Appendix 4E

(pursuant to ASX listing rule 4.3A)

hipages Group Holdings Limited
ABN 67 644 430 839

Reporting period	The year ended 30 June 2021
Previous reporting period	The year ended 30 June 2020

Results for announcement to market

			Change		
		30/6/2021 A$'000	**A$'000**	**%**	**30/6/2020 A$'000**
Revenue					
Revenue from continuing ordinary activities	up	55,806	8,867	19%	46,939
Revenue from discontinued ordinary activities	down	-	(1,835)	(100%)	1,835
Total sales revenue	up	55,806	7,032	14%	48,774
Other revenue	down	-	(187)	(100%)	187
Total revenue	up	55,806	6,845	14%	48,961
Net loss for the period attributable to members	down	(6,199)	406	(7%)	(5,914)
Net Tangible Assets			**$ per share**		**$ per share**
Net tangible asset backing per ordinary security[1]	up	0.14	0.31	>100%	(0.17)
Dividends					
No dividend will be paid for the year ended 30 June 2021					

1. Net tangible assets represents Net asset 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. The calculation for the comparative has been adjusted by the capital reorganisation.

Incorporation and Company restructure

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

Prior to the restructure, hipages Group Pty Limited was the parent company of the Company. The restructure has been accounted for as a capital reorganisation and did not result in a business combination for accounting purposes. Financial information of the Company has been presented as a continuation of hipages Group Pty Limited. Accordingly, the assets and liabilities continued to be recorded at their existing values in the Consolidated statement of financial position. In addition, the Consolidated statement of profit and loss for hipages Group Holdings Limited is a continuation of the existing Consolidated statement of profit and loss for hipages Group Pty Limited.

Prior period financial information within this report represents the consolidated historical financial for hipages Group Pty Limited.

Appendix 4E

Admission to ASX and commencement of Official quotation

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

Change in ownership of controlled entities

As described above, on 18 September 2020 hipages Group Holdings Limited was incorporated and became the ultimate holding company. There were no other changes in ownership of controlled entities.

Dividend reinvestment plans

There are no dividend reinvestment plans in place.

Additional Appendix 4E disclosures

Additional Appendix 4E disclosure requirements can be found in the attached Consolidated financial report and the Directors report for the year ended 30 June 2021.

The report is based on the Consolidated financial report for the year ended 30 June 2021 which has been audited by PwC with the independent Auditors Report included in the annual financial report.

hipages Group Holdings Limited
Annual Financial Report
for the year ended 30 June 2021

ABN 67 644 430 839

Contents

Directors' report

The Directors of hipages Group Holdings Limited present their report together with the consolidated financial statements of hipages Group Holdings Limited (referred to hereafter as hipages, the Company or the Group) consisting of hipages Group Holdings Limited and the entities it controlled at the end of, or during the year ended 30 June 2021 and the independent auditor's report thereon.

Significant changes in state of affairs - Company restructure

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

Prior to the restructure, hipages Group Pty Limited was the parent company of the Group. The restructure has been accounted for as a capital reorganisation and did not result in a business combination for accounting purposes. Financial information of the Company has been presented as a continuation of hipages Group Pty Limited. Accordingly, the assets and liabilities continued to be recorded at their existing values in the Consolidated statement of financial position. In addition, the Consolidated statement of profit and loss for hipages Group Holdings Limited is a continuation of the existing statement of profit and loss for hipages Group Pty Limited.

Prior period financial information contained within this report represents the consolidated historical financial information for hipages Group Pty Limited.

Directors

The names of the directors of hipages Group Holdings Limited in office during the period from incorporation on 18 September 2020 until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Chris Knoblanche AM

Chairman and Independent Non-Executive Director

B Comm ACA FCPA

Experience and other directorships

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

Chris 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 currently serves on the boards of Advisory & Capital Pty Ltd, Hallmark General Insurance Company Ltd, Hallmark Life Insurance Company Ltd, Latitude Insurance Pty Ltd, PM Capital Global Opportunities Fund Limited, PM Capital Asian Opportunities Fund Limited.

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

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

Robert Sharon-Zipser

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

B Comm Mbr AICD ACA

Experience and other directorships

Robert joined hipages in 2004 and has been a director of the hipages Board since 2005.

Robert commenced his career as a senior accountant working with PwC and Allco Finance Group with 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. Robert also provided a small business advisory service.

Robert is a director of RSZ Pty ltd and hipages ESP Pty Ltd as trustee for hipages Employee Share Plan Trust.

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

Experience and other directorships

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

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

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

Stacey is currently CFO of Laser Clinics Group.

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

Nicholas Gray

Non-Executive Director

LLB B Acct (UNSW)

Experience and other directorships

Nicholas currently serves as the managing director of The Australian, NSW, ACT and Prestige Titles at News Corp Australia.   He is chairman of ThinkNewsBrands and a non-executive director of UNSW Australia Foundation.

Prior to this, Nicholas has 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 is currently a Director of The University of New South Wales Foundation Limited, The Readership Works Pty Limited, ThinkNewsBrands Pty Ltd, News Life Media Pty Ltd (ACN 088 923 906), Nicholas is currently an alternate Director for the following entities, Medium Rare Content Agency Pty Ltd, S One Holding Company Pty Ltd, SocietyOne Holdings Pty Ltd

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

Inese Kingsmill

Independent
Non-Executive Director

Chair of the
Remuneration and
Nominations Committee

B Bus GAICD

Experience and other directorships

Inese joined hipages in October 2020 as an Independent non-executive director.

Over the course of a career spanning 25 years, Inese has earned a reputation as a growth focussed 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 WorkVentures Ltd, Rhipe Limited, Noble Oak Life Limited and Spirit Technology Solutions 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

The names of the directors of hipages Group Pty Limited in office during the period and up to date of the Company restructure are set out below.

Chris Knoblanche	Chairman and Non-Executive Director	Resigned 10 November 2020
Robert Sharon-Zipser	Co-founder, Chief Executive Officer and Director	-
David Vitek	Co-founder and Non-Executive Director	Resigned 10 November 2020
Ari Klinger	Non-Executive Director	Resigned 10 November 2020
David Leslie	Non-Executive Director	Resigned 10 November 2020
Emma Fawcett	Non-Executive Director	Resigned 10 November 2020
Stacey Brown	Non-Executive Director	Resigned 10 November 2020

Joint company secretaries

Andrew Whitten BA (Economics), MLLP (Corporate Finance and Securities Law), FCIS, Notary Public Appointed 15 December 2020	Andrew has over 20 years' experience as a corporate lawyer, advisor, director, entrepreneur and investor, who has worked with many companies and has significant expertise across a wide range of industry sectors, with an emphasis on technology and is widely regarded as an expert in ASX listed companies. Andrew founded the legal business of the Automic Group (Australia's only business which provides Legal, Registry, Accounting and Company Secretarial Services to ASX entities). Andrew currently sits on the board of two other ASX listed companies as a Non-Executive Director: Tinybeans Group Limited (ASX:TNY) and Appsvillage Australia Limited (ASX:APV) as well as several unlisted companies.
Oonagh McEldowney B LLB AICD Resigned 6th August 2021	Oonagh joined hipages in 2019 as General Counsel and Company Secretary. She was appointed Company Secretary of hipages Group Holdings on 18 September 2020 and remained a joint company secretary until her resignation subsequent to year end on 6th August 2021. Oonagh has over 20 years' experience as a commercial lawyer across start-ups, small businesses, major corporations and law firms. Prior to joining hipages, Oonagh was an associate with Clifford Chance in London and a senior associate with Ashurst in Sydney. She has held a number of senior legal and leadership roles at Telstra, including as General Counsel and Company Secretary at muru-D, TelstraClear in New Zealand and REACH, joint venture company headquartered in Hong Kong.

Principal activities

hipages is Australia's largest online tradie marketplace and Software-as-a-Service (SaaS) provider connecting tradies with residential and commercial consumers across the country. The platform helps tradies grow their business by providing job leads from homeowners and organisations looking for qualified professionals, while enabling them to optimise their business through our SaaS product. To date, over three million Australians have changed the way they find, hire and manage trusted tradies with hipages, ultimately providing more work to over 34,000 trade businesses subscribed to the platform.

Operating and financial review

hipages delivered strong growth across all key metrics in FY21 and achieved its upgraded guidance for revenue, Earnings before interest, tax, depreciation and amortisation (EBITDA) and Net Profit after Tax (NPAT), while making progress on a number of key strategic initiatives. Key highlights include:

- Monthly recurring revenue (MRR)[1] of $5.2m @ June 2021 up 27%
- Strong total revenue growth[2], up 19% to $55.8m
- 94% of total revenue is recurring revenue
- Operating leverage drives gross profit margin[3] expansion to 85% (FY20: 79%)
- Pro Forma EBITDA of $11.7m, up from ($6.1m)
- Pro Forma EBITDA margin of 21% up from 13%
- Statutory EBITDA of $5.6m including non-recurring IPO related costs
- Pro Forma NPAT of $1.2m, up from ($4.2m)
- Statutory NPAT of ($6.2m) includes non-recurring financing and IPO related costs
- Pro Forma Operating Cashflow (OCF) of $12.7m, 109% EBITDA to OCF conversion
- Robust balance sheet with closing cash and funds on deposit of $32.6m, no debt
- Evolution to full-service SaaS model continued with successful launch of Tradiecore
- Business was resilient against the impacts of COVID-19 restrictions in FY21

All figures compare FY21 to FY20 unless otherwise indicated.

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. Monthly Recurring Revenue (MRR) is the monthly amount of cash revenue received from subscription agreements (inclusive of GST).
2. FY21 revenue represents Statutory and Pro Forma revenue. FY20 Statutory revenue includes discontinued operations.
3. Gross profit margin includes total revenue less cost of sales (consumer and tradie SEM spend and merchant fees).

Result Overview

Summary of Group performance	Total 30-Jun-21 $'000	Total 30-Jun-20 $'000	change %
Sales revenue			
Contracts with customers - continuing operations	**54,386**	45,646	**19%**
Rental income	**1,420**	1,293	**9.8%**
	55,806	46,939	**19%**
Other revenue			
Other	**-**	187	**>100%**
	-	187	**>100%**
Total revenue and other income	**55,806**	47,126	**18.4%**
Statutory EBITDA[1] (from continuing operations)	**5,603**	7,676	**(27%)**
Add back Other items which are one off in nature:			
Discontinued operations	**-**	(674)	**>100%**
Transaction costs related to IPO	**4,784**	-	**>100%**
Non-recurring remuneration	**1,166**	-	**>100%**
Net loss on conversion of convertible notes	**467**	-	**>100%**
Convertible note fair value impact	**-**	(207)	**>100%**
Public company costs	**(345)**	(1,035)	**(67%)**
Restructuring and other costs	**-**	300	**>100%**
Other	**-**	61	**(67%)**
Pro forma EBITDA before significant items[2]	**11,675**	6,121	**>100%**
Statutory NPAT (from continuing operations)	**(6,199)**	(5,914)	**5%**
Add back Other items which are one off in nature:			
Non-recurring interest and gain / losses on debt repaid on IPO	**2,932**	2,518	**>100%**
Public company costs	**(345)**	(1,035)	**(67%)**
Transaction costs related to IPO	**4,784**	-	**>100%**
Restructuring costs	**-**	300	**>100%**
Other	**-**	(28)	**>100%**
Pro forma NPAT[2]	**1,172**	(4,159)	**>100%**

	30-Jun-21	30-Jun-20	**% change**
Net cash /(debt)	**30,303**	(3,296)	**>100%**

(1) The hipages Financial Report complies with Australian Accounting Standards and International Financial Reporting Standards.

(2) The statutory results have been adjusted for pro forma one-off items on the basis that management believe 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 one-off certain items. Management believe this reflects a more meaningful measure of the Group's underlying performance.

It has been a milestone year for hipages, its first as a listed company. The strong performance, strategic execution and customer centricity including a commitment to supporting customers through the challenges COVID-19 have all strengthened hipages' market leadership position.

The transition to a subscription-only model continues to drive strong recurring revenue growth, with MRR up 27% as more tradies join the platform and ascend to higher price points, driving increased average annual revenue per tradie (Tradie ARPU). Positive operating leverage drove gross margin expansion further highlighting the attractive economics of hipages' model.

Our ongoing investment in brand, product and platform continues to attract customers on both sides of the marketplace, driving the flywheel effect and delivering strong growth in jobs coming from repeat consumers and unpaid channels. The successful launch of Tradiecore, a field service software platform that helps tradies effectively manage their businesses, was an important step in hipages' evolution to a full-service SaaS model. Tradiecore provides the platform to expand hipages' product offering, adding new and innovative solutions for tradies, and opens up new ancillary revenue streams. hipages will keep investing in its technology to continue to improve the experience for consumers and tradies to ensure it remains the number one online marketplace for trade services in Australia.

Net Debt

The Company had positive Statutory OCF of $6.9m after one off IPO transaction costs in relation to the secondary raise of $4.8m and non-recurring interest costs of $1.1m in relation to debt repaid resulting in a Pro Forma OCF of $12.7m. Cash outflow from investing activities was $7.1m resulting in free cashflow before financing activities of $5.6m highlighting the cash generative nature of the hipages' business model.

hipages has a robust balance sheet and at 30 June 2021 its financial position was strong, with cash and funds on deposit of $32.6m and no debt.

Looking forward

The lockdowns currently impacting most Australian states are creating uncertainty for many of hipages' tradie customers. As in previous lockdowns, hipages has introduced a range of initiatives to assist its tradie customers during this challenging time.

The combined impact of these initiatives and the uncertainty of the current lockdowns for tradie customers is expected to have a moderate impact on hipages' revenue growth rate compared to the marginal impact in Q4 FY21, for as long as the lockdowns are in force. hipages' subscription model has been resilient in previous lockdown periods and the Company expects a similarly strong rebound in activity on its platform when lockdown measures ease, as has occurred in the past.

Notwithstanding temporary COVID-19 related volatility, the Australian home improvement market remains very buoyant, with unprecedented levels of activity underpinned by low interest rates and household liquidity. The long-term opportunity for hipages remains as attractive as ever and the Company will continue to invest to drive growth and further strengthen its position as the market leader in the on-demand tradie economy.

Environmental regulations and climate change

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

Corporate governance statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance as we believe this supports long term performance goals of the Company thus supporting interests of shareholders and other stakeholders. 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 2021 or previous year ended 30 June 2020.

Indemnification and insurance of Directors, officers, and auditors

Indemnification

The Company has agreed to indemnify all of the current and former directors and officers of the Company and its controlled entities against all liabilities to another person that may arise from their position as directors and officers of the Company and its controlled entities., except where the liabilities arise out of conduct involving a lack of good faith.

Insurance

During the financial period the Company has paid insurance premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company, other than conduct involving wilful breach of duty in relation to the Company. The premiums paid are not disclosed as such disclosure is prohibited under the terms of the contract. No insurance premium has been paid in relation to the auditors.

Director meetings

Director	Board meetings		Audit and risk committee meetings		Remuneration and nominations committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Chris Knoblanche	14	13	8	7	2	2
Robert Sharon-Zipser	14	14	-	-	-	-
Stacey Brown	14	14	12	12	-	-
Nicholas Gray	10	10	-	-	2	2
Inese Kingsmill	10	10	8	8	2	2

Director interest in shares and share rights

Director	Shares held immediately following IPO	Rights held immediately following IPO	Shares held at reporting date	Rights held at reporting date
	12/11/20	12/11/20	30/06/21	30/06/21
Chris Knoblanche	239,074	18,935	239,074	18,935
Robert Sharon-Zipser	8,567,841	-	8,567,841	321,429
Stacey Brown	40,816	-	40,816	-
Nicholas Gray	-	-	-	-
Inese Kingsmill	16,327	-	16,327	-

Auditor

PwC is the Group's auditor and continues in that 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.

Auditors' 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 32.

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:

	30-Jun-21 $	30-Jun-20 $
Audit and review services		
Auditors of the Group - PwC	**295,800**	205,527
Assurance services		
Regulatory assurance services - investigating accountants report	**545,000**	-
Other services		
Immigration advisory services	**17,251**	10,840
Accounting advisory	**-**	9,078
	17,251	19,918
Total auditor remuneration for non-audit services	**562,251**	19,918
Total fees paid to auditor - PwC	**858,051**	225,445

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

On 4th July the Group entered into a modified sublease where an existing lease was extended until November 2023. There have been no other events subsequent to balance date that would have a material effect on the Group's financial statements at 30 June 2021.

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.

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

Chris Knoblanche
Chairman

Robert Sharon-Zipser
CEO and Managing Director

Sydney
26 August 2021

Remuneration report

Dear Shareholder,

It is my pleasure, on behalf of the hipages Board of Directors, to present hipages' inaugural Remuneration Report of the Group, consisting of hipages Group Holdings Limited and its controlled entities (hipages) for the financial year ended June 2021 (FY21).

The 2021 financial year was a milestone year for hipages, with our initial public offering (IPO) on the Australian Securities Exchange on the 12th of November 2020 followed by strong business performance that exceeded market expectations and saw us achieve record revenue and EBITDA results.

The Board and Executive have been closely monitoring the impacts of the COVID-19 pandemic on hipages and are pleased to report that we have proved our business model to be resilient to fluctuations in the economy as home improvement continues to be an increasing priority for Australians as they spend more time in their homes.

The Board and Executive have been closely monitoring the impacts of the COVID-19 pandemic on hipages. The subscription model has been resilient in previous lockdown periods and the Company expects a similarly strong rebound in activity on its platform when lockdown measures ease, as has occurred in the past.

The Board is conscious that the Australian economy is recovering slowly, and the world economy is still impacted by the global pandemic. Despite this, technology companies have seen record levels of growth and this combined with restrictions on immigration, has placed increased demand on technology talent including executives with technology industry experience. Therefore, the Board needs to ensure that the structure of Executive Remuneration for the coming year achieves a balance between cost control, retaining our strong executive team and creating an environment where we can attract the appropriate talent to support the company's growth objectives. For this reason, for FY22 we have decided to retain our existing Executive Remuneration structure which drives both short-term and long-term results achievement via an annual incentive program. This program combines eligibility to earn Short-Term Incentives (STI) and Long-Term Incentives (LTI) based upon the achievement of financial and non-financial key performance indicators for the financial year. The incentive payment is a mix of cash and an equity grant (vesting over three years) with the majority of the plan delivered through deferred equity in order to drive long term value creation behaviours. More detail on the Executive Remuneration annual incentive plan is outlined in this report.

Leading up to the IPO, hipages undertook a Board renewal between September and October 2020 which included a Board remuneration review and new remuneration structure. For this reason, the Board has determined not to change Board remuneration for FY22.

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

We welcome shareholder feedback on this report.

Yours sincerely,

Inese Kingsmill

Chair of the Remuneration and Nominations Committee

Table of Contents, Abbreviations & Defined Terms

Following the successful listing of hipages Group Holdings Ltd (hipages) on the ASX in November 2020, the directors are pleased to present the inaugural 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 2021.

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").

The Remuneration Report comprises the following sections:

Abbreviations used in this report

Act	Corporations Act 2001 (Cth)
AGM	Annual General Meeting
ARC	Audit and Risk Committee
ASX	Australian Stock Exchange
CEO & MD	Chief Executive Officer & Managing Director
CFOO	Chief Finance & 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
TFR	Total Fixed remuneration
VWAP	Volume Weighted Average Price

Defined terms

hipages:
hipages Group Holdings Ltd, including hipages Group Pty Ltd and other associated entities

Executive:
Includes the CEO and his direct reports including the CFOO, Chief Product & Technology Officer, Chief Customer Officer and Chief People & Culture Officer.

Executive KMP:
Refers to the CEO and the CFOO

Non-executive directors:
Refers to all directors with the exception of the Executive director and CEO

1. Persons to whom this report applies

The remuneration disclosures in this report apply to those persons who have been classified as the Key Management Personnel (KMP) of hipages during the financial year ended 30 June 2021[1] and are set out as follows:

Name	Role	Resignation date hipages Group Pty Ltd	Appointment date hipages Group Holdings Ltd
Non-executive KMP			
Chris Knoblanche[2]	Chair and Non-Executive Director	10 November 2020	18 September 2020
Stacey Brown[3]	Independent, Non-Executive Director	10 November 2020	18 September 2020
Nicholas Gray[4]	Non-independent, Non-Executive Director	–	2 October 2020
Inese Kingsmill[5]	Independent, Non-Executive Director	–	1 October 2020
Executive KMP			
Robert Sharon-Zipser[6]	**Chief Executive Officer and Executive Director**	–	**18 September 2020**
Melissa Fahey[7]	**Chief Finance and Operating Officer**	–	**18 September 2020**

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

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

1. We note that the statutory obligation for remuneration disclosures for KMP of hipages Group Holdings Ltd commenced on 12th of November 2020 as hipages became publicly listed on the ASX. Remuneration disclosures however reflect the full financial year in respect of those officers who were KMP from 1 July 2020.
2. Chris Knoblanche was a director of hipages Group Pty Ltd prior to becoming a director of hipages Group Holdings Ltd. Remuneration disclosures relate to his directorship of both entities for the full 12-month period ended 30 June 2021.
3. Stacey Brown was a non-independent director of hipages Group Pty Ltd prior to becoming an independent director of hipages Group Holdings Ltd. Remuneration disclosures relate to her directorship of hipages Group Holdings Ltd for the period commencing 18 September 2021.
4. Nicholas Gray was not a director of hipages Group Pty Ltd. Remuneration disclosures relate to his directorship of hipages Group Holdings Ltd for the period commencing 2 October 2021 coinciding with his appointment date.
5. Inese Kingsmill was not a director of hipages Group Pty Ltd. Remuneration disclosures relate to her directorship of hipages Group Holdings Ltd for the period commencing 1 October 2021 coinciding with her appointment date.
6. Robert Sharon-Zipser remains a director of hipages Group Pty Ltd and was appointed a director of hipages Group Holdings Ltd on 18 September 2020. Remuneration disclosures relate to his directorship of both entities for the full 12-month period ended 30 June 2021.
7. Melissa Fahey was appointed CFOO of the hipages Group Holdings Ltd upon its incorporation on 18 September 2020. Prior to this she was CFOO of hipages Group Pty Ltd, the previous ultimate controlling entity. Remuneration disclosures relate to her position as CFOO for the full 12-month period ended 30 June 2021.

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 philosophy, framework, principles and strategy and is underpinned by the hipages values.

EXECUTIVE RENUMERATION FRAMEWORK FOR THE 2021 FINANCIAL YEAR

Our Values & DNA

Define who we are and how we act…

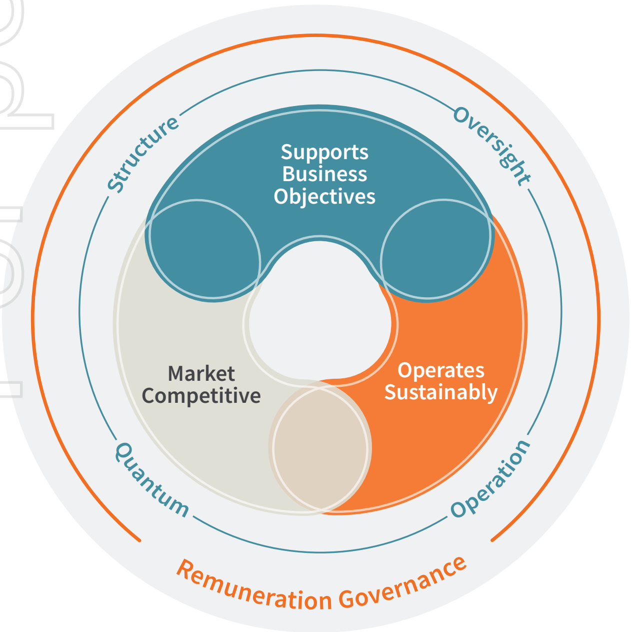
- **Service:** We enjoy exceeding expectations
- **Innovation:** We constantly challenge the way things are done
- **Being Genuine:** We are real people who breathe life into the brand
- **Value:** We don't hold back in adding value
- **Collaboration:** We bounce ideas around, listen and respect each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

Our remuneration principles

…ensure business strategy and shareholder alignment to create long term value

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

2.2. *Executive remuneration framework*



Remuneration Objectives

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

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

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

Remuneration Effectiveness

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

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

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

Quantum: Remuneration decisions made with reference to comparable roles in other listed Australian companies.

2.2. Executive remuneration framework (continued)

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

2.3. Summary of Executive KMP Remuneration Outcomes

The following table summarises the remuneration decision outcomes for the CEO and Executive KMP for the year ended 30 June 2021; excluding one-off IPO incentive arrangements. The remuneration detailed in the table are aligned with current year performance and are useful in understanding current year pay and its alignment with performance, in comparison to the statutory disclosures in section 5.1.

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

ACTUAL REMUNERATION RECEIVED FOR FY21 VS TARGET AND MAXIMUM

Actual Remuneration	TFR $525,000	Cash Incentive $101,437	Equity* Incentive $236,685	**$863,122**
Target Remuneration	TFR $525,000	Cash Incentive $94,500	Equity* Incentive $220,500	**$840,000**
Maximum Remuneration	TFR $525,000	Cash Incentive $118,125	Equity* Incentive $275,625	**$918,750**

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

ACTUAL REMUNERATION RECEIVED FOR FY21 VS TARGET AND MAXIMUM

Actual Remuneration	TFR $412,000	Cash Incentive $104,244	Equity* Incentive $164,184	**$680,428**
Target Remuneration	TFR $412,000	Cash Incentive $95,914	Equity* Incentive $151,286	**$659,200**
Maximum Remuneration	TFR $412,000	Cash Incentive $119,892	Equity* Incentive $189,108	**$712,000**

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

3. Executive Remuneration Philosophy and Framework

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

3.1. Alignment of remuneration strategy with Business Strategy

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

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

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

Executive KMP Annual Remuneration Package

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

Fixed Remuneration — **Cash**

TFR:
Base salary plus superannuation

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

Market competitive

Executive Variable Remuneration — **Cash** / **Equity**

The outcome for the FY21 Executive Annual Incentive Plan was based on the achievement of financial, strategic, customer and employee priorities.

Performance over the financial year was measured against financial and non-financial performance targets.

Incentive outcomes were determined having regard to the target incentive opportunity and individual performance, ultimately at the discretion of the Board

Cash	Equity	Equity
• 30%* of the Incentive plan outcome is provided in cash	• 70%* of the Incentive Plan outcome is allocated in Equity (Performance Rights)	• Performance Rights are granted at the end of the performance period • Performance Rights vest over 3 years in equal tranches and are forfeited if employment ceases prior to the vesting date • Vested but unexercised Performance Rights may be forfeited in cases of misconduct or fraud

Recognises sustainable performance in the medium to longer term

Rewards annual performance, providing specific focus on strategic priorities	Recognises the criticality of strategic non-financial measures as drivers of longer-term value creation	Focuses on achieving longer-term superior performance for stakeholders

* In FY21 the incentive plan cash to equity mix for the CEO was 30% cash and 70% equity and for the CFOO was 38.8% cash and 61.2% equity.

3.2. FY21 Executive KMP Annual incentive

How much can Executives earn?

For Executive KMP the target annual incentive is set at 60% of TFR.

The incentive plan has three core metrics that operate independently of each other and together determine the quantum of incentive payable. Overachievement of budget is encouraged and rewarded by the ability to earn additional incentive if budget is exceeded.

The amount of incentive payable is per the following table:

		Over Budget Achievement
Revenue	Budget	From 101% to 110% of Revenue Budget
Annual Incentive %	100%	100% to 125% (Capped at 125%)

The annual incentive is calculated on a linear basis from revenue budget achievement through to over budget achievement which is capped at 125% of the annual incentive quantum.

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

Annual KPI Metrics	Weighting
Revenue Budget	35%
EBITDA Budget	35%
Individual Targets*	30% *
Total	**100%**

Each annual KPI can be overachieved, but the total of each performance metric cannot exceed 100% (with exception to the revenue budget metric , where overachievement is capped at 110%, which if achieved, allows for payment of 125% of the total incentive). Each KPI operates independently of others, and if budget revenue or budget EBITDA are not achieved then no incentive is payable on which ever of the two metrics is not achieved.

* Individual targets are based on achievement of quarterly and annual individual goals/KPI's and achieving an agreed minimum annual employee engagement measure.

How is it paid?

At the end of the financial year, after audited financial results are completed and the Board has approved individual performance, an annual incentive quantum is determined, paid in cash and deferred equity. For the deferred equity component, participants will be granted rights to acquire shares in hipages (Shares), subject to meeting vesting conditions, for nil consideration (Rights).

- Rights must be held by the Participant (or a Nominee as approved by the Board), with no ability to hedge or borrow against unexercised Rights.
- The Rights will vest in three equal tranches after a period of one, two and three years following the grant, subject to continued service (vesting dates are aligned with full-year results announcement).
- Vested rights can be exercised by participants at their election, at any time from vesting until the expiry date of five (5) years following the grant.
- Rights do not carry any "dividend" entitlements or voting rights.
- Rights may be settled in cash equivalent value, if determined by the Board at the time of vesting.

How is performance measured?	Performance measures (KPIs) selected reflect financial, strategic and operational objectives relevant to the level and function of the role that are central to achievement of the business plan and strategy and building shareholder value. Financial measures selected are measures against which the Executive and the Board assess the short-term (annual) financial performance of hipages. Strategic and operational objectives are assigned to each individual to drive specific outcomes considered to be of strategic importance to hipages within that individual's level of responsibility. These objectives are determined by the CEO and the Board in accordance with the process set out in the remuneration governance section 7. The Board retains final discretion over annual incentive payments and awards to ensure outcomes appropriately reflect performance and achieve objectives of the annual incentive scheme. The financial and non-financial metrics are set annually by the Board and are based on business performance, the core strategic and operational objectives and the strategy for the next financial year.
What happens if an Executive leaves?	If an eligible Executive ceases employment with hipages during the performance period other than by way of dismissal or resignation (e.g. death, total and permanent disablement, redundancy, retrenchment or retirement with prior written consent of the Board), then the Executive will usually be entitled to a pro-rata cash payment and allocation of equity based on assessment of performance according to the eligible period served up until the termination date. Where termination occurs by way of dismissal or resignation before the end of the financial year, no annual incentive is awarded for that year. Similarly unvested LTI awards are forfeited, unless otherwise determined by the Board.

3.3. *hipages Management Equity Plan (HMEP)*

Objective	The hipages Management Equity Plan (HMEP) for Executives was established during the financial year ended 30 June 2019 and was designed to assist in the attraction, motivation, and retention of senior management. The HMEP is designed to align participants' interests with the interests of Shareholders by providing participants the opportunity to receive Shares through the granting of Rights under and pursuant to their respective terms.
Eligible Participants	Executive and Senior Leadership Team
Awards under the HMEP	Performance conditions which are set by the Board and tested over each one-year financial year performance period, must be satisfied for HMEP participants to receive awards. The award of Rights will be granted shortly after the hipages audited full year results have been released to the market. The number of Rights to be granted will be based on the Volume Weighted Average Price (VWAP) of a Share over the five trading days preceding the grant date. One third of the vested Rights become exercisable 1 year after vesting, another third become exercisable two years after vesting and the final third are exercisable three years after vesting.
Dividends and voting rights	Rights do not carry dividend or voting rights prior to vesting and exercise. Shares allocated on exercise of Rights carry the same dividend and voting rights as other Shares.
Issue and exercise price	Rights under the HMEP are issued for nil consideration and do not have an exercise price.
Expiry	Unvested rights will lapse 5 years after the start of the performance period.

3.4. Changes for FY22

For the FY22 Executive KMP Annual incentive plan the structure will continue to combine Short Term Incentive (STI) and Long-Term Incentives (LTI), however the Performance Metrics in the plan for FY22 will be adjusted. The structure and performance metrics are reviewed annually by the Board to ensure behaviours and focus is aligned to the evolving needs of the business. The STI will continue to be an annual cash bonus and the LTI will continue to be an award of Performance Rights, which will continue to vest in equal tranches over three years with the only vesting conditions being continued employment.

The annual performance against which the Executive KMP will be measured in FY22 is in accordance with the balanced scorecard which has the following measures:

FY 22 Executive KMP Annual Incentive Plan KPIs	
Element	Measure
Financial 60% of variable incentive	(a) FY22 Revenue Budget (30%) (b) FY22 EBITDA Budget (30%)
Non-financial 40% of variable Incentive	(a) Customer, Consumer and Employee Advocacy (20%) (b) Individual Annual & Quarterly KPI's (20%)

4. Link between group performance, shareholder wealth and executive remuneration

A key underlying principle of hipages' executive remuneration framework is that executive remuneration outcomes should be linked to business and individual performance. Understanding hipages' performance over the financial year ended 30 June 2021, 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 including growth of our share price and KMP remuneration outcomes.

4.1. *hipages Performance*

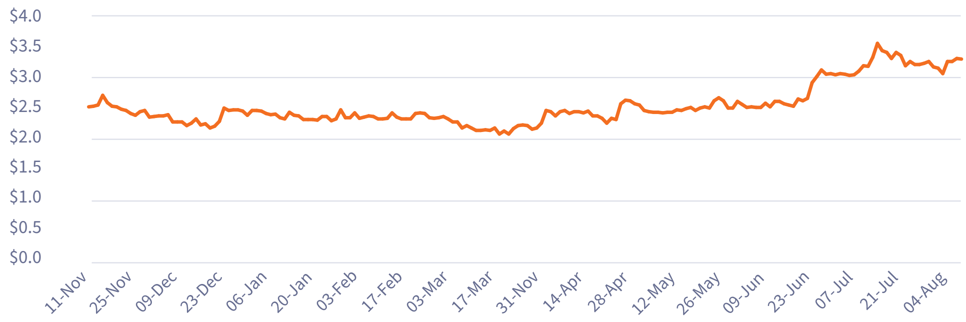
Summary of Group Performance

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

Key Financials[1]		FY21	FY20	FY19	FY18
Recurring revenue	$'000	52,664	42,200	37,297	34,771
Reported revenue	$'000	55,806	46,939	42,261	41,518
EBITDA[2]	$'000	5,063	6,033	(3,143)	(2,660)
NPAT[3]	$'000	(6,199)	(4,157)	(13,629)	(10,456)
Total Tradie ARPU[4]	$	1,536	1,194	976	938
Subscription tradies at 30 June	000's	31	28	24	23
DPS[5]	cents	–	–	–	–

As illustrated in the following chart, the share price has performed well since IPO, opening at $2.45; the closing 30 June 2021 share price was $2.99.

HPG post-IPO performance



1. In respect of the years FY18 to FY20, the Key Financials represent Pro Forma historical financial information. This information was previously presented in the prospectus of the Company dated 21 October 2020. The above Pro forma information has been derived from the historical Statutory Financial Information adjusted for certain transaction; including:
   - the incremental costs associated with being a publicly listed entity assuming Completion of the Offer occurred on 1 July 2017;
   - the divestment and discontinuation of businesses as if they had occurred prior to 1 July 2017;
   - the impact of AASB 16 Leases which came into effect from FY2020 as if it had been applied from 1 July 2017 to 30 June 2019 (refer Section 4.2.5);
   - the exclusion of restructuring costs;
   - the redemption and conversion of convertible notes and reversal of the associated interest and fair value measurement as if redemption and conversion had occurred prior to 1 July 2017;
   - the repayment of debt facilities and associated interest as if repayment had occurred prior to 1 July 2017; and
   - the income tax effect of the applicable pro forma adjustments above.
2. Earnings Before Interest, Tax, Depreciation and Amortisation.
3. Net Profit / (Loss) after Tax.
4. Average Revenue Per Tradie per annum.
5. 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 equity component are based on accounting values and do not reflect actual cash amounts received by non-executive directors in FY21.

	Short-term benefits			Long-term benefits	Post-employment benefits	Share-based payments			
	Salary package[1] $	Short term incentive entitlement[2] $	Other short-term benefits[3] $	Long service leave[4] $	Superannuation benefits[5] $	Performance Rights[6] $	Total remuneration $	Proportion of remuneration that is performance based %	Proportion of remuneration that consists of rights %
Current year									
Robert Sharon-Zipser[7]	453,768	101,437	8,316	11,199	25,000	494,365	1,094,085	54%	45%
Melissa Fahey[8]	361,501	285,524	8,316	–	25,000	354,383	1,034,724	62%	34%
	815,269	**386,961**	**16,632**	**11,199**	**50,000**	**848,748**	**2,128,809**	**58%**	**40%**

1. Salary package refers to base salary, exclusive of superannuation.
2. The short-term incentive entitlement represents a payment in respect of the current year. The amount was finally determined on 17 August 2021 after performance reviews were completed and approved by the Remuneration and Nominations Committee. The cash bonus includes an amount paid to Melissa Fahay in respect to the IPO as described below in section 5.3.
3. Other short-term benefits include the non-monetary benefit related to a car park provided by the Company.
4. In accordance with AASB 119 Employee benefits, long service leave is classified as other long term employee benefit.
5. Superannuation benefits represents 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 described below in section 5.3.
7. Effective 1 September 2020, the Total Fixed Remuneration for Mr Sharon-Zipser increased to $525,000 inclusive of superannuation entitlement. The short-term incentive entitlement is in respect of annual performance targets.
8. Effective 1 September 2020, the Total Fixed Remuneration for Ms Fahey increased to $412,000 inclusive of a superannuation entitlement. The short-term incentive payment to Ms Fahey included a cash bonus related to the successful listing of the Company on the ASX of $181,280 in addition the annual short-term incentive entitlement paid in respect of annual performance targets.

5.2. Executive KMP performance and remuneration outcomes

Performance outcomes

The following table provides a summary of Executive KMP financial and non-financial objectives and outcomes for the 2021 financial year.

Executive Incentive Remuneration KPI Outcomes			
Category	**Objective**	**Outcome**	**Comments**
Financial	Revenue target	103.5%	Strong financial performance and strategic focus resulted in hipages exceeding financial KPIs
	EBITDA target	106.7%	Continued focus on operational efficiencies has resulted in hipages exceeding target
Non-Financial	Employee engagement	230%	Significant improvement in employee engagement indicates strong trust, engagement and collaboration, excellent results after a transition year managing a new hybrid working model
Non-Financial (CEO)	Individual Strategic	98.7%	Robert achieved the majority of his strategic goals for FY21
Non-Financial (CFOO)	Individual Strategic	99.9%	Melissa achieved the majority of her strategic goals for FY21

Remuneration outcomes

The following table sets out the annual incentive outcomes for the Executive KMP for FY21 based on achievement of financial and non-financial objectives.

Executive Incentive Remuneration KPI Outcomes		
Executives	**Actual Annual Incentive**	**% of On-Target Incentive Payable**
CEO	$101,437 (Cash) $236,685 (Equity value)	107%
CFOO	$104,244 (Cash) $164,184 (Equity value)	109%

As the revenue budget was exceeded by 3.5%, the KMP were able to overachieve their annual incentive on-target.

5.3. Special IPO Incentive grant to Executives

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

- 50% on 1st anniversary of the hipages' IPO, 12 November 2021.
- 50% on the 2nd anniversary 12 Nov 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
Robert Sharon-Zipser	Chief Executive Officer	321,429 Rights valued at $787,500
Melissa Fahey	Chief Finance & Operations Officer	110,988 Rights valued at $271,920 and cash payment of $181,280

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 amount approved by Shareholders at the Company's general meeting. This amount has been fixed by hipages as $700,000 per annum. Any change to that aggregate annual sum needs to be approved by Shareholders.

For FY22 hipages is seeking to expand the NED Fee Pool to $900,000 in order to allow the flexibility to appoint another NED and/or to increase NED fees after the annual NED remuneration review, and will table this agenda item at the AGM scheduled for 30th of November 2021.

Current NED Fees are as follows:

	Notes	Chair fee 2021 $	Member fee 2021 $
Board	1	300,000	100,000
Audit and Risk Committee		–	10,000
Nomination and Remuneration Committee		–	10,000

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

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 FY21.

Non-executive KMP	Commenced as KMP	Fees paid in cash $	Director equity component $	Non-monetary benefits $	Superannuation $	Total remuneration $	Proportion of remuneration that consists of equity %
2021							
Chris Knoblanche[1]	1/7/2021	131,894	69,957	–	12,466	214,317	33%
Stacey Brown[2]	1/7/2020	54,794	22,356	–	5,125	82,275	27%
Nicholas Gray[3]	2/10/2020	51,973	–	–	–	51,973	–
Inese Kingsmill[4]	1/10/2020	54,794	22,356	–	5,125	82,275	27%
		293,455	**114,669**	**–**	**22,716**	**430,840**	

1. Chris Knoblanche was Chair of hipages Group Pty Ltd immediately prior to the incorporation of hipages Group Holdings Limited on 18 September 2020 and joining the Board of the Company. Fees paid represent total fees paid for his continuous service throughout the entire period. The equity component Chris received in FY21 is described in detail in section 6.3. As disclosed in the IPO Prospectus of hipages dated 21 October 2020, the Chairman will receive an annual grant of $150,000 of Director Equity Entitlements, on each anniversary of his original date of appointment as Chairman (being 16 March 2020). The first grant due on 16 March 2021 has yet to be made to the Chairman and is subject to a resolution to be considered by shareholders at the Company's 2021 AGM. Subject to shareholders approving the resolution, the Chairman will be granted the Entitlements, with an effective grant date of 16 March 2021.
2. Stacey Brown was a director of hipages Group Pty Ltd immediately prior to the incorporation of hipages Group Holdings on 18 September 2020 and joining the Board of the Company. Fees paid represent total fees for her service 18 September 2021. Stacey is entitled to receive equity component described in section 6.3.
3. Nicholas Gray joined the board of hipages Group Holdings Limited on 2 October 2020. Mr Gray is not remunerated by hipages due to Mr Gray being a nominee of News Corp Australia, however hipages reimburse 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 Mr Gray.
4. Inese Kingsmill joined the board of hipages Group Holdings Limited on 1 October 2020 and fees paid represent total fees for her service from 1 October 2020. Inese is entitled to receive an equity component of remuneration as described in section 6.3.

6.3. Non-executive Directors' remuneration details

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 remuneration with other Director's remuneration in the technology industry. The equity entitlement component of remuneration is not linked to Board performance.

Equity Entitlement

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

- the Chair is granted the right to be issued $150,000 worth of Shares annually on the first anniversary of the date when the Chair was appointed, being 16 March 2020 (subject to vesting conditions, outlined below); and
- each Non-Executive Director is granted the right to be issued $30,000 worth of Shares annually on the first anniversary of the date when the Non-Executive Director was appointed to hipages Group Holdings Ltd (with no vesting conditions).

The Plan Rules which apply to the Hipages Management Equity Plan (described in Section 3.3) also apply to the Director Equity Entitlements. All grants of Director Equity Entitlements and the issue of Shares thereunder will be subject to the Company's Securities Trading Policy as well as the Corporations Act and the ASX Listing Rules.

Chair Equity Entitlement

The Chair's Director Equity Entitlement is subject to time-based vesting conditions under which the entitlements vest in three equal tranches, over a three-year period. That is, while the Chair will be granted the Director Equity Entitlement (representing $150,000 worth of Shares) on the date that is the first anniversary of the Chair's appointment **("Year 1 Director Equity Entitlement")**:

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

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

As disclosed in the IPO Prospectus of hipages dated 21 October 2020, the Chairman will receive an annual grant of $150,000 of Director Equity Entitlements, on each anniversary of his original date of appointment as Chairman (being 16 March 2020). The first grant due on 16 March 2021 has yet to be made to the Chairman and is subject to a resolution to be considered by shareholders at the Company's 2021 AGM. Subject to shareholders approving the resolution, the Chairman will be granted the Entitlements, with an effective grant date of 16 March 2021.

How will the number of shares provided under the Director Equity Entitlements be calculated?

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

5 day VWAP price and proposed change to VWAP reference point

The " 5 day VWAP price" will be the price per share equal to the its volume weighted average price (VWAP) calculated over 5 consecutive trading days ending on the grant date.

While the formula previously sought to apply a 5-day VWAP calculated over 5 consecutive trading days ending on the day before the vesting, subject to approval of hipages' shareholders, it is proposed going forward that the VWAP will be calculated over 5 consecutive trading days ending on the day before the relevant grant date to give certainty over the number of shares that will be provided in respect of each grant (which could not be calculated at the grant date under the previous formula).

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.

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 Executive KMP and Non-Executive Directors.

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

The RNC has remunerations governance responsibility for:

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

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

7.2 Review Executive KMP and other Senior Executive remuneration

Decision area	CEO	RNC	BOARD
KPI's	• Sets each Senior Executives quarterly and annual performance KPI's	• Reviews the CEO's recommendations and provides appropriate recommendations to the Board. • Recommends to the Board the CEO's quarterly and annual KPI's	• Reviews the RNC's recommendations and approves or amends
Vesting Outcomes	• Provides appropriate recommendations to the RNC regarding Senior Executive incentive payments based on actual performance outcomes against approved KPI's.	• 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 Remuneration	• Provides appropriate recommendations to the RNC of the amount of fixed remuneration of the Executive Team for the future measurement period, considering general performance, market conditions and other external factors.	• Provides appropriate recommendations to the Board of the amount of the CEO's fixed remuneration for the future measurement period, considering general performance, market conditions and other external factors.	• Approves the remuneration and remuneration structure for future measurement periods including incentive targets.

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 FY21, the Board policy was that the Chairman and Independent Non-Executive Directors receive remuneration for their services as Directors. Prior to the IPO a review was conducted, and a remuneration framework established for Board Director remuneration.

Non-Executive Director remuneration is additionally governed by resolutions passed at an annual general meeting of shareholders. The group's inaugural AGM is scheduled to take place on 11 November 2021.

7.4 Use of Independent Remuneration Consultants

In accordance with the RNC Charter, the Committee may seek remuneration market data from independent remuneration consultants as required. Any information received may be used as one of the factors taken into consideration by the Board. In FY21 the Committee did review independent consultant market data in order to ensure sound remuneration decisions.

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 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 & 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. *Share Holdings*

Non-executive and Executive KMP's or their related parties directly or indirectly held shares in hipages as detailed below.

Ordinary shares - Number	Balance on Completion of Initial Public Offering[1] 12 November 2020	Commenced as KMP	Awarded as remuneration	Rights converted to Shares	Other changes	Balance at the end of the financial year 30 June 2021
Non-executive directors						
Chris Knoblanche[2]	239,074	–	–	–	–	239,074
Stacey Brown[3]	40,816	–	–	–	–	40,816
Nicholas Gray[4]	–	–	–	–	–	–
Inese Kingsmill[5]	16,327	–	–	–	–	16,327
	296,217	**–**	**–**	**–**	**–**	**296,217**
Executive director						
Robert Sharon-Zipser[6]	8,567,841	–	–	–	–	8,567,841
	8,567,841	**–**	**–**	**–**	**–**	**8,567,841**
Senior-executives						
Melissa Fahey[7]	53,838	–	–	–	–	53,838
	53,838	**–**	**–**	**–**	**–**	**53,838**

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

1. Balance of shares on completion of IPO represents the opening balance.
2. Director equity entitlements will be awarded as part of his current year remuneration on the 1st, 2nd and 3rd anniversary of his appointment as Chairman. Refer 6.3 for further details.
3. Director equity entitlements will be awarded as part of her current year remuneration on the 1st anniversary of her appointment as a Director of hipages Group Holdings Ltd. Refer 6.3 for further details.
4. Equity entitlements will not be granted as part of his remuneration. Refer 6.3 for further details.
5. Equity entitlements will be awarded as part of her current year remuneration on the 1st anniversary of her appointment as a Director. Refer 6.3 for further details.
6. Shares are not granted as remuneration, however, Rights will be awarded as detailed in section 5.2. Opening and closing shares include 1,046,765 shares owned by Hipages ESP Pty Ltd CAN 605 224 128 as trustee for Hipages Employee Share Plan Trust.
7. Shares are not granted as remuneration, however, Rights will be awarded as detailed in section 5.2.

8.2. *Rights to ordinary shares*

Non-executive and Executive KMP's or their related parties directly or indirectly held Rights to ordinary Shares in hipages as detailed below.

Rights - Number	Balance on Completion of Initial Public Offering[1] 12 November 2020	Commenced as KMP	Awarded as remuneration[2]	Rights converted to Shares	Other changes	Balance at the end of the financial year 30 June 2021
Non-executive directors						
Chris Knoblanche[3]	18,935	–	–	–	–	18,935
Executive director						
Robert Sharon-Zipser	–	–	321,429	–	–	321,429
Senior-executives						
Melissa Fahey	272,667	–	110,988	–	–	383,655

1. Balance on completion of Initial Public Offering represents the cumulative opening balance value of rights previously awarded prior the listing of the Company on the ASX. Other than the Rights awarded as remuneration, no other Rights were awarded in the current financial year.
2. In respect of executive KMP, the rights awarded as remuneration were part of the IPO incentive. These will convert to shares subject to vesting condition described in section 5.3.
3. As disclosed in the IPO Prospectus of hipages dated 21 October 2020, the Chairman will receive an annual grant of $150,000 of Director Equity Entitlements, on each anniversary of his original date of appointment as Chairman (being 16 March 2020). The first grant due on 16 March 2021 has yet to be made to the Chairman and is subject to a resolution to be considered by shareholders at the Company's 2021 AGM. Subject to shareholders approving the resolution, the Chairman will be granted the Entitlements, with an effective grant date of 16 March 2021.

9. Executive KMP Contractual arrangements

The following table summarises the contractual arrangements of the Executive KMP:

	Contract details	
	Robert Sharon -Zipser	**Melissa Fahey**
Base pay per contract; excluding superannuation	$500,000	$387,000
Incentive Mix:		
• **STI Target, inclusive of superannuation**	$94,500	$95,914
• **LTI Target**	$220,500	$151,286
Other benefits	Car parking valued at $8,316 per annum	Car parking valued at $8,316 per annum
Notice	In respect of the CEO employment may be terminated by either CEO or hipages by providing six months' written notice. In respect of the CFOO employment may be terminated by either the CFOO or hipages by providing 12 weeks' written notice.	
Severance	In respect of the CEO, a severance payment of six months' Base Pay applies where termination is initiated by hipages.[1] In respect of the CFOO, a severance payment of 12 weeks Base Pay applies where termination is initiated by hipages.[1]	
Restraints	For a period of up to 12 months in respect of the CEO and 6 months in respect of the 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 he 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 he (or a person reporting to him) 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 he (or a person reporting to him) has performed work or had dealings in the 12 months preceding the termination of employment, to terminate or otherwise alter their business relationship with hipages. These restraints are expressed to apply to a range of geographic areas of different sizes, namely Australia and New Zealand; Australia: New South Wales; and within two kilometres of the Sydney CBD.	

1. Other than for serious misconduct or unsatisfactory performance.

Auditor’s Independence Declaration

Auditor’s Independence Declaration

As lead auditor for the audit of hipages Group Holdings Limited for the year ended 30 June 2021, 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
26 August 2021

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hipages Group Holdings Limited

ABN 67644 430 839

Consolidated financial statements

for the year ended 30 June 2021

Consolidated statement of profit or loss

For the year ended 30 June 2021

	Notes	30 June 2021 $'000	30 June 2020 $'000
Continuing operations			
Revenue	2.3	**55,806**	46,939
Other income	2.3	**-**	187
		55,806	47,126
Expenses excluding interest, tax, depreciation, and amortisation			
Employee benefits expenses	4.1	**(17,264)**	(13,830)
Marketing related expenses		**(15,973)**	(16,706)
Operations and administration expenses		**(8,443)**	(6,044)
Employee share options expense	4.1	**(2,152)**	(1,485)
Impairment of receivables	3.2	**(1,322)**	(1,369)
Transaction costs related to IPO		**(4,784)**	-
Net other expenses		**(265)**	(16)
Total expenses excluding interest, tax, depreciation, and amortisation		**(50,803)**	(39,450)
Earnings before interest, tax, depreciation, and amortisation (EBITDA)		**5,603**	7,676
Depreciation and amortisation	2.4	**(8,583)**	(9,000)
Loss before interest and income tax		**(2,980)**	(1,324)
Finance income	2.5	**265**	158
Finance expenses	2.5	**(3,484)**	(4,074)
Net finance expenses	2.5	**(3,219)**	(3,916)
Loss before income tax from continuing operations		**(6,199)**	(5,240)
Income tax expense	2.7	**-**	-
Loss for the year from continuing operations		**(6,199)**	(5,240)
Discontinued operations			
Revenue from discontinued operations	2.3	**-**	1,835
Expenses from discontinued operations		**-**	(3,056)
Loss before tax from discontinued operations		**-**	(1,221)
Income tax expense from discontinued operations		**-**	-
Loss for the year from discontinued operations		**-**	(1,221)
Post tax gain on disposal of discontinued operations	2.2	**-**	547
Loss for the period, attributable to the members of the Group		**(6,199)**	(5,914)
		Cents	Cents
Earnings per share attributable to the ordinary equity holders of the Group:			
Basic and diluted earnings per share:			
From continuing operations	2.6	**(5.04)**	(4.74)
From discontinued operation		**-**	(0.61)
From continuing and discontinued operations	2.6	**(5.04)**	(5.35)

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 2021

	30 June 2021 $'000	30 June 2020 $'000
Loss for the period attributable to members of the Company	**(6,199)**	(5,914)
Other comprehensive income		
There are no items of other comprehensive income		
Other comprehensive profit net of tax	-	-
Total comprehensive loss, attributable to owners of hipages Group Holdings Limited	**(6,199)**	(5,914)

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 2021

	Notes	30 June 2021 $'000	30 June 2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents	3.1	**30,303**	8,822
Funds on deposit	3.1	**2,271**	2,271
Trade and other receivables	3.2	**1,461**	1,426
Other assets	3.3	**1,976**	1,086
Total current assets		**36,011**	13,605
Non-current assets			
Other assets	3.3	**639**	922
Financial assets at fair value through other comprehensive income		**800**	800
Property, plant and equipment	3.4	**1,868**	2,323
Right-of-use asset	3.6	**6,370**	6,979
Intangible assets	3.5	**11,596**	10,726
Total non-current assets		**21,273**	21,750
Total assets		**57,284**	35,355
LIABILITIES			
Current liabilities			
Trade and other payables	3.7	**7,235**	6,720
Contract liabilities	3.8	**3,715**	3,510
Borrowings	5.1	**-**	1,795
Provisions	3.9	**1,461**	1,547
Lease liabilities	3.6	**3,086**	2,283
Total current liabilities		**15,497**	15,855
Non-current liabilities			
Borrowings	5.1	**-**	12,118
Provisions	3.9	**552**	397
Lease liabilities	3.6	**5,495**	7,384
Other		**-**	221
Total non-current liabilities		**6,047**	20,120
Total liabilities		**21,544**	35,975
Net assets		**35,740**	(620)
EQUITY			
Issued capital	5.4	**315,775**	48,087
Reserves	5.5	**(220,443)**	4,017
Accumulated losses	5.6	**(59,592)**	(52,724)
Total equity		**35,740**	(620)

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 2021

Attributable to owners of hipages Group Holdings Limited

	Notes	Contributed equity $'000	Capital reorganisation reserve $'000	Share-based payments reserve $'000	Translation & other reserves $'000	Accumulated losses $'000	Total $'000
Balance at 1 July 2019		47,986	-	3,601	-	(46,810)	4,777
Loss for the period, attributable to the members of the Group		-	-	-	-	(5,914)	(5,914)
Other comprehensive loss for the year, net of tax		-	-	-	(1,069)	-	(1,069)
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs		101	-	-	-	-	101
Equity settled share-based payment		-	-	1,485	-	-	1,485
Balance at 30 June 2020		48,087	-	5,086	(1,069)	(52,724)	(620)
Balance at 1 July 2020		**48,087**	**-**	**5,086**	**(1,069)**	**(52,724)**	**(620)**
Loss for the period, attributable to the members of the Group		**-**	**-**	**-**	**-**	**(6,199)**	**(6,199)**
Transactions with owners in their capacity as owners:							
Contributions of equity pre-IPO	5.4	**300**	**-**	**-**	**-**	**-**	**300**
Conversion of convertible note	5.4	**5,044**	**-**	**-**	**-**	**497**	**5,541**
Settlement of risk participation fee	5.4	**(1,542)**	**-**	**-**	**-**	**(1,166)**	**(2,708)**
Capital reorganisation	5.4	**(51,889)**	**(226,612)**	**-**	**-**	**-**	**(278,501)**
New shares issued to existing shareholders	5.4	**218,076**	**-**	**-**	**-**	**-**	**218,076**
New shares issued to new shareholders under the primary offering	5.4	**40,000**	**-**	**-**	**-**	**-**	**40,000**
New shares issued to new shareholders under the secondary offering	5.4	**60,424**	**-**	**-**	**-**	**-**	**60,424**
Contributions of equity - transaction costs related to IPO	5.4	**(2,795)**	**-**	**-**	**-**	**-**	**(2,795)**
Equity settled share-based payment	5.4	**-**	**-**	**2,152**	**-**	**-**	**2,152**
Contributions of equity, net of transaction costs	5.4	**70**	**-**	**-**	**-**	**-**	**70**
Balance at 30 June 2021		**315,775**	**(226,612)**	**7,238**	**(1,069)**	**(59,592)**	**35,740**

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 2021

	Notes	30 June 2021 $'000	30 June 2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**60,340**	52,168
Payments to suppliers and employees (inclusive of GST)		**(47,850)**	(40,449)
		12,490	11,719
Transaction costs in relation to secondary offer		**(4,771)**	-
Interest received		**231**	158
Interest paid, including on lease liabilities		**(1,088)**	(1,805)
Net cash flows from operating activities	3.1	**6,862**	10,072
Cash flows from investing activities			
Payment for purchase of business		**(88)**	(175)
Payments for property, plant and equipment	3.4	**(368)**	(191)
Payments for intangible assets	3.5	**(6,806)**	(6,666)
Proceeds from funds on deposit		**-**	1,018
Proceeds from divestments		**121**	289
Net cash flows used in investing activities		**(7,141)**	(5,725)
Cash flows from financing activities			
Proceeds from issue of shares	5.4	**40,300**	-
Proceeds from borrowings	5.1	**3,000**	3,500
Repayment of borrowings		**(16,002)**	(1,443)
Payment of principal portion of lease liabilities		**(2,733)**	(2,869)
Payment of transaction costs on issue of new shares		**(2,805)**	-
Net cash flows from / (used in) financing activities		**21,760**	(812)
Net increase in cash and cash equivalents		**21,481**	3,535
Cash and cash equivalents at the beginning of the period		**8,822**	5,287
Cash and cash equivalents at end of the period		**30,303**	8,822

The above Consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

For the year ended 30 June 2021

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 2021 and were authorised for issue in accordance with a resolution of the directors on 26 August 2021.

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

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

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

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

Prior period financial information contained within this report represents the consolidated historical financial information for hipages Group Pty Limited.

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

1.3. Basis of preparation

These general purpose financial statements:

- Have been prepared in accordance with Australian Accounting Standards (AASB's) and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001.
- Comply with International Financial Reporting Standards (IFRS's) 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.
- 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 2021, the Group had net assets of $35.740 million (30 June 2020: Net liabilities $0.620 million)

The positive net asset position in the current period arose as a result of the positive operating cashflows and the proceeds from the primary IPO process net of payment of offer costs of $7.576 million, $1.890 million cash redemption of convertible notes and repayment of venture debt of $14.042 million.

1.4. Key accounting estimates

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

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

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 are reviewed on an ongoing basis. Actual results may differ from these estimates.

2. Business performance

2.1. Segment information

Accounting policy: Operating Segment

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 operating segments operating results are reviewed regularly by CODM to assess performance of the business and to make decisions about resources to be allocated to the segment.

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

On-demand home improvement tradesperson platform

This segment is an online tradie marketplace and Software-as-a-Service (SaaS) provider connecting tradies with residential and commercial consumers.

Discontinued operations

During year ended 30 June 2020, hipages discontinued the following businesses:

- sold Natural Therapy Pages Pty Ltd and subsidiaries UK Pages Pty Ltd, Natural Therapy Pages Limited (UK registered company), NZ Pages Pty Ltd and Natural Therapy Pages Limited (NZ registered company) (together, “NTP”), on 31 May 2020. NTP is an online marketplace for natural health services.
- sold the intangible assets of Australian business directory, Start Local Pty Limited (“Start Local”) on 22 June 2020.
- discontinued Pet Pages Pty Ltd (“Pet Pages”), an online marketplace for pet industry service providers and retailers.

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 and loss. There are no sales between segments. Segment revenue reconciles to total revenue provided in note 2.3.

Major customers

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

Segment result

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

Information about reportable segments

	On demand home improvement tradesperson platform 12 months ended		Discontinued operations (the "Disposal group") 12 months ended		Total operations 12 months ended	
	30-Jun-21 $'000	**30-Jun-20 $'000**	**30-Jun-21 $'000**	**30-Jun-20 $'000**	**30-Jun-21 $'000**	**30-Jun-20 $'000**
Sales revenue	**55,806**	46,939	**-**	1,835	**55,806**	48,774
Segment EBITDA	**5,603**	7,676	**-**	(1,221)	**5,603**	6,455
Depreciation and amortisation	**(8,583)**	(9,000)	**-**	-	**(8,583)**	(9,000)
Segment EBIT	**(2,980)**	(1,324)	**-**	(1,221)	**(2,980)**	(2,545)
Net financing expense	**(3,219)**	(3,916)	**-**	-	**(3,219)**	(3,916)
Post tax gain on disposal of discontinued operations	**-**	-	**-**	547	**-**	547
Segment NPAT	**(6,199)**	(5,240)	**-**	(674)	**(6,199)**	(5,914)
	30-Jun-21 $'000	**30-Jun-20 $'000**	**30-Jun-21 $'000**	**30-Jun-20 $'000**	**30-Jun-21 $'000**	**30-Jun-20 $'000**
Segment assets	**57,284**	35,355	**-**	-	**57,284**	35,355

2.2. Discontinued operations

Financial performance

The financial performance of the discontinued operations during the year ended 30 June 2020 is set out above in note 2.1.

Post tax gain on disposal of discontinued operation

The gain on the divestment of $0.547 million was recognised during the financial year ended 30 June 2020.

	30 June 2021 $'000	**30 June 2020 $'000**
Final sale price		
Cash	**-**	289
Fair value of deferred consideration	**-**	499
Total proceeds	**-**	788
Net assets disposed	**-**	(241)
Net gain on sale of discontinued businesses before income tax	**-**	**547**
Income tax expense	**-**	-
Gain of divestment	**-**	547

2.2. Discontinued operations (continued)

Cash flow information

	30 June 2021 $'000	30 June 2020 $'000
Net cash flows from operating activities	-	(2,023)
Net cash flows from investing activities	-	289
Net decrease in cash generated by discontinued operations	-	(1,734)

2.3. Revenue and other income

Accounting policy: Revenue and other income

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 represent 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 directory and have access to potential leads. That is the relevant entity, in the hipages 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 their services. If a job is requested by a consumer in the same geographical area and specialist skill as the customer, they will be notified of the lead and have access to the lead / job.
- the right to respond to these leads: : Under the contract Customers have the right to respond to leads / jobs they are notified of. Customers will use any lead credits they have purchased separately or that is included in their Value Cap when responding to leads. hipages Group will provide the customer with the consumer's contact details to be able to quote for the job.

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

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

The revenue from bundled upfront fees are 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 6 or 12 months). Revenue for the right to respond to leads is recognised at the time the leads are claimed.

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

Key estimate and judgement

Lead credits and lead utilisation

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

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

Sales revenue	30 June 2021 $'000	30 June 2020 $'000
Continuing operations		
Contracts with customers - recurring revenue	**52,664**	42,200
Contracts with customers - transactional revenue	**1,722**	3,446
Rental income	**1,420**	1,293
Total revenue from continuing operations	**55,806**	46,939
Discontinued operations		
Contracts with customers - discontinued operations	-	**1,835**
Total revenue from discontinued operations	-	1,835
Total revenue	**55,806**	48,774

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.

Other income	30 June 2021 $'000	30 June 2020 $'000
Fair value on embedded derivative	-	187
Total other income	-	187

2.4. *Depreciation and amortisation expense*

	30 June 2021 $'000	30 June 2020 $'000
Depreciation		
Plant and equipment	**289**	355
Leasehold improvements	**531**	528
Right-of-use assets	**1,827**	2,114
Total depreciation	**2,647**	2,997
Amortisation		
Software and other intangibles	**67**	-
Capitalised development costs	**5,869**	6,003
Total amortisation	**5,936**	6,003
Total depreciation and amortisation	**8,583**	9,000

2.5. Net finance expenses

Accounting policy: Interest

Finance income

Interest revenue is recognised as interest 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 and 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.

Interest expense

Interest expense is recognised as it accrues and becomes payable. Interest expense is also included in hipages finance lease

	30 June 2021 $'000	30 June 2020 $'000
Finance expenses		
Interest and finance charges paid/payable	**(2,605)**	(2,824)
Finance Costs – lease liability interest	**(879)**	(1,250)
	(3,484)	**(4,074)**
Finance income		
Interest revenue calculated using the effective interest method	**245**	158
Unwind interest on deferred settlement	**20**	-
	265	**158**
Net finance costs expensed	**(3,219)**	**(3,916)**

2.6. Earnings per share (EPS)

Accounting policy: Earnings per share

The Group presents basic and diluted EPS in the Consolidated statement of profit and loss.

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

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

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

	30 June 2021 $'000	30 June 2020 $'000
Earnings used in calculating earnings per share		
Basic and diluted loss - from continuing operations	**(6,199)**	(5,240)
Basic and diluted loss - from discontinued operations	-	(674)
Basic and diluted loss attributable to the ordinary equity holders of the Company - from continuing and discontinued operations	**(6,199)**	(5,914)

	30 June 2021 Number	30 June 2020 Number
Weighted average number of shares used as denominator		
Issued ordinary shares	**130,030,702**	888,809
Impact of shares issued on IPO	**(7,121,629)**	109,632,743
Weighted average number of ordinary shares used as the denominator	122,909,073	110,632,234

	30 June 2021 Cents	30 June 2020 Cents
Basic and diluted earnings per share		
Attributable to the ordinary equity holders of the Company		
From continuing operations	**(5.04)**	(4.74)
From discontinued operations	-	(0.61)
From continuing and discontinued operations	**(5.04)**	(5.35)

2.7. Income tax

Accounting policy: Income tax

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

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

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

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

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

Accounting policy: GST and other similar taxes

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

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

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

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

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

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

The Group's consolidated effective tax rate for the year ended 30 June 2021 was 0% (30 June 2020: 0%). This is due to the availability of carry forward tax losses and tax offsets.

Income tax expense / (benefit)	**30 June 2021 $'000**	**30 June 2020 $'000**
Current tax		
Current tax expense / (benefit)	**-**	-
Under / (Over provision) in prior years	**-**	-
Deferred tax		
Deferred tax expense / (benefit)	**-**	-
Under / (Over provision) in prior years	**-**	-
Total income tax expense / (benefit)	**-**	-

Numerical reconciliation of income tax expense / (benefit) to prima facie tax payable	**30 June 2021 $'000**	**30 June 2020 $'000**
Loss from continuing and discontinued operations before tax	**(6,199)**	(5,914)
Income tax expense / (benefit) calculated at 30% (2020: 30%)	**(1,860)**	(1,774)
Tax effect of amounts that are not deductible / (taxable) in calculating income tax:		
Share based payments	**587**	446
Current year tax loss not recognised	**5,922**	828
Brought forward tax loss/R&D credit benefit derecognised / (used)	**(9,843)**	699
Capitalised costs not recognised through through profit / (loss)	**(653)**	-
Interest expense on convertible note and notional interest on Call of Service acquisition	**303**	238
Fair value gain on remeasurement of convertible note	**-**	(62)
Notional interest expense on Marshall's facility	**326**	-
Non-deductible loss on Convertible Notes at IPO	**150**	-
Transaction costs for the sale of divested businesses	**-**	14
Net capital gain on the sale of divested businesses	**-**	159
Net accounting gain on the sale of divested businesses	**-**	(152)
Amortisation expense on business acquisition intangible asset	**-**	26
Adjustment recognised for prior periods	**5,068**	(422)
Total income tax expense / (benefit) reported in the consolidated statement of profit and loss	**-**	-

2.7. Income tax (continued)

Deferred tax assets	30 June 2021 $'000	30 June 2020 $'000
The balance comprises temporary differences attributable to:		
Employee benefits	**681**	527
Capital raising costs	**1,870**	148
Doubtful debts	**194**	154
Accrued expenses	**156**	96
Leasehold assets	**390**	277
Tax losses recognised	**-**	779
AASB 16 Lease liabilities	**2,574**	2,900
Intangible assets	**298**	-
Deferred tax assets not recognised to the extent of Deferred Tax liabilities	**(4,066)**	-
Total deferred tax assets	**2,097**	4,881
Deferred tax liabilities		
Intangible assets	**-**	(2,528)
AASB 16 Right of Use Asset	**(2,097)**	(2,353)
Total deferred tax liabilities	**(2,097)**	(4,881)
Net Deferred Tax	**-**	-

Tax losses	30 June 2021 $'000	30 June 2020 $'000
Unused tax losses for which no deferred tax asset has been recognised	**30,170**	28,674
Potential tax benefit @ 30%	**9,051**	8,602
Research and Development tax incentive		
Unused R&D offsets for which no deferred tax asset has been recognised	**4,420**	12,084
Potential tax benefit @ 38.5%	**1,702**	4,652

3. Working capital and operating assets

3.1. Cash and cash equivalents

Accounting policy: Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, 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 5.2 Financial Risk Management.

	30 June 2021 $'000	30 June 2020 $'000
Cash at bank and in hand	**30,303**	8,822
	30,303	8,822

	30 June 2021 $'000	30 June 2020 $'000
Committed cash (bank guarantees)	**2,271**	2,271

Committed cash represents cash in term deposits held as bank guarantees for the lease of the Company's Sydney office premises. Further information is set out in note 5.9 Contingencies.

Reconciliation of cash flows from operating activities

Loss for the period	**(6,199)**	(5,914)
Adjustments to reconcile loss to net cash flows:		
Depreciation and amortisation	**8,583**	9,000
Share-based payments	**1,368**	1,485
Non-cash interest	**2,362**	2,269
Non-cash marketing expense	**-**	2,752
Net loss / (gain) on divestment of subsidiaries	**-**	(258)
Non-cash fair value adjustment to embedded derivative	**1,450**	(207)
Other non-cash items	**6**	-
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	**(35)**	(196)
(Increase) /decrease in current assets	**(1,094)**	2,661
(Decrease) in trade and other payables	**(547)**	(1,635)
Increase / (Decrease) in contract liabilities	**205**	(146)
Increase in provisions	**763**	261
Net cash flows from/(used in) operating activities	**6,862**	10,072

3.2. Trade and other receivables

Accounting policy: Trade and other receivables

Trade receivables

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

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

Other receivables

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

Fair value of trade receivables

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

	30 June 2021 $'000	30 June 2020 $'000
Trade receivables	**2,062**	1,863
Less: Allowance for expected credit loss	**(648)**	(513)
	1,414	1,350
Other trade receivables	**47**	76
Total trade and other receivables	**1,461**	1,426

Other trade receivables represent unbilled revenue.

Ageing of the Group's trade receivables at the reporting date is as follows:	**$'000**	$'000
Not past due	**684**	792
Past due 0 – 30 days	**283**	167
Past due 31 – 90 days	**206**	176
Past due more than 90 days	**889**	728
Total trade receivables	**2,062**	1,863

Expected credit loss rate:	**%**	%
Not past due	**2%**	3%
Past due 0 – 30 days	**18%**	20%
Past due 31 – 90 days	**23%**	22%
Past due more than 90 days	**60%**	58%

Allowance for expected credit loss:	$'000	$'000
Not past due	**15**	20
Past due 0 – 30 days	**51**	33
Past due 31 – 90 days	**48**	39
Past due more than 90 days	**534**	421
Total allowance for expected credit loss	**648**	513

Reconciliation of movement - Expected credit loss	$'000	$'000
Opening net book amount	**513**	542
Provisions made during the year	**1,457**	1,369
Reduction of provision	**(1,322)**	(1,398)
Total expected credit loss provision	**648**	513

3.3. *Other assets*

Accounting policy: Other assets

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, it's carrying value is written off.

Financial assets at fair value through profit or loss

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

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

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 (continued)

	30 June 2021 $'000	30 June 2020 $'000
Other assets - current		
Deposits and prepayments	**1,295**	421
Lease receivable (sub leases)	**223**	255
Deferred consideration	**150**	187
Other	**308**	223
Total	**1,976**	1,086
Other assets - non-current		
Lease receivable (sub leases)	**398**	609
Deferred consideration	**241**	313
Total	**639**	922

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

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 income Consolidated statement of profit and 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:

- 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 and loss. When revalued assets are sold, the amounts included in other reserves in respect of those assets is transferred to retained earnings.

	30 June 2021 $'000	30 June 2020 $'000
Property plant and equipment - at cost	**5,598**	5,968
Less accumulated depreciation	**(3,730)**	(3,645)
Total property plant and equipment	**1,868**	2,323
Comprising		
Leasehold improvements	**1,288**	1,809
Plant and equipment	**580**	514
Total property plant and equipment	**1,868**	2,323

Reconciliation of movement	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
Balance at 1 July 2019	715	2,313	3,028
Additions	154	24	178
Depreciation	(355)	(528)	(883)
Closing balance 30 June 2020	**514**	**1,809**	**2,323**
Balance 1 July 2020	**514**	**1,809**	**2,323**
Additions	**358**	**10**	**368**
Depreciation	**(289)**	**(531)**	**(820)**
Disposal	**(3)**	**-**	**(3)**
Closing balance 30 June 2021	**580**	**1,288**	**1,868**

3.5. *Intangible assets*

Accounting policy: Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition.

Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

IT Research and development

Research costs are expensed in the period in which they are incurred. Development 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 on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Software

Software assets acquired as part of a business combination, are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

Impairment

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

3.5. Intangible assets (continued)

	30 June 2021 $'000	30 June 2020 $'000
Goodwill	**785**	785
Capitalised development - at cost	**43,729**	37,087
Less accumulated amortisation - capitalised development	**(33,015)**	(27,146)
Software and other intangibles	**164**	-
Less accumulated amortisation - Software and other intangibles	**(67)**	-
	10,811	9,941
Total intangible assets	**11,596**	**10,726**
Comprising		
Goodwill	**785**	785
Capitalised development	**10,714**	9,941
Software and other intangibles	**97**	-
Closing net book value	**11,596**	**10,726**

Reconciliation of movement	**Goodwill $'000**	**Capitalised development $'000**	**Software and other intangibles $'000**	**Total $'000**
Opening balance at 1 July 2019	785	9,127	-	9,912
Additions	-	6,666	-	6,666
Additions from business combinations	-	627	-	627
Disposals	-	(476)	-	(476)
Amortisation expense	-	(6,003)	-	(6,003)
Closing balance 30 June 2020	785	9,941	-	10,726
Opening balance 1 July 2020	**785**	**9,941**	**-**	**10,726**
Additions	**-**	**6,642**	**164**	**6,806**
Amortisation expense	**-**	**(5,869)**	**(67)**	**(5,936)**
Closing balance 30 June 2021	**785**	**10,714**	**97**	**11,596**

Key estimate and judgement	Goodwill
	The Company test whether goodwill has been impaired on an annual basis. Management's judgement is applied to identify the Cash Generating Units (CGU). The recoverable amount of a CGU is based on value in use calculations which require assumptions and discounting future cash flows. The assumptions are based on the best estimates at the time of performing the valuation. Cash flow projections do not include significant future investments or restructuring activities that will enhance the performance of the asserts of the CGU being tested.
	Goodwill is monitored by management at the level of operating segment identified in note 2.1, Segment Information.
	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. Impairment triggers include technological changes or adverse economic circumstances which may impact future revenue streams.
	If an indicator of impairment exists, the recoverable amount of the asset is determined.

Impairment tests for goodwill and indefinite life intangibles

Goodwill historically acquired through business combinations continues to be allocated to the Groups only cash-generating unit (GCU) which is represented by a single segment, On-Demand Home Improvement Tradesperson Platform as described in note 2.1, Segment information.

Consistent with prior year, the recoverable amount of Goodwill has been determined by using the fair value less cost of disposal approach. Key assumptions are those to which the recoverable amount of assets or CGU is most sensitive. The following key assumptions were used for the hipages On-Demand Home Improvement Tradesperson Platform CGU:

- Pricing Enterprise Value / Revenue multiple 7.48 (2020: 5.3).
- Total revenue FY21 actuals $55,806,000 (FY2020 $46,939,000).

There were no other key assumptions for this Online Tradesperson Platform CGU. Based on the assessment performed, no impairment charge is considered necessary for the 30 June 2021 financial year (30 June 2020: nil).

3.6. Lease accounting

Accounting policy: Lease accounting

The Group leases commercial office premises. The leases are typically for fixed periods up to 5 years and may include extension options. In applying AASB 16 a right-of-use asset representing the right to use the underlying asset and a corresponding lease liability representing the obligation to make lease payments are recognised at the date at which the leased asset is available for use by the Group.

Right-of-use assets

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

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

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

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

Lease liabilities

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

Lease payments included in the measurement of the lease liability comprise

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

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

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

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

Sublease

hipages acts as intermediate lessor on several subleases. These subleases are classified as a finance lease 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 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 lease is classified as a finance lease, hipages derecognise the right-of-use asset on the head lease at the sublease commencement date and account for the original lease liability in accordance with the lessee accounting model.

Amounts recognised in the Consolidated statement of financial position

	30/06/2021 $'000	30/06/2020 $'000
Right-of-use asset		
Buildings	**12,647**	11,430
Less accumulated amortisation	**(6,277)**	(4,451)
Total right-of-use assets	**6,370**	6,979
Reconciliation of movement		
Opening written down value	**6,979**	10,124
Additions arising on lease modification	**40**	(1,030)
Impact due to change in discount rate	**1,178**	-
Depreciation charge for the year	**(1,827)**	(2,114)
Closing written down value	**6,370**	6,979
Lease liabilities		
Current	**3,086**	2,283
Non-current	**5,495**	7,384
Total lease liabilities	**8,581**	9,667
Maturity analysis - undiscounted		
Less than one year	**3,259**	3,284
One to two years	**3,327**	3,415
Two to five years	**2,281**	5,055
Total undiscounted lease liabilities at 30 June 2020	**8,867**	11,754

Amounts recognised in the Consolidated statement of profit or loss

	2021 $'000	2020 $'000
Interest on lease liabilities	**(879)**	(1,250)
Depreciation of right-of-use asset	**(1,827)**	(2,114)
Lease payments relating to leases of low value and short-term leases not included in lease liabilities	**-**	-

Amounts recognised in the Consolidated statement of cash flows

	2021 $'000	2020 $'000
Total cash outflow for leases	**(2,733)**	(2,869)

3.6. Lease accounting (continued)

Key estimate and judgement

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

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

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

3.7. Trade and other payables

Accounting policy: Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid.

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which 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 as the end of the reporting period, otherwise they are classified as current.

	30 June 2021 $'000	30 June 2020 $'000
Trade and other payables - current		
Trade payables	**3,145**	3,565
GST payable	**685**	1,509
Payroll accruals	**749**	166
Other payables	**2,656**	1,480
Total trade and other payables - current	**7,235**	6,720

Refer note 5.2 for further information with respect to financial instruments.

3.8. *Contract liabilities*

Accounting policy: Contract liabilities

These amounts represent unsatisfied revenue performance obligations which expect to be recognised in future accounting period as described in note 2.3 Revenue and other income

	30 June 2021 $'000	30 June 2020 $'000
Contract liabilities - current		
Unsatisfied performance obligations		
Deferred revenue	**3,715**	3,510
Total contract liabilities - current	**3,715**	3,510

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $3.715 million (30 June 2020: $3.510 million) and is expected to be recognised as revenue in future reporting periods. The entire amount is expected to be settled within 12 months of reporting date and has been recorded as a current liability.

3.9. *Provisions*

Accounting policy: Provisions

Provisions

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

Long term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be settled within 12 months after the end of the financial year in which the employees render the related services is recognised in the provision for employee benefits and measured at the present value of the expected future payments to be made in respect of services provided by the employees up to the end of the reporting period. Consideration is given to future wage and salary levels, experience of the 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 2021 $'000	30 June 2020 $'000
Provisions - Current		
Employee benefits	**1,461**	1,547
Total provisions - current	**1,461**	1,547
Provisions - Non-current		
Employee benefits	**411**	311
Other provisions	**141**	86
Total provisions - non-current	**552**	397
Total provisions	**2,013**	1,944

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

4. People

4.1. Employee benefits

Accounting policy: Employee benefits

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 liability 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.

	30 June 2021 $'000	30 June 2020 $'000
Employee benefits expensed		
Salary costs	**15,693**	12,358
Deferred contribution superannuation expense	**1,571**	1,472
Share based payments expense	**2,152**	1,485
	19,416	15,315

Annual leave and Long service leave

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

Superannuation

Obligations for contributions to accumulation superannuation plans are recognised as an expense in the Consolidated statement of profit and 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. The amount recognised as an expense was $1,571,000 for the financial year ended 30 June 2021 (2020: $1,472,000).

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, or options over 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

Share-based payments

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

Equity-settled transactions are awards of shares, or options over 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.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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

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

A. Description of plans

Current plans

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

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

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

Legacy plans

Certain employees and ex-employees are participants under legacy equity plans with hipages Group ("Legacy Equity Plans").

These entitlements (comprising Rights or beneficial interests over ordinary shares of hipages Group Pty Ltd held by a trustee) were exchanged under the Restructure described in note 1.2 for Rights or beneficial interests over Shares on substantially the same terms as the entitlements held prior to the exchange. As the entitlements were already vested, no vesting conditions applied to the participants upon the exchange.

The Legacy Plans have ceased to operate, no new entitlements have been issued or granted pursuant to the Legacy Equity Plans.

Notes to the consolidated financial statements

For the year ended 30 June 2021

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

B. *Impact of incorporation and company restructure on the pre-existing rights*

As a consequence of the restructure described in note 1.2 *Incorporation and company restructure*, where hipages Group Holdings Limited became the parent company of hipages Group Pty Limited existing shareholders exchanged their shares in hipages Group Pty Limited for shares in the Company. Accordingly, all existing Performance Rights in hipages Group Pty Limited were exchanged for Performance Rights in hipages Group Holding Limited.

The exchange ratio was 122.9 rights in hipages Group Holdings Limited for 1 right previously held in hipages Group Pty Limited.

All participants had the option to either:

- exchange existing performance rights for new performance rights in the hipages Group Holdings Limited; or
- exercise existing performance rights into shares in hipages Group Pty Limited and then exchange these shares for shares in the hipages Group Holdings Limited. Under this option participants could choose to cash out a part of the entitlement by choosing to sell shares.

C. *Expenses arising from share-based payment transactions recognised in profit and 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 and loss during the year ended 30 June arising from share-based payment transactions is as follows:

	30 June 2021 $'000	30 June 2020 $'000
Share based payments expense		
Options under legacy plans	-	384
Rights issued under HMEP	**878**	1,101
Rights issued under HEEP	**375**	-
Rights issued to Non-Executive directors	**115**	-
IPO incentive plan	**784**	-
	2,152	1,485

D. *Measurement of fair value of share rights*

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment.

Share rights issued in respect of hipages Group Pty Ltd

Fair value is measured at grant date and is based upon independent market data, for example, share transfers between unrelated shareholders.

Share rights issued in respect of hipages Group Holdings Ltd

Fair value is measured at grant date by reference to the fair value of share rights granted.

E. *Reconciliation of outstanding share rights*

Legacy plans - ESP1 and ESP2

Grant date	Expiry date	Balance at the start of the year	Granted	Additional rights - issued as part of IPO[1]	Sell down[2]	Post IPO shares held by Trustee	Exercised	Balance at the end of the year
		Number	Number	Number	Number	Number	Number	Number
Movement for the 12 months ended 30 June 2021								
01-Jul-14	**30-Jun-18**	**39,029**	**-**	**4,758,323**	**(1,199,925)**	**3,597,427**	**-**	**3,597,427**
01-Jul-15	**30-Jun-19**	**5,725**	**-**	**697,978**	**(176,141)**	**527,562**	**-**	**527,562**
		44,754	**-**	**5,456,301**	**(1,376,066)**	**4,124,989**	**-**	**4,124,989**
Movement for the 12 months ended 30 June 2020								
01-Jul-14	30-Jun-18	39,029	-	-	-	-	-	39,029
01-Jul-15	30-Jun-19	5,725	-	-	-	-	-	5,725
		44,754	-	-	-		-	44,754

Under ESP 1 and ESP 2, participants were granted loans to purchase units in a unit trust which in turn purchased Class B shares which were subsequently converted to ordinary shares in the Company in accordance with the terms and conditions of the ESP. The structure in substance was a zero priced option arrangement.

Legacy Plan - ESP3

Grant Date	Expiry Date	Balance at the start of the year	Granted	Additional rights - issued as part of IPO[1]	Sell down[2]	Post IPO shares held by Trustee	Exercised	Balance at the end of the year
		Number	Number	Number	Number	Number	Number	Number
Movement for the 12 months ended 30 June 2021								
01-Jul-16	**30-Jun-25**	**5,464**	**-**	**666,157**	**(6,392)**	**665,229**	**-**	**665,229**
01-Jul-17	**30-Jun-25**	**2,362**	**-**	**287,969**	**-**	**290,331**	**-**	**290,331**
01-Jul-18	**30-Jun-25**	**1,738**	**-**	**211,893**	**-**	**213,631**	**-**	**213,631**
01-Jul-19	**30-Jun-25**	**1,972**	**-**	**240,421**	**-**	**242,393**	**-**	**242,393**
		11,536	**-**	**1,406,440**	**(6,392)**	**1,411,584**	**-**	**1,411,584**
Movement for the 12 months ended 30 June 2020								
01-Jul-16	30-Jun-25	5,464	-	-	-	-	-	5,464
01-Jul-17	30-Jun-25	2,362	-	-	-	-	-	2,362
01-Jul-18	30-Jun-25	1,738	-	-	-	-	-	1,738
01-Jul-19	30-Jun-25	-	1,972	-	-	-	-	1,972
		9,564	1,972	-	-	-	-	11,536

The 11,536 performance rights fully vested as of 30 June 2020 and are all exercisable as of 30 June 2020. The assessed fair value at grant date of this ESOP was $171.35. The fair value at grant date is independently determined by the most recent share price on transfer between unrelated shareholders.

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

4.2. Share-based payment arrangements (continued)

hipages Management Equity Plan

Grant Date	Expiry Date	Balance at the start of the year Number	Granted Number	Additional rights - issued as part of IPO[1] Number	Sell down[2] Number	Rights exercised Number	Exercised Number	Balance at the end of the year Number
Movement for the 12 months ended 30 June 2021								
01-Jan-20	**1/01/2025**	**3,999**	**-**	**487,574**	**(56,547)**	**-**	**-**	**435,026**
01-Jul-20	**1/07/2025**	**4,607**	**-**	**561,684**	**-**	**-**	**-**	**566,292**
		8,606	**-**	**1,049,258**	**(56,547)**	**-**	**-**	**1,001,317**
Movement for the 12 months ended 30 June 2020								
01-Jan-20	1/01/2025	-	3,999	-	-	-	-	3,999
01-Jul-20	1/07/2025	-	4,607	-	-	-	-	4,607
		-	8,606	-	-	-	-	8,606

Further information is set out below in respect of the Rights issued under the rules of the HMEP

hipages Employee Equity Plan

Grant Date	Expiry Date	Balance at the start of the year Number	Granted Number	Exercised Number	Forfeited Number	Balance at the end of the period Number
Movement for the 12 months ended 30 June 2021						
01-Jul-20	**31/08/2023**	**-**	**347,959**	**-**	**(35,232)**	**312,727**
		-	**347,959**	**-**	**(35,232)**	**312,727**

Further information is set out below in respect of the Rights issued under the rules of the HEEP

IPO Incentive grants

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 2021						
21-Sep-20	1/07/2025	**-**	**616,089**	**-**	**-**	**616,089**
		-	**616,089**	**-**	**-**	**616,089**

Further information is set out below in respect of the IPO incentive.

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

HMEP Incentive grants awarded during the year ended 30 June 2021

Performance rights have been granted in relation to share based incentives for senior management in relation to FY20. The Company has notified senior management of its intent to grant Performance Rights in relation to FY21.

An expense arising from the proposed HMEP incentive grant has been recognised in the profit and loss during the year ended 30 June 2021. In relation to the FY20 grant an expense continues to be recognised over the vesting period and in relation to the proposed FY21 grant from the date the Company notified senior management of its intent to grant the Performance Rights, being 1 July 2020.

Key features of the grants are as follows:

- No consideration is payable by a participant to receive or exercise Performance Rights.
- Performance Rights vest if hipages Group's performance meets the annual revenue and EBITDA budget hurdles, as well as individual strategic targets. Hurdles will be tested at the end of the relevant financial year to which the hurdle applies. Budgets and individual strategic targets set by the hipages Board are amended if required.
- Vesting of Performance Rights is subject to continued employment; participants must remain employed throughout the vesting period.
- The Performance Rights will vest subject to continued employment and satisfaction of performance hurdles over a three-year period as follows:
  - Year 1: 33% on the day following release of audited results.
  - Year 2: 33% on the day following release of audited results.
  - Year 3: 34% on the day following release of audited results.

HEEP incentive grants awarded during the year ended 30 June 2021

The Company has invited employees to participate in a grant of Performance Rights in relation to FY21.

An expense arising from the HEEP incentive grant has been recognised in the profit and loss during the year ended 30 June 2021 from the date the grant was communicated to employees.

Key features of the grant are as follows:

- No consideration is payable by a participant to receive or exercise Performance Rights.
- The Performance Rights have an effective Grant Date of 4th March 2021.
- Performance Rights vest if hipages Group's performance meets the annual revenue and EBITDA budget hurdles. Hurdles will be tested at the end of the relevant financial year to which the hurdle applies. Budgets set by the hipages Board are amended if required.
- Vesting of Performance Rights is subject to continued employment; participants must remain employed throughout the vesting period.
- Performance Rights vest in three tranches subject continued employment and the satisfaction of Performance hurdles:
  - FY21 Tranche: 33% of the Performance Rights will vest on 31 August 2021.
  - FY22 Tranche: 33% of the Performance Rights will vest on 31 August 2022.
  - FY23 Tranche: 34% of the Performance Rights will vest on 31 August 2023.

IPO Incentive grants to management

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

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

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

5. Capital and financial risk management

5.1. Borrowings

Accounting policy: Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

For compound debt instrument with an embedded conversion to share option (where the conversion option results in no exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments), a financial liability relating to the cash settlement of the debt host is recognised and carried at amortised cost using the effective interest rate method. An embedded derivative liability relating to the conversion option is also separately recognised and measured at fair value. Under AASB 9, the initial carrying amount of the debt host is the residual amount after separating the embedded derivative. The total fair value of the embedded derivative will be deducted from the fair value of the instrument as a whole. The debt host is subsequently measured at amortised cost using the effective interest rate method until extinguished on conversion or maturity of the bonds and the embedded derivative liability is subsequently measured at fair value with any gains or loss recognised through the profit and loss.

Embedded derivatives are valued using option pricing techniques, including the Black Scholes model. Given that, at the time of performing valuations, hipages' shares were unlisted, the resulting valuations are classified as level 3 (refer to note 5.3 Fair Value Measurements).

Where there is a modification of loan terms, AASB 9 requires that debt instruments with substantially different terms need to be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A debt instrument is substantially modified if the net present value of the cash flows under the new terms discounted at the original effective interest rate is at least 10% different from the discounted present value of the remaining cash flows of the original debt instruments. The discounted present value of the remaining cash flows of the original debt instrument used in the 10% test must also be determined using the original effective interest rate so that there is a 'like for like' comparison.

	30 June 2021 $'000	30 June 2020 $'000
Current		
Borrowings	-	1,795
Total current borrowings	-	1,795
Non-current		
Borrowings	-	8,480
Convertible note - debt host	-	2,218
Convertible note - embedded derivative	-	1,417
Other	-	3
Total non-current borrowings	-	12,118
Total borrowings	-	13,913

	30 June 2021 $'000	30 June 2020 $'000
Reconciliation of movement		
Borrowings from Marshall Investments Pty Ltd		
Opening balance (current & non-current)	**10,172**	10,347
Interest capitalised	**265**	295
Repayment of borrowings	**(10,437)**	(470)
Closing balance	**-**	10,172
Convertible note #1		
Opening balance (debt host & embedded derivative)	**3,635**	-
Proceeds from issue of convertible note	**-**	3,500
Effective interest	**183**	135
Revaluation for period 1 July to 9 Nov 2020	**(84)**	-
Derecognition of convertible note due to conversion	**(2,728)**	-
Derecognition of convertible note due to redemption	**(931)**	-
Gain on settlement recognised in accumulated losses	**(75)**	
Closing balance	**-**	3,635
Convertible Note #2		
Opening balance	-	-
Proceeds from issue of convertible note	**3,000**	-
Effective interest	**145**	-
Revaluation of embedded derivative for period 1 July to 9 Nov 2020	**551**	-
Derecognition of convertible note due to conversion	**(2,316)**	-
Derecognition of convertible note due to redemption	**(958)**	-
Gain on settlement recognised in accumulated losses	**(422)**	
Closing balance	**-**	-
Other borrowings		
Opening balance (current & non-current)	**106**	117
Payments	**(106)**	(11)
Closing balance	**-**	106
Total borrowings	-	**13,913**

5.1. Borrowings (continued)

Following the IPO process the Venture debt facility with Marshall Investments Finance Pty Limited and all convertible notes were settled in full.

Financing facility with Marshall Investments Finance Pty Limited

As at 30 June 2020, the Group had a financing facility with Marshall Investments Finance Pty Limited. During the year ended 30 June 2021 this facility was settled in full.

The initial principal amount of the secured loan facility with Marshall Investments Finance Pty Limited was $12.500 million. The term of the loan was three years with the option to extend for a further 12 months. Interest was 11% per annum and was paid monthly.

As part of the facility, there was a risk participation fee that was payable to Marshall's on repayment of the facility, or an IPO / Trade sale, which occurs first. This could be settled in shares or cash at the Company's discretion.

The risk participation fee was 1% of the total shares on issue and the amount of $1.542 million was recognised in equity as at 30 June 2019 and an additional $1.166 million was paid and recognised in accumulated losses during the year ended 30 June 2021. Further information is provided in note 5.4 Contributed capital.

Convertible Note #1

A convertible note was issued in September 2019 with a face value of $3.500 million. The coupon on the note was 13.5% per annum, payable monthly. The term of the note was 3 years. The notes were to convert to equity on either IPO or exit event. The note holder could choose to convert to equity or redeem the note.

Following the IPO on 12 November 2020, 79% of noteholders elected to convert to shares and 21% elected cash redemption. A total of $0.931 million was paid to convertible note 1 noteholders which included a 25% premium in accordance with the loan agreement and unpaid interest.

For those noteholders who elected to convert their notes into shares, the conversion to shares was recognised in issued capital, further information is provided in note 3.10, Contributed equity.

Convertible note #2

A second convertible note was issued in July 2020 with a face value of $3.000 million. The coupon on the note was 13.5% per annum payable monthly. The term of the note was 30 months. The notes were to convert to equity on either IPO or exit event. The note holder could choose to convert to equity or redeem the note.

Following the IPO on 12 November 2020, 77% of noteholders elected to convert to shares and 23% elected cash redemption. A total of $0.958 million was paid to convertible note 2 noteholders which included a 40% premium in accordance with the loan agreement and unpaid interest.

For those noteholders who elected to convert their notes into shares, the conversion to shares was recognised in issued capital, further information is provided in note 3.10, Contributed equity.

Used and unused financing facilities

	30 June 2021 $'000	30 June 2020 $'000
Total facilities		
Borrowings	-	12,500
Convertible note	-	3,500
	-	16,000
Used		
Borrowings	-	12,500
Convertible note	-	3,500

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

Credit risk

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

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

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Market risk

I. Interest rate risk

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

II. Foreign currency risk

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

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

AUD equivalent of financial instruments denominated in foreign currency	USD $'000	PHP $'000	Total AUD $'000
Financial assets			
Cash	1	55	**56**
Financial Liabilities			
Trade Creditors	75	54	**129**

III. Price risk

The Group is not exposed to any significant price risk.

5.2. Financial risk management (continued)

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.

Contractual cash flows

The following tables detail the Groups 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 – 2021							
Non-interest bearing							
Trade and other payables	3.7	**7,235**	**7,235**	-	-	-	-
Lease liabilities	3.6	**8,867**	**3,259**	**3,327**	**2,281**	-	-
Total cash flows		**16,102**	**10,494**	**3,327**	**2,281**	-	
Consolidated – 2020							
Non-interest bearing							
Trade and other payables		6,720	6,720	-	-	-	-
Lease liabilities	3.6	11,754	3,284	3,415	5,055	-	-
Interest-bearing – fixed rate							
Marshall Investments Finance Pty Limited	5.1	13,680	2,873	3,416	7,391	-	11%
Convertible Note – Debt Host	5.1	5,440	473	473	4,494	-	13.50%
Total cash flows		37,594	13,350	7,304	16,940	-	-

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.

5.3. 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 AASB13 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.

The Group measures and recognises unlisted securities and an embedded derivative associated with the Convertible note at fair value on a recurring basis.

Notes to the consolidated financial statements

For the year ended 30 June 2021

5.3. Fair value measurements (continued)

The Group's financial assets and financial liabilities at fair value are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30-June-2021				
Assets				
Financial assets at fair value through OCI (unlisted securities)	-	-	**800**	**800**
Liabilities				
Embedded derivative financial instruments	-	-	-	-
30-June-2020				
Assets				
Financial assets at fair value through OCI (unlisted securities)	-	-	800	800
Liabilities				
Embedded derivative financial instruments	-	-	(1,417)	(1,417)

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 (for example unlisted security investments) is determined using valuation techniques. These valuation techniques maximise the use of observable market data including a revenue multiple of 2.2 in respect of the investment in unlisted securities. An illiquidity discount has been applied. Based on the assessment performed, no impairment charge is considered necessary for year ended 30 June 2021 (20 June 2020: $800,000 impairment charge).

In the prior period, the embedded derivative component of the convertible note derivative liability was fair valued based on the Company's most recent share price valuation.

5.4. Contributed capital

Accounting policy: Contributed capital

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Ordinary shares	**30-Jun-21 Number**	**30-Jun-20 Number**	**30-Jun-21 $'000**	**30-Jun-20 $'000**
Balance at the beginning of the financial year	**888,809**	888,394	**48,087**	47,986
Contribution of equity pre-IPO	**1,233**	-	**300**	-
Conversion of Convertible Notes to shares	**23,200**	-	**5,044**	-
Capital reorganisation	**(913,242)**	-	**(51,889)**	-
Settlement of risk participation fee	**-**	-	**(1,542)**	-
New shares issued to new shareholders under the primary offering	**16,326,531**	-	**40,000**	-
New shares issued to new shareholders under the secondary offering	**24,663,012**	-	**60,424**	-
New shares issued to existing shareholders	**89,010,457**	-	**218,076**	-
Share issue costs	**-**	-	**(2,795)**	-
New issue of shares as part of consideration for an acquisition[1]	**30,702**	415	**70**	101
Balance at the end of the financial year	**130,030,702**	888,809	**315,775**	48,087

Class B shares				
Balance at the beginning of the financial year	**11,536**	11,536	**-**	-
Restructure	**(11,536)**	-	**-**	-
Balance at the end of the financial year	**-**	11,536	**-**	-

1. Issue of shares as part of the deferred consideration for the acquisition of Ninety Nine Pty Ltd as disclosed in the Prospectus dated 21 October 2020. The agreement to issue these shares was formed prior to the ASX listing date of the Company.

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

5.4. Contributed capital (continued)

Shares issued to existing shareholders and noteholders

A total of 89,010,457 shares were issued to existing shareholders and noteholders. In accordance with a voluntary escrow agreement these shares are held in escrow as follows.

80,442,616	Until the business day after the release of the Company's financial results for the year ending 30 June 2021.
8,567,841	Until the business day after the release of the Company's financial results for the half year ending 31 December 2021.

Risk participation fee paid in cash

As part of the debt facility with Marshall Investments Finance Pty Limited, there was a risk participation fee of 1% of the total shares on issue, an amount of $1.542 million was payable to Marshall's on repayment of the facility, or an IPO / Trade sale, whichever occurred first. This risk participation fee was initially recognised in equity during the year ended 30 June 2019. The underlying shares were not issued during the year ended 30 June 2019 and could be settled in shares or cash at the Company's discretion.

Following the successful IPO, the Company settled this fee in cash during the year ended 30 June 2021.

5.5. Reserves

Capital reorganisation reserve	30-Jun-21 $'000	30-Jun-20 $'000
Balance at the beginning of the financial year	**-**	-
Capital reorganisation	**(226,612)**	-
Balance at the end of the financial year	**(226,612)**	-
Share-based payments reserve		
Balance at the beginning of the financial year	**5,086**	3,601
Share-based payments expense	**2,152**	1,485
Balance at the end of the financial year	**7,238**	5,086
Translation and other reserves		
Balance at the beginning of the financial year	**(1,069)**	-
Other comprehensive loss	**-**	(1,069)
Balance at the end of the financial year	**(1,069)**	(1,069)
Total reserves	**(220,443)**	4,017

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

5.6. Accumulated losses

Accumulated losses	30-Jun-21 $'000	30-Jun-20 $'000
Balance at the beginning of the financial year	**(52,724)**	(46,810)
Loss after tax for the year ended 30 June	**(6,199)**	(5,914)
Conversion of convertible note	**497**	-
Settlement of risk participation fee	**(1,166)**	-
Accumulated losses at the end of the financial year	**(59,592)**	(52,724)

5.7. Dividends

Accounting policy: Dividends

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 2021 (2020: nil) and no final dividends have been declared.

5.8. Commitments

The Group has no significant capital expenditure commitments at 30 June 2021 (2020: nil).

5.9. 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 a bank guarantee against its committed cash of $2.271 million (30 June 2020: $2.271 million) to its landlord in relation to the lease of office premises. These guarantees give rise to liabilities in the Group if it does not meet its obligations under the terms of the lease. Further details are set out in note 3.1 Cash and cash equivalents.

6. Group structure

6.1. *Parent entity information*

Accounting policy: Parent entity

The financial information for the parent has been prepared on the same basis as the consolidated financial statements.

As described in note 1 and note 5.4, Contributed capital the parent entity was incorporated in September 2020; prior period information is not applicable.

Summary of financial information	30 June 2021 $'000
Balance sheet	
Current assets	**22,734**
Non-current assets	**293,035**
Total assets	**315,769**
Current liabilities	**-**
Non-current liabilities	**-**
Total liabilities	**-**
Net assets	**315,769**
Shareholders equity	
Issued capital	**315,775**
Reserves	**-**
Retained losses	**-**
Profit / (Loss) for the Period	**(6)**
Total equity	**315,769**
Loss for the year	**6**
Total comprehensive loss	**6**
Contingent liabilities	**-**

6.2. *Interest in subsidiaries*

Name	Note	Country of incorporation	30 June 2021	30 June 2020
			% Ownership interest	
Parent entity				
hipages Group Holdings Ltd	1, 2	Australia		
Controlled entities				
hipages Group Pty Ltd	1, 3	Australia	**100%**	n/a
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	4	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%
Pet Pages Pty Ltd	5	Australia	**100%**	100%
Start Local Pty Ltd	5	Australia	**100%**	100%

1. These controlled entities are a party to a Deed of Cross Guarantee between those group entities and 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 6.3. The Company and those entities are the "Closed Group".
2. This entity was incorporated during the year as described in note 1.2.
3. hipages Group Pty Ltd was the ultimate controlling entity until 18 September 2020, when the top hat entity, hipages Group Holding Ltd was incorporated as described in note 1.2.
4. Formerly known as Alternative Health Business Solutions Pty Ltd.
5. The underlying business of these entities has been divested or discontinued and the entity is dormant.

6.3. *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, thus prior comparative is not applicable.

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.

6.3. Deed of cross guarantee (continued)

Consolidated statement of profit or loss of the Closed Group

	30 June 2021 $'000
Continuing operations	
Revenue	**18,684**
Other income	**18,684**
	-
Expenses excluding interest, tax, depreciation, and amortisation	
Employee benefits expenses	**(17,264)**
Operations and administration expenses	**(224)**
Employee Share Plan	**(2,152)**
Transaction costs related to IPO	**(4,784)**
Net other expenses	**(284)**
Total expenses excluding interest, tax, depreciation, and amortisation	**(24,707)**
Earnings before interest, tax, depreciation, and amortisation (EBITDA)	**(6,024)**
Depreciation and amortisation expense	**(2,937)**
Loss before interest and income tax	**(8,691)**
Finance Income	**266**
Finance expense	**(3,475)**
Net finance expenses	**(3,209)**
Loss before income tax from continuing operations	**(12,170)**
Income tax expense	**-**
Loss for the year from continuing operations	**(12,170)**

Consolidated statement of financial position of the Closed Group

	Notes	30 June 2021 $'000
ASSETS		
Current assets		
Cash and cash equivalents		**29,935**
Funds on deposit		**2,271**
Trade and other receivables		**40**
Other assets		**1,758**
Total current assets		**34,004**
Non-current assets		
Other assets		**639**
Financial assets at fair value through other comprehensive income		**800**
Property, plant and equipment		**1,867**
Right-of-use asset		**6,370**
Intangible assets		**1,229**
Inter Company Receivables		**28,788**
Total non-current assets		**39,693**
Total assets		**73,697**
LIABILITIES		
Current liabilities		
Trade and other payables		**920**
Contract liabilities		**887**
Provisions		**1,483**
Lease liabilities		**3,086**
Total current liabilities		**6,376**
Non-current liabilities		
Provisions		**551**
Lease liabilities		**5,495**
Total non-current liabilities		**6,046**
Total liabilities		**12,422**
Net assets		**61,275**
EQUITY		
Issued capital		**315,775**
Reserves		**(220,443)**
Accumulated losses		**(34,057)**
Total equity		**61,275**

6.4. Business transactions

Accounting policy: Business combinations

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 is 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 also 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.

Year ended 30 June 2021

hipages Group Holdings Limited was incorporated on 18 September 2020 and became the parent company of hipages Group Pty Limited in a restructure where existing shareholders exchanged their shares in hipages Group Pty Limited for shares in the Company. Further details are set out in note 1 and note 5.4 Contributed equity.

Year ended 30 June 2020

On 20 February 2020, hipages Group Pty Ltd acquired 100% of the ordinary shares of Ninety Nine Pty Ltd (trading as Call of Service) for the total consideration of $700,000 split evenly between cash and equity shares in Hipages Group Pty Ltd. Ninety Nine Pty Ltd is a SaaS business that offers field service management software to its customers. The Group acquired Ninety Nine Pty Ltd to increase its product offering for tradespersons using the hipages' platform.

The consideration is paid in three Tranches; the first two of which have been paid with the final component payable in February 2022 subject to key milestones and will comprise cash $87,500 and equity of $175,000.

7. Other disclosures

7.1. Auditor's remuneration

	30 June 2021 $	30 June 2020 $
Audit and review services		
Auditors of the Group – PwC	**295,800**	205,527
Assurance services		
Regulatory assurance services – investigating accountants report	**545,000**	-
Other assurance services		
Immigration advisory services	**17,251**	10,840
Accounting advisory	**-**	9,078
	17,251	19,918
Total remuneration of PricewaterhouseCoopers Australia	**858,051**	225,445

The Company will seek competitive tenders for all major consulting projects. The Company will engage the services of PwC on assignments additional to the statutory audit where experience with hipages is important such as the Investigating Accountants Report prepared for the recent Initial Public Offering described in note 1.2 Incorporation, company restructure and listing on the Australian Securities Exchange. The directors are satisfied that the provision of these non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that the auditor independence was not compromised.

7.2. Related party transactions

Parent entity and ultimate controlling entity changes

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

The previous ultimate controlling entity was hipages Group Pty Limited.

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

Subsidiaries

With exception of the capital restructure described above, there have been no other changes in controlled entities during the year ended 30 June 2021. Interest in subsidiaries is set out in note 6.2 Interest in subsidiaries.

Key management personnel changes

Directors were appointed on incorporation of the Company as follows:

Chris Knoblanche	Chairman and Non-Executive Director	Appointed 18 September 2020
Robert Sharon-Zipser	Co-founder, Chief Executive Officer and Director	Appointed 18 September 2020
Stacey Brown	Non-Executive Director	Appointed 18 September 2020
Nicholas Gray	Non-Executive Director	Appointed 2 October 2020
Inese Kingsmill	Non-Executive Director	Appointed 1 October 2020

7.2. Related party transactions (continued)

There have been no other changes to key management personnel (KMP) during the year ended 30 June 2021.

Compensation of KMP

Compensation of key management personnel	30 June 2021 $'000	30 June 2020 $'000
Salary and short-term benefits	**1,512**	1,091
Long term benefits	**11**	11
Post employment benefits	**73**	55
Share-based payments	**963**	297
Total compensation to key management personnel	**2,559**	1,454

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, further details are set out in note 4.2, Share-based payment arrangements.

During the period the CFOO was issued with 58,838 shares to hipages Group Holdings Ltd as a result of conversion of rights held in a legacy plan prior to the IPO. The conversion was on the same basis as offered all other participants as described in note 4.2 Share-based payments.

Loans to / from related parties

Convertible notes issued to directors and other KMP as at 30 June 2021 had a face value of nil (30 June 2020: $515,000), with all convertible notes being settled during the current period. The notes settled with KMP were in relation to Robert Sharon-Zipser, $312,50 and Melissa Fahey, $81,250.

As set out in note 5.1 Borrowings, following the IPO on 12 November 2020, noteholders could elect to convert the notes to shares or elect cash redemption. The KMP and directors converted or redeemed their convertible notes in accordance with the offer documents on the same terms and conditions as all other noteholders.

Prior to the settlement of these convertible notes, interest paid to KMP in respect of these convertible notes during the year ended 30 June 2021 was $49,221 (2020: $56,191)

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 2021.

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

The Company had a website design arrangement with Elephant Room, which is a business owned by Adam Sharon-Zipser, the brother of hipages Co-founder and Chief Executive Officer, Robert Sharon-Zipser. The arrangement is on normal commercial terms and conditions and Robert excused himself from the selection process for the website design and development services. In addition, Elephant Room provides website hosting services. Total fees paid to Elephant Room during the year ended 30 June 2021 were $45,837.

7.3. Events occurring after the reporting period

On 4th July the Group entered into a modified sublease where an existing lease was extended until November 2023. There have been no other events subsequent to the balance date that would have a material effect on the Group's financial statements at 30 June 2021.

7.4. New and amended accounting standards

Changes in significant accounting policies

The accounting policies applied in these financial statements are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2021.

New accounting standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2020:

AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business (AASB 3)	The AASB has issued amendments to the guidance in AASB 3 Business Combinations that revises the definition of a business. This has no impact in the current financial year since there were no acquisitions or disposals of entities.
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material (AASB 101 and AASB 108)	The AASB has made changes to AASB101 Presentation of Financial Statements and AASB108 Accounting Policies, Changes in Accounting Estimates and Errors and consequential amendments to other Australian Accounting Standards (AAS) which: – Use a consistent definition of materiality throughout AAS and the Conceptual Framework for financial Reporting, – Clarify when information is material; and – Incorporate some guidance in AASB101 about immaterial information.
AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform (AASB 9, AASB 139 and AASB 7)	Amendments have been made to AASB 7 Financial Instrument: Disclosures, AASB 9 Financial Instruments and AASB139 Financial Instruments: Recognition and Measurement that provide certain reliefs. The relief relate to hedge accounting and has the effect that IBOR reform should generally not cause hedge accounting to terminate. This has no impact in the current financial year since there are no hedges in place.
COVID-19 – related rent concession (AASB 2020-4 and AASB 2021 – 3)	The AASB made an amendment that provides an optional practical expedient where lessees receiving these rent concessions may account for the benefit in the period in which they are granted. The expedient originally limited to reduction in lease payments that were due on or before 30 June 2021. The AASB has however, extended this to reductions in lease payments originally due on or before 30 June 2022. The Group has accounted for the COVID-19 lease concessions it received over the period in which they were received.
AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet issued in Australia (AASB 1054)	The AASB has made amendments to AASB 1054 Australian Additional Disclosures which clarify that entities intend to comply with IFRS Standards will need to disclose the potential effect of new IFRS Standards that have not yet been issued by the AASB as Australian Accounting Standards.

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.

7.4. New and amended accounting standards (continued)

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods 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.

Classification of liabilities as current or non-current (AASB 2020 – 1, AASB 2020 – 6)	The AASB issued a narrow – scope amendment to AASB 101 Presentation of Financial Statements to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.
Narrow scope amendments to AASB116, AASB 137, AASB 3 and Annual Improvements made to AASB 1m AASB 9, AASB 141 (AASB 2020 – 3)	The AASB has made narrow scope amendments to: – AASB 116 Property plant and Equipment in relation to proceeds before intended use; – AASB 137 Provisions, Contingent liabilities, and Contingent Assets in relation to onerous contracts and the cost of fulfilling a contract – AASB 3 Business combinations in relation to references to the Conceptual Framework, and – Annual improvements to AASB 116, AASB 1, AASB 9 and AASB 141.
Interest rate benchmark Reform Phase 2 (AASB 2020 – 8)	In September 2020, the AASB made amendments to AASB 9 Financial Instruments, AASB 139 Financial Instruments: Recognition and Measurement and AASB 7 Financial Instruments: Disclosures, AASB 4 Insurance Contracts and AASB 16 Leases to address issues that arise during the reform of an interest benchmark rate (IBOR), including the replacement of one benchmark with an alternative one.
Deferred Tax related to assets and Liabilities arising from a Single Transaction (amendments to IAS 12)	The International Accounting Standards Board (IASB) issued targeted amendments to IAS 12 Income Taxes to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. The AASB is expected to issue equivalent amendments to AASB 112 shortly.
Disclosure of accounting policies and definition of accounting estimates (AASB 2021 -2)	AASB 2021 -2 amends a number of accounting standards to improve accounting policy disclosures and clarify the distinction between accounting policies and accounting estimates.

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 2021 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 2021 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 2021.

In accordance with a resolution of the Directors.

Chris Knoblanche
Chairman

Robert Sharon-Zipser
Chief Executive Officer

Sydney

26 August 2021

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

For personal use only

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 (the Consolidated entity) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Consolidated entity's financial position as at 30 June 2021 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 Consolidated entity financial report comprises:

- the consolidated statement of financial position as at 30 June 2021
- the consolidated statement of profit or loss for the year then ended
- the consolidated statement of comprehensive income 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 Consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting

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

Our audit approach

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

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

Materiality	***Audit scope***
For the purpose of our audit we used overall Consolidated entity materiality of $544,000, 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 Consolidated entity 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 Consolidated entity made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Key audit matters

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

Key audit matter	***How our audit addressed the key audit matter***
Revenue recognition for contracts with customers *(Refer to note **2.3**) [**$55,806k**]* Revenue recognition was a key audit matter due to its financial significance and the judgements and assumptions with respect to the following areas: • Estimation of the revenue recognised for the right for customers to access potential leads in which the revenue for the right to access leads is recognised at the time the leads are claimed. The estimate with respect to the leads pertains to the take up of leads by the customers. • Estimates of standalone selling price for contracts with multiple performance obligations, specifically where there are bundled upfront fees and discounts.	Evaluated the Consolidated entity's accounting policies for consistency with Australian Accounting Standards. The procedures employed to gather evidence in respect of revenue recognition included the following, amongst others: • Developed an understanding and evaluated the design effectiveness of the key systems underpinning each of the material revenue streams and the relevant business process controls. • Evaluated the Consolidated entity'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 Consolidated entity's revenue recognition policy. • Evaluated whether revenue was recorded in the correct period by obtaining evidence of occurrence for a sample of transactions that were recorded during a defined risk period before and after year end. • With support from PwC IT specialists, evaluated the reliability of the system generated report used to calculate lead credit utilisation percentages. • Evaluated and tested on a sample basis the completeness and accuracy of the lead credit system generated report which is used by management to estimate the amount of leads utilised by the

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customer to determine the amount of deferred revenue recognised.

- Evaluated the adequacy of disclosures in light of the requirements of Australian Accounting Standards.

Capitalisation of software development costs
(Refer to note ***3.5****) [****$10,714k****]*
 	
The Consolidated entity develops its own software products and as a result requires judgement to determine which costs can be capitalised under Australian Accounting Standards. This includes judgement about:
• whether a product can be completed and produce a viable software product
• whether an activity is eligible for capitalisation
• determination of whether the activities are identified as a capital project.
 	
Capitalisation of software development costs was a key audit matter due to:
• the significance of the level of salaries and wages of the Research and Development ('R&D') function being capitalised
• the calculation of the percentage of R&D costs to be capitalised requiring judgement with respect to the proportion of time regarded as eligible for capitalisation.
	Together with PwC IT specialists we performed the following procedures, amongst others:
	• Assessed the Consolidated entity's accounting policies and methodology using our knowledge of the business and through discussions with various stakeholders
	• Developed an understanding of and evaluated the design effectiveness of the IT general controls over relevant systems.
	• Performed procedures on a sample basis over the data within the software development projects analysis report to assess the capitalisation rate used by management. The testing included developing an understanding of the nature of the projects by:
	  - evaluating task descriptions and their related classification and assessing if capitalisable in accordance with the accounting standards
	  - investigating the nature of the tasks through enquiry of the relevant R&D teams
	• Evaluated whether labour costs associated with new projects met the criteria for capitalisation considering the criteria prescribed in Australian Accounting Standards.
	• Tested on a sample basis the accuracy of salaries and wages data used by agreeing to pay slips including determining whether relevant employees were appropriately classified as R&D personnel.
	• Evaluated the adequacy of disclosures in light of the requirements of Australian Accounting Standards.

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 2021, but does not include the financial report and our auditor's report thereon.

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

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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.

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 Consolidated entity 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 Consolidated entity 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 12 to 31 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of hipages Group Holdings Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

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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.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of hipages Group Holdings Limited for the year ended 30 June 2021 included on hipages Group Holdings Limited's web site. The directors of the Company are responsible for the integrity of hipages Group Holdings Limited's website. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

PricewaterhouseCoopers

Mark Valerio
Partner

Sydney
26 August 2021

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Corporate directory

Executive Director

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

Non-Executive Directors

Chris Knoblanche
Stacey Brown
Nicholas Gray
Inese Kingsmill

Chief Finance and Operations Officer

Melissa Fahey

Company Secretary

Andrew Whitten

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Corporate website

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Independent auditor

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