

## Appendix 4D

hipages Group Holdings Limited  
ABN 67 644 430 839

Results for announcement to market  
For the half year ended 31 December 2020  
(Previous corresponding period 31 December 2019)

		31/12/2020 A\$'000	Change A\$'000	%	31/12/2019 A\$'000
<b>Revenue</b>					
Revenue from continuing ordinary activities	up	26,942	4,174	18%	22,768
Revenue from discontinued ordinary activities	down	-	(1,047)	(100%)	1,047
<b>Total sales revenue</b>	up	26,942	3,127	13%	23,815
<b>Other revenue</b>	down	-	(78)	(100%)	78
<b>Total revenue</b>	up	26,942	3,049	13%	23,893
<b>Net loss for the period attributable to members</b>					
	down	(5,856)	406	(6%)	(6,262)
<b>Net Tangible Assets</b>					
			\$ per share		\$ per share
Net tangible asset backing per ordinary security <sup>(1)</sup>	up	0.156	0.32	>100%	(0.166)

### Dividends

No dividend will be paid for the half year ended 31 December 2020

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 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 Statement of financial position. In addition, the statement of financial performance for hipages Group Holdings Limited is a continuation of the existing statement of financial performance for hipages Group Pty Limited.

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

### Admission to ASX and commencement of Official quotation

hipages Group Holdings Limited ('HPG') was admitted to the Official list of the Australian Stock 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 4D disclosures

Additional Appendix 4D disclosure requirements can be found in the attached Consolidated interim financial report and the Directors report for the half year ended 31 December 2020.

The report is based on the Consolidated interim financial report for the half year ended 31 December 2020 which has been reviewed by PwC with the independent Auditors Review Report included in the Interim financial report.



# hipages Group Holdings Limited

## Interim Financial Report

for the half year ended 31 December 2020

ABN 67 644 430 839

# hipages Group Holdings Limited

## Interim financial report

for the half year ended 31 December 2020

ABN 67 644 430 839

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## 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 half year ended 31 December 2020 and the independent auditor's report thereon.

### 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 Statement of financial position. In addition, the statement of financial performance for hipages Group Holdings Limited is a continuation of the existing statement of financial performance for hipages Group Pty Limited.

Prior period financial information contained within this report represents the consolidated historical financial 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 and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

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

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

Oonagh McElDowney	Appointed 18 September 2020
Andrew Whitten	Appointed 15 December 2020

## Principal activities

hipages is Australia's largest online tradie platform and Software-as-a-Service (SaaS) provider connecting tradies with residential and commercial customers across the country, ultimately simplifying property improvement. The platform helps tradies grow their business by providing job leads from homeowners and organisations looking for qualified professionals. hipages is expanding to offer more extensive services on the platform to help tradies better manage their businesses. To date, over three million Australians have changed the way they find, hire and manage trusted tradies with hipages, ultimately providing more work to the 34,000 trade businesses subscribed to the platform. The hipages platform is available and readily usable on both desktop and mobile devices.

## Review of operations

### Highlights

- Monthly Recurring Revenue (MRR)<sup>1</sup> of \$4.6m @ December 2020 up 31%
- Statutory Total revenue<sup>2</sup> from continuing operations of \$26.9m, up 18% on a pro forma basis
- Statutory Recurring revenue of \$25.3m, up 26% on a pro forma basis
- 94% of total revenue is recurring revenue
- Gross Profit Margin<sup>3</sup> of 87%
- Statutory Earnings before interest, tax, depreciation, and amortisation (EBITDA) of \$1.4m including non-recurring IPO related costs
- Pro forma EBITDA<sup>4</sup> of \$6.9m, up from (\$0.1)m
- Statutory Net Profit after Tax (NPAT) of (\$5.9m) includes non-recurring finance and IPO related costs
- Pro forma (NPAT)<sup>5</sup> of \$1.5m, up from (\$5.3m)
- Closing cash and funds on deposit of \$31.5m, no debt
- COVID-19 Update: No adverse impact from recent outbreaks
- On track to meet FY21 Prospectus forecasts for key financial and operating metrics

All figures noted above in the Highlights compare H1<sup>6</sup> FY21<sup>7</sup> to H1 FY20<sup>8</sup> on a Pro Forma basis unless otherwise indicated.

A reconciliation of Reported results in the Interim Financial Statements on page 5 to non-IFRS (International Financial Reporting Standards) numbers in the Directors Report is provided below.

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1 Monthly Recurring Revenue (MRR) is the monthly amount of cash revenue received from subscription-based agreements (inclusive of GST).

2 H1 FY21 Statutory revenue is the same as Pro Forma revenue. H1 FY20 statutory revenue includes discontinued operations

3 Gross margin includes statutory total revenue less cost of sales (consumer and tradie SEM spend and merchant fees).

4 Pro Forma EBITDA before significant items.

5 Pro Forma NPAT of \$1.5m includes the additional public company costs, however, excludes IPO transaction costs and non-recurring interest.

6 H1 refers to the first half, a period from 1 July through to 31 December.

7 FY21 refers to the financial year ending 30 June 2021.

8 FY20 refers to the financial year ending 30 June 2020.

## Result Overview

Summary of Group performance	Total 31-Dec-20 \$'000	Total 31-Dec-19 \$'000	% change
<b>Sales revenue</b>			
Contracts with customers - continuing operations	26,212	22,019	19.0%
Contracts with customers - discontinued operations	-	1,047	>100%
Rental and other income	730	749	(2.5%)
	26,942	23,815	13.1%
<b>Other revenue</b>			
Other	-	78	>100%
	-	78	(100.0%)
<b>Total revenue and other income</b>	<b>26,942</b>	<b>23,893</b>	<b>12.8%</b>
<b>Statutory EBITDA<sup>(1)</sup> (from continuing operations)</b>	<b>1,407</b>	<b>713</b>	<b>97.3%</b>
Add back Other items which are one off in nature			
Discontinued operations	-	(422)	>100%
Transaction costs related to IPO	4,780	-	>100%
Non-recurring remuneration	565	-	>100%
Net loss on conversion of convertible notes	472	-	>100%
Fair value on embedded derivative	-	(78)	>100%
Public company costs	(345)	(517)	(33.3%)
Leases	-	28	>100%
Restructuring costs	-	179	>100%
<b>Pro forma EBITDA before significant items<sup>(2)</sup></b>	<b>6,879</b>	<b>(97)</b>	<b>&gt;100%</b>
<b>Statutory NPAT (from continuing operations)</b>	<b>(5,856)</b>	<b>(5,782)</b>	<b>1.3%</b>
Add back Other items which are one off in nature			
Discontinued operations	-	(422)	>100%
Non-recurring interest and gain / losses on debt repaid on IPO	2,932	1,235	>100%
Public company costs	(345)	(517)	(33.3%)
Transaction costs related to IPO	4,780	-	>100%
Leases	-	18	>100%
Restructuring costs	-	149	>100%
<b>Pro forma NPAT<sup>(2)</sup></b>	<b>1,511</b>	<b>(5,319)</b>	<b>&gt;100%</b>
<b>Statutory operating cash flows (inclusive of non-recurring IPO related costs)</b>	<b>1,042</b>	<b>691</b>	<b>50.8%</b>
	31-Dec-20	30-Jun-20	% change
<b>Net cash /(debt)</b>	<b>29,211</b>	<b>(3,296)</b>	<b>&gt;100%</b>

(1) hipages' Financial Report complies with Australian Accounting Standards and International Financial Reporting Standards. The underlying (non-IFRS) EBITDA before significant items is unaudited but is derived from the financial statements reviewed by PwC by removing the impact of certain items. hipages' believe this reflects a more meaningful measure of the Group's underlying performance.

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

As a newly listed business, hipages is at an exciting phase of its development and our maiden half year result reflects the strength of our business and growth drivers.

In H1 FY21, total revenue was \$26.9m, an increase of 18% on pcip, driven by strong recurring revenue growth of 26%, which accounted for 94% of total revenue.

The merits of our subscription-only model were highlighted by the 31% growth in monthly recurring revenue which was underpinned by significant increases in Total Tradie ARPU and subscription tradies. The flywheel effect of the double-sided marketplace was evident with strong growth in job volumes coming from repeat customers and unpaid channels as hipages reinforced its brand leadership in the on-demand tradie economy.

Our H1 FY21 result was ahead of expectations as revenue growth and operational efficiencies drove expanding profit margins. We continued to deliver sustainable profit growth with Pro Forma EBITDA before significant items of \$6.9m compared to (\$0.1)m in the first half of 2020 and Pro Forma NPAT of \$1.5m. The cash generative nature of our business was demonstrated with 98% conversion from Pro Forma EBITDA before significant items to Pro Forma operating cashflow. We are seeing a significant increase in home improvement activity levels by long term structural shifts towards online and to more flexible working arrangements.

### Net Debt

At 31 December 2020, hipages was in a strong financial position with cash and funds on deposit of \$31.5m<sup>1</sup> and no debt.

### Looking forward

hipages had a strong start to H2 FY21 with revenue in January ahead of expectations and up 18% on pcp. H2 FY21 growth is expected to be similar to that achieved in H1 FY21.

The roll out of the field service software solution and evolution to a Software-as-a-Service (SaaS) model continues and will enhance the end-to-end product experience for consumers and tradies. It will enable hipages to expand its eco-system via channel expansion and the activation of additional ancillary services which will further enhance our value proposition and accelerate growth.

During the second half, the Company will continue to reinvest cost savings in brand marketing, tradie acquisition, technology and product development to accelerate growth. We will also focus on ensuring it has the right job mix and highest quality tradie network on its platform.

hipages will continue to execute on its strategic plan optimising and expanding new job channels via partnerships in the retail, government, and real estate sectors.

### Subsequent events

There have been no other events subsequent to balance date that would have a material effect on the Group's Interim financial statements at 31 December 2020.

### Dividends

No dividend has been proposed or paid during the current half year or previous half year.

### 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 8.

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<sup>1</sup> Comprising cash and cash equivalents of \$29.2m and funds on deposit of \$2.3m



## 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

Sydney  
23 February 2021



Robert Sharon-Zipser  
CEO and Managing Director



### *Auditor's Independence Declaration*

As lead auditor for the review of hipages Group Holdings Limited for the half-year ended 31 December 2020, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'M Valerio'.

Mark Valerio  
Partner  
PricewaterhouseCoopers

Sydney  
23 February 2021

**PricewaterhouseCoopers, ABN 52 780 433 757**

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124  
T: +61 2 9659 2476, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

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hipages Group Holdings Limited

ABN 67644 430 839

## Consolidated Interim financial statements

for the half year ended 31 December 2020



## Consolidated statement of profit or loss

For the half year ended 31 December 2020

	Notes	31 December 2020 \$'000	31 December 2019 \$'000
<b>Continuing operations</b>			
Revenue	2.3	26,942	22,768
Other income	2.4	-	78
		26,942	22,846
<b>Expenses excluding interest, tax, depreciation, and amortisation</b>			
Employee benefits expenses		(7,846)	(7,592)
Marketing related expenses		(7,035)	(9,839)
Operations and administration expenses		(3,929)	(3,293)
Employee share options expense	2.8	(1,040)	(743)
Impairment of receivables		(622)	(666)
Transaction costs related to IPO		(4,780)	-
Net other expenses		(283)	-
<b>Total expenses excluding interest, tax, depreciation, and amortisation</b>		(25,535)	(22,133)
<b>Earnings before interest, tax, depreciation, and amortisation (EBITDA)</b>		1,407	713
Depreciation and amortisation	2.5	(4,337)	(4,439)
<b>Loss before interest and income tax</b>		(2,930)	(3,726)
Finance income	2.6	85	79
Finance expenses	2.6	(3,011)	(2,135)
<b>Net finance expenses</b>	2.6	(2,926)	(2,056)
<b>Loss before income tax from continuing operations</b>		(5,856)	(5,782)
Income tax expense	2.7	-	-
<b>Loss for the half year from continuing operations</b>		(5,856)	(5,782)
<b>Discontinued operations</b>			
Revenue from discontinued operations	2.2	-	1,047
Expenses from discontinued operations		-	(1,527)
<b>Loss before tax from discontinued operations</b>		-	(480)
Income tax expense from discontinued operations		-	-
<b>Loss for the half year from discontinued operations</b>		-	(480)
<b>Loss for the period, attributable to the members of the Group</b>		(5,856)	(6,262)
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share attributable to the ordinary equity holders of the Group:</b>			
<i>Basic and diluted earnings per share</i>			
From continuing operations		(5.06)	(5.23)
From discontinued operations		-	(0.43)
<b>From total operations</b>		(5.06)	(5.66)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

## Consolidated statement of comprehensive income

For the half year ended 31 December 2020

	31 December 2020	31 December 2019
	\$'000	\$'000
<b>Loss for the period attributable to members of the Company</b>	<b>(5,856)</b>	<b>(6,262)</b>
<b>Other comprehensive income</b>		
There are no items of other comprehensive income		
<b>Other comprehensive profit for the half year, net of tax</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the half year, attributable to owners of hipages Group Holdings Limited</b>	<b>(5,856)</b>	<b>(6,262)</b>

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

## Consolidated statement of financial position

As at 31 December 2020

	Notes	31 December 2020 \$'000	30 June 2020 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3.1	29,211	8,822
Funds on deposit	3.1	2,271	2,271
Trade and other receivables	3.2	1,173	1,426
Other assets	3.3	1,705	1,086
Total current assets		34,360	13,605
<b>Non-current assets</b>			
Other assets	3.3	709	922
Financial assets at fair value through other comprehensive income		800	800
Property, plant and equipment	3.4	2,116	2,323
Right-of-use asset	3.6	5,517	6,979
Intangible assets	3.5	11,325	10,726
Total non-current assets		20,467	21,750
<b>Total assets</b>		<b>54,827</b>	<b>35,355</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		6,467	6,720
Contract liabilities	3.7	3,764	3,510
Borrowings	3.8	24	1,795
Provisions	3.9	1,262	1,547
Lease liabilities	3.6	2,299	2,283
Total current liabilities		13,816	15,855
<b>Non-current liabilities</b>			
Borrowings	3.8	-	12,118
Provisions	3.9	453	311
Lease liabilities	3.6	5,658	7,384
Other		-	307
Total non-current liabilities		6,111	20,120
<b>Total liabilities</b>		<b>19,927</b>	<b>35,975</b>
<b>Net assets</b>		<b>34,900</b>	<b>(620)</b>
<b>EQUITY</b>			
Issued capital	3.10	315,704	48,087
Reserves	3.10	(221,555)	4,017
Accumulated losses	3.10	(59,249)	(52,724)
<b>Total equity</b>		<b>34,900</b>	<b>(620)</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Consolidated statement of changes in equity

For the half year ended 31 December 2020

Attributable to owners of hipages Group Holdings Limited							
		Contributed equity	Capital reorganisation reserve	Share-based payments reserve	Translation & other reserves	Accumulated losses	Total
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2019</b>		47,986	-	3,601	-	(46,810)	4,777
<b>Total comprehensive loss after income tax for the half year</b>		-	-	-	-	(6,262)	(6,262)
<b>Transactions with owners in their capacity as owners:</b>							
Equity settled share-based payment		-	-	743	-	-	743
<b>Balance at 31 December 2019</b>		47,986	-	4,344	-	(53,072)	(742)
<b>Balance at 1 July 2020</b>		<b>48,087</b>	-	<b>5,086</b>	<b>(1,069)</b>	<b>(52,724)</b>	<b>(620)</b>
<b>Total comprehensive loss for the half year</b>		-	-	-	-	<b>(5,856)</b>	<b>(5,856)</b>
<b>Transactions with owners in their capacity as owners:</b>							
Contributions of equity pre-IPO	3.10	<b>300</b>	-	-	-	-	<b>300</b>
Conversion of convertible note	3.10	<b>5,044</b>	-	-	-	<b>497</b>	<b>5,541</b>
Settlement of risk participation fee	3.10	<b>(1,542)</b>	-	-	-	<b>(1,166)</b>	<b>(2,708)</b>
Capital reorganisation	3.10	<b>(51,889)</b>	<b>(226,612)</b>	-	-	-	<b>(278,501)</b>
New shares issued to existing shareholders	3.10	<b>218,076</b>	-	-	-	-	<b>218,076</b>
New shares issued to new shareholders under the primary offering	3.10	<b>40,000</b>	-	-	-	-	<b>40,000</b>
New shares issued to new shareholders under the secondary offering	3.10	<b>60,424</b>	-	-	-	-	<b>60,424</b>
Contributions of equity - transaction costs related to IPO	3.10	<b>(2,796)</b>	-	-	-	-	<b>(2,796)</b>
Equity settled share-based payment	3.10	-	-	<b>1,040</b>	-	-	<b>1,040</b>
Other comprehensive loss for the period	3.10	-	-	-	-	-	-
<b>Balance at 31 December 2020</b>		<b>315,704</b>	<b>(226,612)</b>	<b>6,126</b>	<b>(1,069)</b>	<b>(59,249)</b>	<b>34,900</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Consolidated statement of cash flows

For the half year ended 31 December 2020

		31 December 2020	31 December 2019
	Notes	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		29,528	25,722
Payments to suppliers and employees (inclusive of GST)		(22,970)	(24,333)
		6,558	1,389
Transaction costs in relation to secondary raise		(4,616)	-
Interest received		188	201
Interest paid, including on lease liabilities		(1,088)	(899)
<b>Net cash flows from / (used in) operating activities</b>		<b>1,042</b>	<b>691</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(310)	(77)
Payments for intangible assets		(3,619)	(3,070)
Proceeds from funds on deposit		-	1,017
Proceeds from divestments		70	-
<b>Net cash flows from / (used in) investing activities</b>		<b>(3,859)</b>	<b>(2,130)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	3.10	40,300	-
Proceeds from borrowings	3.8	3,000	3,500
Repayment of borrowings		(15,978)	(470)
Payment of principal portion of lease liabilities		(1,412)	(1,734)
Payment of transaction costs on issue of new shares		(2,704)	-
<b>Net cash flows from / (used in) financing activities</b>		<b>23,206</b>	<b>1,296</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>20,389</b>	<b>(143)</b>
Cash and cash equivalents at the beginning of the period		8,822	5,287
<b>Cash and cash equivalents at end of the period</b>		<b>29,211</b>	<b>5,144</b>

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



## Notes to the consolidated financial statements

For the half year ended 31 December 2020

### Section 1: Basis of preparation

#### 1.1. Reporting entity

These consolidated interim 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 half year ended 31 December 2020 and were authorised for issue in accordance with a resolution of the directors on 23 February 2021.

#### 1.2. Incorporation and 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 Statement of financial position.

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

On 12 November 2020, the Company successfully listed on the Australian Stock Exchange (ASX) following an Initial Public Offering (IPO) which raised \$100.4 million.

#### 1.3. Basis of preparation

These consolidated interim financial statements for the half year period ended 31 December 2020 have been prepared in accordance with Accounting Standard IAS34 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by hipages Group Holdings Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These financial statements have been prepared on a going concern basis. As at 31 December 2020, the Group had net assets of \$34.900 million (30 June 2020: Net liabilities \$0.620 million) and net current assets of \$19.747 million (30 June 2020: Net current liabilities \$2.250 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 \$7.320 million, \$1.890 million cash redemption of convertible notes and repayment of venture debt of \$14.042 million.

## Notes to the consolidated financial statements

For the half year ended 31 December 2020

### 1.4. Key accounting estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis.

In preparing these interim financial statements, the judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial report as at and for the year ended 30 June 2020. These include:

- (i) revenue lead credits and lead utilisation.
- (ii) valuation of convertible note.
- (iii) estimation of deferred consideration on divested businesses.
- (iv) capitalisation of internally generated software.
- (v) estimation of useful lives of assets.
- (vi) Going concern.

### 1.5. Changes in significant accounting policies

The accounting policies applied in these interim financial statements are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2020.

#### 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 2018-7 Amendments to Australian Accounting Standards – Definition of Material (AASB 101 and AASB 108)
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business (AASB 3)
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform (AASB 9, AASB 139 and AASB 7)
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet issued in Australia (AASB 1054)
- Conceptual Framework for Financial Reporting and AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework.

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.

#### New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 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.

### 1.6. Rounding

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.

## Section 2: Business performance

### 2.1. Segment information

#### Description of segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. The operating segments operating results are reviewed regularly by the Chief Operating Decision Maker (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. The Group has one reportable segment, in addition to a discontinued operation as summarised below:

On-demand home improvement tradesperson platform	This online subscription platform and software as a service provider allows the provisioning of a two-sided online marketplace which enables consumers to connect with trade service providers with a focus on home improvement projects. The platform also provides extensive services to help trade service providers better manage their businesses.
Discontinued operations	<p>During year ended 30 June 2020, hipages divested and discontinued the following businesses:</p> <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ sold the intangible assets of Australian business directory, Start Local Pty Limited ("Start Local") on 22 June 2020.</li> <li>▪ discontinued Pet Pages Pty Ltd ("Pet Pages"), an online marketplace for pet industry service providers and retailers.</li> </ul>

#### Segment information

##### Segment revenue

The revenue from external customers reported to the CODM is measured in a manner consistent with that in the consolidated income statement. There are no sales between segments. Segment revenue reconciles to total revenue per 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 restructuring costs and asset impairments when the impairment is the result of an isolated, non-recurring event and business combination acquisition transaction costs which, although expensed under IFRS, are considered to otherwise distort the operational view of the business.

##### Recognition and measurement

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Chief Executive Officer and the Chief Financial & Operations Officer.

Operating segments that exhibit similar long-term economic characteristics, and have similar products, processes, customers, distribution methods and regulatory environments are aggregated.

## Information about reportable segments

	On demand home improvement tradesperson platform		Discontinued operations (the "Disposal group")		Total operations	
	6 months ended		6 months ended		6 months ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Sales revenue</b>	<b>26,942</b>	22,768	-	1,047	<b>26,942</b>	23,815
<b>Segment EBITDA</b>	<b>1,407</b>	713	-	(480)	<b>1,407</b>	233
Depreciation and amortisation	(4,337)	(4,439)	-	-	(4,337)	(4,439)
<b>Segment EBIT</b>	<b>(2,930)</b>	(3,726)	-	-	<b>(2,930)</b>	(3,726)
Net financing expense	(2,926)	(2,056)	-	-	(2,926)	(2,056)
<b>Segment NPAT</b>	<b>(5,856)</b>	(5,782)	-	(480)	<b>(5,856)</b>	(6,262)

## 2.2. Discontinued operations

### Financial performance

The financial performance of the discontinued operations during the half year ended 31 December 2019 is set out above in note 2.1.

### Post tax gain on disposal of discontinued operation

As described above, the operations were disposed in the second half of the financial year ended 30 June 2020. The gain on the divestment of \$0.546 million was recognised in the second half of the financial year ended 30 June 2020, however, has been described below for completeness.

	\$'000
<b>Final sale price</b>	
Cash	289
Fair value of deferred consideration	499
Total proceeds	788
<b>Net assets disposed</b>	(242)
<b>Net gain on sale of divested businesses before income tax</b>	<b>546</b>
<b>Income tax expense</b>	-
<b>Gain of divestment</b>	<b>546</b>

### 2.3. Revenue

	31 December 2020	31 December 2019
	\$'000	\$'000
<b>Sales revenue</b>		
Contracts with customers	26,212	22,019
Rental income	675	660
Other revenue	55	89
<b>Total revenue from continuing operations</b>	<b>26,942</b>	<b>22,768</b>
Contracts with customers - discontinued operations	-	1,047
<b>Total revenue from discontinued operations</b>	<b>-</b>	<b>1,047</b>
<b>Total revenue</b>	<b>26,942</b>	<b>23,815</b>

### 2.4. Other income

	31 December 2020	31 December 2019
	\$'000	\$'000
<b>Other income</b>		
Fair value on embedded derivative	-	78
<b>Total other income</b>	<b>-</b>	<b>78</b>

### 2.5. Depreciation and amortisation expense

	31 December 2020	31 December 2019
	\$'000	\$'000
<b>Depreciation</b>		
Plant and equipment	427	448
Right-of-use assets	946	1,067
<b>Total depreciation</b>	<b>1,373</b>	<b>1,515</b>
<b>Amortisation</b>		
Software and development costs	2,964	2,924
<b>Total amortisation</b>	<b>2,964</b>	<b>2,924</b>
<b>Total depreciation and amortisation</b>	<b>4,337</b>	<b>4,439</b>

## Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2020

### 2.6. Net finance expenses

	31 December 2020 \$'000	31 December 2019 \$'000
<b>Finance expenses</b>		
Interest and finance charges paid/payable	(2,515)	(1,481)
Finance Costs – lease liability interest	(496)	(654)
	<b>(3,011)</b>	<b>(2,135)</b>
<b>Finance income</b>		
Interest revenue calculated using the effective interest method	85	79
<b>Net finance costs expensed</b>	<b>(2,926)</b>	<b>(2,056)</b>

### 2.7. Income tax

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

The Group's consolidated effective tax rate for the half year ended 31 December 2020 was 0% (31 December 2019: 0%).

### 2.8. Changes to Share-based payment arrangements

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 was established during the financial year ended 30 June 2019 and similarly was designed to assist in the attraction, motivation, and retention of senior management.

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.

#### 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.

## Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2020

### Expenses arising from share-based payment transactions

Total expenses recognised in the consolidated statement of profit and loss during the half year ended 31 December arising from share-based payment transactions is as follows:

	31 December 2020	31 December 2019
	\$	\$
HMEP incentive scheme	523,728	551,235
HEEP incentive scheme	233,661	191,812
IPO incentive plan	282,478	-
Share-based payments expense	1,039,867	743,047

Further details regarding each incentive scheme are set out below.

### HMEP Incentive grants awarded during the half year ended 31 December 2020

Performance rights have been granted in relation to share based incentives for senior management in relation to FY 2020. The Company has notified senior management of its intent to grant Performance Rights in relation to FY2021.

An expense arising from the proposed HMEP incentive grant has been recognised in the profit and loss during the half year ended 31 December 2020. In relation to the FY 2020 grant an expense continues to be recognised over the vesting period and in relation to the proposed FY 2021 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 will be set by the hipages Board and 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 half year ended 31 December 2020

The Company has invited employees to participate in a grant of Performance Rights in relation to FY2021.

An expense arising from the HEEP incentive grant has been recognised in the profit and loss during the half year ended 31 December 2020 from the date the grant was communicated to employees. The grant is a total of 347,959 Performance Rights.

Key features of the proposed grant are as follows:

- No consideration is payable by a participant to receive or exercise Performance Rights.
- The Performance Rights will 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

## Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2020

will be tested at the end of the relevant financial year to which the hurdle applies. Budgets will be set by the hipages Board and 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 Nov 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.

Grant Date	Expiry Date	Exercise Price	Balance at the start of the year	Rights granted	Rights exercised	Rights expired	Balance at the end of the year
<b>Movement for the 6 months ended 31 December 2020</b>							
21-Sep-20	12-Nov-22	\$0.00	-	616,089	-	-	616,089
			-	616,089	-	-	616,089



## Section 3: Capital and financing

### 3.1. Cash and cash equivalents

	31 December 2020 \$'000	30 June 2020 \$'000
Cash at bank and in hand	29,211	8,822

	31 December 2020 \$'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 4.2, Contingencies.

### 3.2. Trade and other receivables

	31 December 2020 \$'000	30 June 2020 \$'000
Trade receivables	1,657	1,863
Less: Allowance for expected credit loss	(513)	(513)
	1,144	1,350
Other trade receivables	29	76
<b>Total trade and other receivables</b>	<b>1,173</b>	<b>1,426</b>

Other trade receivables represent unbilled revenue.

### 3.3. Other assets

	31 December 2020 \$'000	30 June 2020 \$'000
<b>Other assets - current</b>		
Deposits and prepayments	1,272	421
Lease receivable (sub leases)	245	255
Deferred consideration	172	187
Other	16	223
<b>Total</b>	<b>1,705</b>	<b>1,086</b>
<b>Other assets - non-current</b>		
Lease receivable (sub leases)	519	609
Deferred consideration	190	313
<b>Total</b>	<b>709</b>	<b>922</b>

The deferred consideration is due to be received in full by 31 December 2023.

### 3.4. Property plant and equipment

	31 December 2020 \$'000	30 June 2020 \$'000
Property plant and equipment - at cost	5,403	5,968
Less accumulated depreciation	(3,287)	(3,645)
<b>Total property plant and equipment</b>	<b>2,116</b>	<b>2,323</b>
<b>Comprising</b>		
Leasehold improvements	1,552	1,809
Equipment	564	514
<b>Total property plant and equipment</b>	<b>2,116</b>	<b>2,323</b>

### 3.5. Intangible assets

	31 December 2020 \$'000	30 June 2020 \$'000
Goodwill	785	785
Capitalised development - at cost	40,650	37,087
Less accumulated amortisation - development	(30,110)	(27,146)
	10,540	9,941
<b>Total intangible assets</b>	<b>11,325</b>	<b>10,726</b>
<b>Comprising</b>		
Goodwill	785	785
Development	10,540	9,941
<b>Closing net book value</b>	<b>11,325</b>	<b>10,726</b>

### 3.6. Lease accounting

Amounts recognised in the statement of financial position	31/12/2020 \$'000	30/06/2020 \$'000
<b>Right-of-use asset</b>		
Buildings	10,326	11,430
Less accumulated amortisation	(4,809)	(4,451)
<b>Total right-of-use assets</b>	<b>5,517</b>	<b>6,979</b>
<b>Lease liabilities</b>		
Current	2,299	2,283
Non-current	5,658	7,384
<b>Total lease liabilities</b>	<b>7,957</b>	<b>9,667</b>

### 3.7. Contract liabilities

	31 December 2020 \$'000	30 June 2020 \$'000
<b>Contract liabilities - current</b>		
<b>Unsatisfied performance obligations</b>		
Deferred revenue	3,764	3,510
<b>Total contract liabilities - current</b>	<b>3,764</b>	<b>3,510</b>

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$3.764 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.

# Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2020

## 3.8. Borrowings

	31 December 2020 \$'000	30 June 2020 \$'000
<b>Current</b>		
Borrowings	24	1,795
<b>Total current borrowings</b>	<b>24</b>	<b>1,795</b>
<b>Non-current</b>		
Borrowings	-	8,480
Convertible note - debt host	-	2,218
Convertible note - embedded derivative	-	1,417
Other	-	3
<b>Total non-current borrowings</b>	<b>-</b>	<b>12,118</b>
<b>Total borrowings</b>	<b>24</b>	<b>13,913</b>
<b>Reconciliation of movement</b>	<b>6 months</b>	<b>12 months</b>
<i><b>Borrowings from Marshall Investments Pty Ltd</b></i>		
<b>Opening balance (current &amp; non-current)</b>	<b>10,172</b>	10,347
Interest capitalised	265	295
Repayment of borrowings	(10,437)	(470)
<b>Closing balance</b>	<b>-</b>	<b>10,172</b>
<i><b>Convertible note #1</b></i>		
<b>Opening balance (debt host &amp; embedded derivative)</b>	<b>3,635</b>	-
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)	-
<b>Closing balance</b>	<b>-</b>	<b>3,635</b>
<i><b>Convertible Note #2</b></i>		
<b>Opening balance</b>	<b>-</b>	-
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)	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<i><b>Other borrowings</b></i>		
Opening balance (current & non-current)	106	117
Payments	(82)	(11)
<b>Closing balance</b>	<b>24</b>	<b>106</b>
<b>Total borrowings</b>	<b>24</b>	<b>13,913</b>

## Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2020

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

### Financing facility with Marshall Investments Pty Limited

As at 30 June 2020, the Group had a financing facility with Marshall Investments Finance Pty Limited. During the half year ended 31 December 2020 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 current period ended 31 December 2020. Further information is provided in note 3.10 Contributed equity.

### 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 (pa) was paid 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 9 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%pa and was paid 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 9 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.

	31 December 2020	30 June 2020
	\$'000	\$'000
<b>Total facilities</b>		
Borrowings	24	12,603
Convertible note	-	3,500
	24	16,103
<b>Used</b>		
Borrowings	24	12,603
Convertible note	-	3,500
<b>Unused</b>		
Borrowings	-	-
Convertible note	-	-

## Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2020

### 3.9. Provisions

	31 December 2020 \$'000	30 June 2020 \$'000
<b>Provisions - Current</b>		
Employee benefits	1,262	1,547
<b>Total provisions - current</b>	<b>1,262</b>	<b>1,547</b>
<b>Provisions - Non-current</b>		
Employee benefits	453	311
<b>Total provisions - non-current</b>	<b>453</b>	<b>311</b>
<b>Total provisions</b>	<b>1,715</b>	<b>1,858</b>

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

### 3.10. Contributed equity

#### Issued capital

	6 months ended 31-Dec-20 Number	6 months ended 31-Dec-19 Number	6 months ended 31-Dec-20 \$'000	6 months ended 31-Dec-19 \$'000
<b>Ordinary shares</b>				
<b>Balance at the beginning of the financial year</b>	<b>888,809</b>	888,809	<b>48,087</b>	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	-	-	(2,796)	-
<b>Balance at the end of the financial period</b>	<b>130,000,000</b>	888,809	<b>315,704</b>	47,986
<b>Class B shares</b>				
<b>Balance at the beginning of the financial year</b>	<b>11,536</b>	11,536	-	-
Restructure	(11,536)	-	-	-
<b>Balance at the end of the financial period</b>	<b>-</b>	11,536	-	-

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 1.2, Incorporation and company restructure.

#### 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

## Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2020

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 half year ended 31 December 2020.

### Reserves

	6 months ended 31-Dec-20 \$'000	6 months ended 31-Dec-19 \$'000
<b>Capital reorganisation reserve</b>		
Balance at the beginning of the financial period	-	-
Capital reorganisation	(226,612)	-
<b>Balance at the end of the financial period</b>	<b>(226,612)</b>	<b>-</b>
<b>Share-based payments reserve</b>		
Balance at the beginning of the financial period	5,086	3,601
Share-based payments expense	1,040	743
<b>Balance at the end of the financial period</b>	<b>6,126</b>	<b>4,344</b>
<b>Translation and other reserves</b>		
Balance at the beginning of the financial period	(1,069)	-
<b>Balance at the end of the financial period</b>	<b>(1,069)</b>	<b>-</b>
<b>Total reserves</b>	<b>(221,555)</b>	<b>4,344</b>

### Accumulated losses

	6 months ended 31-Dec-20 \$'000	6 months ended 31-Dec-19 \$'000
<b>Accumulated losses</b>		
Balance at the beginning of the financial year	(52,724)	(46,811)
Loss after tax for the half year ended 31 December	(5,856)	(6,262)
Conversion of convertible note	497	-
Settlement of risk participation fee	(1,166)	-
<b>Accumulated losses at the end of the financial period</b>	<b>(59,249)</b>	<b>(53,073)</b>

### Dividends

No dividends were paid during the half year ended 31 December 2020 (2019: nil) and no interim dividends have been declared.

## Section 4: Other disclosures

### 4.1. Fair value measurements

The carrying values of financial assets and liabilities of the Group approximate their fair value.

The Group measures and recognises in the 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.

<b>Level 1</b>	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
<b>Level 2</b>	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).
<b>Level 3</b>	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual report.

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.

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>31-December-2020</b>				
<b>Assets</b>				
Financial assets at fair value through OCI (unlisted securities)	-	-	800	800
<b>Liabilities</b>				
Embedded derivative financial instruments	-	-	-	-
<b>30-June-2020</b>				
<b>Assets</b>				
Financial assets at fair value through OCI (unlisted securities)	-	-	800	800
<b>Liabilities</b>				
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 half 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 where it is available and rely as little as possible on entity specific estimates. An illiquidity discount has been applied.

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.



## 4.2. Contingencies

The Group had contingent liabilities at 31 December 2020 in respect of:

<b>Claims</b>	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.
<b>Guarantees</b>	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 consolidated entity 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.

## 4.3. Business transactions

### Period ended 31 December 2020

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 1.2; Incorporation and company restructure and note 3.10 Contributed equity.

### Period ended 31 December 2019

There were no significant business transactions during the period ended 31 December 2019.

## 4.4. Events occurring after the reporting period

There have been no events subsequent to the balance date that would have a material effect on the Group's interim financial statements at 31 December 2020.

## Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2020

### 4.5. Related party transactions

#### Parent entity and ultimate controlling entity changes

hipages Group Holdings Limited (the Company) is 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 period ended 31 December 2020.

#### 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

There have been no other changes to key management personnel (KMP) during the period ended 31 December 2020.

#### Changes to compensation of KMP

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 2.8, Share-based payments.

#### Loans to / from related parties

Convertible notes issued to directors and other KMP as at 31 December 2020 had a face value of nil (30 June 2020 \$515,000).

As set out in note 3.8 Borrowings, following the IPO on 9 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.

#### Other related party transactions

There have been no significant changes in the nature or amount of related party transactions of the Group during the period ended 31 December 2020.

The Company continues to have 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. A fee of \$40,000 was paid during the half year ended 31 December 2020 for services under the agreement. In addition, the Company has an agreement to pay Elephant Room approximately \$660 per annum for website hosting services.

## Directors' declaration

For the half year ended 31 December 2020

In the opinion of the Directors of hipages Group Holdings Limited (the Company):

- (a) the consolidated interim financial statements and notes set out on pages 9 to 32 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the six-month period ended on that date;
- (b) 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 in accordance with a resolution of the Directors.



Chris Knoblanche  
Chairman



Robert Sharon-Zipser  
Chief Executive Officer

Sydney  
23 February 2021



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

### ***Report on the half-year financial report***

#### ***Conclusion***

We have reviewed the half-year financial report of hipages Group Holdings Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of hipages Group Holdings Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### ***Basis for conclusion***

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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

#### ***Responsibility of management for the half-year financial report***

Management is responsible for the preparation of the half-year 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 management determines is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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#### ***PricewaterhouseCoopers, ABN 52 780 433 757***

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001

T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124

T: +61 2 9659 2476, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

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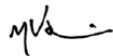
*Auditor's responsibility for the review of the half-year financial report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers



Mark Valerio  
Partner

Sydney  
23 February 2021

## Corporate directory

<b>Executive Director</b>	Robert Sharon-Zipser, Co-Founder, Executive Director and CEO
<b>Non-Executive Directors</b>	Chris Knoblanche Stacey Brown Nicholas Gray Inese Kingsmill
<b>Chief Financial and Operations Officer</b>	Melissa Fahey
<b>Joint Company Secretaries</b>	Oonagh McEldowney Andrew Whitten
<b>Registered office</b>	Level 10, 255 Pitt Street, Sydney NSW 2000 Phone: +61 2 83961300  Email: <a href="mailto:investor@hipagesgroup.com.au">investor@hipagesgroup.com.au</a>
<b>Independent auditor</b>	PricewaterhouseCoopers One International Towers Sydney, Watermans Quay Barangaroo NSW 2000
<b>Share registry</b>	Automic Pty Ltd Level 5, 126 Phillip Street Sydney NSW 2000 Phone: 1300 288 664
<b>Company website:</b>	<a href="http://www.hipages.com.au">www.hipages.com.au</a>
<b>Corporate website</b>	<a href="http://www.hipagesgroup.com.au">www.hipagesgroup.com.au</a>