Appendix 4E

hipages Group Holdings Limited

ABN 67 644 430 839

Reporting period	The year ended 30 June 2023
Previous reporting period	The year ended 30 June 2022

Results for announcement to market

		30 June 2023	Change		30 June 2022
		A$'000	A$'000	%	A$'000
Revenue					
Revenue from continuing ordinary activities	**up**	**65,893**	5,236	9%	60,657
Revenue from other activities	**down**	**1,114**	(88)	(7%)	1,202
Total revenue	**up**	**67,007**	5,148	8%	61,859
Net loss for the period attributable to members[1]	**up**	**(5,144)**	(4,234)	(465%)	(910)
Net Tangible Assets		**$ per share**	**$ per share**	**%**	**$ per share**
Net tangible asset backing per ordinary security[2]	**down**	**(0.048)**	(0.011)	(30%)	(0.037)
Dividends					
No dividend will be paid for the year ended 30 June 2023					

1. Net loss for the period attributable to members includes an impairment of $3.100 million, which is non-cash in nature and is related to the investment in the New Zealand Cash Generating Unit (CGU), Builderscrack.
2. 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.

Review of operations

A review of the Group's operations during the year ended 30 June 2023 and the results of those operations are included in the 30 June 2023 Directors' Report.

Change in ownership of controlled entities and associated entities

During the year ended 30 June 2023 the hipages equity investment in the associated entity Proptech Labs (previously known as Bricks and Agent) has decreased from 25% to 19.53%. The Company has retained a seat on the Board of Proptech Labs and significant influence of this associated entity.

There were no other changes in ownership of controlled or associated entities during the current year ended 30 June 2023.

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 2023.

This report is based on the Consolidated Financial Report for the year ended 30 June 2023 which has been audited by PwC with the Independent Auditor's Review Report included in the Annual Financial Report.

Financial Report **2023**

For the year ended 30 June 2023

Empowering our tradies

hipages Group Holdings Limited
ABN 67 644 430 839

Contents

Directors' Report 2

Remuneration Report 14

Auditor's Independence Declaration 46

Consolidated Financial Statements 47

Consolidated Statement of Profit or Loss 48

Consolidated Statement of Comprehensive Income 49

Consolidated Statement of Financial Position 50

Consolidated Statement of Changes in Equity 51

Consolidated Statement of Cash Flows 52

Notes to the Consolidated Financial Statements 53

Section 1: Basis of preparation 53

Section 2: Business performance 54

Section 3: Working capital and operating assets 63

Section 4: People 75

Section 5: Capital and financial risk management 82

Section 6: Group structure 90

Section 7: Business transactions 97

Section 8: Other disclosures 98

Directors' Declaration 103

Independent Auditor's Report 104

Corporate Directory III

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 Group, 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 2023 (FY23) 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.

Inese Kingsmill

Chair and Independent Non-Executive Director

Chair of the Remuneration and Nominations Committee (retired 1 December 2022)

B Bus MAICD

Inese joined hipages in October 2020 as an Independent Non-Executive Director and Chair of the Remuneration and Nominations Committee. Inese was elected as Board Chair in August 2022. She is also a member of the Audit and Risk Committee and Remuneration and Nominations Committee.

Experience and other directorships

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

Roby Sharon-Zipser

Co-founder, Chief Executive Officer and Executive Director

B Comm Mbr AICD CA

Roby co-founded hipages in 2004 and has been a Director of the hipages Board since 2005.

Experience and other directorships

Roby commenced his career as an 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 CA GAICD

Stacey joined hipages in March 2019 as a Non-Executive Director. Stacey was Chair of the Audit and Risk Committee until release of the FY23 financial statements in August 2023. Stacey has accepted the role of Chief Financial Officer of the Foxtel Group (NXE Australia Pty Ltd) and has retired from the hipages Board effective 25 August 2023.

Experience and other directorships

Stacey was previously the Chief Financial Officer of Laser Clinics Australia from January 2021 to April 2023 and Chief Financial Officer of News Corp Australia (NCA) until April 2020. Stacey 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 NCA.

Prior to NCA, 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)

Nicholas joined hipages in October 2020 and is a member of the Remuneration and Nominations Committee. Nicholas is a nominee director for substantial shareholder News Corp Australia.

Experience and other directorships

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

He is a Director (and former Chair) of ThinkNewsBrands and a Non-Executive Director of the UNSW Foundation.

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

Kate Mills

Independent
Non-Executive Director

Chair of the
Remuneration
and Nominations
Committee (appointed
1 December 2022)

BA/LLB (ANU)
Master of Laws (UNSW)

Kate joined hipages in December 2022. Kate is Chair of the Remuneration and Nominations Committee and a member of the Audit and Risk Committee.

Experience and other directorships

Kate is a commercial lawyer with more than 25 years' experience in private practice and corporate roles, specialising in capital markets, public and private mergers and acquisitions, and corporate governance. She is a Partner at Gadens law firm, having previously been a Partner at King and Wood Mallesons.

She has also been general counsel at iSelect Ltd, government body FASEA, senior in-house counsel to ASX (market and listing rules enforcement) and was a senior policy advisor to the Federal Treasury, including as Head of the ASIC Enforcement Review Taskforce.

Kate is currently the Chair of Biennale of Sydney Ltd and formerly Director of ICLC Foundation Ltd and Refugee Advice and Casework Service.

Kate holds a Bachelor of Arts and Laws.

Date of appointment to hipages Group Holdings Limited: 1 December 2022

Chris Knoblanche AM

Independent
Non-Executive Director

B Comm CA FCPA

Chris joined hipages in March 2020 as Chair and Independent Non-Executive Director. Chris stood down as Chair in August 2022. He is a member of Audit and Risk Committee. Chris has retired from the hipages Board effective 25 August 2023.

Experience and other directorships

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 is the Chair of PM Capital Global Opportunities 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, the Environment Protection Authority of NSW, Hallmark General Insurance, Hallmark Life Insurance, Latitude Insurance and PM Capital Asian Opportunities Fund.

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

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

Adir Shiffman

Independent
Non-Executive Director

MBBS, Medicine

Adir joined hipages in July 2023 as an Independent Non-Executive Director and member of the Remuneration and Nominations Committee.

Experience and other directorships

Adir is an accomplished technology sector founder, investor, and the Executive Chairman of ASX-listed global athlete analytics business Catapult Sports (ASX: CAT). A registered medical practitioner with a particular interest in subscription software, e-commerce and health technology. He has advised many of Australia's largest companies, startups and early-stage companies on their online strategy and execution.

Adir holds a Bachelor of Medicine, Bachelor of Surgery from Monash University. Prior to becoming involved in the technology sector, he practised as a doctor.

Date of appointment to hipages Group Holdings Limited: 7 July 2023

Company secretaries

Kylie Quinlivan

Bachelor of
Commerce-Law (Hons)
Master of Laws

Kylie joined hipages as General Counsel and Company Secretary in October 2021. Kylie is a top-tier trained corporate lawyer with over 17 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.

Lucy Thompson

Bachelor of Science in
Medical Science and
Juris Doctor

Lucy joined hipages as Legal Counsel in January 2022 and was appointed Assistant Company Secretary in December 2022. Lucy holds a Bachelor of Science in Medical Science and a Juris Doctor from the University of Technology Sydney. She has a certificate in Governance Practice from the Governance Institute of Australia.

Principal activities

hipages Group is Australia and New Zealand's (ANZ's) largest online tradie marketplace and Software-as-a-Service (SaaS) platform, connecting tradies with residential and commercial consumers through its platforms hipages (Australia) and Builderscrack (NZ). To date, over four million Australians and New Zealanders have used hipages Group to change the way they find, hire and manage trusted tradies, providing work to over 35,000 subscribed trade businesses.

Tradiecore, hipages Group's proprietary job management SaaS platform, is key to the Company's strategic evolution from marketplace to platform. Tradiecore helps tradies build better businesses by managing their whole workflow from lead generation through to completion and payment.

hipages Group also has a minority ownership stake in Proptech Labs (previously named Bricks and Agent), the ANZ market leader for property management productivity software.

Operating and financial review

For the 12 months ended 30 June 2023 hipages Group delivered continued growth in its key financial and operating metrics.

A reconciliation of reported results in the Financial Statements to non-IFRS (International Financial Reporting Standards) numbers in the Directors' Report is provided below.[1]

Result overview

Summary of Group Performance	Total 30 June 2023 $'000	Total 30 June 2022 $'000	Change %
Sales revenue			
Revenue from continuing ordinary activities	**65,893**	60,657	**9%**
Revenue from other activities	**1,114**	1,202	**(7%)**
Total Revenue	**67,007**	61,859	**8%**
Statutory EBITDA (from continuing operations)	**9,424**	10,085	**(7%)**
Add back items which are one off in nature:			
Goodwill impairment of New Zealand subsidiary (Builderscrack)	**3,100**	–	**>100%**
Write back of deferred consideration related to acquisition of New Zealand subsidiary (Builderscrack)	**(369)**	–	**>100%**
Non-recurring remuneration	**130**	646	**(80%)**
EBITDA before significant items	**12,285**	10,731	**14%**
EBITDA margin	**18%**	17%	**1 ppt**
Statutory net loss	**(5,144)**	(910)	**(465%)**
Net cash inflows from operating activities	**15,697**	12,586	**25%**
Cash	**8,540**	10,907	**(22%)**
Cash and funds on deposit	**10,727**	13,178	**(19%)**

Key Operational Metrics	30 June 2023	30 June 2022	Change (%)
MRR ($m)	**6.310**	5.466	**15%**
Subscription tradies (000's)	**35.7**	34.6	**3%**
ARPU ($)	**1,872**	1,707	**10%**

1. The hipages financial report complies with Australian Accounting Standards and International Financial Reporting Standards. The statutory results have been adjusted for 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.

Performance review

Key operational highlights

Key highlights[2] include:

- Strong business momentum driven by countercyclical model, with record tradie demand in the second half (H2);
- Revenue from ordinary activities up 9% to $65.893 million (up 7% LFL), with total revenue up 8% to $67.007 million (up 7% LFL);
- Recurring revenue up 8% to $62.931 million, comprising 94% of total revenue;
- MRR[3] up 15% to $6.310 million at June 2023, with strong momentum in H2;
- EBITDA[4] before significant items up 14% to $12.285 million, reflecting an EBITDA margin of 18%, up one percentage point;
- Subscription tradies up 3% to 35.7k[5];
- ARPU[6] up 10% to $1,872, with hipages Australia up 11% to $1,985;
- Strategic evolution from marketplace to platform continues, with delivery of key Tradiecore functionality including tradie profiles, accounting system integrations and payments solution;
- Cash flow positive in H2 with $10.727 million cash and funds on deposit and no debt at period end; and
- Inflection point approaching in FY24 as operating leverage drives margin expansion and positioning the Company to become sustainably cash flow positive.

FY23 operational performance

hipages Group ended FY23 carrying significant momentum, with the countercyclicality of the business model becoming increasingly evident. Having emerged from a challenging post-COVID trading environment, the Group's key metrics and other lead indicators clearly show how the Group benefits from cooling economic activity.

The first half of the financial year (H1) was still impacted by the post-COVID overhang of unprecedented consumer demand and constrained tradie supply. Despite this, the Group delivered continued revenue growth, while executing key strategic milestones and tightly managing costs and cash. In H2, weaker consumer demand drove increased competition among tradies, providing the Group's marketplaces with strong momentum.

A slower H1 did impact revenue growth, however MRR growth accelerated strongly in H2, closing the year up 15% at $6.310 million. Total revenue for FY23 was up 8% to $67.007 million, with operating revenue up 9% to $65.893 million. Recurring revenue was up 8% to $62.931 million, comprising 94% of total revenue.

Demand for the Group's services from new and returning customers reached record levels, with subscription tradies growing by 3% to 35,700, as tradies continue to join at record yields and ascend to higher-priced packages. New business yields were up 26% on FY22, with subscription prices increasing by 7% on average and dynamic lead pricing driving increased credit usage and ascensions to higher tiers. This drove strong ARPU growth of 10% to $1,872, or up 11% to $1,985 for the core hipages business in Australia.

Job volumes normalised from the exceptional highs of the prior year, down 13%, however this balanced the marketplace as tradies responded to more jobs faster, with 85% of jobs claimed in H2, up seven percentage points from H1. This greatly improved the experience for consumers, who posted over 1.4 million jobs in FY23. Paid connections, which occur when a tradie claims a job lead, triggering usage of lead credits in line with the lead price, were up 7% on the pcp to 1.380 million in H2.

2. A comparison refers to the prior corresponding period (pcp) unless otherwise stated.
3. MRR: Monthly Recurring Revenue at 30 June 2023 (inclusive of GST).
4. EBITDA: Earnings Before Interest, Tax and Depreciation and Amortisation.
5. Subscription tradies includes 3,400 New Zealand paying tradies of Builderscrack.
6. Average Annual Revenue Per Unit (i.e. Tradie ARPU) is the annual operating revenue (total revenue from ordinary activities) 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 $1,872 is the blended result of hipages' ARPU of $1,985 and Builderscrack's ARPU of $794.

EBITDA before significant items increased by 14% to $12.285 million, with marketing efficiencies, focused expense management and enhanced operating leverage driving the EBITDA margin up one percentage point to 18%. The Group's efficient marketing strategy delivered a seven percentage point improvement in marketing expense as a percentage of revenue, with 80% of jobs coming from unpaid channels and 72% of jobs from repeat consumers.

The Group reported a full year net loss after tax of $5.144 million, of which $3.100 million was driven by a non-cash impairment charge on Builderscrack, the Group's New Zealand business. Importantly, the Group was cash flow positive in the second half, marking an important milestone as the Group targets positive net cash flow in FY24.

Executing the strategy

While the countercyclicality of the hipages Group business model is favourable in the near term, the Group is evolving its strategy to a single tradie platform to reduce its exposure to the economic cycle and open up new opportunities for growth.

This evolution from a marketplace business to a full-service tradie platform is enabled by Tradiecore, the Group's proprietary SaaS solution and end-to-end platform to help tradies run better businesses. Tradiecore is expected to deliver significantly enhanced customer retention and customer lifetime value by offering a range of value-added services to drive future revenue opportunities.

In FY23, important new features and functionality were rolled out for Tradiecore, including accounting system integrations with Xero, MYOB and QuickBooks and a payments feature developed with Stripe. Currently, of more than 32,000 tradie customers in Australia, less than 2,000 regularly use Tradiecore to manage their workflow. This represents an opportunity to migrate and provide existing customers with value-added services, as well as attracting new customers who don't currently use hipages for lead generation.

The next step in this evolution will be the integration of the full tradie workflow, currently managed through two separate applications, into a single platform, which is expected in FY24. Once complete, tradie customers will be able to complete an entire job, from lead claim to completion and payment, within a single app interface, removing any unnecessary friction. Users will also have access to a dashboard that will provide detailed ROI metrics. Over time, the rich data received from Tradiecore will provide powerful insights to further enhance the user experience for tradies, as well as develop new products and services for consumers to drive future growth.

For Builderscrack, the Group's New Zealand (NZ) marketplace business, FY23 was a more challenging year. The business' commission model, where revenue is driven by job volume and value, was impacted by a difficult macroeconomic environment and severe weather events in NZ. The Builderscrack team managed to maintain revenue in this environment, while adjusting the cost base effectively to support a 21% EBITDA margin. Drawing on the experience of hipages in Australia, Builderscrack is undergoing a strategic transition to a subscription model to reduce cyclicality. This is expected to take place over the next 12 months. As a result of lower expected near-term job volumes, hipages Group recognised a non-cash goodwill impairment of $3.100 million on the value of Builderscrack in FY23.

Bricks and Agent, the property management software provider in which hipages Group has held a minority stake since 2021, was rebranded to Proptech Labs during the period. Following the acquisitions of Maintenance Manager and Inspection Manager, Proptech Labs is now the ANZ market leader for property management productivity software, with over one million properties under management. The business has grown at a 30% compound annual growth rate since 2020. Its latest fundraise demonstrates the valuation has increased by 70% since the Group originally invested $6.250 million for a 25% share in FY22.

Net debt/Net cash

The Group reported strong positive statutory operating cash flow of $15.697 million (30 June 2022: $12.586 million). Cash outflow from investing activities was $15.503 million (30 June 2022: $28.667 million). The decrease in investing cash flows is attributable to the one-off prior year payments made in respect of the acquisition of Builderscrack of $8.636 million and the investment made in Proptech Labs (previously known as Bricks and Agent) of $6.769 million. Cash payments for intangible assets increased by $2.950 million to $15.408 million during the year ended 30 June 2023 as the business continues to invest in the underlying technology platform.

Importantly, the business was cash flow positive in H2, with total net cash flow of $1.028 million in the second half.

hipages closed 30 June 2023 with cash and funds on deposit of $10.727 million (30 June 2022: $13.178 million) and no debt.

FY24 outlook

The Group's outlook for FY24 is positive, with the core marketplace business carrying strong trading momentum. This is expected to continue, as the countercyclicality of the Group's business model benefits from softer consumer demand and stronger competition among tradies.

The Group's subscription model provides strong visibility over future revenues, and the team's disciplined focus on managing costs provides confidence in margins. For FY24, the Group targets revenue growth in the low teens and the EBITDA margin of approximately 20%.

With technology investment to stabilise at its current levels, enhanced operating leverage should translate into margin expansion and enable the business to target sustainable positive free cash flow[1] from the second half of FY24.

Material business risks

Risk categories	Key business risks and impact	Mitigation and monitoring strategies
Marketplace performance	**Failure to attract new tradies** If hipages is unable to attract new tradies to the platform at the pricing level hipages currently expects, this may adversely impact hipages' financial performance and growth.	• Continue to invest in technology to evolve the hipages platform and consolidate online market leading position[2] in the tradie segment • Look to enhance offering by adding new adjacent services in the tradie ecosystem
	Tradie churn on the platform If significant numbers of tradies churn, this may adversely impact hipages' operations and financial performance.	• Continue to evolve to a SaaS model through a single tradie platform including Tradiecore job management solution and associated expansion services • Look to enhance the offering by adding new adjacent services in the tradie ecosystem • Roll out enhanced functionality in core product
	Material reduction in jobs If hipages has a material reduction in the number of jobs posted by consumers on the platform, including as a result of macroeconomic conditions, then the hipages marketplace may become imbalanced affecting tradies' experience. Whilst indirect, this may have an adverse impact on hipages' financial performance and growth.	• Invest in brand and marketing activities like SEO to drive consumer jobs on the hipages platform • Tactically reallocate performance marketing spend to drive more job volumes when required

1. Free cash flow refers to operating cash flow less lease repayments, less investing cash flow.
2. Based on home improvement jobs posted monthly.

Risk categories	Key business risks and impact	Mitigation and monitoring strategies
	Growth and profitability dependent on active community If either tradies do not renew their subscriptions to the platform, and/or consumers do not post jobs in the quantities they have previously posted, the activity of the marketplace will decline and this may adversely impact the Company’s financial performance.	• Invest in brand, product and technology on both sides of our marketplace
Technology and data	**Technology** If hipages technology experiences downtime or systems failures for a prolonged period, the Company may not be able to provide its services and this may have an adverse impact to revenue. Further, if hipages does not develop innovative technology, it may lose market share to its competitors.	• Continued investment in technology to enhance the platform for long-term growth • Teams experiment with and incorporate new technology, such as AI, to optimise existing processes
	Cybersecurity and data protection Whilst hipages has systems in place to secure its data, cyberattacks could compromise or breach these safeguards.	• The Company’s security program applies a risk-based approach to tackling current and emerging cyber security threats and vulnerabilities • Regular assessment of cyber security controls, monitoring of third-party providers, targeted internal and external penetration testing and externally facilitated tabletop exercises
Macroeconomic deterioration	**Significant deterioration in macroeconomic conditions** A significant deterioration in macroeconomic conditions may cause softer consumer demand as well as cause tradies to reduce marketing spend, resulting in hipages attracting fewer new tradies and higher tradie churn and less jobs.	• Subscription model provides recurring revenue which helps smooth volatility • Countercyclicality of model means softer consumer demand may balance the marketplace and increases the importance of the platform for tradies to source jobs • Reminding tradies that hipages provides a high ROI channel for tradies to find work in a lower demand environment, making it more attractive

Changes in the state of affairs

There were no significant changes in the state of affairs during the year ended 30 June 2023.

Environmental regulations and climate change

The Group's operations are not subject to any significant Commonwealth or State environmental regulations or laws. The Group is aware of the general risks associated with climate change and continues to be committed to operating sustainably. hipages will provide an Environmental Social Governance (ESG) snapshot in the 2023 Annual Report.

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 2023 or the previous year ended 30 June 2022.

Directors' meetings

	Board meetings		Audit and Risk Committee meetings		Remuneration and Nominations Committee meetings	
Director	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**
Inese Kingsmill	12	12	6	6	3	3
Roby Sharon-Zipser	12	12	–	–	–	–
Stacey Brown	12	12	6	6	–	–
Nicholas Gray	12	12	–	–	3	3
Chris Knoblanche	12	12	6	6	1	1
Kate Mills	6	5	2	2	2	2
Adir Shiffman	–	–	–	–	–	–

Adir Shiffman joined the Board subsequent to 30 June 2023.

Directors' interest in shares and share rights

Director	Shares held at reporting date 30-Jun-22	Rights held at reporting date 30-Jun-22	Shares held at reporting date 30-Jun-23	Rights held at reporting date 30-Jun-23
Inese Kingsmill	24,609	–	**24,609**	–
Roby Sharon-Zipser	8,567,841	405,202	**8,987,848**	**248,410**
Stacey Brown	48,483	–	**71,309**	–
Nicholas Gray	–	–	–	–
Chris Knoblanche	239,074	158,876	**239,074**	**158,876**
Kate Mills	–	–	–	–
Dr Adir Shiffman	–	–	–	–

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, Indemnity and Insurance 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.

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 as detailed below:

Audit and review services	30-Jun-23 $	30-Jun-22 $
Auditors of the Group – PwC	**409,000**	483,711
Assurance and other services		
Due Diligence services related to acquisitions	–	253,000
ASX Appendix 4C review	**6,000**	24,000
Immigration advisory services	–	155,716
Total auditor remuneration for non-audit services	**6,000**	432,716
Total fees paid to auditor – PwC	**415,000**	916,427

The Directors are satisfied that the provision of these non-audit services during the year by the auditors 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

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected the Group's operations, results or state of affairs.

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 46.

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

Inese Kingsmill
Chair

Roby Sharon-Zipser
CEO and Executive Director

Sydney
24 August 2023

I was pleased to find a well-established RNC process, with strong management providing effective oversight.

Remuneration Report

Dear Shareholder,

It is my pleasure, on behalf of the hipages Board of Directors, to present the hipages Group Remuneration Report, comprising hipages Group Holdings Limited and its controlled entities, for the financial year ended 30 June 2023.

When I joined hipages as a Non-Executive Director and Chair of the Remuneration and Nominations Committee (RNC) in December 2022, I was pleased to find a well-established RNC process, with strong management providing effective oversight, and a new Executive Remuneration Framework that had been successfully rolled out for FY23. I was equally pleased to find that the previous RNC Chair, Inese Kingsmill (now Company Chair), would remain a RNC member so there would be an effective transition and continuity. Since joining the Board, my primary focus has been ensuring the continued effective management of the RNC while spearheading search processes for additional Directors following the retirement of Chris Knoblanche AM and departure of Stacey Brown to take up a new executive role.

While hipages Group's first half performance was impacted by unprecedented consumer demand which resulted in tradies being at full capacity, the marketplace returned to balance in the second half and the business is carrying strong momentum heading into FY24. Despite this strong recovery in H2, the business did not achieve its Revenue, EBITDA and customer engagement targets for the year. As a result, remuneration outcomes for KMP have been affected, as outlined in this report.

Acknowledging the challenging market conditions, the Board, aided by the RNC, has strived to ensure that the structure of Executive remuneration for FY24 achieves a balance between prudent cost management, incentivising our strong executive team, and maintaining an environment which enables us to attract and retain high calibre talent to support the Company's growth objectives and strategy.

hipages Group has a comprehensive RNC Charter which ensures that the Board and Executive Remuneration framework is assessed annually, including its ongoing effectiveness in driving strategy, financial growth and performance, while aligning with shareholder interests.

KMP Executive remuneration for FY23 and performance outcomes are outlined in this report.

We also reviewed to market the remuneration of Board NEDs and determined some small adjustments are needed to Committee Chair and member fees to remain competitive.

In addition, following the Board review, the Board determined it appropriate to appoint an additional NED to add further capability and experience to our Board. We are delighted to welcome Dr Adir Shiffman to the Board, whose appointment commenced on 7 of July 2023. Adir is an accomplished tech sector founder, investor and advisor.

Finally we wish to acknowledge the tremendous contribution made by Chris Knoblanche AM and Stacey Brown, and to thank Chris for his stewardship of hipages during its transition to a successful ASX-listed company and his continued guidance in FY23, and Stacey for her dedication and commitment to hipages over many years, pre and post listing, including as Chair of the Audit and Risk Committee, and for the rigour, technical competence and inquisitiveness Stacey brought to that role.

We welcome shareholder feedback on this report.

Yours sincerely,

Kate Mills

Chair of the Remuneration and Nominations Committee

Table of Contents, Abbreviations and Defined Terms

The Remuneration Report comprises the following sections:

1.	Persons to whom this Report applies	**18**
2.	Remuneration Report Summary	**19**
3.	Executive Remuneration Philosophy and Framework	**23**
4.	Link between hipages Group Performance, Shareholder Wealth and Executive Remuneration	**30**
5.	Executive KMP Performance Outcomes	**31**
6.	Non-Executive Director Remuneration	**34**
7.	Remuneration Governance	**38**
8.	Equity Instrument and other disclosures relating to KMP	**41**
9.	Executive KMP Contractual Arrangements	**45**

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 2023.

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**’).

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 People and Culture Officer, Chief Product Officer, Chief Technology Officer, Chief Customer Officer, and General Counsel and Company Secretary.

Executive KMP:
Refers to the CEO and the CFOO.

Non-Executive Directors:
Refers to all Directors except for the CEO.

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). 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 hipages during the financial year ended 30 June 2023. The KMP during the year ended 30 June 2023 are set out below.

Name	Role	Term as KMP
Non-Executive KMP		
Inese Kingsmill	Independent, Non-Executive Director and Chair	Full year Board Chair from 25 August 2022
Chris Knoblanche	Independent, Non-Executive Director	Full year Board Chair until 25 August 2022 Resignation tendered; to be effective 25 August 2023
Stacey Brown	Independent, Non-Executive Director	Full year Resignation tendered; to be effective 25 August 2023
Nicholas Gray	Non-independent, Non-Executive Director	Full year
Kate Mills	Independent, Non-Executive Director	Appointed 1 December 2022
Adir Shiffman	Independent, Non-Executive Director	Appointed 7 July 2023
Executive KMP		
Roby Sharon-Zipser	Chief Executive Officer and Executive Director	Full year
Jaco Jonker	Chief Finance and Operations Officer	Appointed 23 November 2022
Melissa Fahey	Chief Finance and Operations Officer	Resigned, effective 31 January 2023

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 and the Chief Finance and Operations Officer (CFOO).

Chris Knoblanche and Stacey Brown have tendered their resignations as independent NEDs to be effective on 25 August 2023 and will cease to be KMPs on this date. Adir Shiffman was appointed as a new independent NED on 7 July 2023 and became a KMP on this date. Kate Hill will be appointed as a new independent NED and Chair of the Audit and Risk Committee effective on 25 August 2023 and becomes a KMP on this date. No remuneration has been paid to Adir Shiffman or Kate Hill for the year ended 30 June 2023.

Jaco Jonker was appointed on 23 November 2022 as the hipages' CFOO. He assumed responsibilities from Melissa Fahey following her resignation with her last working day being 31 January 2023. Roby, together with Jaco from his appointment date, and Melissa up to her resignation date, and the Board of Directors, had 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. Our values are reinforced via our performance management systems, learning and development programs and reward and recognition programs. Our remuneration strategy is reviewed and approved by the Board annually.

EXECUTIVE REMUNERATION FRAMEWORK FOR THE 2023 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	**Make it Happen** 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. FY23 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 reputational factors and complies with relevant laws and regulations.

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

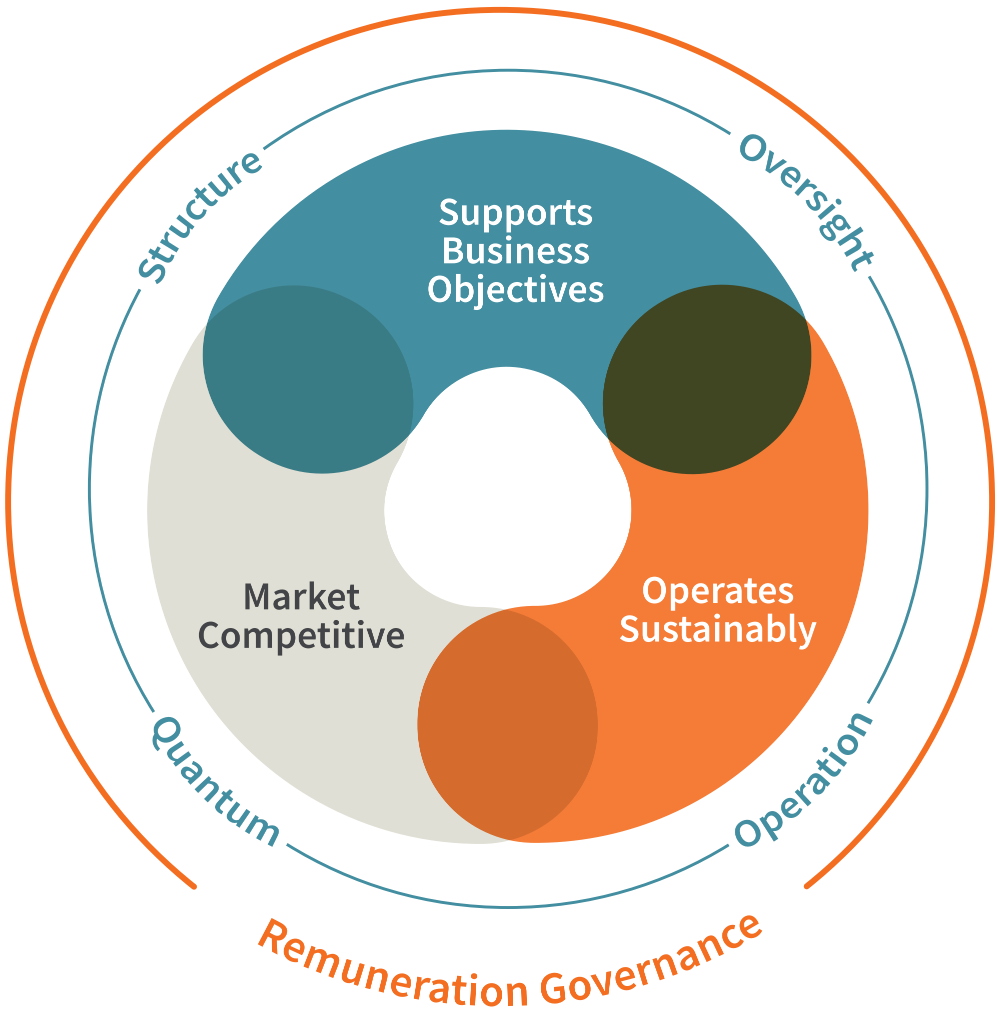
Remuneration Effectiveness

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 Board and Executives.



2.2. *FY23 Executive Remuneration Framework* *continued*

Annual Remuneration Package Structure

Annual Remuneration Package

Component	Description	Delivery	Details
Total Fixed Remuneration	Base salary plus superannuation	Cash (100%)	
STI: 12-months performance period			
Annual Short-term Incentive	• An annual short-term incentive opportunity aligned to the financial year performance period • Delivered in both cash and deferred equity • Equity awarded as Performance Rights, which may convert to shares upon vesting on a 1:1 basis • Balanced scorecard (financial, non-financial and individual performance measures)	Cash (70%)	Paid Annually
		Deferred Equity (30%)	• Performance Rights are granted after the end of the performance period • Vesting Conditions: continued employment to Vesting Date • Vesting Date: 30 June of the following year
LTI: 3-Year performance period			
Annual Long-term Incentive	• An annual long-term incentive opportunity aligned to future 3-year performance period • Delivered in equity, awarded as Performance Rights, which may convert to shares upon vesting on a 1:1 basis • Relative Total Shareholder Return(rTSR) performance assessment	Equity (100%)	• Performance Rights are granted at the beginning of the performance period • Vesting Conditions: rTSR performance over 3-year performance period and continued employment to Vesting Date • Vesting Date: 30 June, at end of 3-year performance period

Malus Clawback Applies.

2.3. *FY23 Summary of Executive KMP Remuneration Outcomes*

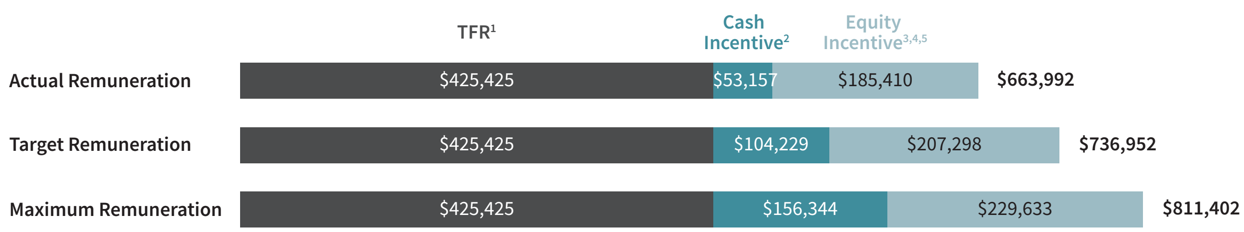
The following table summarises the remuneration decision outcomes for the CEO and the two CFOOs for the year ended 30 June 2023. The remuneration detailed in the following tables is aligned with current year performance and is useful in understanding current year pay and its alignment with performance, in comparison to the statutory disclosures in section 5.2 Executive KMP performance and remuneration outcomes.

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

Actual Remuneration outcome for FY23 vs Target and Maximum

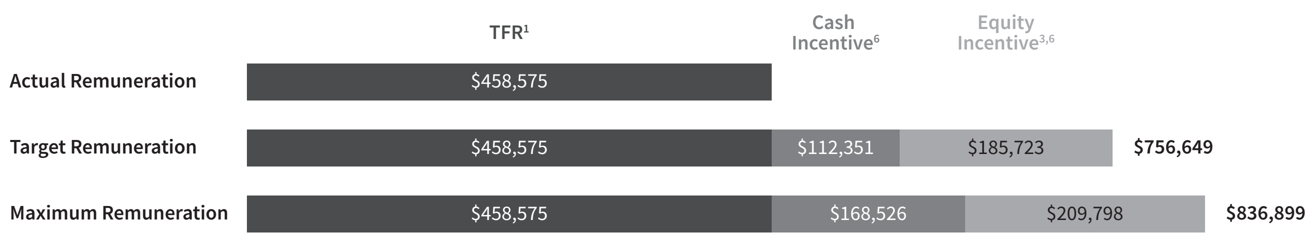
Jaco Jonker – Chief Finance and Operations Officer | Term as KMP: 23 November 2022 to 30 June 2023

Actual remuneration outcome for FY23 vs Target and Maximum (*annualised for illustrative purposes*)



Melissa Fahey – Chief Finance and Operations Officer | Term as KMP: 1 July 2022 to 31 January 2023

Actual remuneration outcome for FY23 vs Target and Maximum (*annualised for illustrative purposes*)



1. TFR includes both annual base salary and superannuation. TFR has been annualised for illustration purposes with base salary effective from 1 September 2022.
2. The target cash:equity ratio of variable remuneration (excluding TFR) for the CEO and CFOO (current) is 38:62.
3. Equity Incentive is illustrated as fully granted, however vesting and performance conditions mean equity is not owned immediately and/or may not vest. The equity incentive includes the 30% STI deferred equity (vesting in 12 months) and assumes 100% of LTI equity, which will vest after the 3-year performance period as described in section 3.2(a) and 3.2(b).
4. Maximum remuneration includes the additional STI Incentive Opportunity (representing 150%) which may be awarded for over-achievement of revenue and individual performance targets (see section 3.2).
5. Jaco Jonker received a sign-on equity grant of $35,000 which was issued after his satisfaction of a probation period. The performance rights associated with the sign-on grant will vest in full on 23 May 2024. Refer to section 8.2 for further information regarding these rights.
6. Melissa Fahey is not eligible for a cash or equity incentive related to her performance in the year ended 30 June 2023 because of her resignation from hipages.

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 business objectives. Our remuneration philosophy and framework aim to incentivise and reward the achievement of hipages' annual business objectives whilst also ensuring 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 Remuneration Framework comprises Total Fixed Remuneration (TFR) which includes base salary and superannuation, an annual short-term incentive (STI) plan comprising cash and deferred equity components and a long-term incentive (LTI) comprising 100% equity with a 3-year performance period to drive long-term shareholder value.

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

3.1. Alignment of Remuneration Strategy with Business Strategy continued

<table>
<tr><th colspan="18">Executive KMP Annual Remuneration Package</th></tr>
<tr><td colspan="3">Market competitive to attract and retain high calibre talent</td><td colspan="3">Simple and transparent</td><td colspan="3">Reflects hipages' strategy and values</td><td colspan="3">Aligned with shareholder value creation</td><td colspan="3">Rewards sustainable over performance and discourages poor performance</td><td colspan="3">Recognises the value of non-financial drivers in longer-term value creation</td></tr>
<tr><td colspan="6">Fixed Remuneration</td><td colspan="12">Executive Variable Remuneration</td></tr>
<tr><td colspan="6">Cash</td><td colspan="12">Cash and Equity</td></tr>
<tr><td colspan="6">TFR:
Base salary plus superannuation</td><td colspan="12">The outcome for the FY23 Executive Annual Short-term 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="6">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 colspan="4">• 70% of the Short-term Incentive Plan outcome is provided in cash
• 30% of the Short-term Incentive Plan outcome is provided in deferred equity (Performance Rights)</td><td colspan="4">• 100% of the Long-term Incentive Plan outcome is allocated in equity (Performance Rights)</td><td colspan="4">• Short-term Incentive deferred equity Performance Rights are granted after the end of the performance period and vest in 12 months, subject to continued employment
• Long-term Incentive equity is granted at the beginning of the performance period and vests in three years, subject to continued employment and an rTSR performance condition
• Performance Rights are 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="6" rowspan="2">Market competitive</td><td colspan="12">Recognises sustainable performance in the medium to longer term</td></tr>
<tr><td colspan="4">Rewards annual performance, providing specific focus on strategic priorities</td><td colspan="4">Recognises the criticality of strategic non-financial measures as drivers of longer-term value creation</td><td colspan="4">Focuses on achieving longer-term superior performance for stakeholders</td></tr>
</table>

* See section 3.2(a) and 3.2(b) for full details on forfeiture conditions.

3.2. FY23 Executive KMP Annual Incentive Plans

(a) Short-term Incentive (STI) Plan

What is the Executive KMP STI opportunity?	The STI opportunity for Executive KMP is 35% of TFR with a maximum incentive payable of 150% of on-target quantum.
What form is the STI?	The STI is awarded 70% cash and 30% deferred equity. The deferred equity component of the STI is awarded as Performance Rights which vest with a value equivalent to ordinary shares on a 1:1 basis pursuant to the HEMP rules. The vesting of these Performance Rights is deferred for a further 12 months, such that they will vest on the 30th of June of the following year, subject to continued employment. The Performance Rights will lapse where the Performance Right has not vested or if vested, has not been exercised within five years of vesting. The Performance Rights will also be forfeited on cessation of employment (unless the Board exercises its discretion) or in the case of serious misconduct or fraud.
What is the STI performance period?	The STI performance period is a single financial year.
When is the STI awarded?	The STI is awarded at the end of the financial year after performance is measured.
How is the STI linked to performance?	The STI plan has four core metrics that operate independently of each other (two financial and two non-financial). Of the four core metrics, three of these metrics relate to Company performance against targets approved by the Board. The fourth core metric relates to individual performance.

3.2. *FY23 Executive KMP Annual Incentive Plans* *continued*

How is performance measured for the STI?

The following scorecard determines the STI outcome for Executive KMP:

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 the total incentive amount payable
	EBITDA target	30%	100%	100%	100% of 30% of the incentive amount payable
Non-Financial	Engagement targets (Customer, Consumer, Employee)	20% (10%, 5%, 5% respectively)	85%	100%	Between 85% to 100% of 20% incentive amount payable (on a straight-line calculation between minimum and maximum thresholds)
	Individual Target	20%	85%	125%	Up to an additional 25% of total incentive amount payable
	Total weighting	**100%**		**Maximum STI**	**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 Engagement 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.

3.2. *FY23 Executive KMP Annual Incentive Plans* continued

How is it paid?	At the end of the financial year, after audited financial results are completed and the Board has assessed and approved individual performance outcomes, an annual short-term incentive quantum is determined, paid in cash and deferred equity. For the deferred equity component, executive KMP will be granted performance rights. – Performance 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 performance rights will vest fully on 30 June the following year after the grant, subject to continued service. – 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. – Performance rights do not carry any 'dividend' entitlements or voting rights. – Performance 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 Executive KMP 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 7). 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 ceases employment?	If an Executive KMP 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 KMP 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 and STI equity awards are forfeited, unless otherwise determined by the Board.
When do performance rights lapse?	The performance rights will lapse where the Performance Right has not vested or if vested, has not been exercised within five years of vesting. The Performance Rights will also be forfeited on cessation of employment (unless the Board exercises its discretion otherwise) or in the case of serious misconduct or fraud.

3.2. FY23 Executive KMP Annual Incentive Plans *continued*

(b) Long-term Incentive (LTI)

What is the Executive KMP LTI opportunity?	The LTI opportunity for KMP Executives is 30% of TFR allocated on the basis of the 10-day VWAP after accounts release.
What is the form of the LTI?	The LTI is awarded as Performance Rights which vest at a value equivalent to ordinary shares on a 1:1 basis pursuant to HEMP rules. These Performance Rights will vest at the end of a three-year performance period, subject to continued employment during the performance period and hipages' Total Shareholder Return (TSR) equalling or exceeding at least 50% of the TSR for its Comparative Peer Group, with the level of out-performance determining the proportion of Performance Rights that vest.
What is the LTI performance period?	The LTI performance period is three years with no re-testing.
When is the LTI awarded?	The LTI is awarded at the beginning of the performance period, and vests subject to the fulfilment of the performance measures.
How is the LTI linked to performance?	The rTSR is based on a bespoke SaaS and technology company peer group with a range of market capitalisation. The group is a blend of best-in-class and broader businesses that are both larger and smaller than hipages. The comparator group includes Adore Beauty Group Limited, Ansarada Group Limited, Airtasker Limited, Booktopia Group Limited, Bigtincan Holdings Limited, Catapult Group International Ltd, Dubber Corporation Limited, Freelancer Limited, Kogan.Com Ltd, OFX Group Limited, Redbubble Limited, Readytech Holdings Limited, Siteminder Limited, Temple & Webster Group Ltd, Whispir Limited, Xero Limited and ZIP Co Limited. This allows for a benchmark of hipages' performance against companies who are seeking similar investors and talent. The comparator group will be reviewed from time to time as deemed necessary.
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.

(b) Long-term Incentive (LTI) continued

What are the performance measures applied to the LTI?	To determine relative TSR (rTSR) performance, companies in the Comparative Peer Group (including hipages) are ranked from highest to lowest in accordance with their TSR for the relevant performance period. The percentile ranking of hipages is used to determine 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 75%
At or above the 75th percentile	100%

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

What happens if an Executive ceases employment?	If an Executive KMP 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 KMP will usually be entitled to a pro-rata cash payment and allocation of equity (as the case requires) 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 and STI equity awards are forfeited, unless otherwise determined by the Board.
When do Performance Rights lapse?	The performance rights will lapse where the Performance Right has not vested or if vested, has not been exercised within five years of vesting. The Performance Rights will also be forfeited on cessation of employment (unless the Board exercises its discretion otherwise) or in the case of serious misconduct or fraud.

4. Link between hipages Group Performance, Shareholder Wealth and Executive Remuneration

A key underlying principle of hipages' KMP 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 2023, 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 in sections 5 and 6 the KMP remuneration outcomes.

4.1. hipages Performance

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

Key Financials[1]		FY23	FY22	FY21	FY20	FY19
Recurring revenue	**$'000**	**62,931**	58,238	52,664	42,200	37,297
Reported revenue	**$'000**	**67,007**	61,859	55,806	46,939	42,261
EBITDA[2]	**$'000**	**9,424**	10,085	5,603	6,033	(3,143)
NPAT[3]	**$'000**	**(5,144)**	(910)	(6,199)	(4,157)	(13,629)
Total Tradie ARPU[4]	**$**	**1,872**	1,707	1,536	1,194	976
Subscription Tradies at 30 June[5]	**000's**	**35.7**	34.6	31.2	27.9	24.0
Closing share price at 30 June[6]	**$**	**0.76**	1.00	3.62	–	–
DPS[7]	**cents**	**–**	–	–	–	–

1. In respect of the years FY19 and 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 pro forma information has been derived from the historical Statutory Financial Information adjusted for certain transactions.
2. Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA excluding significant items, for the year ended 30 June 2023 is $12.285 million (30 June 2022: $10.731 million).
3. Net Profit/(Loss) after Tax.
4. Average Annual Revenue Per Unit (i.e. Tradie ARPU) is the annual operating revenue (total revenue from ordinary activities) divided by the average of the opening and closing number of total hipages tradies and paying Builderscrack tradies for the period. Group ARPU of $1,872 at 30 June 2023 is a blended result of hipages ARPU of $1,985 and Builderscrack ARPU of $794. ARPU is a non-IFRS measure which represents a key operational metric used by the Group to measure performance.
5. Subscription tradies include 3,400 Builderscrack paying tradies. Subscription tradies is a non-IFRS measure which represents a key operational metric used by the Group to measure performance.
6. The Company listed on the ASX in November 2020 at a listing price of $2.45, share price data is consequently available from FY21 onwards only.
7. Dividend Per Share.

5. Executive KMP Performance Outcomes

5.1. 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 share-based payments component are based on accounting values and do not reflect actual amounts received by Executive KMP in FY23.

	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] $**	**Annual and 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									
Roby Sharon-Zipser[7]	**575,375**	**76,869**	**8,800**	**42,157**	**27,500**	**219,806**	**950,507**	**31%**	**23%**
Jaco Jonker[8]	**225,149**	**32,040**	**5,331**	**14,250**	**15,380**	**35,804**	**327,954**	**20%**	**11%**
Melissa Fahey[9]	**238,257**	**–**	**4,021**	**–**	**16,007**	**(50,900)**	**207,385**	**(25%)**	**(25%)**
	1,038,781	**108,909**	**18,152**	**56,407**	**58,887**	**204,710**	**1,485,846**	**21%**	**14%**
Prior year									
Roby Sharon-Zipser[7]	499,413	56,228	8,448	37,960	27,500	446,484	1,076,033	47%	41%
Melissa Fahey[9]	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%

1. Salary package refers to base salary, excluding superannuation, annual leave and long service leave.
2. The short-term incentive entitlement represents a payment in respect of the current year performance outcomes. In respect of the year ended 30 June 2023, the amount was finally determined on 23 August 2023 after performance reviews were completed and approved by the Board.
3. Other short-term benefits include the non-monetary benefit related to a car park provided by the Company.
4. Annual leave and long service leave represents the movement in the executive's leave entitlement provisions between the respective reporting dates.
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 vested over a two-year period ended 11 November 2022 as described in section 5.3.
7. The Total Fixed Remuneration for Roby Sharon-Zipser increased to $627,500 from 1 September 2022, inclusive of a fixed $27,500 superannuation entitlement. Included in Performance rights remuneration are IPO performance rights granted, the legacy Incentive plans related to FY20, FY21 and FY22 as well performance rights granted under the new annual Short-term and Long-term incentive plans described in section 3.2.
8. Jaco Jonker joined hipages on 23 November 2022 and his Total Fixed Remuneration is $425,425, inclusive of a superannuation entitlement of 10.5% for the year ended 30 June 2023. Included in Performance rights remuneration is an expense associated with performance rights related to the new annual STI and LTI incentive plans described in section 3.2 as well as a sign-on equity grant of $35,000 which was issued after his satisfaction of a probation period. The performance rights associated with the sign-on grant will vest in full on 23 May 2024.
9. Melissa Fahey resigned from hipages effective 31 January 2023. The Total Fixed annual Remuneration for Melissa was $458,575 inclusive of a superannuation entitlement of 10.5% for the year ended 30 June 2023. The Performance rights remuneration is in respect to service performed prior to her resignation and includes the IPO performance rights granted. The Board determined that Melissa retain all vested performance rights at the date of her resignation and a further 21,762 performance rights. The Board has also determined 41,521 unvested performance rights lapse, compromising 19,759 which lapsed during FY23 and a further 21,762 rights which will lapse subsequent to 30 June 2023. All eligible unvested rights will vest and become exerciseable on 31 August 2023 and the associated expense has been accelerated to reflect no further services provided.

5.2. *Executive KMP Performance and Remuneration Outcomes*

Short-term Incentive Performance Outcomes

The following table provides a summary of Executive KMP financial and non-financial objectives and outcomes for the 2023 financial year.

STI Performance Outcome

Category	Objective	Percentage Incentive Payable		Comments
Financial (30%)	Revenue target	0%		The revenue target for FY23 was not achieved and since the threshold for incentive payment was set at 100% of target nil is payable.
Financial (30%)	EBITDA target	0%		The EBITDA target for FY23 was not achieved and since the threshold for incentive payment was set at 100% of target nil is payable.
Non-Financial (20%)	Engagement targets: – Customer – Consumer – Employee	 0% 5% 5%	10%	The consumer and employee engagement targets were both exceeded and the weighting of each was 5% (with no over-achievement factor). Unfortunately, the customer engagement target was not achieved and the minimum threshold of 85% was also not achieved.
Non-Financial (CEO) (20-45%)	Individual Strategic	18/20 plus 22/25	40%	Roby achieved 90% of his individual strategic goals for FY23 and 88% discretionary for over-achievement (up to 25% of total incentive possible as discretionary).
Non-Financial (CFOO) (20-45%)	Individual Strategic	18/20 plus 23/25	41%	Jaco achieved 90% of his individual strategic goals for FY23 and an additional 92% was applied as discretionary for over-achievement (up to 25% of total incentive possible).
Total Incentive Payable	CEO CFOO	50% 51%		Roby achieved 50% out of a maximum 150% possible. Jaco achieved 51% out of a maximum 150% possible.

The business did not achieve its Revenue or EBITDA targets, with the combined metrics representing 60% of the total incentive payable. Unfortunately, the Engagement target for Customer (10% weighting) was also not achieved. The Consumer engagement target (5% weighting) was achieved at 105%. The employee engagement target (5% weighting) was achieved at 110%. Given there was no over-achievement component for any of the Engagement Measures, the end result was 10/20 or 50% achievement for overall Engagement. The Individual Goal metric had an over-achievement component of up to 25% of total incentive and Roby achieved 22/25 and Jaco 23/25 for individual goal over-achievement discretionary payment.

5.2. *Executive KMP Performance and Remuneration Outcomes* continued

Remuneration outcomes

The following table sets out the annual short-term incentive outcomes for the Executive KMP for FY23 based on achievement of financial and non-financial objectives.

Executive KMP STI Outcome

Executives	Actual Annual Short-term Incentive	Comments
CEO	$76,869	Cash
	$32,944	Deferred Equity Value
CFOO	$32,040	Cash
	$13,731	Deferred Equity Value

* *NB: Jaco's incentive remuneration above has been pro-rated from his commencement date, being 23 November 2022. The figures in this table exclude Jaco's sign-on equity grant.*

5.3. *Prior Years Special IPO Incentive Grant to Executives*

During the 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 vested in two equal tranches as follows:

- 50% vested on the 1st anniversary of the hipages IPO, 12 November 2021; and
- 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

5.4. *CEO Remuneration Update*

Following last year's communicated salary package increase and market alignment for the CEO, there have been no further amendments to the CEO's salary package. It is envisaged there will be a modest increase in September 2023 at the time of the annual salary review in line with the salary budget for the Company.

5.5. *Other Transactions and Loans with Executive KMP*

There are no loans or other transactions with Executive KMP.

6. 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.

6.1. 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 fee pool approved by shareholders, which is currently $900,000.

Non-Executive Director Fees – FY23

	Notes	Chair fee 2023 $	Member fee 2023 $
Board	1,2	215,000	100,000
Audit and Risk Committee	3	10,000	–
Remuneration and Nominations Committee	3	10,000	–

1. Board Chair fees were $300,000 comprising a $150,000 cash component and a $150,000 Director equity component up until 25 August 2022. Subsequent to 25 August 2022, Board Chair remuneration changed to $215,000 comprising a $165,000 cash component and a $50,000 Director equity component.
2. Board member fees are $100,000 comprising a $70,000 cash component and a $30,000 Director equity component. The equity component is payable to Independent Non-Executive Directors only.
3. Committee Chair fees are $10,000 cash per annum. Committee member fees are nil.

6.1. *Fee Pool* *continued*

Non-Executive Director Fees – Proposed increases FY24

Following the annual review to market, it was determined to increase the Board Chair and Committee Chair fees by $10,000 cash and introduce a cash fee for committee participation (excluding for the Board Chair (all committees) and Committee Chairs (for same committee)) to maintain competitiveness in Director remuneration. Existing equity components of the Director fees remain unchanged. The total annual cost increase of these changes is $45,000.

Non-Executive Director fees will increase, effective 1 September 2023, as follows:

	Notes	Chair fee 2024 $	Member fee 2024 $
Board	1,2	225,000	100,000
Audit and Risk Committee	3, 4	20,000	5,000
Remuneration and Nominations Committee	3, 4	20,000	5,000

FY24 Director Fee Pool

In FY23 the Board appointed Inese Kingsmill as Chair to replace Chris Knoblanche who had indicated an intention to resign. Chris will remain on the Board until 25 August 2023 to enable a smooth transition and to allow time for the Board to replace Inese's role, which they did via the appointment of Kate Mills. The Board decided to appoint an additional NED role to round out the Board skills and experience via the appointment of Adir Shiffman on 7 July 2023. Stacey Brown resigned from her role of NED and Audit Chair effective 25 August 2023. Stacey's replacement, Kate Hill, joined the Board initially as an unpaid Board Observer on 7 August 2023 with a Board appointment date of 25 August 2023.

After the annual remuneration review is processed on 1 September 2023, the annualised Board fees will be $650,000, well within the existing $900,000 fee pool.

1. From 1 September 2023, the Chair fee will increase by $10,000 to $225,000, comprising a $175,000 cash component and a $50,000 equity component.
2. From 1 September 2023, Board member fees remain unchanged and continue to comprise a cash component of $70,000 and an equity component of $30,000. The equity component is payable to Independent Non-Executive Directors only.
3. From 1 September 2023 Committee Chair fees will increase by $10,000 to $20,000.
4. From 1 September 2023 a Committee member fee of $5,000 will be introduced (Committee Chairs and Board Chair ineligible for committee member fee unless part of another committee).

6.2. *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 FY23.

Non-Executive KMPs	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 2023						
Inese Kingsmill[1]	**140,527**	**46,932**	**–**	**14,755**	**202,214**	**23%**
Chris Knoblanche[2]	**73,954**	**165,538**	**–**	**7,765**	**247,257**	**67%**
Stacey Brown[3]	**72,398**	**30,000**	**–**	**7,602**	**110,000**	**27%**
Nicholas Gray[4]	**70,000**	**–**	**–**	**–**	**70,000**	**–**
Kate Mills[5]	**42,232**	**17,342**	**–**	**4,134**	**63,708**	**27%**
	399,111	**259,812**	**–**	**34,256**	**693,179**	
Prior year ended 30 June 2022						
Chris Knoblanche[2]	137,512	116,866	–	13,751	268,129	44%
Stacey Brown[3]	73,341	30,000	–	7,334	110,675	27%
Nicholas Gray[4]	70,000	–	–	–	70,000	–
Inese Kingsmill[1]	73,341	30,000	–	7,334	110,675	27%
	354,194	176,866	–	28,419	559,479	

1. On 25 August 2022, Inese Kingsmill was elected Board Chair. As approved by shareholders at the AGM in November 2022 her remuneration package is $215,000 p.a. inclusive of superannuation, comprising $165,000 p.a. in cash and superannuation as well as a Director Equity Entitlement (non-performance related) of $50,000 p.a., vesting immediately after grant. Further details are described in section 6.3.
2. On 25 August 2022, Chris Knoblanche stepped down as Board Chair as part of his planned retirement from the hipages Board. Chris continued as a Non-Executive Director, however he has tendered his resignation and this will be effective 25 August 2023. As approved by hipages shareholders at the AGM in November 2022, Chris will be issued with 30,801 rights representing his pro-rata entitlement of his annual Director Equity Entitlement approved by shareholders at the hipages 2021 AGM. These rights will vest immediately after grant. Further on his retirement, the Board has exercised its discretion to accelerate the vesting of the 69,593 rights. He will also be entitled to his Director Equity Entitlement from 25 August 2022 to 25 August 2023.
3. Stacey Brown is entitled to receive an equity component to the value of $30,000 annually as described in section 6.3. The equity award was 22,826 rights (FY22: 7,667 rights). She will be entitled to her Director Equity Entitlement up the date of her retirement.
4. Nicholas Gray joined the Board of hipages Group Holdings Limited on 2 October 2020. Nicholas is not remunerated by hipages due to being a nominee director 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.
5. Kate Mills joined the Board on 1 December 2022, and her remuneration reflects this start date.

6.3. *Non-Executive Directors' Remuneration Details*

Equity Entitlement

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 share rights every year, in addition to the cash component of the Director's salary. Under the Director Equity Entitlement:

- The previous Board Chair is granted the right to be issued $150,000 worth of rights annually on the first anniversary of his NED appointment date, being 16 March 2020, subject to vesting conditions, which are outlined below;
- The current Board Chair is granted the right to be issued $50,000 worth of rights annually on the first anniversary of the appointment date, with no vesting conditions; and
- Each Non-Executive Director (with the exception of Nicholas Gray) is granted the right to be issued $30,000 worth of rights annually on the first anniversary of the appointment date, with no vesting conditions.

The Plan Rules applicable to the HEMP (refer to 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.

Previous Board Chair Equity Entitlement

The previous Chair's Director Equity Entitlement was 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.

Share rights of 139,939 rights have been issued in respect of his first and second anniversary of appointment as Chair relating to the years ended 16 March 2021 and 16 March 2022. These were issued at the 5-day VWAP immediately prior to the anniversary dates and were $2.1096 and $2.1791 respectively.

At the AGM in November 2022, it was agreed that Chris Knoblanche would receive an annual grant of Director Equity Entitlements valued at $30,000 for the next three years. The first grant will be made on or around the first anniversary of his cessation as Board Chair, being 25 August 2023.

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.

6.4. *Other Transactions and Loans with Non-Executive Directors*

There are no loans or other transactions with Non-Executive Director KMP.

7. 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 Non-Executive Directors, Executive KMP and the Executives.

7.1. 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: Kate Mills (Committee Chair), Inese Kingsmill and Nicholas Gray. The CEO, 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 Board 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.*

7.2. 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.
Performance 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.
Fixed and Variable Remuneration	• Provides appropriate recommendations to the RNC of the amount of fixed and variable 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 and variable 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.

7.3. 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 FY23, the Board policy was that the Board 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 (NED) 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 7 November 2023, and the Board will not be seeking shareholder review of NED remuneration as the changes in FY24 are minor and overall fees well within the previously shareholder-approved NED Fee Pool.

7.4. 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 matters. 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 Remuneration and Nominations Committee.

Ernst & Young (EY) is the Group's primary remuneration advisor on executive remuneration matters. EY provided market practice, remuneration data and trends for the RNC to consider. No remuneration recommendations relating to KMP were provided by consultants during the year. The RNC also accessed the salary benchmarking survey data of AON Radford.

7.5. 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.

7.6. 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).

8. Equity Instrument and other disclosures relating to KMP

8.1. Shareholdings

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

Ordinary shares – Number	Balance at the beginning of the financial year 1 July 2022	Awarded as remuneration	Rights converted to Shares	Other changes	Commenced/ (ceased) being a KMP	Balance at the end of the financial year 30 June 2023
Non-Executive Directors						
Inese Kingsmill	24,609	–	–	–	–	24,609
Chris Knoblanche	239,074	–	–	–	–	239,074
Stacey Brown[1]	48,483	–	22,826		–	71,309
Executive Director						
Roby Sharon-Zipser[2]	8,567,841	–	420,007	–	–	8,987,848
Senior Executive						
Melissa Fahey[3]	176,973	–	–	–	(176,973)	–
	9,056,980	**–**	**442,833**	**–**	**(176,973)**	**9,322,840**

1. As described in section 6.2 and section 8.2, Stacey Brown was awarded $30,000 in equity compensation, representing 22,826 rights which immediately vested and converted to shares in hipages.
2. During the period Roby Sharon-Zipser exercised 420,007 rights which converted to shares in hipages.
3. Melissa Fahey resigned from hipages and ceased being a KMP on 31 January 2023.

8.2. *Rights to Ordinary Shares*

Non-Executive Directors and Executive KMPs or their related parties directly or indirectly held rights to ordinary shares in hipages as summarised below.

Rights – Number	Balance at the beginning of the financial year 1 July 2022	Awarded as remuneration	Rights converted to Shares	Forfeited/ Lapsed	Ceased being a KMP	Balance at the end of the financial year 30 June 2023
Non-Executive Directors						
Inese Kingsmill[1]	–	–	–	–	–	–
Chris Knoblanche[2]	158,876	–	–	–	–	158,876
Stacey Brown[3]	–	22,826	(22,826)	–	–	–
Nicholas Gray[4]	–	–	–	–	–	–
Kate Mills[5]	–	–	–	–	–	–
Executive Director						
Roby Sharon-Zipser[6]	405,202	263,215	(420,007)	–	–	248,410
Senior Executives						
Jaco Jonker[7]	–	135,422	–	–	–	135,422
Melissa Fahey[8]	318,631	–	–	(19,759)	(298,872)	–
	882,709	**421,463**	**(442,833)**	**(19,759)**	**(298,872)**	**542,708**

Non-Executive Directors, with the exception of Nicholas Gray, a shareholder appointed Director, are granted equity entitlements as part of their annual remuneration. Further details are set out in section 6, Non-Executive Director Remuneration.

1. Inese Kingsmill will be issued Rights which immediately vest to shares in respect of her term as a Non-Executive Director up to 25 August 2022; in addition she will be entitled to the award of Rights which immediately vest and convert to shares on the first anniversary of her appointment to Chair of hipages.
2. On 25 August 2022, Chris Knoblanche stepped down as Chair as part of his planned retirement from the hipages Board. Chris continued as a Non-Executive Director until 25 August 2023. As approved by hipages shareholders at the AGM in November 2022, Chris will be issued with 30,801 Rights representing his pro-rata entitlement of his annual Director Equity Entitlement approved by shareholders at the hipages 2021 AGM. These Rights will vest immediately after grant. Further on his retirement the Board has exercised its discretion to accelerate the vesting of the 69,593 Rights. He will also be entitled to his Director Equity Entitlement from 25 August 2022 to 25 August 2023.
3. As described in section 6, Stacey Brown is entitled to Performance Rights to the value of $30,000 which immediately vested and converted to shares in hipages on the anniversary of her appointment, 18 September 2022.
4. As a shareholder nominee Director, Nicholas Gray is not entitled to equity compensation.
5. On the first anniversary of her appointment, being 1 December 2023, Kate Mills will be entitled to $30,000 in equity compensation, in the form of Rights which immediately vest and convert to shares.
6. Rights awarded to Roby Sharon-Zipser as remuneration include 132,040 Rights in respect of the FY22 performance period and 131,175 Rights issued in respect of the new LTI plan.
7. Rights awarded to Jaco Jonker include a $35,000 sign-on equity grant representing 45,903 as well as 89,519 Rights issued as part of the new long-term incentive remuneration arrangements.
8. Melissa Fahey resigned from hipages and ceased being a KMP on 31 January 2023. As a consequence of her resignation 19,759 rights lapsed. Additionally, a further 21,762 Rights will lapse.

8.2. ***Rights to Ordinary Shares*** *continued*

The Rights to shares issued have various grant dates, fair values and vesting dates. The table below provides a detailed breakdown of each grant date, fair value and the number of rights actually vested and exercisable for each KMP.

Grant designation	Grant date	Expiry date	Fair value at Grant date $	Balance at 1 July 2022	Awarded as remuneration	Rights converted to shares/ exercised during the year	Lapsed/ forfeited during the year	Ceased being a KMP	Balance at 30 June 2023	Vested during FY23	Total number of rights vested at 30 June 2023	% of rights vested as at 30 June 2023	Maximum value yet to vest[1] $	Vesting details
Non-Executive Directors														
Chris Knoblanche														
IPO	11-Nov-20	01-Oct-25	2.45	18,935	–	–	–	–	18,935	6,311	18,935	100%	–	Fully vested
FY21	14-Jan-22	14-Jan-27	2.18	71,104	–	–	–	–	71,104	23,701	47,402	67%	–	Refer note 1
FY22	09-May-22	09-May-27	–	68,837	–	–	–	–	68,837	22,946	22,946	33%	–	Refer note 2
Total				158,876	–	–	–	–	158,876	52,958	89,283	56%	–	
Stacey Brown														
FY23	05-Oct-22	05-Oct-27	1.31	–	22,826	(22,826)	–	–	–	22,826	–	–	–	Fully vested

1. Vesting in three tranches, with 33% on 16 March 2022, 33% on 16 March 2023 and 34% on 16 March 2024.
2. Vesting in three tranches, with 33% on 16 March 2023, 33% on 16 March 2024 and 34% on 16 March 2025.

8.2. *Rights to Ordinary Shares* continued

Grant designation	Grant date	Expiry date	Fair value at Grant date $	Balance at 1 July 2022	Awarded as remuneration	Rights converted to shares/ exercised during the year	Lapsed/ forfeited during the year	Ceased being a KMP	Balance at 30 June 2023	Vested during FY23	Total number of rights vested at 30 June 2023	% of rights vested as at 30 June 2023	Maximum value yet to vest[1] $	Vesting details
Executive Director														
Roby Sharon-Zipser														
IPO	11-Nov-20	01-Oct-25	2.45	321,429	–	(321,429)	–	–	–	160,714	–	–	–	Fully vested
FY21	01-Oct-21	01-Oct-26	3.47	83,773	–	(55,290)	–	–	28,483	27,645	–	–	24,224	Refer note 3
FY22	05-Dec-22	30-Sep-27	1.03	–	131,175	(43,288)	–	–	87,887	43,288	–	–	37,348	Refer note 4
FY23 LTI	03-Feb-23	20-Jan-28	0.69	–	132,040		–	–	132,040	–	–	–	60,738	30-Jun-25
Total				405,202	263,215	(420,007)	–	–	248,410	231,647	–	–	122,310	
Senior executives														
Jaco Jonker														
FY23 - LTI	03-Feb-23	20-Jan-28	0.69	–	89,519	–	–	–	89,519	–	–	–	41,178	30-Jun-25
Sign On	23-May-23	23-May-28	0.76	–	45,903	–	–	–	45,903	–	–	–	20,987	23-May-24
Total				–	135,422	–	–	–	135,422	–	–	–	62,165	
Melissa Fahey														
FY20	01-Jan-20	01-Jan-25	Note 2	100,934	–	–	–	(100,934)	–	50,468	–	–	–	Fully vested
FY20	01-Jul-20	01-Jul-25	Note 2	48,598	–	–	–	(48,598)	–	–	–	–	–	Refer note 5
IPO	11-Nov-20	01-Oct-25	2.45	110,988	–	–	–	(110,988)	–	55,494	–	–	–	Fully vested
FY21	01-Oct-21	01-Oct-26	3.47	58,111	–	–	(19,759)	(38,352)	–	19,176	–	–	–	Refer note 6
Total				318,631	–	–	(19,759)	(298,872)	–	125,138	–	–	–	

1. Maximum value of the Performance Rights yet to vest has been determined as the amount of grant date fair value of the rights that is yet to be expensed.
2. Melissa Fahey was granted Performance rights in January 2020 and July 2020 of 1,232 and 592 respectively at a fair value of $243.43. Upon IPO, these Performance Rrights were converted to 151,400 and 72,848 respectively with an accounting value of $300,000 and $144,001 respectively. The accounting expense associated with these Performance Rights has been recognised in full during her tenure as CFOO which ceased on 31 January 2023.
3. Unless forfeited, vesting in 3 tranches, with 33% on 1 July 2022, 33% on 30 June 2023 and 34% on 30 June 2024.
4. Unless forfeited, vesting in 3 tranches, with 33% on 30 June 2023, 33% on 30 June 2024 and 34% on 30 June 2025.
5. Of the total 48,598 Performance Rights, 24,250 vested during the previous financial year. Of the remaining 24,348 unvested Performance Rights, 2,586 will lapse subsequent to 30 June 2023 and the remaining balance will vest on31 August 2023.
6. On 1 July 2022, 19,176 Performance Rights vested, and during the period 19,759 Performance Rights lapsed and a further 19,176 Performance Rights will lapse subsequent to 30 June 2023.

9. Executive KMP Contractual Arrangements

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

	Contract details	
	Roby Sharon-Zipser	**Jaco Jonker**
Base pay per contract, inclusive of superannuation	$627,500	$425,425
Incentive Mix:		
• **STI Target, inclusive of superannuation and deferred equity**	$219,625	$148,899
• **LTI Target**	$188,250	$127,628
Other benefits	Car parking is provided to both, each valued at $8,800 per annum (annualised, inclusive of GST).	
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, there is currently no severance payment due (per the National Employment Standards for length of service) 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

As lead auditor for the audit of hipages Group Holdings Limited for the year ended 30 June 2023, 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
24 August 2023

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Consolidated Financial Statements

for the year ended 30 June 2023

hipages Group Holdings Limited
ABN 67 644 430 839

Consolidated Statement of Profit or Loss

For the year ended 30 June 2023

	Notes	30 June 2023 $'000	30 June 2022 $'000
Continuing operations			
Revenue		**65,893**	60,657
Other revenue		**1,114**	1,202
Total Revenue	2.2	**67,007**	61,859
Expenses excluding interest, tax, depreciation and amortisation			
Employee benefits expenses	4.1	**(25,845)**	(21,877)
Marketing related expenses		**(15,514)**	(18,754)
Operations and administration expenses		**(10,874)**	(9,105)
Impairment of trade receivables	3.2	**(2,619)**	(2,038)
Goodwill impairment on New Zealand subsidiary (Builderscrack)	3.5	**(3,100)**	–
Fair value adjustment of contingent consideration	5.2	**369**	–
Total expenses excluding interest, tax, depreciation and amortisation		**(57,583)**	(51,774)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**9,424**	10,085
Depreciation and amortisation	2.3	**(14,354)**	(10,439)
Loss before interest and income tax		**(4,930)**	(354)
Finance income	2.4	**173**	112
Finance expenses	2.4	**(377)**	(313)
Net finance expenses		**(204)**	(201)
Share of loss of equity-accounted investee, net of tax	6.3	**(408)**	(520)
Loss before income tax from continuing operations		**(5,542)**	(1,075)
Income tax benefit	2.6	**398**	165
Loss for the period from continuing operations		**(5,144)**	(910)
Loss for the period, attributable to the members of the Group		**(5,144)**	(910)

		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	**(3.92)**	(0.70)

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 2023

	30 June 2023 $'000	30 June 2022 $'000
Loss for the period attributable to members of the Group	**(5,144)**	(910)
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Foreign currency translation differences for foreign operations	**209**	(649)
Other comprehensive profit/(loss) net of tax	**209**	(649)
Total comprehensive loss, attributable to owners of hipages Group Holdings Limited	**(4,935)**	(1,559)

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 2023

	Notes	30 June 2023 $'000	30 June 2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	3.1	**8,540**	10,907
Funds on deposit	3.1	**2,187**	2,271
Trade and other receivables	3.2	**1,655**	1,861
Other assets	3.3	**1,728**	1,864
Current tax asset		**151**	–
Total current assets		**14,261**	16,903
Non-current assets			
Other assets	3.3	–	105
Other investments	3.3	**800**	800
Equity-accounted investment	6.3	**5,365**	6,298
Property, plant and equipment	3.4	**1,332**	1,731
Right-of-use asset	3.6	**9,943**	12,312
Intangible assets	3.5	**30,514**	29,611
Total non-current assets		**47,954**	50,857
Total assets		**62,215**	67,760
LIABILITIES			
Current liabilities			
Trade and other payables	3.7	**8,199**	8,419
Contract liabilities	3.8	**3,220**	3,004
Provisions	3.9	**2,444**	1,912
Lease liabilities	3.6	**2,149**	2,324
Current tax liability		–	24
Total current liabilities		**16,012**	15,683
Non-current liabilities			
Trade and other payables	3.7	–	738
Provisions	3.9	**740**	588
Lease liabilities	3.6	**9,563**	11,526
Deferred tax liability	2.6	**1,700**	2,127
Total non-current liabilities		**12,003**	14,979
Total liabilities		**28,015**	30,662
Net assets		**34,200**	37,098
EQUITY			
Issued capital	5.3	**319,378**	317,639
Reserves	5.4	**(219,532)**	(220,039)
Accumulated losses	5.5	**(65,646)**	(60,502)
Total equity		**34,200**	37,098

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 2023

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 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	5.3	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
Balance at 1 July 2022		**317,639**	**(226,612)**	**8,291**	**(1,718)**	**(60,502)**	**37,098**
Loss for the period, attributable to the members of the Group		**–**	**–**	**–**	**–**	**(5,144)**	**(5,144)**
Transactions with owners in their capacity as owners:							
Employee share-based payments expense		**–**	**–**	**1,741**	**–**	**–**	**1,741**
New shares issued for share-based payment	5.4	**1,279**	**–**	**(1,279)**	**–**	**–**	**–**
New shares issued to existing shareholders	5.4	**91**	**–**	**(91)**	**–**	**–**	**–**
Cash-settled share-based payments		**–**	**–**	**(73)**	**–**	**–**	**(73)**
Contributions of equity, net of transaction costs	5.3	**369**	**–**	**–**	**–**	**–**	**369**
Foreign currency translation differences		**–**	**–**	**–**	**209**	**–**	**209**
Balance at 30 June 2023		**319,378**	**(226,612)**	**8,589**	**(1,509)**	**(65,646)**	**34,200**

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 to 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 2023

	Notes	30 June 2023 $'000	30 June 2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**71,870**	65,203
Payments to suppliers and employees (inclusive of GST)		**(56,058)**	(52,512)
		15,812	12,691
Interest received		**146**	45
Income taxes paid		**(245)**	(150)
Interest paid		**(16)**	–
Net cash flows from operating activities	3.1	**15,697**	12,586
Cash flows from investing activities			
Payments for purchase of business net of cash acquired		**(414)**	(8,899)
Proceeds/(payments) for investments	6.3	**525**	(6,769)
Payments for property, plant and equipment	3.4	**(540)**	(692)
Payments for intangible assets	3.5	**(15,408)**	(12,458)
Proceeds from divestments		**250**	150
Other		**84**	1
Net cash flows used in investing activities		**(15,503)**	(28,667)
Cash flows from financing activities			
Proceeds from issue of shares	5.3	**1,279**	919
Payments for shares acquired by the hipages Employee Share Trust	5.4	**(1,279)**	(919)
Payment of principal portion of lease liabilities	3.6	**(3,139)**	(3,250)
Proceeds from reimbursement of office refurbishment costs		**600**	–
Cash settlement of share-based payments		**(42)**	(26)
Net cash flows used in financing activities		**(2,581)**	(3,276)
Net decrease in cash and cash equivalents		**(2,387)**	(19,357)
Cash and cash equivalents at the beginning of the period		**10,907**	30,303
Effects of exchange rate changes on cash and cash equivalents		**20**	(39)
Cash and cash equivalents at end of the period	3.1	**8,540**	10,907

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

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 2023 and were authorised for issue in accordance with a resolution of the Directors on 24 August 2023.

hipages Group is a for-profit entity and is Australia and New Zealand's (NZ's) largest online tradie marketplace and Software-as-a-Service (SaaS) platform, connecting tradies with residential and commercial consumers through its platforms hipages (Australia) and Builderscrack (NZ).

The registered office is located at 255 Pitt Street, Sydney, Australia.

1.2. 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 2023, the Group had net assets of $34.200 million (30 June 2022: $37.098 million).

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

1.3. 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
- Valuation and carrying amount of indefinite and definite life intangible assets
- Estimation of useful lives of assets
- Recognition of deferred tax assets

1.4. Going concern

At 30 June 2023 the Group's current liabilities exceeded its current assets by $1.751 million (30 June 2022: current assets exceeded current liabilities by $1.220 million). The current liabilities include Contract liabilities related to unearned income of $3.220 million (30 June 2022: $3.004 million) (refer to Note 3.8, Contract liabilities) as well as employee leave liabilities of $2.026 million (30 June 2022: $1.912 million).

Excluding the impact of the unearned income, which is unlikely to result in a cash outflow, the Group's current assets exceed its current liabilities by $1.469 million (30 June 2022: $4.224 million).

1.4. *Going concern* continued

During the year the Group continued to invest cash in its strategic platform technology to leverage future growth, increasing spend by $2.950 million.

Net operating cash inflow for the year is also up by 25% to $15.697 million and importantly, the business was cash flow positive in H2, with total net cash flow of $1.028 million in the second half.

Furthermore, the Group continued to deliver a strong EBITDA margin of 18% up from 17% on the year ended 30 June 2022.
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 the 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) platform, connecting tradies with residential and commercial consumers through its platforms hipages. To date, over four million unique Australians have used hipages to change the way they find, hire and manage trusted tradies, providing more work to over 35,000 subscribed trade businesses. The Australian segment incorporates Tradiecore, which is a proprietary workflow management SaaS platform, which will be key to the Company's strategic evolution from marketplace to platform. Tradiecore helps tradies build better businesses by managing their whole workflow from lead generation through to payment and completion.
New Zealand: **Builderscrack online tradie platform**	MyQuote Limited, trading as 'Builderscrack' is New Zealand's leading online tradie marketplace, connecting tradies with residential and commercial consumers through its platform.

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, 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 12 months ended[1]		Total operations 12 months ended[1]	
	30-Jun-23 $'000	**30-Jun-22 $'000**	**30-Jun-23 $'000**	**30-Jun-22 $'000**	**30-Jun-23 $'000**	**30-Jun-22 $'000**
Sales Revenue	**63,236**	58,965	**2,657**	1,692	**65,893**	60,657
Other Revenue	**1,114**	1,202	–	–	**1,114**	1,202
Total Revenue	**64,350**	60,167	**2,657**	1,692	**67,007**	61,859
Segment EBITDA (exclusive of impairment charge)	**11,974**	9,551	**550**	534	**12,524**	10,085
Impairment of goodwill associated with the Builderscrack business[2]	–	–	**(3,100)**	–	**(3,100)**	–
Segment EBITDA (inclusive of impairment charge)	**11,974**	9,551	**(2,550)**	534	**9,424**	10,085
Depreciation and amortisation[3]	**(12,385)**	(9,372)	**(1,969)**	(1,067)	**(14,354)**	(10,439)
Segment profit/(loss) before interest and tax	**(411)**	179	**(4,519)**	(533)	**(4,930)**	(354)
Net financing (expense)/benefit	**(194)**	(202)	**(10)**	1	**(204)**	(201)
Income tax (expense)/benefit	–	–	**398**	165	**398**	165
Segment loss after tax	**(605)**	(23)	**(4,131)**	(367)	**(4,736)**	(390)
Share of Loss in Associates	**(408)**	(520)	–	–	**(408)**	(520)
Net loss after tax	**(1,013)**	(543)	**(4,131)**	(367)	**(5,144)**	(910)

	Balance as at		Balance as at		Balance as at	
	30-Jun-23 $'000	**30-Jun-22 $'000**	**30-Jun-23 $'000**	**30-Jun-22 $'000**	**30-Jun-23 $'000**	**30-Jun-22 $'000**
Segment assets	**53,018**	53,932	**9,197**	13,828	**62,215**	67,760
Segment liabilities	**25,174**	27,487	**2,841**	3,175	**28,015**	30,662

1. In respect of the New Zealand Segment, which comprises Builderscrack, the results for the period ended 30 June 2022 represent seven months, trading from its acquisition in December 2021.
2. For further information regarding the impairment, refer to Note 3.5, Intangible assets.
3. For the New Zealand segment, depreciation and amortisation includes $1.650 million (30 June 2022: $0.975 million) in respect of acquired identifiable intangible assets.

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 may 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 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).

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 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 product offering.

2.2. **Revenue** *continued*

Revenue	30 June 2023 $'000	30 June 2022 $'000
Ordinary activities		
Contracts with customers – recurring revenue	**62,931**	58,238
Contracts with customers – transactional revenue	**2,962**	2,419
Total revenue from ordinary activities	**65,893**	60,657
Other activities		
Rental income	**1,114**	1,202
Total revenue from other activities	**1,114**	1,202
Total revenue	**67,007**	61,859

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 2023 $'000	30 June 2022 $'000
Depreciation		
Plant and equipment	**271**	298
Leasehold improvements	**608**	532
Right-of-use assets	**2,429**	2,243
Total depreciation	**3,308**	3,073
Amortisation		
Software and other intangibles	**256**	110
Capitalised development	**10,473**	7,069
Brand and customer contract	**317**	187
Total amortisation	**11,046**	7,366
Total depreciation and amortisation	**14,354**	10,439

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 2023 $'000	30 June 2022 $'000
Total finance income		
Interest revenue calculated using the effective interest method	**173**	112
Total finance income	**173**	112
Finance expenses		
Interest and finance charges paid/payable	**(59)**	(30)
Finance Costs – lease liability interest	**(318)**	(283)
Total finance expenses	**(377)**	(313)
Net finance costs expensed	**(204)**	(201)

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: 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.

2.5. *Earnings per share (EPS) continued*

	30 June 2023 $'000	30 June 2022 $'000
Earnings used in calculating earnings per share		
Basic and diluted loss attributable to the ordinary equity holders of the Company – from continuing operations	**(5,144)**	(910)

	30 June 2023 Number	30 June 2022 Number
Weighted average number of shares used as denominator		
Issued ordinary shares	**133,110,322**	131,005,489
Impact of shares issued during the period	**(1,931,085)**	(764,351)
Weighted average number of ordinary shares used as the denominator	**131,179,237**	130,241,138

	30 June 2023 Cents	30 June 2022 Cents
Basic and diluted earnings per share		
Attributable to the ordinary equity holders of the Company		
From continuing operations	**(3.92)**	(0.70)

Excluding goodwill impairment on the New Zealand subsidiary and fair value adjustment of contingent consideration, basic and diluted loss per share is 1.84 cents (30 June 2022: 0.70 cents).

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: Recognition of deferred tax assets

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.

2.6. *Income tax* continued

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.

Income tax expense/(benefit)	30 June 2023 $'000	30 June 2022 $'000
Current tax		
Current tax expense/(benefit)	68	108
Deferred tax		
Deferred tax expense/(benefit)	(466)	(273)
Total income tax expense/(benefit)	(398)	(165)

Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable	30 June 2023 $'000	30 June 2022 $'000
Loss from continuing operations before tax	(5,542)	(1,075)
Total profit/(loss) before income tax expense	(5,542)	(1,075)
Income tax expense/(benefit) calculated at 30%	(1,663)	(323)
Tax effect of amounts that are not deductible/(taxable) in calculating income tax:		
Share-based payments	518	623
Non-deductible contingent consideration remeasurement	(111)	–
Non-deductible entertainment and other expenses	21	8
Amortisation expense on business acquisition intangible asset	197	101
Non-deductible impairment of goodwill	930	–
Derecognition of DTA	1,115	1,118
Brought forward tax loss/R&D credit benefit used	(1,372)	(982)
Share of profit/(loss) of equity-accounted investees	81	55
Proptech Labs (B+A) Sale – DTL unwind	(119)	–
Impact of differential tax rates	33	–
Other tax adjustments	(28)	(765)
Total income tax benefit reported in the Consolidated Statement of Profit or Loss	(398)	(165)

2.6. *Income tax* *continued*

Deferred tax assets	30 June 2023 $'000	30 June 2022 $'000
The balance comprises temporary differences attributable to:		
Employee benefits	**972**	823
Capital raising costs	**920**	1,384
Doubtful debts	**374**	244
Accrued expenses	**411**	216
Leasehold assets	**622**	327
AASB 16 Lease liabilities	**3,315**	3,936
Intangible assets	**(11)**	2
Deferred tax assets not recognised to the extent of deferred tax liabilities	**(3,771)**	(2,952)
Total deferred tax assets	**2,832**	3,980
Deferred tax liabilities		
Intangible assets	**(1,741)**	(2,541)
AASB 16 Right-of-Use Asset	**(2,791)**	(3,566)
Total deferred tax liabilities	**(4,532)**	(6,107)
Net deferred tax	**(1,700)**	(2,127)

Tax losses	30 June 2023 $'000	30 June 2022 $'000
Unused tax losses for which no deferred tax asset has been recognised	**22,405**	27,305
Potential tax benefit @ 30%	**6,721**	8,191
Research and Development tax incentive		
Unused Research and Development offset for which no deferred tax asset has been recognised	**7,570**	6,822
Potential tax benefit @ 38.5%	**2,914**	2,626

3. Working capital and operating assets

3.1. Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash at bank, cash in hand, funds on deposits, 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 2023 $'000	30 June 2022 $'000
Cash at bank and in hand	**8,540**	10,907
Funds on deposit (including bank guarantees)	**2,187**	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

Loss for the period	**(5,144)**	(910)
Adjustments to reconcile loss to net cash flows:		
Depreciation and amortisation	**14,354**	10,439
Share-based payments	**1,741**	2,076
Non-cash interest	**318**	283
Share of loss in Associates	**408**	520
Impairment of New Zealand subsidiary	**3,100**	–
Deferred consideration adjustment of New Zealand subsidiary	**(369)**	–
Income tax benefit	**(398)**	(165)
Loss on disposal of fixed assets	**5**	1
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**206**	(196)
(Increase)/decrease in other current assets	**(114)**	228
(Increase)/decrease in other non-current assets	**105**	89
Increase/(decrease) in trade creditors	**830**	656
Increase/(decrease) in contract liabilities	**216**	(712)
Increase/(decrease) in provisions	**684**	427
Cash generated from operations	**15,942**	12,736
Taxes paid	**(245)**	(150)
Net cash flows from operating activities	**15,697**	12,586

3.2. *Trade and other receivables*

Accounting policy

Trade receivables: Trade receivables are amounts due from customers for goods sold or services performed in the 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.

A simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance, has been applied in calculation of the expected credit losses. 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.

	30 June 2023 $'000	30 June 2022 $'000
Trade receivables	**2,880**	2,582
Less: Allowance for expected credit loss	**(1,249)**	(813)
Trade receivables net off allowance for expected credit loss	**1,631**	1,769
Other receivables	**24**	92
Total trade and other receivables	**1,655**	1,861

Other receivables represent unbilled revenue.

Expected credit loss provision

Ageing of the Group's trade receivables at the reporting date is as follows:	30 June 2023 $'000	30 June 2022 $'000
Not past due	**1,041**	836
Past due 0 – 30 days	**359**	308
Past due 31 – 90 days	**278**	265
Past due more than 90 days	**1,202**	1,173
Total trade receivables	**2,880**	2,582

	30 June 2023		30 June 2022	
Expected credit loss rate % and Allowance for expected credit loss by ageing category:	%	$'000	%	$'000
Not past due	**4%**	**44**	3%	22
Past due 0 – 30 days	**40%**	**143**	16%	48
Past due 31 – 90 days	**50%**	**138**	22%	59
Past due more than 90 days	**77%**	**924**	58%	684
Total allowance for expected credit loss		**1,249**		813

3.2. *Trade and other receivables* continued

Reconciliation of movement – Expected credit loss	30 June 2023 $'000	30 June 2022 $'000
Opening net book amount	**813**	648
Provisions made during the year	**2,619**	2,038
Receivables written off during the year as uncollectible	**(2,183)**	(1,873)
Total expected credit loss provision	**1,249**	813

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 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.

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.

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.

3.3. *Other assets and investments* continued

	30 June 2023 $'000	30 June 2022 $'000
Other assets - current		
Deposits and prepayments	**1,624**	1,335
Lease receivable (sub leases)	**104**	279
Deferred consideration	**–**	250
Total other assets – current	**1,728**	1,864
Other assets – non-current		
Lease receivable (sub leases)	**–**	105
Total other assets - non-current	**–**	105

Other investments	Fair value at 30 June 2023 $'000	Fair value at 30 June 2022 $'000
Other investment	**800**	800

The other investment relates to a 2.58% ownership interest in Rated People. Rated People is an 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 2023 $'000	30 June 2022 $'000
Property, plant and equipment – at cost		
Leasehold improvements	**3,782**	3,141
Plant and equipment	**1,670**	3,168
Less accumulated depreciation		
Leasehold improvements	**(2,994)**	(2,385)
Plant and equipment	**(1,126)**	(2,193)
Total property, plant and equipment	**1,332**	1,731
Comprising		
Leasehold improvements	**788**	756
Plant and equipment	**544**	975
Total property, plant and equipment	**1,332**	1,731

Reconciliation of movement	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
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
Balance 1 July 2022	**975**	**756**	**1,731**
Additions	**201**	**385**	**586**
Depreciation	**(271)**	**(608)**	**(879)**
Disposal	**(5)**	**–**	**(5)**
Transferred[1]	**(368)**	**254**	**(114)**
Foreign exchange movement	**12**	**1**	**13**
Closing balance 30 June 2023	**544**	**788**	**1,332**

1. Items in a plant and equipment in progress account were transferred upon completion to the leasehold improvements $254,000 and software $114,000. Refer to Note 3.5 for the amount reclassified into software.

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. Goodwill 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 at 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: Carrying value of intangible assets

Useful lives: 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.

Impairment: If an indicator of impairment exists, the recoverable amount of the asset is determined. 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 or Fair Value Less Costs of Disposal (FVLCD).

Carrying value of 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 NZ 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.

The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

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.

For personal use only

3.5. *Intangible assets* *continued*

	30 June 2023 $'000	30 June 2022 $'000
Goodwill	**1,743**	4,768
Brands and customer relationships	**4,269**	4,502
Capitalised development	**23,115**	19,719
Software and other intangibles	**1,387**	622
Closing net book value	**30,514**	29,611

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 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
Effect of movement in exchange rates	(238)	(79)	(275)	(33)	(625)
Closing balance at 30 June 2022	4,768	19,719	4,502	622	29,611
Opening balance at 1 July 2022	**4,768**	**19,719**	**4,502**	**622**	**29,611**
Additions	–	**13,807**	–	**908**	**14,715**
Amortisation expense	–	**(10,473)**	**(317)**	**(256)**	**(11,046)**
Transferred from plant and equipment[1]	–	–	–	**114**	**114**
Impairment of goodwill associated with the New Zealand CGU	**(3,100)**	–	–	–	**(3,100)**
Effect of movement in exchange rates	**75**	**62**	**84**	**(1)**	**220**
Closing balance at 30 June 2023	**1,743**	**23,115**	**4,269**	**1,387**	**30,514**

1. Items in a plant and equipment in progress account were transferred upon completion to software $114,000. Refer to Note 3.4, Property plant and equipment.

Impairment testing of 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.

Australia – Management has considered and assessed key valuation assumptions as well as reasonable possible changes to the key assumptions and has not identified any instance that could cause the carrying amount of the Australian CGU comprising the hipages online tradie platform to exceed its recoverable amount and result in an impairment charge. On this basis, no impairment charge has been recorded for the year ended 30 June 2023 (30 June 2022: nil).

The recoverable amount of the hipages CGU was calculated based on a value in use model at 30 June 2023 using a discounted cash flow model. The major inputs and assumptions used in performing the assessment that require judgement are summarised below.

New Zealand – Management has considered and assessed key valuation assumptions as well as reasonable possible changes to the key assumptions and has identified the carrying amount of the NZ CGU comprising Builderscrack exceeded its estimated recoverable amount by $3.100 million. Consequently, an impairment charge of $3.100 million has been recorded for the year ended 30 June 2023 (30 June 2022: nil).

3.5. *Intangible assets* continued

The recoverable amount of the Builderscrack CGU of $6.065 million at 30 June 2023 was calculated on the basis of fair value less costs of disposal using a discounted cash flow model. The major inputs and assumptions used in performing the assessment that require judgement are summarised below. As the fair value less costs of disposal is less than the carrying value of $9.165 million, an impairment of $3.100 million has been recognised in the current year.

As a result of the impairment, goodwill relating to Builderscrack CGU has reduced from $4.058 million to $0.958 million as at 30 June 2023.

The current year impairment charge against the NZ CGU is on the back of the difficult macroeconomic environment, coupled with several extreme weather events in New Zealand, which have impacted its financial performance.

		Australia - On demand home improvement tradesperson platform		New Zealand – Builderscrack[1]	
		30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
Cash flow forecast period	Years	**3 years**	3 years	**5 years**	5 years
Terminal growth rate	%	**2.5**	2.4	**2.5**	2.5
Discount rate	%	**11.0**	11.0	**14.0**	14.0
Carrying value of goodwill	$'000	**785**	785	**958**	3,983

1. Builderscrack was acquired during the financial year ended 30 June 2022.

The key assumptions and values assigned represent management's assessment of future trends in the Australian and New Zealand market and have been based on historical data from both external and internal sources. These 'best estimates' are at the time of performing the valuation, being 30 June 2023. The calculation of value-in-use (Australian CGU) and fair value less cost of disposal (New Zealand CGU) is most sensitive to the following assumptions:

- Cash flows: Future cash flow expectations have been adjusted to reflect the impact that the current macro environment and recent weather events had on the current year results. The cash flow projections cover a five-year period after which a terminal growth rate is applied as reflected above.
- 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. While discount rates are comparable, the component parts have been reassessed individually and are different.
- 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. The terminal growth rate was determined based on management's estimate of the long-term revenue, EBITDA and cash flow growth rates and is consistent with assumptions that a market participant would make.

It is recognised that 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.

3.6. *Lease accounting*

Accounting policy: Lease accounting

The Group leases commercial office premises. The leases are typically for fixed periods 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;

3.6. *Lease accounting continued*

- 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.

Sublease: 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.

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.

3.6. *Lease accounting* *continued*

Amounts recognised in the Consolidated Statement of Financial Position

	30 June 2023 $'000	30 June 2022 $'000
Right-of-use asset		
Buildings	20,892	20,832
Less accumulated depreciation	(10,949)	(8,520)
Total right-of-use assets	9,943	12,312
Reconciliation of movement		
Balance at the beginning of financial year	12,312	6,370
Additions arising on lease modification	–	7,375
Addition arising on new lease	–	810
Depreciation	(2,429)	(2,243)
Foreign exchange movement and other	60	–
Balance at the end of financial year	9,943	12,312
Lease liabilities		
Current	2,149	2,324
Non-current	9,563	11,526
Total lease liabilities	11,712	13,850
Maturity analysis – undiscounted		
Less than one year	2,405	2,653
One to two years	1,762	2,390
Two to five years	5,704	5,458
Over five years	2,753	4,701
Total undiscounted lease liabilities at the end of financial year	12,624	15,202

Amounts recognised in the Consolidated Statement of Profit or Loss

	30 June 2023 $'000	30 June 2022 $'000
Interest on lease liabilities	(318)	(283)
Depreciation of right-of-use asset	(2,429)	(2,243)

Amounts recognised in the Consolidated Statement of Cash Flows

	30 June 2023 $'000	30 June 2022 $'000
Total cash outflow for leases	(3,139)	(3,250)

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 2023	30 June 2022
Trade and other payables – current	**$'000**	**$'000**
Trade payables	**2,104**	3,029
GST payable	**930**	787
Payroll accruals	**1,247**	1,003
Deferred consideration	**369**	738
Other payables	**3,549**	2,862
Total trade and other payables – current	**8,199**	8,419

Trade and other payables – non-current	**$'000**	**$'000**
Deferred consideration	–	738
Total trade and other payables – non-current	–	738

Refer to 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.

	30 June 2023	30 June 2022
Contract liabilities – current	**$'000**	**$'000**
Unsatisfied performance obligations		
Deferred revenue	**3,220**	3,004
Total contract liabilities – current	**3,220**	3,004

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $3.220 million (30 June 2022: $3.004 million) and is expected to be recognised as revenue during the reporting period ended 30 June 2024. On the basis the entire amount is settled within 12 months of reporting date it is recorded as a current liability.

Contract liabilities are settled following the delivery of service by the Group as described in Note 2.2 Revenue; contract liabilities are unlikely to result in a cash outflow.

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 2023 $'000	30 June 2022 $'000
Provisions – Current		
Employee benefits	**2,026**	1,912
Other provisions	**418**	–
Total provisions – current	**2,444**	1,912
Provisions – Non-current		
Employee benefits	**418**	267
Other provisions	**322**	321
Total provisions – non-current	**740**	588
Total provisions	**3,184**	2,500
Reconciliation of movement – Employee benefits		
Balance at the beginning of financial year	**2,179**	1,872
Provisions made during the year	**2,210**	1,568
Provisions used during the year	**(1,945)**	(1,261)
Total employee benefits provision	**2,444**	2,179
Reconciliation of movement – Other		
Balance at the beginning of financial year	**321**	141
Provisions made during the year	**419**	180
Total other provisions	**740**	321
Total provisions	**3,184**	2,500

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 2023 $'000	30 June 2022 $'000
Salary costs	**21,458**	17,768
Defined contribution superannuation expense	**2,646**	2,033
Share-based payments expense	**1,741**	2,076
Total employee benefits expense	**25,845**	21,877

Annual leave and long service leave

Provisions for employee annual leave and long service leave 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 the 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 effective 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 management equity plans for senior management and Directors: Management Equity Plan (HMEP) as well as the Employee Equity Plan (HEEP) were both designed to assist in the attraction, motivation and retention of eligible employee, senior management and Directors. These plans were 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.

New for FY23 is a revised management incentive plan structure, although still operating within the existing rules. The FY23 structure clearly separates the Short-Term Incentive (STI) and the Long-Term Incentive (LTI). The STI will continue to be a cash bonus based on a 12-month performance period, however it also incorporates a 12-month deferred equity component.

The LTI will be an annual award of Rights, however the granting/vesting of the rights will be subject to a relative Total Shareholder Return (rTSR) over a three-year performance period and vests at the end of that three-year period subject to performance.

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:

Employee benefits expensed	30 June 2023 $'000	30 June 2022 $'000
Rights issued under HMEP	**934**	1,067
Rights issued under HEEP	**417**	219
Rights issued to Non-Executive Directors	**260**	194
IPO incentive plan	**130**	596
	1,741	2,076

An expense arising from the proposed deferred short-term incentive grant related to FY23 Company performance has been recognised in the profit or loss during the year ended 30 June 2023. In relation to the prior period grants, an expense continues to be recognised over the vesting period.

C. Reconciliation of outstanding share rights

hipages Management Equity Plan (HMEP) – Performance Rights

Grant date	Expiry date	Balance at the start of the year Number	Granted Number	Forfeited/ Lapsed Number	Exercised Number	Balance at the end of the year Number
Movement for the 12 months ended 30 June 2023						
01-Jan-20	**01-Jan-25**	**403,626**	**–**	**(6,163)**	**(182,777)**	**214,686**
01-Jul-20	**01-Jul-25**	**208,366**	**–**	**(4,140)**	**(96,876)**	**107,350**
01-Oct-21	**01-Oct-26**	**324,651**	**–**	**(32,331)**	**(63,005)**	**229,315**
14-Jan-22	**14-Jan-27**	**71,104**	**–**	**–**	**–**	**71,104**
09-May-22	**09-May-27**	**68,837**	**–**	**–**	**–**	**68,837**
05-Oct-22	**05-Oct-27**	**–**	**22,826**	**–**	**(22,826)**	**–**
30-Sep-22	**30-Sep-27**	**–**	**595,105**	**–**	**(53,618)**	**541,487**
03-Feb-23	**20-Jan-28**	**–**	**768,244**	**(21,723)**	**–**	**746,521**
		1,076,584	**1,386,175**	**(64,357)**	**(419,102)**	**1,979,300**

4.2. *Share-based payment arrangements continued*

hipages Management Equity Plan (HMEP) – Performance Rights *continued*

Grant date	Expiry date	Balance at the start of the year Number	Granted Number	Forfeited/ Lapsed 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	–	–	(31,400)	403,626
01-Jul-20	01-Jul-25	566,291	–	–	(357,925)	208,366
01-Oct-21	01-Oct-26	–	365,396	–	(40,745)	324,651
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

hipages Management Equity Plan

Senior management have the opportunity to participate in a management equity plan and thereby receive performance rights issued pursuant to the rules of the HMEP plan.

The most recent equity grant on 3 February 2023 of 768,244 Rights is in respect of the new LTI structure. These Rights are allocated to senior management pursuant to the plan rules and will vest at the end of a three-year performance period, subject to a TSR ranking against a comparator group.

The equity grant on 30 September 2022 of 595,105 Rights is in respect to the performance period ended 30 June 2022. The number of Rights granted was 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. Key features of these performance rights 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% 12 months after the end of the performance period.
  - 33% 24 months after the end of the performance period.
  - 34% 36 months after the end of the performance period.
- No consideration is payable by a participant to exercise Performance Rights.

The remaining Performance Rights were granted to Non-Executive Directors as part of their remuneration.

Further details are available in the Remuneration Report.

4.2. *Share-based payment arrangements* continued

IPO Incentive Plan – Performance Rights

Grant date	Expiry date	Balance at the start of the year Number	Granted Number	Exercised Number	Other changes Number	Balance at the end of the year Number
Movement for the 12 months ended 30 June 2023						
11-Nov-20	11-Nov-25	**616,089**	–	**(372,041)**	–	**244,048**
		616,089	–	**(372,041)**	–	**244,048**
Movement for the 12 months ended 30 June 2022						
11-Nov-20	11-Nov-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 vested in two equal tranches:

- 50% on the 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 Equity Plan (HEEP) – Performance Rights

Grant date	Expiry date	Balance at the start of the year Number	Granted Number	Forfeited/ Lapsed Number	Exercised Number	Balance at the end of the year Number
Movement for the 12 months ended 30 June 2023						
01-Jul-20	**30-Jun-25**	**217,013**	**–**	**(47,821)**	**–**	**169,192**
01-Oct-21	**30-Sep-26**	**41,666**	**–**	**(11,282)**	**–**	**30,384**
20-Oct-21	**19-Oct-26**	**33,403**	**–**	**(10,614)**	**–**	**22,789**
15-Nov-21	**14-Nov-26**	**26,635**	**–**	**(9,752)**	**–**	**16,883**
16-Feb-22	**15-Feb-27**	**32,763**	**–**	**(2,816)**	**–**	**29,947**
13-May-22	**12-May-27**	**68,664**	**–**	**(13,503)**	**–**	**55,161**
10-Jun-22	**09-Jun-27**	**20,742**	**–**	**(2,250)**	**–**	**18,492**
16-Sep-22	**15-Sep-27**	**–**	**84,890**	**(18,423)**	**–**	**66,467**
31-Jan-23	**31-Jan-28**	**–**	**77,520**	**(8,258)**	**–**	**69,262**
31-Jan-23	**31-Jan-28**	**–**	**51,694**	**(1,833)**	**–**	**49,861**
31-Jan-23	**31-Jan-28**	**–**	**145,115**	**(21,311)**	**–**	**123,804**
23-May-23	**23-May-28**	**–**	**45,903**	**–**	**–**	**45,903**
		440,886	**405,122**	**(147,863)**	**–**	**698,145**
Movement for the 12 months ended 30 June 2022						
01-Jul-20	30-Jun-25	312,727	–	(95,714)	–	217,013
01-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	09-Jun-27	–	20,742	–	–	20,742
		312,727	252,174	(124,015)	–	440,886

hipages Employee Equity Plan

Performance rights have been granted to employees during the current year.

A share-based payment expense arising from the share-based payment equity grant is recognised in the profit or loss from the date the grant is communicated to employees and is recognised over the vesting period.

Participants may exercise rights during exercise windows once the rights are fully vested and no consideration is payable by participants to exercise performance rights.

4.2. *Share-based payment arrangements* continued

Legacy plan – ESP3 – Performance Rights

Grant date	Expiry date	Balance at the start of the year Number	Forfeited/ Lapsed Number	Exercised Number	Balance at the end of the year Number
Movement for the 12 months ended 30 June 2023					
1-Jul-18	**30-Jun-25**	**118,614**	**–**	**(52,607)**	**66,007**
1-Jul-19	**30-Jun-25**	**242,393**	**–**	**(74,691)**	**167,702**
		361,007	**–**	**(127,298)**	**233,709**
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

All ESP3 performance rights are fully vested and are exercisable during exercise windows.

Legacy plans ESP1 and ESP2 – Ordinary Shares

Grant date	Expiry date	Balance at the start of the year Number	Forfeited/ Lapsed Number	Sale Number	Balance at the end of the year held by the ESP Trust Pty Ltd Number
Movement for the 12 months ended 30 June 2023					
1-Jul-14	**30-Jun-18**	**1,478,752**	**–**	**–**	**1,478,752**
1-Jul-15	**30-Jun-19**	**191,997**	**–**	**–**	**191,997**
		1,670,749	**–**	**–**	**1,670,749**
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

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 Chief Executive Officer 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.

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 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 – **2023**							
Non-interest bearing							
Trade and other payables	3.7	**8,199**	**8,199**	**–**	**–**	**–**	**–**
Lease liabilities	3.6	**12,624**	**2,405**	**1,762**	**5,704**	**2,753**	**2.5%**
Total cash flows		**20,823**	**10,604**	**1,762**	**5,704**	**2,753**	**–**
Consolidated – **2022**							
Non-interest bearing							
Trade and other payables	3.7	9,157	8,419	738	–	–	–
Lease liabilities	3.6	15,202	2,653	2,390	5,458	4,701	2.5%
Total cash flows		24,359	11,072	3,128	5,458	4,701	–

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

The Group 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 it is not exposed to significant foreign exchange fluctuations during contracted terms.

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 States Dollars: USD, Philippine Pesos: PHP and New Zealand Dollars: NZD).

AUD equivalent of financial instruments denominated in foreign currency	USD $'000	PHP $'000	NZD $'000	Total AUD $'000
Financial assets – 2023				
Cash	**1**	**55**	**242**	**298**
Trade receivable	**–**	**–**	**116**	**116**
Financial liabilities – 2023				
Trade Creditors	**79**	**–**	**70**	**149**
Financial assets – 2022				
Cash	1	53	749	803
Trade receivable	–	–	182	182
Financial liabilities – 2022				
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 summarises 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 June 2023 $'000	30 June 2022 $'000	30 June 2023 $'000	30 June 2022 $'000
NZD/AUD exchange rate – increase 10% (2023 – 10%)*	**29**	72	**(860)**	(312)
NZD/AUD exchange rate – decrease 10% (2023 – 10%)*	**(29)**	(72)	**1,051**	1,184
USD/AUD exchange rate – increase 10% (2023 – 10%)*	**(8)**	(13)	**–**	–
USD/AUD exchange rate – decrease 10% (2023 – 10%)*	**8**	13	**–**	–
PHP/AUD exchange rate – increase 10% (2023 – 10%)*	**6**	5	**–**	–
PHP/AUD exchange rate – decrease 10% (2023 – 10%)*	**(6)**	(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 2023				
Assets				
Financial assets at fair value through OCI (unlisted securities)	**–**	**–**	**800**	**800**
Liabilities				
Current – Contingent consideration[1]	**–**	**–**	**(369)**	**(369)**
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)

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 strategic investment made during the prior 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 2023 of $0.800 million is appropriate (30 June 2022: $0.800 million).

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

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. The contingent consideration has been fair valued, with $0.369 million derecognised as a payable on the basis of management estimate.

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.

Ordinary shares	30 June 2023 Number	30 June 2022 Number	30 June 2023 $'000	30 June 2022 $'000
Balance at the beginning of the financial year	**131,005,489**	130,030,702	**317,639**	315,775
New shares issued to existing shareholders[1]	**69,290**	15,949	**91**	60
New issue of shares as part of consideration for an acquisition[2]	**101,310**	243,145	**369**	885
New shares issued to Employee Share Trust[3]	**1,934,233**	715,693	**1,279**	919
Balance at the end of the financial year	**133,110,322**	131,005,489	**319,378**	317,639

All shares have been issued, are fully paid and have no par value.

1. Issue of shares during the financial year ended 30 June 2023, relates to equity component of Non-Executive Directors' remuneration (No. of rights: 22,826) and conversion of rights issued which converted to equity (No. of rights: 46,464) as part of the employee incentive scheme. Issue of shares during the financial year ended 30 June 2022 relates to equity component of Non-Executive Directors' remuneration (No. of rights: 15,949).
2. Issue of shares during the year ended 30 June 2023 as part of the deferred consideration for the acquisition of MyQuote Pty Ltd trading as Builderscrack. Issue of shares during the year ended 30 June 2022, as part of the consideration for the acquisition of Builderscrack.
3. Issue of shares 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 payment arrangements.

5.4. Reserves

Capital reorganisation reserve	30 June 2023 $'000	30 June 2022 $'000
Balance at the beginning of the financial year	**(226,612)**	(226,612)
Capital reorganisation	**–**	–
Balance at the end of the financial year	**(226,612)**	(226,612)

Share-based payments reserve		
Balance at the beginning of the financial year	**8,291**	7,238
Share-based payments expense	**1,741**	2,076
Shares acquired by the Employee Share Trust	**(1,279)**	(919)
Cash settled employee share rights	**(73)**	(44)
New shares issued to existing shareholders	**(91)**	(60)
Balance at the end of the financial year	**8,589**	8,291

Translation and other reserves		
Balance at the beginning of the financial year	**(1,718)**	(1,069)
Foreign currency translation differences	**209**	(649)
Balance at the end of the financial year	**(1,509)**	(1,718)
Total reserves	**(219,532)**	(220,039)

5.5. Accumulated losses

Accumulated losses	30 June 2023 $'000	30 June 2022 $'000
Balance at the beginning of the financial year	**(60,502)**	(59,592)
Loss after tax for the year ended 30 June	**(5,144)**	(910)
Accumulated losses at the end of the financial year	**(65,646)**	(60,502)

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 2023 (30 June 2022: nil) and no final dividends have been declared.

5.7. Commitments

The Group has no significant capital expenditure commitments as at 30 June 2023 (30 June 2022: 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 2022: $2.187 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.

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 2023 $'000	30 June 2022 $'000
Balance sheet		
Current assets	**6,041**	8,356
Non-current assets	**181,120**	184,386
Total assets	**187,161**	192,742
Current liabilities	**378**	854
Non-current liabilities	**–**	738
Total liabilities	**378**	1,592
Net assets	**186,783**	191,150
Equity		
Issued capital	**319,378**	317,579
Reserves	**(2,198)**	(919)
Accumulated losses	**(130,397)**	(125,510)
Total equity	**186,783**	191,510
Loss for the year	**(4,888)**	(125,504)
Total comprehensive loss	**(4,888)**	(125,504)

Guarantees entered into by the parent entity

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

Commitments and contingencies

The parent entity has no significant expenditure commitments as at 30 June 2023 (30 June 2022: 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 to Notes 5.7, Commitments and 5.8, Contingencies for further information.

6.2. *Interests in subsidiaries*

Accounting policy

Subsidiaries

Subsidiaries are those 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 2023 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 2023 % Ownership interest	30 June 2022 % Ownership interest
Parent entity				
hipages Group Holdings Ltd	1	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	2	New Zealand	**100%**	100%
Pet Pages Pty Ltd	3	Australia	–	100%
Start Local Pty Ltd	3	Australia	–	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. Acquired during the year ended 30 June 2022.
3. The underlying businesses of these entities have been divested or discontinued and wound up during the year ended 30 June 2023.

6.3. *Interests in associates*

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

During the year ended 30 June 2023 the Group diluted its ownership interest to 19.53% as a result of three transactions, which together created a gain on disposal of $0.322 million.

- Dilution: 3.75%, Gain of $0.082 million – Effective 20 December 2022, the client book of Properties Under Management (PUM) was acquired from its largest competitor, Property Safe Maintenance Manager owned by Home Trades Hub Australia (HTHA). In consideration for the PUM acquisition, Proptech Labs issued 15% of Proptech Labs' total issued capital to HTHA. HTHA also has the right to appoint a Director to the Proptech Labs' Board. The share issue diluted the Company's ownership interest from 25% to 21.25%.
- Dilution and deemed disposal: 1.25%, Gain of $0.175 million – HTHA acquired an additional 5% equity interest in Proptech Labs by exercising a call option and paying $2.100 million to existing shareholders in accordance with their ownership interest, with $0.525 million paid to the Group. The share issue diluted the Company's ownership interest from 21.25% to 20%.
- Dilution and deemed disposal: 0.47%, Gain of $0.066 million – Due to the non-participation by the Group in a capital raise, the Group's equity interest diluted by 0.47% to 19.53%. The capital raise by Proptech Labs contributed cash proceeds of $1.000 million. The share issue diluted the Company's ownership interest from 20% to 19.53%.

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 19.53% equity entitlement, through the shareholder agreement, the Group has one seat on the Board of Proptech Labs (Bricks and Agent) and participates 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 Proptech Labs

The following table summarises the financial information of Proptech Labs 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 Proptech Labs.

6.3. *Interests in associates* continued

Summarised statement of comprehensive income	30 June 2023 $'000	30 June 2022 $'000
Revenue	**3,907**	1,247
Loss from continuing operations	**(1,354)**	(732)
Group's share in %	**19.53%**	25%
Group's share in $	**(271)**	(183)
Amortisation of fair value uplift on acquisition of associate	**(459)**	(337)
Gain on disposal of equity interest in associate	**322**	–
Loss for the period	**(408)**	(520)
Other comprehensive income	–	–
Total comprehensive income	**(408)**	(520)

Summarised financial information for associates Summarised balance sheet	30 June 2023 $'000	30 June 2022 $'000
Current assets	**773**	3,189
Non-current assets	**15,975**	2,610
Current liabilities	**(4,701)**	(474)
Non-current liabilities	**(2,428)**	–
Net assets (100%)	**9,619**	5,325
Group's share in %	**19.53%**	25%
Group's share in $	**1,879**	1,331
Goodwill	**1,833**	2,346
Acquired intangibles	**1,653**	2,621
Carrying amount	**5,365**	6,298

6.3. *Interests in associates* continued

Reconciliation of movement in carrying amount of equity accounted investment	30 June 2023 $'000	30 June 2022 $'000
Opening carrying amount	**6,298**	–
Investment in associate at cost	–	6,818
Loss for the period	**(271)**	(183)
Amortisation of fair value uplift on acquisition of associate	**(459)**	(337)
Fair Value of asset contribution for new shares issued/new capital contribution	**1,182**	–
Divested ownership interest	**(1,385)**	–
Closing carrying amount	**5,365**	6,298

	30 June 2023 $'000	30 June 2022 $'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.

6.4. *Deed of cross guarantee* *continued*

Consolidated Statement of Profit or Loss of the Closed Group

	30 June 2023 $'000	30 June 2022 $'000
Continuing operations		
Revenue	**32,160**	27,705
Other Revenue	**1,114**	1,202
Total Revenue	**33,274**	28,907
Expenses excluding interest, tax, depreciation and amortisation		
Employee benefits expenses	**(24,802)**	(21,450)
Marketing related expenses	**(792)**	(717)
Operations and administration expenses	**(2,081)**	(2,292)
Impairment on New Zealand subsidiary (Builderscrack)	**(5,603)**	–
Fair value adjustment of contingent consideration	**369**	–
Net other income/(expenses)	**377**	–
Total expenses excluding interest, tax, depreciation and amortisation	**(32,532)**	(24,459)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**742**	4,448
Depreciation and amortisation expense	**(3,543)**	(3,368)
Profit/(loss) before interest and income tax	**(2,801)**	1,080
Finance income	**169**	111
Finance expenses	**(363)**	(328)
Net finance expenses	**(194)**	(217)
Share of profit/(loss) of equity-accounted investees, net of tax	**(408)**	(520)
Profit/(loss) before income tax from continuing operations	**(3,403)**	343
Income tax expense	**–**	–
Profit/(loss) for the year from continuing operations	**(3,403)**	343

6.4. *Deed of cross guarantee* continued

Consolidated Statement of Financial Position of the Closed Group

	30 June 2023 $'000	30 June 2022 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**8,102**	9,831
Funds on deposit	**2,187**	2,271
Trade and other receivables	**121**	73
Other assets	**1,681**	1,876
Total current assets	**12,091**	14,051
Non-current assets		
Other assets	–	104
Other investments	**800**	800
Investment in Subsidiary	**6,065**	11,668
Equity-accounted investment	**5,365**	6,298
Property, plant and equipment	**1,204**	1,734
Right-of-use asset	**9,199**	11,502
Intangible assets	**2,150**	1,472
Intercompany receivables	**43,626**	37,831
Total non-current assets	**68,409**	71,409
Total assets	**80,500**	85,460
LIABILITIES		
Current liabilities		
Trade and other payables	**3,187**	4,255
Contract liabilities	**46**	399
Provisions	**2,406**	1,879
Lease liabilities	**2,027**	2,262
Total current liabilities	**7,666**	8,795
Non-current liabilities		
Trade and other payables	–	738
Provisions	**700**	549
Lease liabilities	**8,965**	10,842
Total non-current liabilities	**9,665**	12,129
Total liabilities	**17,331**	20,924
Net assets	**63,169**	64,536
EQUITY		
Issued capital	**319,378**	317,639
Reserves	**(219,092)**	(219,390)
Accumulated losses	**(37,117)**	(33,713)
Total equity	**63,169**	64,536

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

During the year ended 30 June 2023 there were no acquisitions.

During the year ended 30 June 2022, Builderscrack was acquired. 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. Goodwill acquired associated with the online platform was $4.221 million. During the current year ended 30 June 2023, this goodwill has been impaired by $3.100 million (refer to Note 3.5, Intangible assets).

7.2. Change in ownership of equity accounted investee

During the year ended 30 June 2023 the hipages equity investment in the associated entity Proptech Labs (previously known as Bricks and Agent) has decreased from 25% to 19.53%. The Company has retained a seat on the Board of Proptech Labs and significant influence over this associated entity. Further details are set out in Note 6.3, Interest in Associates.

8. Other disclosures

8.1. Auditor's remuneration

	30 June 2023 $	30 June 2022 $
Audit and review services		
Auditors of the Group – PwC	**409,000**	483,711
Assurance services		
ASX Appendix 4C review	**6,000**	24,000
Due Diligence services related to acquisitions	–	253,000
	6,000	277,000
Other assurance services		
Immigration advisory services	–	155,716
Total remuneration of PricewaterhouseCoopers Australia	**415,000**	916,427

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.

During the year ended 30 June 2023 PwC provided nil non-audit services. In respect of non-audit services provided during the prior year ended 30 June 2022, the Directors were 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.

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

hipages Group Holdings Limited (the Company) is the ultimate controlling entity.

b. Subsidiaries

With the exception of two entities which were wound up as part of Members Voluntary Liquidation (refer to Note 6.2, Interests in subsidiaries), there have been no changes in controlled entities during the year ended 30 June 2023.

8.2 *Related party transactions* *continued*

c. Compensation of KMP

Compensation of key management personnel	30 June 2023 $'000	30 June 2022 $'000
Salary and short-term benefits	**1,565**	1,414
Long-term benefits	**56**	38
Post-employment benefits	**93**	84
Share-based payments	**472**	918
Total compensation of key management personnel	**2,186**	2,454

d. Loans to/from related parties

There are nil outstanding balances receivable from or payable to related parties (30 June 2022: 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 2023.

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 2023 were $3,100 (30 June 2022: $730).

News Corp is a substantial shareholder. The Company paid News Corp $16,246 for advertising and administration services during the year ended 30 June 2023 (30 June 2022: $92,065). As at 30 June 2023, there was $12,545 (30 June 2022: $14,051) accrued in respect of unbilled work performed related to administration services.

News Corp has not charged a fee for Director services provided by Nicholas Gray, a News Corp appointed Non-Independent Director, (30 June 2022: nil). This amount has been accrued in full.

8.3. *Events occurring after the reporting 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 2023.

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 reserves 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.

8.4. *Other significant accounting policies* *continued*

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 ending 30 June 2023:

	Amendments to existing accounting standards in relation to:
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	• 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 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.

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 2023 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 2020-1 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 defers 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 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	• The amendments require the full gain or loss to be recognised when the assets transferred meet the definition of a business under AASB 3 Business Combinations.

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 2023 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 2023 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 2023.

In accordance with a resolution of the Directors.

Inese Kingsmill
Chair

Roby Sharon-Zipser
CEO and Executive Director

Sydney
24 August 2023

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 2023 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 2023
- 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

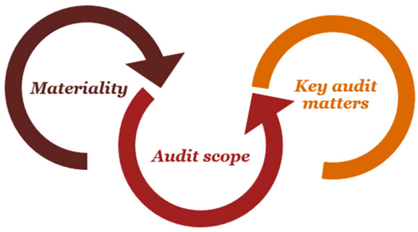
We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the 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.

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000, GPO BOX 2650 Sydney NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

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 $650,000, 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*
Carrying value of goodwill and indefinite life intangible assets related to the New Zealand - Builderscrack Cash Generating Unit *(Refer to Note 3.5) $1,743,000* The Group has goodwill and indefinite-lived intangible assets of $1,743,000 (2022: $4,768,000). During the year, the Group recognised an impairment charge of $3,100,000 relating to the New Zealand - Builderscrack Cash Generating Unit (CGU). The recoverable amount was determined using the Fair Value less Cost of Disposal (FVLCD) methodology using a discounted cash flow model ("model"). The carrying value of goodwill and other indefinite-lived intangible assets is contingent on future cash flows and there is a risk if these cash flows do not meet the Group's expectations that the assets may be impaired. The model prepared by the Group contains a number of significant judgements and estimates ("assumptions") including cash flows, terminal growth rate and discount rates. Changes in these assumptions can have a significant impact on the level of impairment recorded. Given the level of judgement, the impairment testing of goodwill and indefinite-lived intangible assets was considered to be a key audit matter.	To evaluate the Group's assessment of the recoverable amount of the New Zealand - Builderscrack CGU (the CGU), we performed the following procedures amongst others: • Assessed whether the division of the Group's goodwill and other indefinite-lived intangible assets into CGUs was consistent with our knowledge of the Group's operations and internal reporting. • Confirmed whether the carrying value of the CGU included all assets, liabilities and cash flows directly attributable to the CGU. • Recalculated the cash flows of the model to confirm the mathematical accuracy. • Compared historical forecast growth rates since acquisition to actual growth. • Considered the appropriateness of the significant assumptions, including historical trends at similar businesses and available external evidence. • With the support of PwC valuation experts, we assessed the terminal growth rate and discount rate. • Evaluated the reasonableness of the disclosures made in note 3.5, in light of the requirements of Australian Accounting Standards.

Key audit matter	*How our audit addressed the key audit matter*
Revenue recognition for contracts with customers *(Refer to Note 2.2) $65,893,000* Revenue recognition was a key audit matter due to its financial significance and the judgements and assumptions with respect to the estimation of deferred revenue for revenue recognised over time.	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 accounting policies for consistency with Australian Accounting Standards. • 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. • Evaluated and tested on a sample basis the completeness and accuracy of the lead credit system generated report which is used by the group to estimate the amount of leads utilised by the customer to determine the amount of deferred revenue recognised. • Evaluated the reasonableness of disclosures in light of the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter

Capitalisation of IT development costs
(Refer to Note 3.5) $13,807,000
 	
The Group develops its own software products and as a result requires judgement to determine which costs can be capitalised under Australian Accounting Standards. Capitalisation of IT 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; and
• The judgement exercised in the calculation of the percentage of eligible time recorded as R&D costs to be capitalised.
 	
This includes judgement about:
 	
• Whether the time spent produces a viable software product:
• Whether an activity is eligible for capitalisation: and
• Determination of whether the activities are identified as a capital project.
	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.
	• Performed procedures on a sample basis over the data within the project management tool to assess the capitalisation rate used by the group. The testing included developing an understanding of the nature of the projects by:
	   ○ Evaluating task descriptions and their related classification and assessing if these are capitalisable in accordance with the Australian Accounting Standards; and
	   ○ Investigating the nature of the tasks through enquiry of the relevant R&D teams.
	• Evaluated for a sample of employees whether the associated role of the individual met the criteria for capitalisation prescribed in the Australian Accounting Standards.
	• Tested on a sample basis the accuracy of salaries and wages data used by agreeing to pay slips.
	• Evaluated the reasonableness of disclosures in light of the requirements of 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 2023, 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 operating and financial review. We expect the remaining other information to be made available to us after the date of this auditors 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 through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

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 14 to 45 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of hipages Group Holdings Limited for the year ended 30 June 2023 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
24 August 2023

Corporate Directory

CEO and Executive Director

Roby Sharon-Zipser

Non-Executive Directors

Inese Kingsmill
Stacey Brown
Nicholas Gray
Chris Knoblanche
Kate Mills
Adir Shiffman

Chief Finance and Operations Officer

Jaco Jonker

Company Secretaries

Kylie Quinlivan
Lucy Thompson

Registered office

Level 10, 255 Pitt Street
Sydney NSW 2000

Phone: +61 2 8396 1300
Email: investor@hipagesgroup.com.au

Company website

www.hipages.com.au

Corporate website

www.hipagesgroup.com.au

Independent auditor

PricewaterhouseCoopers
One International Towers Sydney
Watermans Quay
Barangaroo NSW 2000

Share registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Phone: +61 1300 554 474

Designed and produced by ideate

hipages Group