderscrack'. Builderscrack is New Zealand's leading online tradie platform enabling consumers to connect with trade service providers.

Segment information

Segment revenue

The revenue from external customers reported to the CODM is measured in a manner consistent with that in the Consolidated Statement of Profit or Loss. There are no sales between segments. Segment revenue reconciles to total revenue provided in Note 2.2, Revenue.

Major customers

The Group did not derive 10% or more of its revenues from any single external customer.

2.1. Segment information (continued)

Segment result

The CODM assesses performance based on a measure of EBITDA (Earnings before interest, tax, depreciation and amortisation). In addition, when assessing performance, the CODM consider the effects of non-recurring expenditure from the operating segments such as one-off IPO listing costs, restructuring costs, asset impairments as well as any business combination acquisition transaction costs which, although expensed under IFRS, are considered to otherwise distort the operational view of the business.

Information about reportable segments

	Australia 12 months ended		New Zealand 7 months ended[1]		Total operations 12 months ended[1]	
	30-June-22 $'000	30-June-21 $'000	**30-June-22 $'000**	30-June-21 $'000	**30-June-22 $'000**	30-June-21 $'000
Sales revenue	**60,167**	55,806	**1,692**	–	**61,859**	55,806
Segment EBITDA	**9,550**	5,603	**534**	–	**10,085**	5,603
Depreciation and amortisation	**(9,372)**	(8,583)	**(1,067)**	–	**(10,439)**	(8,583)
Segment profit/(loss) before interest and tax	**178**	(2,980)	**(533)**	–	**(354)**	(2,980)
Net financing (expense)/benefit	**(202)**	(3,219)	**1**	–	**(201)**	(3,219)
Income tax (expense)/benefit	**–**	–	**165**	–	**165**	–
Segment loss after tax	**(24)**	(6,199)	**(367)**	–	**(390)**	(6,199)
Share of Loss in Associates	**–**	–	**–**	–	**(520)**	–
Net loss after tax	**(24)**	(6,199)	**(367)**	–	**(910)**	(6,199)

	Balance as at		Balance as at		Balance as at	
	30-June-22 $'000	30-June-21 $'000	**30-June-22 $'000**	30-June-21 $'000	**30-June-22 $'000**	30-June-21 $'000
Segment assets	**53,931**	57,284	**13,828**	–	**67,759**	57,284
Segment liabilities	**27,486**	21,544	**3,175**	–	**30,662**	21,544

1. Builderscrack was acquired effective 8 December 2021, and its reported results for the period 30 June 2022 have been consolidated into the results of the total operations for the year ended 30 June 2022.

2.2. Revenue

Accounting policy

AASB 15 *Revenue from Contracts with Customers* establishes a framework for revenue recognition. It is based on the principle that revenue is recognised when control of a good or service transfers to a customer, either over time or at a point in time, depending on when performance obligations are satisfied.

The following represents the two identified performance obligations:

- *the right for customers to access potential leads/jobs:* Customers have a right to have their business(es) advertised on the relevant entity's online tradie platform and/or have access to potential leads. That is the relevant entity, in the Group, will advertise the customers, business(es) on its online directories and make it available to appear in public searches made by consumers online seeking trade services. If a job is requested by a consumer in a responding geographical area and trade skill as the customer, they will be notified of the lead and have access to the lead/job.
- *the right to respond to these leads:* Customers are notified of leads/job posts and have the right to respond. Customers will use any lead credits they have purchased separately or that are included in their subscription when responding to leads. The Group will provide the customer with the consumer's contact details to be able to quote for the job.

These are recognised over time (on an output method and point in time respectively).

Consideration that is fixed or highly probable is included in the transaction price allocated to the performance obligation. The predominant billing structure for these performance obligations is either a bundled upfront fee, an upfront or ongoing subscription fee, or on a pay-per-lead fee.

The revenue from bundled upfront fees is allocated between the two performance obligations and recognised accordingly. The allocation is based on their stand-alone selling prices, and any discount is proportionately allocated.

Revenue for the right for customers to access potential leads is recognised over the subscription period agreed with the customer (which in most cases is six or 12 months). Revenue for the right to respond to leads is recognised at the time the leads are claimed.

The consolidated entity does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

Key estimate and judgement

Lead credits and lead utilisation

Lead credit is an advance payment made by the customer to hipages for leads to which they have access to respond. Once the lead credit is utilised, the customer is charged a fee per lead. The historical rate of lead credit utilisation is used to estimate:

- the future lead credit usage; and
- timing of usage, in order to assess the impact to its revenue recognition resulting from its new product offering.

Sales revenue	30 June 2022 $'000	30 June 2021 $'000
Continuing operations		
Contracts with customers – recurring revenue	**58,238**	52,664
Contracts with customers – transactional revenue	**2,419**	1,722
Rental income	**1,202**	1,420
Total revenue from continuing operations	**61,859**	55,806
Total revenue	**61,859**	**55,806**

Recurring revenue is subscription-based revenue and is recognised over time as performance obligations are satisfied. Transactional revenue is recognised at a point in time when the performance obligations are satisfied.

2.3. Depreciation and amortisation

	30 June 2022 $'000	30 June 2021 $'000
Depreciation		
Plant and equipment	**298**	289
Leasehold improvements	**532**	531
Right-of-use assets	**2,243**	1,827
Total depreciation	**3,073**	2,647
Amortisation		
Software and other intangibles	**110**	67
Capitalised development	**7,069**	5,869
Brand and Customer Contract	**187**	–
Total amortisation	**7,366**	5,936
Total depreciation and amortisation	**10,439**	8,583

2.4. Net finance expenses

Accounting policy

Finance income: Interest revenue is recognised as it accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Interest revenue is included in the financial assets classed as Fair Value through Profit or Loss and in the net fair value gain/loss on these assets. Interest is also included in the lease receivable calculation for hipages' sub-leases.

Finance expense: Interest expense is recognised as it accrues and becomes payable. Interest expense also includes hipages, lease liability interest.

	30 June 2022 $'000	30 June 2021 $'000
Finance expenses		
Interest and finance charges paid/payable	**(30)**	(2,605)
Finance Costs – lease liability interest	**(283)**	(879)
	(313)	(3,484)
Finance income		
Interest revenue calculated using the effective interest method	**112**	245
Unwind interest on deferred settlement	–	20
	112	265
Net finance costs expensed	**(201)**	(3,219)

2.5. Earnings per share (EPS)

Accounting policy

The Group presents basic and diluted EPS in the Consolidated Statement of Profit or Loss.

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in determining the basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with the dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Potential ordinary shares

Performance rights granted to employees under the employee share plans are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The rights to shares have not been included in the determination of basic earnings per share. Details relating to rights to shares are set out in Note 4.2, Share-based payment arrangements.

	30 June 2022 $'000	30 June 2021 $'000
Earnings used in calculating earnings per share		
Basic and diluted loss attributable to the ordinary equity holders of the Company – from continuing operations	**(910)**	(6,199)

	30 June 2022 Number	30 June 2021 Number
Weighted average number of shares used as denominator		
Issued ordinary shares	**131,005,489**	130,030,702
Impact of shares issued during the period	**(764,351)**	(7,121,629)
Weighted average number of ordinary shares used as the denominator	**130,241,138**	122,909,073

	30 June 2022 Cents	30 June 2021 Cents
Basic and diluted earnings per share		
Attributable to the ordinary equity holders of the Company		
From continuing operations	**(0.70)**	(5.04)

2.6. Income tax

Accounting policy

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and unused tax offsets only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amounts of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

hipages and its subsidiaries are not part of any income tax consolidated group as described under AASB Interpretation 1052.

Accounting policy: GST and other similar taxes

Revenues, expenses, and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Key estimate and judgement

The Group has not recognised deferred tax assets relating to carry forward tax losses or unused tax offsets. The utilisation of carry forward tax losses is dependent upon the extent to which they can be utilised and on the ability of the entity to satisfy certain tests at the time the losses are recouped.

Income tax expense is recognised at an amount determined by multiplying the profit before tax for the reporting period by management's best estimate of the annual effective income tax rate expected for the full financial year.

The Group's consolidated effective tax rate for the year ended 30 June 2022 was 0% (30 June 2021: 0%). This is due to the availability of carry forward tax losses and tax offsets.

2.6. Income tax (continued)

Income tax expense/(benefit)	30 June 2022 $'000	30 June 2021 $'000
Current tax		
Current tax expense/(benefit)	108	–
Deferred tax		–
Deferred tax expense/(benefit)	(273)	–
Total income tax expense/(benefit)	(165)	–

Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable	30 June 2022 $'000	30 June 2021 $'000
Loss from continuing operations before tax	(1,075)	(6,204)
Loss from discontinued operation before tax	–	6
Total profit/(loss) before income tax expense	(1,075)	(6,199)
Income tax expense/(benefit) calculated at 30%	(323)	(1,860)
Tax effect of amounts that are not deductible/(taxable) in calculating income tax:		
Share-based payments	623	587
Non-deductible expenses	8	–
Current year tax loss not recognised	1,118	5,922
Brought forward tax loss/R&D credit benefit derecognised/(used)	(982)	(9,843)
Capitalised costs not recognised through profit/(loss)	–	(653)
Interest expense on convertible note	–	303
Notional interest expense on debt facility	–	326
Non-deductible loss on Convertible Notes at IPO	–	150
Amortisation of intangible asset	101	–
Share of profit/(loss) of equity-accounted investees	55	–
Other tax adjustments	(241)	–
Adjustment recognised for prior periods	(524)	5,067
Total income tax benefit reported in the Consolidated Statement of Profit or Loss	(165)	–

2.6. Income tax (continued)

Deferred tax assets	30 June 2022 $'000	30 June 2021 $'000
The balance comprises temporary differences attributable to:		
Employee benefits	**823**	681
Capital raising costs	**1,384**	1,870
Doubtful debts	**244**	194
Accrued expenses	**216**	156
Leasehold assets	**327**	390
AASB 16 Lease liabilities	**3,936**	2,574
Intangible assets	**2**	298
Deferred tax assets not recognised to the extent of Deferred tax liabilities	**(2,952)**	(4,066)
Total deferred tax assets	**3,980**	2,097
Deferred tax liabilities		
Intangible assets	**(2,541)**	–
AASB 16 Right-of-use Asset	**(3,566)**	(2,097)
Total deferred tax liabilities	**(6,107)**	(2,097)
Net Deferred Tax	**(2,127)**	–

Tax losses	30 June 2022 $'000	30 June 2021 $'000
Unused tax losses for which no deferred tax asset has been recognised	**27,305**	30,170
Potential tax benefit @ 30%	**8,191**	9,051
Research and Development tax incentive		
Unused Research and Development offset for which no deferred tax asset has been recognised	**6,822**	4,420
Potential tax benefit @ 38.5%	**2,626**	1,702

3. Working capital and operating assets

3.1. Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the Consolidated Statement of Cash Flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the balance sheet.

The Group's exposure to interest rate risk is discussed in Note 5.1 Financial risk management.

	30 June 2022 $'000	30 June 2021 $'000
Cash at bank and in hand	**10,907**	30,303
Funds on deposit (including bank guarantees)	**2,271**	2,271

Funds on deposit include committed cash of $2.067 million held as bank guarantees for the lease of the Company's Sydney office premises. Further information is set out in Note 5.8, Contingencies.

Reconciliation of cash flows from operating activities

	30 June 2022 $'000	30 June 2021 $'000
Loss for the period	**(910)**	(6,199)
Adjustments to reconcile loss to net cash flows:		
Depreciation and amortisation	**10,439**	8,583
Share-based payments	**2,076**	1,368
Non-cash interest	**283**	2,362
Non-cash fair value adjustment to embedded derivative	**–**	1,450
Share of losses in Associates	**520**	–
Income tax expense	**(165)**	–
Gain on Disposal of Fixed Assets	**1**	–
Other non-cash items	**–**	6
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(196)**	(35)
(Increase)/decrease in other current assets	**228**	(1,094)
(Increase)/decrease in other non-current assets	**89**	–
Increase/(decrease) in trade creditors	**656**	(547)
Increase/(decrease) in contract liabilities	**(712)**	205
Increase/(decrease) in provisions	**427**	763
Cash generated from operations	**12,736**	6,862
Taxes paid	**(150)**	–
Net cash flows from operating activities	**12,586**	6,862

3.2. Trade and other receivables

Accounting policy

Trade receivables: Trade receivables are amounts due from customers for goods sold or services performed in ordinary course of business. Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. Trade and other receivables expected to be settled within 12 months of the balance sheet date are classified as current, otherwise they are classified as non-current.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables: Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Fair value of trade receivables: Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Notes to the consolidated financial statements continued

For the year ended 30 June 2022

3.2. Trade and other receivables (continued)

	30 June 2022 $'000	30 June 2021 $'000
Trade receivables	**2,582**	2,062
Less: Allowance for expected credit loss	**(813)**	(648)
	1,769	1,414
Other receivables	**92**	47
Total trade and other receivables	**1,861**	1,461

Other trade receivables represent unbilled revenue.

Ageing of the Group's trade receivables at the reporting date is as follows:	**$'000**	$'000
Not past due	**836**	684
Past due 0 – 30 days	**308**	283
Past due 31 – 90 days	**265**	206
Past due more than 90 days	**1,173**	889
Total trade receivables	**2,582**	2,062

Expected credit loss rate:	**%**	%
Not past due	**3%**	2%
Past due 0 – 30 days	**16%**	18%
Past due 31 – 90 days	**22%**	23%
Past due more than 90 days	**58%**	60%

Allowance for expected credit loss:	**$'000**	$'000
Not past due	**22**	15
Past due 0 – 30 days	**48**	51
Past due 31 – 90 days	**59**	48
Past due more than 90 days	**684**	534
Total allowance for expected credit loss	**813**	648

Reconciliation of movement – Expected credit loss	**$'000**	$'000
Opening net book amount	**648**	513
Provisions made during the year	**2,038**	1,322
Receivables written off during the year as uncollectible	**(1,873)**	(1,187)
Total expected credit loss provision	**813**	648

3.3. *Other assets and investments*

Accounting policy

Investments and other financial assets: Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition. These are strategic investments, and the Group considers this classification more relevant. Financial assets are carried at fair value and are measured by the fair value measurement hierarchy referred to in Note 5.2, Fair value measurements.

On disposal of these equity investments, any related balance within the Translation and other reserves which, incorporates fair value movements, is reclassified to retained earnings.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

	30 June 2022 $'000	30 June 2021 $'000
Other assets – current		
Deposits and prepayments	**1,335**	1,603
Lease receivable (sub leases)	**279**	223
Deferred consideration	**250**	150
Total	**1,864**	1,976
Other assets – non-current		
Lease receivable (sub leases)	**105**	398
Deferred consideration	**–**	241
Total	**105**	639

Notes to the consolidated financial statements continued

For the year ended 30 June 2022

3.3. Other assets and investments (continued)

The deferred consideration is due to be received in full by 31 December 2022.

Other investment	Fair value at 30 June 2022 $'000	Fair value at 30 June 2021 $'000
Other investment	**800**	800

The other investment relates to a 2.58% ownership interest in Rated People. Rated People an is unlisted technology platform based in the UK connecting homeowners with local tradespeople. The Group measures this investment at fair value through other comprehensive income.

3.4. Property, plant and equipment

Accounting policy: Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Profit or Loss during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. The depreciation rate for each class of assets is:

- Plant and equipment 25%
- Leasehold improvement 25% or over the lease term

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit or Loss. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

3.4. *Property, plant and equipment (continued)*

	30 June 2022 $'000	30 June 2021 $'000
Property, plant and equipment – at cost		
Leasehold improvements	**3,141**	3,141
Plant and equipment	**3,168**	2,457
Less accumulated depreciation		
Leasehold improvements	**(2,385)**	(1,853)
Plant and equipment	**(2,193)**	(1,877)
Total property, plant and equipment	**1,731**	1,868
Comprising		
Leasehold improvements	**756**	1,288
Plant and equipment	**975**	580
Total property, plant and equipment	**1,731**	1,868

Reconciliation of movement	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
Balance at 1 July 2020	514	1,809	2,323
Additions	357	10	368
Depreciation	(289)	(531)	(820)
Disposal	(3)	–	(3)
Closing balance 30 June 2021	**580**	**1,288**	**1,868**
Balance 1 July 2021	**580**	**1,288**	**1,868**
Additions	**692**	–	**692**
Depreciation	**(298)**	**(532)**	**(830)**
Disposal	**(2)**	–	**(2)**
Additions through acquisitions	**6**	–	**6**
Foreign exchange movement	**(3)**	–	**(3)**
Closing balance 30 June 2022	**975**	**756**	**1,731**

3.5. Intangible assets

Accounting policy

Goodwill: Goodwill arises on the acquisition of a business. Goodwill represents the excess of the cost of an acquisition over the fair value of the share of identifiable assets acquired at the date of acquisition. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Goodwill is allocated to Cash Generating Units (CGUs) for the purpose of impairment testing. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Brands, customer relationships and end consumer database: Acquired brands, customer relationships and the end consumer database represent the value acquired that are separately identified and fair valued at acquisition date. Acquired brands, customer relationships and the end consumer database are amortised on a straight-line basis over a 10 to 15-year period.

IT Research: Research costs are expensed in the period in which they are incurred.

Capitalised IT development: Development IT costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised from the point of which the asset is ready for use on a straight-line basis over the period of their expected benefit, being three years. Internally capitalised labour costs are treated as an investing cash flow in the consolidated statement of cash flows.

Software: Software assets include software acquired as part of a business combination and are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis, over the period of their expected benefit, being three years.

Key estimate and judgement: Impairment testing

Residual values and useful lives are reviewed and adjusted if appropriate at each financial year end. Estimation of useful lives has been based on historic experience. Any changes to useful lives may affect prospective amortisation rates and asset carrying values.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or CGU to which the asset belongs.

Goodwill: Goodwill is monitored by management at the level of operating segment identified in Note 2.1, Segment Information. The Company tests whether goodwill attributable to a CGU has been impaired on an annual basis, or more frequently if events or changes in circumstances indicate that they might be impaired. The recoverable amount of CGUs is based on value in use calculations in the case of the Australian CGU and fair value less cost of sale in the case of the New Zealand CGU, Builderscrack. These calculations require assumptions and discounting future cash flows. The assumptions are based on the best estimates at the time of performing the valuation. Cash flow projections do not include significant future investments or restructuring activities that will enhance the performance of the assets of the CGU being tested.

Impairment of non-financial assets other than goodwill: All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use by the Group. The Group makes use of information on the long-term strategy and growth rates of the markets in which the Group operates. The Group assesses impairment at each reporting date by evaluating conditions specific to the Group. Impairment triggers include technological changes or adverse economic circumstances which may impact future revenue streams.

If an indicator of impairment exists, the recoverable amount of the asset is determined.

3.5. Intangible assets (continued)

	30 June 2022 $'000	30 June 2021 $'000
Goodwill	**4,768**	785
Brands and customer relationships	**4,502**	–
Capitalised development	**19,719**	10,714
Software and other intangibles	**622**	97
Closing net book value	**29,611**	11,596

Reconciliation of movement	**Goodwill $'000**	**Capitalised development $'000**	**Brands and customer relationships $'000**	**Software and other intangibles $'000**	**Total $'000**
Opening balance at 1 July 2020	785	9,941	–	–	10,726
Additions	–	6,642	–	164	6,806
Amortisation expense	–	(5,869)	–	(67)	(5,936)
Closing balance 30 June 2021	**785**	**10,714**	–	**97**	**11,596**
Opening balance 1 July 2021	**785**	**10,714**	–	**97**	**11,596**
Additions	–	**11,903**	–	**555**	**12,458**
Amortisation expense	–	**(7,069)**	**(187)**	**(110)**	**(7,366)**
Additions through acquisitions	**4,221**	**4,250**	**4,964**	**113**	**13,548**
Foreign exchange movement	**(238)**	**(79)**	**(275)**	**(33)**	**(625)**
Closing balance 30 June 2022	**4,768**	**19,719**	**4,502**	**622**	**29,611**

3.5. Intangible assets (continued)

Key assumptions used for impairment tests for goodwill

Goodwill acquired through business combinations is allocated to the Group's CGUs as described in Note 2.1, Segment information and the carrying value is assessed for impairment at this level as presented below.

	Discount rates		Terminal growth rates		Goodwill	
	30 June 2022 %	30 June 2021 %	30 June 2022 %	30 June 2021 %	30 June 2022 $'000	30 June 2021 $'000
Australia – On-demand home improvement tradesperson platform	**11.0**	N/A[1]	**2.4**	N/A[1]	**785**	785
New Zealand – Builderscrack	**14.0**	N/A[2]	**2.5**	N/A[2]	**3,983**	–
Total intangible assets					**4,768**	785

1. In FY21, goodwill attached to the Australian segment was assessed using a Pricing Enterprise Value/Revenue Multiple of 7.48 to total actual revenue of $55.8 million. Due to business growth and complexity this method is no longer considered appropriate by management.
2. Builderscrack was acquired in the current financial year ended 30 June 2022.

The recoverable amount for the Australian CGU has been determined based on value in use calculations and the recoverable amount of the New Zealand CGU has been determined based on fair value less cost to sell calculations. Both methods use cash flow projections based on financial forecasts approved by the Board. The cash flow projections cover a five-year period. Cash flows beyond the final year of cash flows are extrapolated using a terminal growth rate.

Result of impairment testing

No impairment charge has been recorded for the year ended 30 June 2022 (30 June 2021: nil).

Impact of reasonable possible changes in key assumptions

All assumptions represent a 'best estimate' at the time of performing the valuation; however, changes in key assumptions such as interest rates and operating conditions may cause the recoverable amount of the CGUs to fall below their carrying amounts; this would result in an impairment loss being recognised. The calculation of value-in-use and fair value less cost of disposal is most sensitive to the following assumptions:

- Discount rates (pre-tax): discount rates represent the market specific rate, taking into consideration the time value of money and individual risks that have not been incorporated in the cash flow estimates.
- Long-term growth rate estimates: growth rates are based on industry research and publicly available market data related to the relevant geographical area. Over the extended forecast period, growth rate assumptions are above the terminal growth rate as the Group operates in a high-growth industry.

Builderscrack (New Zealand CGU) was acquired on 8 December 2021 and hipages has only owned this business for just under seven months at balance date. As such the Builderscrack CGU has minimal headroom at 30 June 2022, however no impairment is required and a reasonably possible change in key assumptions could result in an insignificant impairment.

3.6. Lease accounting

Accounting policy: Lease accounting

The Group leases commercial office premises. The leases are typically for fixed periods up to eight years and may include extension options. In applying AASB 16 a right-of-use asset representing the right to use the underlying asset and a corresponding lease liability representing the obligation to make lease payments are recognised at the date at which the leased asset is available for use by the Group.

Right-of-use assets:

hipages recognises right-of-use assets at the commencement date of the lease when the underlying asset is available for use. Right-of-use assets are measured at cost, comprising:

- the initial measurement of the lease liability;
- any lease payments made in advance of the lease commencement date less incentives received;
- any initial direct costs; and
- an estimate of any costs to dismantle and remove the asset at the end of the lease.

Hipages depreciates the right-of-use asset on a straight line from lease commencement date to the earlier of the end of the lease term or the end of the useful life of the right-of-use asset, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

In addition, an assessment of the right-of-use assets for impairment will be conducted when indicators of impairment exist.

Lease liabilities:

At the commencement of the lease, the lease liability is measured at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate at the time the lease was entered into.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option when the exercise of the option is reasonably certain to occur; and
- any anticipated termination penalties.

Lease liabilities are measured at amortised cost using the effective interest method.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest incurred.

The liability is remeasured to reflect lease modification or reassessment or if there are changes to in-substance fixed payments. When the lease liability is remeasured, a corresponding adjustment is made to the value of the right-of-use asset.

Subleases:

hipages acts as intermediate lessor on several subleases. These subleases are classified as finance leases or operating leases as follows:

- If the lease is a short-term lease, and hipages has applied the short-term recognition exemption, then the sublease is classified as an operating lease; and otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease. If the sublease is classified as an operating lease, hipages continues to account for the lease liability and right-of-use asset on the head lease like any other lease.
- If the sublease is classified as a finance lease, hipages derecognises the right-of-use asset on the head lease at the sublease commencement date and accounts for the original lease liability in accordance with the lessee accounting model.

3.6. *Lease accounting (continued)*

Key estimate and judgement

Extension and termination options are included in the Group's property lease. In determining the lease term which forms part of the initial measurement of the Right-of-use asset and lease liability, management considers all facts and circumstances that create economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant when assessing the extension options on the property leases:

- If there are penalties to terminate (or not extend), the Group is reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend.
- Otherwise, the Group considers other factors including historical lease duration and the costs and business disruption required to replace the leased premises.

Amounts recognised in the Consolidated Statement of Financial Position

	30 June 2022 $'000	30 June 2021 $'000
Right-of-use assets		
Buildings	**20,832**	12,647
Less accumulated amortisation	**(8,520)**	(6,277)
Total right-of-use assets	**12,312**	6,370
Reconciliation of movement		
Balance at the beginning of financial year	**6,370**	6,979
Additions arising on lease modification	**7,375**	40
Impact due to change in discount rate	**–**	1,178
Addition arising on new lease	**810**	–
Amortisation	**(2,243)**	(1,827)
Balance at the end of financial year	**12,312**	6,370

Lease liabilities		
Current	**2,324**	3,086
Non-current	**11,526**	5,495
Total lease liabilities	**13,850**	8,581
Maturity analysis – undiscounted		
Less than one year	**2,653**	3,259
One to two years	**2,390**	3,327
Two to five years	**5,458**	2,281
Over five years	**4,701**	–
Total undiscounted lease liabilities at the end of financial year	**15,202**	8,867

3.6. *Lease accounting (continued)*

Amounts recognised in the Consolidated Statement of Profit or Loss

	2022 $'000	2021 $'000
Interest on lease liabilities	**(283)**	(879)
Depreciation of right-of-use asset	**(2,243)**	(1,827)

Amounts recognised in the Consolidated Statement of Cash Flows

	2022 $'000	2021 $'000
Total cash outflow for leases	**(3,250)**	(2,733)

3.7. *Trade and other payables*

Accounting policy

Trade and other payables represent liabilities for goods and services provided prior to the end of the financial year that are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

These balances are classified as non-current if the consolidated entity has the substantive right to defer settlement for at least 12 months at the end of the reporting period, otherwise they are classified as current.

	30 June 2022 $'000	30 June 2021 $'000
Trade and other payables – current		
Trade payables	**3,029**	3,145
GST payable	**787**	685
Payroll accruals	**1,003**	749
Other payables	**3,600**	2,656
Total trade and other payables – current	**8,419**	7,235
Trade and other payables – non-current	**$'000**	$'000
Deferred consideration	**738**	–
Total trade and other payables – non-current	**738**	–

Refer Note 5.1 for further information with respect to financial risk management.

3.8. Contract liabilities

Accounting policy

Contract liabilities represent unsatisfied revenue performance obligations which expect to be recognised in future accounting periods as described in Note 2.2 Revenue.

Contract liabilities – current	30 June 2022 $'000	30 June 2021 $'000
Unsatisfied performance obligations		
Deferred revenue	**3,004**	3,715
Total contract liabilities – current	**3,004**	3,715

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $3.004 million (30 June 2021: $3.715 million) and is expected to be recognised as revenue in future reporting periods.

The entire amount is expected to be settled within 12 months of reporting date and has been recorded as a current liability.

3.9. Provisions

Accounting policy: Provisions

Provisions

Provisions are recognised when hipages has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be settled within 12 months after the end of the financial year in which the employees render the related services is recognised in the provision for employee benefits and measured at the present value of the expected future payments to be made in respect of services provided by the employees up to the end of the reporting period. Consideration is given to future wage and salary levels, experience of employee departures and period of service. The expected future payments are discounted using market yields at the end of the reporting period on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflow.

	30 June 2022 $'000	30 June 2021 $'000
Provisions – Current		
Employee benefits	**1,912**	1,461
Total provisions – Current	**1,912**	1,461
Provisions – Non-current		
Employee benefits	**267**	411
Other provisions	**321**	141
Total provisions – Non-current	**588**	552
Total provisions	**2,500**	2,013
Reconciliation of movement – Employee benefits		
Balance at the beginning of financial year	**1,872**	1,858
Provisions made during the year	**1,568**	1,031
Provisions used during the year	**(1,261)**	(1,017)
Total employee benefits provision	**2,179**	1,872
Reconciliation of movement – Other		
Balance at the beginning of financial year	**141**	86
Provisions made during the year	**180**	55
Total other provisions	**321**	141
Total provisions	**2,500**	2,013

Employee benefits provisions include liabilities for annual leave and long service leave.

4. People

4.1. Employee benefits

Accounting policy

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date, are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liabilities for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees. Further information is set out in Note 4.2, Share-based payment arrangements.

Employee benefits expensed	30 June 2022 $'000	30 June 2021 $'000
Salary costs	**17,768**	15,693
Defined contribution superannuation expense	**2,033**	1,571
Share-based payments expense	**2,076**	2,152
	21,877	19,416

Annual leave and Long service leave

Provisions for employee annual leave and long service lease are set out in Note 3.9 Provisions.

Superannuation

Obligations for contributions to accumulation superannuation plans are recognised as an expense in the Consolidated Statement of Profit or Loss as incurred. The Group makes contributions to complying accumulation superannuation plans nominated by individual employees. The Group contributes at least the amount required by law.

4.2. Share-based payment arrangements

Equity-settled and cash settled share-based compensation benefits are provided to employees.

- Equity-settled transactions are awards of shares, and rights to shares, that are provided to employees in exchange for the rendering of services.
- Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

Accounting policy: Share-based payment arrangements

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or rights to shares, that are provided to employees in exchange for services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is determined using the share price at grant date together with vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum, an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based payment expense as at the date of modification.

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, they are treated as if they have vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award are treated as if they were a modification.

A. Description of plans

Current plans

The hipages Employee Equity Plan (HEEP) was established on 1 July 2020 to assist in the attraction, motivation and retention of eligible employees. The hipages Management Equity Plan (HMEP) for senior management and Directors was established during the financial year ended 30 June 2019 and was designed to assist in the attraction, motivation and retention of senior management and Directors.

The HMEP and the HEEP are designed to align participants' performance with the interests of shareholders by providing participants the opportunity to receive Shares through the granting of Performance Rights under and pursuant to their respective terms.

In addition to the HMEP, a one-off IPO Incentive plan was established for a number of senior executives for their efforts in the Company achieving a successful listing on the ASX.

Legacy plans

Certain employees and ex-employees are participants under legacy equity plans of the Group ('Legacy Equity Plans'). The Legacy Plans have ceased to operate; no new entitlements have been issued or granted pursuant to the Legacy Equity Plans.

4.2. Share-based payment arrangements (continued)

B. Expenses arising from share-based payment transactions recognised in profit or loss

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. Total expenses recognised in the Consolidated Statement of Profit or Loss during the year ended 30 June arising from share-based payment transactions are as follows:

	30 June 2022 $'000	30 June 2021 $'000
Employee benefits expensed		
Rights issued under HMEP	**1,067**	878
Rights issued under HEEP	**219**	375
Rights issued to Non-Executive Directors	**194**	115
IPO incentive plan	**596**	784
	2,076	2,152

C. Reconciliation of outstanding share rights

hipages Management Equity Plan (HMEP)

Grant date	Expiry date	Balance at the start of the year Number	Granted Number	Additional Rights – issued as part of IPO[1] Number	Sell down[2] Number	Exercised Number	Balance at the end of the year Number
Movement for the 12 months ended 30 June 2022							
01-Jan-20	**01-Jan-25**	**435,026**	**–**	**–**	**–**	**(430,070)**	**4,956**
01-Jul-20	**01-Jul-25**	**566,291**	**–**	**–**	**–**	**–**	**566,291**
01-Oct-21	**01-Oct-26**	**–**	**365,396**	**–**	**–**	**–**	**365,396**
14-Jan-22	**14-Jan-27**	**–**	**71,104**	**–**	**–**	**–**	**71,104**
18-Jan-22	**18-Jan-27**	**–**	**15,949**	**–**	**–**	**(15,949)**	**–**
09-May-22	**09-May-27**	**–**	**68,837**	**–**	**–**	**–**	**68,837**
		1,001,317	**521,286**	**–**	**–**	**(446,019)**	**1,076,584**
Movement for the 12 months ended 30 June 2021							
01-Jan-20	01-Jan-25	3,999	–	487,574	(56,547)	–	435,026
01-Jul-20	01-Jul-25	4,607	–	561,684	–	–	566,291
		8,606	–	1,049,258	(56,547)	–	1,001,317

1. All participants had the option to exchange Rights for new Rights in hipages Group Holdings Limited. The additional Rights issued represent the exchange ratio of 122.9.
2. All participants had the option to exercise Rights into shares in hipages Group Holdings Limited. The Sell down number represents the number exchanged into shares.

4.2. Share-based payment arrangements (continued)

HMEP Incentive grants awarded during the year ended 30 June 2022

Performance rights granted during the year ended 30 June 2022 of 521,286 include 365,396 performance rights granted to senior management in relation to Company performance in FY21. The remaining performance rights were granted to Non-Executive Directors as part of their remuneration. Further details are available in the Remuneration Report.

The Company has notified senior management of its intention to grant performance rights in relation to Company performance in FY22.

An expense arising from the proposed HMEP incentive grant related to FY22 Company performance has been recognised in the profit or loss during the year ended 30 June 2022. In relation to the prior period grants, an expense continues to be recognised over the vesting period.

Senior management has an annual opportunity to receive performance rights under HMEP. The number of performance rights granted to senior management is determined having regard to a scorecard of performance conditions for the year prior to grant including revenue, EBITDA and individual performance targets. Senior management's performance against the targets is tested at the end of the relevant financial year, subject to an overriding Board discretion to evaluate performance.

Following grant of performance rights under HMEP, key features of the grants are as follows:

- Vesting of performance rights is subject to continuing employment at the relevant vesting date, subject to the Board's discretion.
- Vesting of performance rights is time based as:
  - 33% on 1 July, 12 months after grant date.
  - 33% on 1 July, 24 months after grant date.
  - 34% on 1 July, 36 months after grant date.
- No consideration is payable by a participant to exercise performance rights.

IPO Incentive Plan

Grant date	Expiry date	Balance at the start of the year Number	Granted Number	Forfeited Number	Exercised Number	Balance at the end of the year Number
Movement for the 12 months ended 30 June 2022						
21-Sep-20	**21-Sep-25**	**616,089**	**–**	–	–	**616,089**
		616,089	**–**	–	–	**616,089**
Movement for the 12 months ended 30 June 2021						
21-Sep-20	21-Sep-25	–	616,089	–	–	616,089
		–	616,089	–	–	616,089

IPO Incentive grants to management

The Company awarded a one-off grant of performance rights to the hipages senior executive team to reward their efforts in the Company achieving a successful listing on the ASX. The plan will vest in two equal tranches:

- 50% on 1st anniversary of the hipages IPO, 12 November 2021.
- 50% on the 2nd anniversary 12 November 2022.

The performance rights were granted on 21 September 2020 and the total fair value of the award allocated is $1,509,420 and the performance rights are expensed over the two-year vesting period ending 12 November 2022.

4.2. *Share-based payment arrangements (continued)*

Hipages Employee Equip Plan (HEEP)

Grant date	Expiry date	Balance at the start of the year Number	Granted Number	Forfeited Number	Exercised Number	Balance at the end of the year Number
Movement for the 12 months ended 30 June 2022						
1-Jul-20	30-Jun-25	312,727	–	(95,714)	–	217,013
1-Oct-21	30-Sep-26	–	54,734	(13,068)	–	41,666
20-Oct-21	19-Oct-26	–	38,923	(5,520)	–	33,403
15-Nov-21	14-Nov-26	–	35,418	(8,783)	–	26,635
16-Feb-22	15-Feb-27	–	33,693	(930)	–	32,763
13-May-22	12-May-27	–	68,664	–	–	68,664
10-Jun-22	9-Jun-27	–	20,742	–	–	20,742
		312,727	252,174	(124,015)	–	440,886
Movement for the 12 months ended 30 June 2021						
1-Jul-20	31-Aug -23	–	347,959	–	(35,232)	312,727
		–	347,959	–	(35,232)	312,727

HEEP incentive grants awarded during the year ended 30 June 2022

Performance rights were granted to employees during the year ended 30 June 2022. An expense arising from the HEEP incentive grant has been recognised in the profit or loss during the year ended 30 June 2022 from the date the grant was communicated to employees and is recognised over the vesting period. In relation to the prior period grants, an expense continues to be recognised over the vesting period.

At the time of joining the Group, all employees receive a tranche of performance rights.

Following grant of performance rights under HEEP, key features of the plan are as follows:

- Vesting of performance rights under HEEP will occur after release of the Group's full-year financial results in 2023, subject to continuing employment at the relevant vesting date and performance against a number of underlying conditions.
- Underlying performance conditions associated with vesting of performance rights include fulfilment of annual revenue and EBITDA targets, subject to a minimum vesting threshold of 80%.
- No consideration is payable by a participant to exercise performance rights.

4.2. *Share-based payment arrangements (continued)*

Legacy plan – ESP3

Grant date	Expiry date	Balance at the start of the year Number	Additional Rights – issued as part of IPO[1] Number	Sale[2] Number	Forfeits Number	Exercised Number	Balance at the end of the year Number
Movement for the 12 months ended 30 June 2022							
1-Jul-16	**30-Jun-25**	**665,229**	**–**	**–**	**(8,234)**	**(656,995)**	**–**
1-Jul-17	**30-Jun-25**	**290,331**	**–**	**–**	**–**	**(290,331)**	**–**
1-Jul-18	**30-Jun-25**	**213,631**	**–**	**–**	**–**	**(95,017)**	**118,614**
1-Jul-19	**30-Jun-25**	**242,393**	**–**	**–**	**–**	**–**	**242,393**
		1,411,584	**–**	**–**	**(8,234)**	**(1,042,343)**	**361,007**
Movement for the 12 months ended 30 June 2021							
1-Jul-16	30-Jun-25	5,464	666,157	(6,392)	–	–	665,229
1-Jul-17	30-Jun-25	2,362	287,969	–	–	–	290,331
1-Jul-18	30-Jun-25	1,738	211,893	–	–	–	213,631
1-Jul-19	30-Jun-25	1,972	240,421	–	–	–	242,393
		11,536	**1,406,440**	**(6,392)**	**–**	**–**	**1,411,584**

1. All participants had the option to exchange Rights for new Rights in hipages Group Holdings Limited. The additional Rights issued represent the exchange ratio of 122.9.
2. All participants had the option to exercise Rights into shares in hipages Group Holdings Limited. The Sale number represents the number exchanged into shares.

All ESP3 performance rights are fully vested and are exercisable.

Legacy plans ESP1 and ESP2

Grant date	Expiry date	Balance at the start of the year Number	Additional Rights – issued as part of IPO[1] Number	Sale Number	Forfeits Number	Balance at the end of the year held by the ESP Trust Pty Ltd Number
Movement for the 12 months ended 30 June 2022						
1-Jul-14	**30-Jun-18**	**3,597,427**	**–**	**(2,118,675)**	**–**	**1,478,752**
1-Jul-15	**30-Jun-19**	**527,562**	**–**	**(335,565)**	**–**	**191,997**
		4,124,989	**–**	**(2,454,240)**	**–**	**1,670,749**
Movement for the 12 months ended 30 June 2021						
1-Jul-14	30-Jun-18	39,029	4,758,323	(1,199,925)	–	3,597,427
1-Jul-15	30-Jun-19	5,725	697,978	(176,141)	–	527,562
		44,754	5,456,301	(1,376,066)	–	4,124,989

1. All participants had the option to exchange Rights for new Rights in hipages Group Holdings Limited. The additional Rights issued represent the exchange ratio of 122.9.

5. Capital and financial risk management

5.1. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is the responsibility of the CEO and the Chief Financial and Operations Officer and under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure to the Group and appropriate procedures, controls and risk limits. Finance reports to the Board on a monthly basis.

A. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Consolidated Statement of Financial Position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available. The expected credit losses to trade receivables have been disclosed in Note 3.2 Trade and other receivables.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than one year.

B. Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient liquidity to meet its financial obligations as they fall due.

The Group manages liquidity risk by continually monitoring forecast and actual cash flow and matching maturity profiles of financial assets and liabilities and ensuring adequate cash reserves are available.

5.1. *Financial risk management (continued)*

Contractual cash flows

The following tables detail the Group's contractual maturity for its financial instrument liabilities. The cash flows are the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the Consolidated Statement of Financial Position.

Contractual cash flows	Note	Total $'000	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Weighted average interest rate
Consolidated – 2022							
Non-interest bearing							
Trade and other payables	3.7	**9,156**	**8,419**	**738**	–	–	–
Lease liabilities	3.6	**15,202**	**2,653**	**2,390**	**5,458**	**4,701**	**2.5%**
Total cash flows		**24,358**	**11,072**	**3,127**	**5,458**	**4,701**	
Consolidated – 2021							
Non-interest bearing							
Trade and other payables	3.7	7,235	7,235	–	–	–	–
Lease liabilities	3.6	8,867	3,259	3,327	2,281	–	2.5%
Total cash flows		16,102	10,494	3,327	2,281	–	–

C. Capital management

The Group's objective when managing capital is to maintain an optimal capital structure to maximise shareholder returns allowing flexibility to pursue strategic initiatives within its prudent capital structure.

The ability of the Group to pay future dividends or conduct any form of capital return to shareholders is periodically reviewed by the Board together with the Group's future funding requirements.

D. Market risk

I. Interest rate risk

Following the IPO, the Group repaid all borrowings in full and has no significant associated interest rate risk. At the end of the financial year, the Group had no interest rate hedging or derivatives in place.

II. Price risk

The Group is not exposed to any significant price risk.

III. Foreign currency risk

The Group operates predominantly in Australia. The majority of the Group's transactions are carried out in Australian dollars. The Group's main contracts are on fixed rates in Australian dollars and hence are not exposed to foreign exchange fluctuations during the contracted term.

5.1. *Financial risk management (continued)*

At the end of the financial year, the Group had no foreign exchange hedges in place. The AUD equivalent of financial instruments denominated in foreign currencies is set out below (United Stated Dollars: USD, Philippine Pesos: PHP and New Zealand Dollars).

AUD equivalent of financial instruments denominated in foreign currency	USD $'000	PHP $'000	NZD $'000	Total AUD $'000
Financial assets				
Cash	1	53	749	**803**
Trade receivable	–	–	182	**182**
Financial liabilities				
Trade Creditors	132	1	212	**345**

IV. *Sensitivity analysis*

The analysis below reflects management's view of possible movements in relevant foreign currencies against the Australian dollar. The table summaries the range of possible outcomes that would affect the Group's net profit and equity as a result of foreign currency movements:

	Impact on post-tax benefit		Impact on other components of equity	
	30 Jun 2022 $'000	30 Jun 2021 $'000	30 Jun 2022 $'000	30 Jun 2021 $'000
NZD/AUD exchange rate – increase 10% (2021 – 10%)*	**72**	–	**(312)**	–
NZD/AUD exchange rate – decrease 10% (2021 – 10%)*	**(72)**	–	**1,184**	–
USD/AUD exchange rate – increase 10% (2021 – 10%)*	**(13)**	(7)	**–**	–
USD/AUD exchange rate – decrease 10% (2021 – 10%)*	**13**	7	**–**	–
PHP/AUD exchange rate – increase 10% (2021 – 10%)*	**5**	–	**–**	–
PHP/AUD exchange rate – decrease 10% (2021 – 10%)*	**(5)**	**–**	**–**	–

* Holding all other variables constant.

5.2. Fair value measurements

Accounting policy: Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances, and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Unless otherwise stated, the carrying amounts of financial assets and liabilities of the Group approximate their fair value.

The Group measures and recognises in the Consolidated Statement of Financial Position on a recurring basis certain assets and liabilities at fair value in accordance with AASB 13 Fair Value Measurement. The fair value must be estimated for recognition and measurement in accordance with the following hierarchy.

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings approximate their carrying amounts due to their short-term nature and the impact of discounting not being significant.

5.2. *Fair value measurements (continued)*

The Group measures and recognises unlisted securities at fair value on a recurring basis; fair value is presented below.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2022				
Assets				
Financial assets at fair value through OCI (unlisted securities)	–	–	800	800
Liabilities				
Current – Contingent consideration[1]	–	–	(738)	(738)
Non-current – Contingent consideration[1]	–	–	(738)	(738)
30 June 2021				
Assets				
Financial assets at fair value through OCI (unlisted securities)	–	–	800	800

1. The fair value of the contingent consideration financial instruments relates to the fair value of the cash component of the contingent consideration payable in respect of the acquisition of Builderscrack as described in Note 7.1, Acquisition of a subsidiary.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Levels 1, 2 and 3 for recurring fair value measurements during the year.

The fair value of financial instruments that are not traded in an active market, including the investment in the unlisted security (refer to Note 3.3, Other assets and investments) is determined using valuation techniques. These valuation techniques maximise the use of observable market data including implied valuations following a material strategic investment made during the year ended 30 June 2022. Historically a revenue multiple of 2.2 and application of an illiquidity discount has been applied to measure the fair value. Based on the data available management performed an assessment and concluded the fair value at 30 June 2022 of $800,000 is appropriate (30 June 2021: $800,000).

The valuation is sensitive to foreign exchange movements, however there is no reasonable possible change in the assumptions adopted that would materially change the fair value of the investment.

5.3. Issued capital

Accounting policy

Issued capital: Ordinary shares are classified as issued capital and form part of equity. Incremental costs directly attributable to the issue of new shares or options are shown as a deduction, net of tax, from the proceeds.

hipages Group Holdings Limited was incorporated on 18 September 2020 and became the parent company of hipages Group Pty Limited in a restructure where existing shareholders exchanged their shares in hipages Group Pty Limited for shares in the Company. Further details are set out in Note 1, Incorporation and company restructure and listing on the Australian Stock Exchange.

Ordinary shares	12 months ended 30-Jun-22 Number	12 months ended 30-Jun-21 Number	12 months ended 30-Jun-22 $'000	12 months ended 30-Jun-21 $'000
Balance at the beginning of the financial year	**130,030,702**	888,809	**315,775**	48,087
Contribution of equity pre-IPO	–	1,233	–	300
Conversion of Convertible Notes to shares	–	23,200	–	5,044
Capital reorganisation	–	(913,242)	–	(51,889)
Settlement of risk participation fee	–	–	–	(1,542)
New shares issued to new shareholders under the primary offering	–	16,326,531	–	40,000
New shares issued to new shareholders under the secondary offering	–	24,663,012	–	60,424
New shares issued to existing shareholders[1]	**15,949**	89,010,457	**60**	218,076
Share issue costs	–	–	–	(2,795)
New issue of shares as part of consideration for an acquisition[2]	**243,145**	30,702	**885**	70
New shares issued to Employee Share Trust[3]	**715,693**	–	**919**	–
Balance at the end of the financial year	**131,005,489**	130,030,702	**317,639**	315,775
Class B shares				
Balance at the beginning of the financial year	–	**11,536**	–	–
Restructure	–	**(11,536)**	–	–
Balance at the end of the financial year	–	–	–	–

1. Issue of shares during the year ended 30 June 2022 relates to equity component of Non-Executive Directors' remuneration. Further details refer to Remuneration Report. Issue of shares during the year ended 30 June 2021 relates to shares issued to existing shareholders as part of the capital reorganisation described in Note 1.
2. Issue of shares during the year ended 30 June 2022, as part of the consideration for the acquisition of MyQuote Limited trading as Builderscrack. Issue of shares during the year ended 30 June 2021, as part of the deferred consideration for the acquisition of Ninety Nine Pty Ltd.
3. Issue of shares during the year ended 30 June 2022 to the Employee Share Trust relates to hipages share-based payment arrangements; the Employee Share Trust acquires shares to satisfy its obligations as performance rights vest as described in Note 4.2, Share-based payments arrangements.

5.4. Reserves

Capital reorganisation reserve	30 June 2022 $'000	30 June 2021 $'000
Balance at the beginning of the financial year	**(226,612)**	–
Capital reorganisation	**–**	(226,612)
Balance at the end of the financial year	**(226,612)**	(226,612)
Share-based payments reserve		
Balance at the beginning of the financial year	**7,238**	5,086
Share-based payments expense	**2,076**	2,152
Shares acquired by the Employee Share Trust	**(919)**	–
Cash settled employee share rights	**(44)**	–
New shares issued to existing shareholders	**(60)**	–
Balance at the end of the financial year	**8,291**	7,238
Translation and other reserves		
Balance at the beginning of the financial year	**(1,069)**	(1,069)
Foreign currency translation differences	**(649)**	–
Balance at the end of the financial year	**(1,718)**	(1,069)
Total reserves	**(220,039)**	(220,443)

As disclosed in Note 1.2, the Company restructure has been accounted for as a capital reorganisation and the financial information of the Company has been presented as a continuation of hipages Group Pty Limited. The difference between the share capital of hipages Group Pty Limited immediately before the restructure and the share capital of the Company immediately after the restructure has therefore been recorded as capital reorganisation reserve.

5.5. Accumulated losses

Accumulated losses	30 June 2022 $'000	30 June 2021 $'000
Balance at the beginning of the financial year	**(59,592)**	(52,724)
Loss after tax for the year ended 30 June	**(910)**	(6,199)
Conversion of convertible note	–	497
Settlement of risk participation fee	–	(1,166)
Accumulated losses at the end of the financial year	**(60,502)**	(59,592)

5.6. Dividends

Accounting policy

Dividends are recognised when declared during the financial year and no longer at the discretion of the Group.

No dividends were paid during the year ended 30 June 2022 (30 June 2021: nil) and no final dividends have been declared.

5.7. Commitments

The Group has no significant capital expenditure commitments as at 30 June 2022 (30 June 2021: nil).

5.8. Contingencies

Claims The Group has various commercial legal claims common to businesses of its type that constitute contingent liabilities, none of which are deemed material to the Group's financial position.

Guarantees The Company has provided bank guarantees in place of $2.187 million (30 June 2021: $2.271 million) in relation to the lease of office premises and in respect of a credit card facility. These guarantees give rise to liabilities in the Group if it does not meet its obligations under the terms of the lease and the facility. Further details are set out in Note 3.1 Cash and cash equivalents.

Notes to the consolidated financial statements continued

For the year ended 30 June 2022

6. Group structure

6.1. Parent entity information

Accounting policy

The financial information for the parent has been prepared on the same basis as the Consolidated Financial Statements.

Investments in subsidiaries and associates are accounted for at cost. Dividends received from associates are recognised in the parent entity's profit or loss rather than being deducted from the carrying amount of these investments.

Summary of financial information	30 June 2022 $'000	30 June 2021 $'000
Balance sheet		
Current assets	**8,356**	22,734
Non-current assets	**184,386**	293,035
Total assets	**192,742**	315,769
Current liabilities	**854**	–
Non-current liabilities	**738**	–
Total liabilities	**1,592**	–
Net assets	**191,150**	315,769
Equity		
Issued capital	**317,579**	315,775
Reserves	**(919)**	–
Accumulated losses	**(125,510)**	(6)
Total equity	**191,150**	315,769
Loss for the year	**(125,504)**	(6)
Total comprehensive loss	**(125,504)**	(6)

Guarantees entered into by the parent entity

The parent entity has not provided unsecured financial guarantees. Refer Note 6.4 for further information relating to the Deed of Cross Guarantee.

Funds on deposit include committed cash of $2.067 million held as bank guarantees for the lease of the Company's Sydney office premises. Further information is set out in Note 5.8, Contingencies.

Commitments and contingencies

The parent entity has no significant expenditure commitments as at 30 June 2022 (30 June 2021: nil).

The Group has various commercial legal claims common to businesses of its type that constitute contingent liabilities, none of which are deemed material to the Group's financial position.

Refer Notes 5.7, Commitments and 5.8, Contingencies for further information.

6.2. Interest in subsidiaries

Accounting policy

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of greater than 50% of the voting rights. The existence of potential voting rights that are currently exercisable or convertible is considered when assessing whether the Group controls the entity.

Subsidiaries are consolidated from the date control is transferred to the Group. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. Intercompany transactions, balances and unrealised gains and losses on transactions between companies are eliminated.

The parent's interests in subsidiaries at 30 June 2022 are set out below. The share capital consisting of ordinary shares is held directly by the Group and the proportion of ownership interest held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

Name	Note	Country of incorporation	30 June 2022	30 June 2021
			% Ownership interest	
Parent entity				
hipages Group Holdings Ltd	1, 2	Australia		
Controlled entities				
hipages Group Pty Ltd	1	Australia	**100%**	100%
hipages Administration Pty Ltd		Australia	**100%**	100%
hipages Pty Ltd		Australia	**100%**	100%
Ninety Nine Pty Ltd		Australia	**100%**	100%
Tradie Business Solutions Pty Ltd		Australia	**100%**	100%
Home Improvement Pages Pty Ltd		Australia	**100%**	100%
hipay Pty Ltd		Australia	**100%**	100%
hipages ESP Pty Ltd		Australia	**100%**	100%
hipages Personnel Pty Ltd		Australia	**100%**	100%
hipages Philippines Pty Ltd		Australia	**100%**	100%
MyQuote Limited	3	New Zealand	**100%**	0%
Pet Pages Pty Ltd	4	Australia	**100%**	100%
Start Local Pty Ltd	4	Australia	**100%**	100%

1. These controlled entities are a party to a Deed of Cross Guarantee between those Group entities and the Company pursuant to ASIC Corporations (wholly owned Companies) Instrument 2016/785 and are not required to prepare and lodge Financial Statements and Directors' Reports as described in Note 6.4, Deed of cross guarantee. The Company and those entities are the 'Closed Group'.
2. This entity was incorporated during the year ended 30 June 2021 as described in Note 1.2.
3. Acquired during the year ended 30 June 2022.
4. The underlying business of these entities has been divested or discontinued and these entities have now been placed in Members, Voluntary Liquidation.

6.3. *Interest in associates*

Effective 3 November 2021, the Group acquired a 25% equity interest in Vendor Compare Pty Ltd trading as Bricks and Agent (B+A). B+A is incorporated in Australia and is one of Australia's leading property management technology platforms. All other equity interests are privately held and there is no publicly quoted fair value.

Accounting policy: Interest in associates

The Group's interest in equity accounted investees comprises interest in associates.

Associates are those entities in which the Group has significant influence, but no control over the financial or operating policies. Interests in associates are accounted for using the equity method. They are recognised initially at cost which includes transaction costs. Subsequent to initial recognition, the Consolidated Financial Statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees until the date significant influence ceases.

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is evidence, the Group recognises the loss as an impairment expense in the Consolidated Statement of Profit or Loss.

Key estimate and judgement

Significant influence: In addition to holding a 25% equity entitlement, through the shareholder agreement, the Group has one seat on the board of Bricks and Agent and participate in financial and operating decision making. On this basis, the Group has determined it has significant influence over this entity and it should account for this entity using the equity method.

Summarised financial information of Bricks and Agent

The following table summarises the financial information of B+A as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in B+A. Prior period comparative is nil reflecting the B+A acquisition in the current reporting period. The information presented in the table includes the results of B+A for the period from acquisition to 30 June 2022 and is inclusive of amortisation of fair value uplift on acquisition of associates.

Summarised statement of comprehensive income	30 June 2022 $'000	30 June 2021 $'000
Revenue	1,247	–
Loss from continuing operations	(732)	–
Group's share in %	25%	
Group's share in $	(183)	–
Amortisation of fair value uplift on acquisition of associate	(337)	–
Loss for the period	(520)	–

6.3. Interest in associates (continued)

Summarised financial information for associates **Summarised balance sheet**	**30 June 2022** **$'000**	**30 June 2021** **$'000**
Current assets	**3,189**	–
Non-current assets	**2,610**	–
Current liabilities	**(474)**	–
Net assets (100%)	**5,325**	–
Group's share in %	**25%**	–
Group's share in $	**1,331**	–
Goodwill	**2,346**	–
Acquired intangibles	**2,621**	–
Carrying amount	**6,298**	–

Reconciliation of movement in carrying amount of equity accounted investment		
Opening carrying amount	–	–
Investment in associate at cost	**6,818**	–
Loss for the period	**(183)**	–
Amortisation of fair value uplift on acquisition of associate	**(337)**	–
Closing carrying amount	**6,298**	–

	30 June 2022 **$'000**	**30 June 2021** **$'000**
Commitments – Associates		
Share of commitments to provide funding for the associate's capital commitments	–	–
Contingent liabilities – Associates		
Share of contingent liabilities incurred jointly with other investors of the associate	–	–

6.4. Deed of cross guarantee

hipages Group Holdings Ltd and hipages Group Pty Ltd are parties to a deed of cross guarantee under which each entity guarantees the debts of the other. By entering the deed, the wholly owned subsidiary has been relieved from the requirement to prepare a financial report and a Directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investment Commission.

The deed was first entered in June 2021.

The parties to the deed represent a 'Closed Group' for the purposes of the ASIC Instrument and are listed in Note 6.2 Interest in subsidiaries.

Consolidated Statement of Profit or Loss of the Closed Group

	30 June 2022 $'000	30 June 2021 $'000
Continuing operations		
Revenue	**28,907**	18,684
	28,907	18,684
Expenses excluding interest, tax, depreciation and amortisation		
Employee benefits expenses	**(21,450)**	(19,416)
Marketing related expenses	**(717)**	–
Operations and administration expenses	**(2,292)**	(224)
Transaction costs related to IPO	**–**	(4,784)
Net other expenses	**–**	(284)
Total expenses excluding interest, tax, depreciation and amortisation	**(24,459)**	(24,707)
Earnings before interest, tax, depreciation, and amortisation (EBITDA)	**4,448**	(6,024)
Depreciation and amortisation expense	**(3,368)**	(2,937)
Profit/(loss) before interest and income tax	**1,080**	(8,961)
Finance income	**111**	266
Finance expenses	**(328)**	(3,475)
Net finance expenses	**(217)**	(3,209)
Share of profit/(loss) of equity-accounted investees, net of tax	**(520)**	–
Profit/(loss) before income tax from continuing operations	**343**	(12,170)
Income tax expense	**–**	–
Profit/(loss) for the year from continuing operations	**343**	(12,170)

6.4. Deed of cross guarantee (continued)

Consolidated statement of Financial Position of the Closed Group

	30 June 2022 $'000	30 June 2021 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**9,831**	29,935
Funds on deposit	**2,271**	2,271
Trade and other receivables	**73**	40
Other assets	**1,876**	1,758
Total current assets	**14,051**	34,004
Non-current assets		
Other assets	**104**	639
Other investments	**800**	800
Investment in Subsidiary	**11,668**	–
Equity-accounted investment	**6,298**	–
Property, plant and equipment	**1,734**	1,867
Right-of-use asset	**11,502**	6,370
Intangible assets	**1,472**	1,229
Intercompany receivables	**37,831**	31,450
Total non-current assets	**71,409**	42,355
Total assets	**85,460**	76,359

6.4. *Deed of cross guarantee (continued)*

Consolidated statement of Financial Position of the Closed Group (continued)

	30 June 2022 $'000	30 June 2021 $'000
LIABILITIES		
Current liabilities		
Trade and other payables	**4,255**	3,582
Contract liabilities	**399**	887
Provisions	**1,879**	1,483
Lease liabilities	**2,262**	3,086
Total current liabilities	**8,795**	9,038
Non-current liabilities		
Trade and other payables	**738**	–
Provisions	**549**	551
Lease liabilities	**10,842**	5,495
Total non-current liabilities	**12,129**	6,046
Total liabilities	**20,924**	15,084
Net assets	**64,536**	61,275
EQUITY		
Issued capital	**317,639**	315,775
Reserves	**(219,390)**	(220,443)
Accumulated losses	**(33,713)**	(34,057)
Total equity	**64,536**	61,275

7. Business transactions

Accounting policy: Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability are recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

7.1. Acquisition of a subsidiary – Builderscrack

Effective 8 December 2021, the Group acquired 100% of the issued share capital of the New Zealand domiciled MyQuote Limited, trading as Builderscrack. Builderscrack is New Zealand's leading online tradie platform enabling consumers to connect with tradies.

(a) Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

	Notes	AUD$'000
Cash consideration		**7,965**
Equity consideration	5.4	**885**
Contingent consideration at fair value	5.2	**1,476**
Total consideration transferred		**10,326**
Completion amount paid		**527**
Total consideration		**10,853**

Equity consideration

The fair value of the ordinary shares issued was based on the listed share price of the Company at 8 December 2021 of $3.6398 per share with 243,145 shares issued.

Contingent consideration at fair value

The Company has agreed to pay the selling shareholders additional consideration which is contingent upon Revenue and EBITDA milestones for the year ending 30 June 2022 (NZD$3.20 million and NZD$0.65 million respectively) and the year ending 30 June 2023 (NZD$4.4 million and NZD$1.3 million respectively). Total contingent consideration of AUD$2.924 million is split evenly across each target and 50/50 between a cash and an equity component and has a fair value of AUD$1.476 million. The Revenue and EBITDA milestones are calculated in accordance with the provisions set out in the Share and Purchase Agreement.

(b) Acquisition related costs

The Group incurred acquisition related costs of $817,000 relating to external legal fees as well as taxation, accounting and other due diligence costs. These costs have been included in the purchase price of Builderscrack.

7.1. Acquisition of a subsidiary - Builderscrack (continued)

(c) Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired, and liabilities assumed, at the date of acquisition.

	AUD$'000
Cash and cash equivalents	590
Accounts receivable	190
Other current assets	124
Capitalised development	4,250
Property, plant and equipment	6
Identifiable intangibles	5,077
Trade and other payables	(162)
Income tax payable	(45)
Employee entitlements	(21)
Deferred tax liabilities	(2,560)
Total identifiable assets acquired	**7,449**

The fair values reported in the 31 December 2021 half-year financial report were reported on a provisional basis. Since acquisition date, the fair value of identifiable intangible assets has been measured as at acquisition as more information became available to better assess fair value.

(d) Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$'000
Total consideration	10,853
Acquisition related costs	817
Less: Fair value of identifiable net assets	(7,449)
Goodwill	4,221

The goodwill acquired is attributable to Builderscrack's established online tradie platform. It is the market leader in New Zealand and has partnered with hipages know-how in this space and now has high long-term growth prospects in this market. Goodwill is not deductible for tax purposes.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Goodwill is allocated to CGUs for the purpose of impairment testing.

7.2. Acquisition of an Associate

Effective 3 November 2021, the Group acquired 25% of the issued share capital of Bricks and Agent for $6.25 million plus acquisition costs. The acquisition was funded through cash reserves. Bricks and Agent is one of Australia's leading property management technology platforms.

Purchase price	100% $'000	25% $'000
Consideration transferred in cash		6,250
Acquisition costs		568
Fair value of shares	**27,271**	**6,818**

Net assets acquired	100% $'000	25% $'000
Identifiable assets acquired and liabilities assumed at book value	1,673	418
Fair value adjustment relating to assets acquired	25,598	6,400
Total identifiable and unidentifiable net assets acquired	**27,271**	**6,818**

The Company incurred acquisition-related costs of $568,000 relating to external legal fees as well as taxation, accounting, and other due diligence costs. These costs have been included in the purchase price of Bricks and Agent.

Further details are set out in Note 6.3, Interest in associates.

8. Other disclosures

8.1. *Auditor's remuneration*

	30 June 2022 $	30 June 2021 $
Audit and review services		
Auditors of the Group – PwC	**483,711**	295,800
Assurance services		
ASX Appendix 4C review	**24,000**	–
Regulatory assurance services – investigating accountant's report	–	545,000
Due Diligence services related to acquisitions	**253,000**	
	277,000	545,000
Other assurance services		
Immigration advisory services	**155,716**	17,251
Total remuneration of PricewaterhouseCoopers Australia	**916,427**	858,051

The Company seeks competitive tenders for all major consulting projects. It is the Company's policy to employ PwC on assignments additional to its statutory audit duties where PwC's expertise and experience with hipages are important. These assignments are principally due diligence reporting on acquisitions.

The Directors are satisfied that the provision of these non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that the auditor independence was not compromised.

8.2. *Related party transactions*

The Group has identified the parties it considers to be related and the transactions conducted with those parties. Other than those disclosed below, no other related party transactions have been identified.

a. Parent entity and ultimate controlling entity changes

hipages Group Holdings Limited (the Company) is the ultimate controlling entity. The previous ultimate controlling entity was hipages Group Pty Limited.

The Company was incorporated on 18 September 2020 and became the parent entity of hipages Group Pty Limited in a restructure where existing shareholders exchanged their shares in hipages Group Pty Limited for shares in the Company.

b. Subsidiaries

Effective 8 December 2021, the Group acquired 100% of the issued share capital of the New Zealand domiciled MyQuote Limited, trading as Builderscrack. Builderscrack is New Zealand's largest online tradie platform enabling consumers to connect with trade service providers.

There have been no other changes in controlled entities during the year ended 30 June 2022.

8.2. Related party transactions (continued)

c. Compensation of KMP

Compensation of key management personnel	30 June 2022 $'000	30 June 2021 $'000
Salary and short-term benefits	**1,414**	1,512
Long-term benefits	**38**	11
Post-employment benefits	**84**	73
Share-based payments	**918**	1,017
Total compensation to key management personnel	**2,453**	2,614

d. Loans to/from related parties

There are nil outstanding balances receivable from or payable to related parties (30 June 2021: Nil).

e. Other related party transactions

There have been no significant changes in the nature or amount of related party transactions of the Group during the year ended 30 June 2022.

The Company has a website hosting arrangement in place with the Elephant Room, which is a business owned by Adam Sharon-Zipser, the brother of the hipages CEO, Roby Sharon-Zipser. The arrangement is on normal commercial terms and conditions. Total fees paid to Elephant Room during the year ended 30 June 2022 were $730 (30 June 2021: $45,837). Fees paid during the year ended 30 June 2021 of $45,837 included website design services.

The Company paid News Corp $92,065 for advertising services during the year ended 30 June 2022 (30 June 2021: Nil). News Corp is a substantial shareholder. As at 30 June 2022, there was $14,051 (30 June 2021: $92,065) accrued in respect of unbilled work performed related to advertising services.

For the year ended 30 June 2022, the Company has not been charged a fee for services provided by News Corp for services provided by a non-independent Director, Nicholas Gray, for his services as a non-independent Director (30 June 2021: Nil).

For the prior year ended 30 June 2021, the Company was not charged a fee by News Corp for services provided by a non-independent Director, Stacey Brown, for her services as a non-independent director of hipages Group Pty Ltd for the period 1 July 2020 through to her resignation from this Company on 10 November 2020. Stacey is no longer employed by News Corp and is now an independent Director. She has been remunerated for services as a Director since her appointment date to hipages Group Holdings Ltd on 18 September 2020.

8.3. Events occurring after the reporting period

On 25 August 2022, Chris Knoblanche stepped down as Chair as part of his planned retirement from the hipages Board. Chris will continue as a Non-Executive Director.

On 25 August 2022, Inese Kingsmill was elected Chair.

On 25 August 2022, Melissa Fahey notified hipages of her resignation to take up a new senior leadership role with another company. Melissa will continue in her role as CFOO to support a smooth transition during her termination notice period.

There have been no other events subsequent to the balance date that would have a material effect on the Group's financial statements as at 30 June 2022.

8.4. Other significant accounting policies

a. Foreign currency translation

The Consolidated Financial Statements are presented in Australian dollars, which is the Group's presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit or Loss.

Translation differences on assets and liabilities carried at fair value are reported as part of their fair value gain or loss. Translation differences on non-monetary assets and liabilities such as instruments held at fair value through profit or loss are recognised in the profit or loss statement as part of the fair value gain or loss. Translation differences on non-monetary assets are included in the Translation and other reserve within equity.

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows, with all resulting exchange differences recognised in OCI:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; and
- Income and expenses for each profit or loss statement are translated at average exchange rates.

Goodwill and fair value adjustments arising on acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate.

b. New accounting standards adopted by the Company

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2021:

AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021*	AASB 2021-3 extends the practical expedient introduced by AASB 2020-4 *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions* by a further 12 months – permitting lessees to apply the relief to rent concessions for which reductions in lease payments were originally due on or before 30 June 2022. This does not have a material impact on the Group.
AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*	AASB 2020-8 amends AASB 9 *Financial Instruments*, AASB 7 *Financial Instruments: Disclosures*, AASB 4 *Insurance Contracts*, AASB 16 *Leases* and AASB 139 *Financial Instruments: Recognition and Measurement* to introduce practical expedients in relation to accounting for modification of financial contracts and/or leases if a change results directly from IBOR reform. Amendments also allow a series of exemptions from the regular hedge accounting rules and introduce additional disclosures requirements. This does not have a material impact on the Group.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

8.4. *Other significant accounting policies (continued)*

c. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

AASB 2020-3 *Amendments to Australian Accounting Standards Annual – Improvements 20182020 and Other Amendments*	Amendments to existing accounting standards, particularly in relation to: • AASB 1 First-time Adoption of Australian Accounting Standards simplifies the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. • AASB 3 Business Combinations –to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. • AASB 9 Financial Instruments –to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. • AASB 116 Property, Plant and Equipment –to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset. • AASB 137 Provisions, Contingent Liabilities and Contingent Assets to specify the costs that an entity includes when assessing whether a contract will be loss-making.
AASB 2020-1 and AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*	AASB 2020-1 amends AASB 101 *Presentation of Financial Statements* to require a liability be classified as current when companies do not have a substantive right to defer settlement at the end of the reporting period. AASB 2020-6 was subsequently released to defer the mandatory effective date of amendments that were originally made in AASB 2020-1 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022.
AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*	AASB 2021-2 amendments provide a definition of and clarifications on accounting estimates and clarify the concept of materiality in the context of disclosure of accounting policies.
AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations.

Directors' declaration

In the opinion of the Directors of hipages Group Holdings Limited:

(1) the financial statements and notes of hipages Group Holdings Limited for the financial year ended 30 June 2022 are in accordance with the Corporations Act 2001, including:

(a) Complying with Australian Accounting Standards, the Corporations Regulations 2001; and other mandatory professional reporting requirements.

(b) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date.

(2) the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(3) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and the Chief Finance and Operations Officer in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2022.

In accordance with a resolution of the Directors.

Chris Knoblanche
Chair

Robert Sharon-Zipser
CEO and Managing Director

Sydney
25 August 2022

Independent auditor's report to the members of hipages Group Holdings Limited

Independent auditor's report

To the members of hipages Group Holdings Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of hipages Group Holdings Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2022
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of profit or loss for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality	Audit scope
• For the purpose of our audit we used overall Group materiality of $601,000, which represents approximately 1% of revenue. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose revenue because, in our view, it is the benchmark against which the performance of the Group is most appropriately measured. • We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds for a revenue benchmark.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition for contracts with customers *(Refer to note 2.2) $61,859 thousand* Revenue recognition was a key audit matter due to its financial significance and the judgements and assumptions with respect to the following areas: • Estimation of the revenue recognised for the right for customers to access potential leads in which the revenue for the right to access leads is recognised at the time the leads are claimed. The estimate with respect to the leads pertains to the take up of leads by the customers. • Estimates of standalone selling price for contracts with multiple performance obligations.	Evaluated the Group's accounting policies for consistency with Australian Accounting Standards. The procedures employed to gather evidence in respect of revenue recognition included the following, amongst others: • Developed an understanding and evaluated the design effectiveness of the key systems underpinning each of the material revenue streams and the relevant business process controls. • Evaluated the Group's standalone selling price allocation methodology for each material revenue stream to assess whether the resulting revenue recognition was in accordance with Australian Accounting Standards. • On a sample basis, tested revenue transactions by obtaining key supporting documentation such as customer acceptances to check that the transactions occurred and that they were recognised in accordance with the Group's revenue recognition policy. • Evaluated whether revenue was recorded in the correct period by obtaining evidence of occurrence for a sample of transactions that were recorded during a defined risk period before and after year end. • With support from PwC IT specialists, evaluated the reliability of the system generated report used to calculate lead credit utilisation percentages. • Evaluated and tested on a sample basis the completeness and accuracy of the lead credit system generated report which is used by management to estimate the amount of leads utilised by the customer to determine the amount of deferred revenue recognised. • Evaluated the adequacy of disclosures in light of the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Capitalisation of software development costs *(Refer to note 3.5) $19,719 thousand* The Group develops its own software products and as a result requires judgement to determine which costs can be capitalised under Australian Accounting Standards. This includes judgement about: ● Whether a product can be completed and produce a viable software product ● Whether an activity is eligible for capitalisation ● Determination of whether the activities are identified as a capital project. ● Capitalisation of software development costs was a key audit matter due to: ○ The significance of the level of salaries and wages of the Research and Development ('R&D') function being capitalised ○ The judgement exercised in the calculation of the percentage of eligible time recorded as R&D costs to be capitalised.	We performed the following procedures, amongst others: ● Assessed the Group's accounting policies and methodology using our knowledge of the business and through discussions with various stakeholders. ● Developed an understanding of and evaluated the design effectiveness of the IT general controls over relevant systems. ● Performed procedures on a sample basis over the data within the software development projects analysis report to assess the capitalisation rate used by management. The testing included developing an understanding of the nature of the projects by: ○ Evaluating task descriptions and their related classification and assessing if capitalisable in accordance with the accounting standards; and ○ Investigating the nature of the tasks through enquiry of the relevant R&D teams ● Evaluated whether the roles of individual employees with time capitalised associated with new projects met the criteria for capitalisation considering the criteria prescribed in Australian Accounting Standards. ● Tested on a sample basis the accuracy of salaries and wages data used by agreeing to pay slips including determining whether relevant employees were appropriately classified as R&D personnel. ● Evaluated the adequacy of disclosures in light of the requirements of Australian Accounting Standards.
Acquisition of Builderscrack *(Refer to note 7.1) $11,670 thousand* During the year, the Group acquired 100% of the shares of MyQuote Limited (Builderscrack) for total consideration of $11,670 thousand including transaction costs.	Assisted by our PwC experts in aspects of our work, we performed the following procedures, amongst others: ● Evaluated the Group's accounting policy by considering the requirements of Australian Accounting Standards, key transaction agreements, our understanding obtained of

Independent auditor's report to the members of hipages Group Holdings Limited continued

Key audit matter	How our audit addressed the key audit matter
The fair value of the assets and liabilities were determined using various valuation methods, which were applied according to the assets and liabilities being measured. The Group was assisted by external experts in the process to determine the fair value of the acquired assets and liabilities at acquisition date. The acquisition of the business is complex and Australian Accounting Standards require the Group to identify all the assets and liabilities of the Builderscrack business and estimate the fair value of the acquired assets and liabilities as at the date of acquisition. The fair value of the acquired assets and liabilities may be significantly different to the historical costs. The acquisition of Builderscrack is a key audit matter because it was a significant transaction for the year given the financial impact on the Group. In addition, there is complexity and judgement involved in the valuation and allocation of the purchase price to the net assets acquired.	the business acquired and selected minutes of the board of directors meeting. ● Assessed the fair value of the acquired assets and liabilities recognised, including: ○ Assessed the scope, competence and objectivity of the Group's external experts involved in estimating the fair value of the acquired assets and liabilities. ○ Read the external valuation reports and worked with our valuation experts to assess the significant assumptions used in valuing the acquired assets and liabilities. ○ Evaluated the methodology used by the Group's valuation experts in preparing the purchase price allocation against the requirements of the Australian Accounting Standards. ● Agreed the amount of the purchase consideration paid to the transaction agreement and to bank statements and equity issued, and assessed the assumptions made in the recognition of the contingent consideration. ● Assessed the reasonableness of the note disclosures in Note 7.1 in light of the requirements of the Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Directors report and the operating and financial review. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 10 to 34 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of hipages Group Holdings Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Mark Valerio
Partner

Sydney
25 August 2022

Corporate directory

Executive Director

Robert Sharon-Zipser,
Co-Founder, Executive Director and CEO

Non-Executive Directors

Chris Knoblanche
Stacey Brown
Nicholas Gray
Inese Kingsmill

Chief Finance and Operations Officer

Melissa Fahey

Company Secretary

Kylie Quinlivan

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