

# Prospectus

Initial Public Offer

Lead Manager

**Goldman  
Sachs**

Legal Adviser

**ashurst**



# Important Notices

## The Offer

This Prospectus is issued by hipages Group Holdings Limited ACN 644 430 839 (“we”, “us”, “our” and “Company”) for the purposes of Chapter 6D of the *Corporations Act 2001* (Cth) (“**Corporations Act**”). The Offer contained in this Prospectus is an initial public offering to acquire fully paid ordinary shares in the Company (“**Shares**”). See Section 7 for further information on the Offer.

## Lodgement and Listing

This Prospectus is dated 21 October 2020 (“**Prospectus Date**”) and was lodged with the Australian Securities and Investments Commission (“**ASIC**”) on that date.

The Company will apply to the Australian Securities Exchange (“**ASX**”) within seven days after the Prospectus Date for admission to the Official List and quotation of Shares on ASX. None of ASIC, ASX or any of their respective officers takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

## Expiry Date

This Prospectus expires on the date which is 13 months after the Prospectus Date (“**Expiry Date**”). No Shares will be issued on the basis of this Prospectus after the Expiry Date.

## Not Investment Advice

The information contained in this Prospectus is not investment or financial product advice and has been prepared as general information only, without consideration of your personal circumstances, investment objectives, financial circumstances, tax position or any other particular needs.

It is important to read this Prospectus carefully and in full before deciding whether to invest in Shares. If you have any questions these should be directed to your relevant advisers.

In particular you should consider the assumptions underlying the Financial Information (Section 4) and the Risk factors (Section 5) that could affect our business, financial condition and the financial performance of the Company. You should carefully consider these risk factors in light of your personal circumstances, investment objectives, financial circumstances, tax position or any other particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in Shares. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company or any return on investment in Shares made pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company, our Directors, the Lead Manager, or any other person in connection with the Offer. You should rely only on information in this Prospectus.

## Exposure Period

The Corporations Act prohibits us from processing applications in the seven-day period after the Prospectus Date (“**Exposure Period**”). The Exposure Period may be extended by ASIC for a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Any deficiencies identified in the Prospectus during the Exposure Period must be dealt with in accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on applications received during the Exposure Period.

## No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

## Obtaining a copy of this Prospectus

During the Exposure Period, an electronic version of this Prospectus, without an Application Form, will be available at [hipages.automic.com.au](http://hipages.automic.com.au) to Australian and New Zealand investors only. Application Forms will not be made available until after the Exposure Period has expired.

During the Offer Period, this Prospectus is available in electronic form at [hipages.automic.com.au](http://hipages.automic.com.au). The Offer constituted by this Prospectus in electronic form at [hipages.automic.com.au](http://hipages.automic.com.au) is available only to persons within Australia or New Zealand. The Prospectus is not available to persons in other jurisdictions (including the United States) in which it may not be lawful to make such an invitation or offer. If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety.

You may, before the Offer Period expires, obtain a paper copy of this Prospectus (free of charge) by telephoning our Information Line on 1300 824 174 (within Australia) or

+61 2 8072 1480 (outside Australia) from 8:30am to 5:30pm (Sydney Time), Monday to Friday (excluding public holidays).

## Applications

Applications may be made only during the Offer Period on the Broker Firm Offer Application Form or the Institutional Offer Application Form (whichever is relevant to you) attached to, or accompanying this Prospectus in its paper form. By making an Application you represent and warrant that you were given access to the Prospectus, together with an Application Form.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a paper copy of the Prospectus or the complete and unaltered electronic version of this Prospectus.

Refer to Section 7 for further information regarding the details of the Offer.

## Statements of Past Performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

## Financial Information

Section 4 sets out the Financial Information referred to in this Prospectus and the basis of the preparation of this information.

The financial information contained in Section 4 relates to the consolidated income statements and cash flows for hipages for the 12 month periods ended 30 June 2018, 30 June 2019 and 30 June 2020, the consolidated balance sheet as at 30 June 2020 and the forecast consolidated income statement and cash flows for the 12-month period ending 30 June 2021.

The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the commentary contained in Section 4 and the risk factors set out in Section 5.

All financial amounts contained in this Prospectus are expressed in Australian dollars, unless otherwise stated. Any discrepancies between totals and the sum of components in tables and figures contained in this Prospectus are due to rounding.

The Historical Financial Information is presented on both a statutory and pro forma basis (as described in Section 4.2.2) and has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (“**AAS**”) (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board (“**AASB**”), which are consistent with International Financial Reporting Standards (“**IFRS**”) and interpretations issued by the International Accounting Standards Board (“**IASB**”).

Investors should note that certain financial data included in the Prospectus is not recognised under the Australian Accounting Standards, and is classified as ‘non-IFRS financial information’ under Regulatory Guide 230 ‘Disclosing non-IFRS financial information’ published by ASIC. The Company believes that this non-IFRS financial information provides useful information to users in measuring the financial performance and financial condition.

The non-IFRS measures do not have standardised meanings prescribed by AAS and therefore, may not be comparable to similarly titled ‘measures’ presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with AAS.

Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information and ratios included in this Prospectus.

This Prospectus also includes Forecast Financial Information for the 12-month period ended 30 June 2021 based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial Information is consistent with the basis of preparation and presentation of the Historical Financial Information. The Forecast Financial Information presented in this Prospectus is presented on both a statutory and pro forma basis and is unaudited.

#### **Investigating Accountant’s Report on Financial Information and financial services guide**

The provider of the Investigating Accountants Report on Financial Information is required to provide Australian retail clients with a financial services guide in relation to the review under the Corporations Act. The Investigating Accountants Report and accompanying financial services guide are provided in Section 8.

#### **Forward Looking Statements**

This Prospectus includes Forecast Financial Information based on an assessment of present economic and operating conditions, and on a number of assumptions set out in Section 4.6 regarding future events and actions that, at the date of the Prospectus, are expected to take place. The Company does not undertake to, and does not intend to, update or revise any forward looking statements, or publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

This Prospectus contains forward looking statements, including the Forecast Financial Information in Section 4, which may be identified by words such as “anticipates”, “may”, “should”, “could”, “likely”, “believes”, “estimates”, “expects”, “targets”, “predicts”, “projects”, “forecasts”, “intends”, “guidance”, “plan” and other similar words that involve risks and uncertainties. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, as at the Prospectus Date.

Any forward looking statements are subject to various risks that could cause the Company’s actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 5, the general and specific assumptions contained in the Financial Information as set out in Section 4.6, the sensitivity analysis as set out in Section 4.8 and other information in this Prospectus. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the control of the Company, the Directors and the Company’s management. The Company, the Directors, the Company’s management and the Underwriter cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements.

#### **Industry and Market Data**

This Prospectus, including the Industry Overview in Section 2 and the Company Overview in Section 3, contains statistics, data and other information (including forecasts and projections) relating to markets, market sizes, market shares, market segments, market positions and other industry data pertaining to hipages’ business and markets (“**Industry Data**”). The Company has obtained significant portions of this information from market research prepared by third parties. Where indicated by specific attribution to Publicis Sapient, such Industry Data is based on a market study that hipages commissioned from Publicis Sapient.

Investors should note that Industry Data is inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. There is no assurance that any of the forecasts or projections in the surveys, reports and surveys of any third party that are referred

to in this Prospectus will be achieved.

The Company, nor the Lead Manager, has not independently verified, and cannot give any assurances to the accuracy or completeness of, this market and industry data or the underlying assumptions used in generating this market and industry data.

Industry assumptions, forecasts and estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

#### **Selling Restrictions**

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia and New Zealand. The distribution of this Prospectus outside Australia and New Zealand (including electronically) may be restricted by law and persons who come into possession of this Prospectus outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed to, or relied upon by, persons in the United States. Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (“**US Securities Act**”) or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or transferred directly or indirectly, in the United States unless the Shares have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act and any other applicable US state securities laws is available. See Section 9.13 for more detail on selling restrictions that apply to the Offer in jurisdictions outside Australia and New Zealand.

#### **Important Notice to New Zealand Investors**

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust)



and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

A copy of this Prospectus, other documents relating to the Offer and a copy of the Constitution have been, or will be, lodged with the New Zealand Companies Office and are, or will be, available at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (offer number, OFR12969). While the Offer is being extended to New Zealand investors under the Mutual

Recognition Regime, no application for listing and quotation is being made to NZX Limited.

#### Defined terms and time

Defined terms and abbreviations used in this Prospectus have the meanings defined in the Glossary or are defined in the context in which they appear.

Unless otherwise indicated, references to times in this Prospectus are to Sydney Time. Unless otherwise stated, references to dates or years are financial year ("FY") references.

#### Privacy

By completing an Application Form to apply for Shares, you are providing personal information to us through the Share Registry, which is contracted by the Company to manage Applications. The Company and the Share Registry on behalf of the Company, may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Some of this personal information is collected as required or authorised by certain laws including the *Income Tax Assessment Act 1997* (Cth) and the Corporations Act.

If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company, which we consider may be of interest to you.

Your personal information may also be provided to the Company's members, agents and service providers on the basis that they deal with such information in accordance with the Company's Privacy Policy and applicable laws. The members, agents and service providers of the Company may be located outside Australia, where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the Shareholder register;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and

- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public Shareholder register.

The information contained in the Shareholder register must remain there even if that person ceases to be a Shareholder. Information contained in the Shareholder register is also used to facilitate dividend payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to gain access to the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the Corporate Directory on the inside back cover of this Prospectus. Applicants can obtain a copy of the Company's Privacy Policy by visiting the Company's website <https://hipagesgroup.com.au/privacy/>

You may request access to your personal information held by or on behalf of the Company and you may correct the personal information held by or on behalf of the Company about you. By submitting an application you agree that we may communicate with you in electronic form or contact you by telephone in relation to the Offer. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry as follows:

Email: [hipages@automicgroup.com.au](mailto:hipages@automicgroup.com.au)

Telephone: 1300 824 174 (within Australia) or +61 2 8072 1480 (outside Australia)

#### Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and

may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

#### **Company website**

Any references to documents included on our website at [www.hipagesgroup.com.au](http://www.hipagesgroup.com.au) or the offer website at [hipages.automic.com.au](http://hipages.automic.com.au) are for convenience only, and none of the documents or other information available on these websites is incorporated into this Prospectus by reference.

#### **Questions**

If you have any questions about how to apply for Shares, call your Broker or the Information Line on 1300 824 174 (within Australia) or +61 2 8072 1480 (outside Australia) between 8:30am and 5:30pm (Sydney Time), Monday to Friday. Instructions on how to apply for Shares are set out in Section 7 of this Prospectus and on the back of the Application Form.

If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in Shares.

#### **Offer Management**

Goldman Sachs Australia Pty Ltd ("**Lead Manager**") is managing and underwriting the Offer for the Company.

In connection with the Institutional Bookbuild, one or more investors may elect to acquire an economic interest in the Shares ("**Economic Interest**"), instead of subscribing for or acquiring the legal or beneficial interest in those shares. The Lead Manager (or its affiliates) may, for their own account, write derivative transactions with those investors relating to the Shares to provide the Economic Interest, or otherwise acquire shares in the Company in connection with the writing of such derivative transactions in the Bookbuild and/or the secondary market. As a result of such transactions, the Lead Manager (or its affiliates) may be allocated, subscribe for or acquire Shares or shares in the Company in the Bookbuild and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in such shares. These transactions may, together with other shares in the Company acquired by the Lead Manager, or its affiliates in connection with their ordinary course sales and trading, principal investing and other activities, result in the Lead Manager or its affiliates disclosing a substantial holding and earning fees.

The Lead Manager and its affiliates are full service financial institutions engaged in various activities, which may include trading, financing, corporate advisory, financial advisory, investment management,

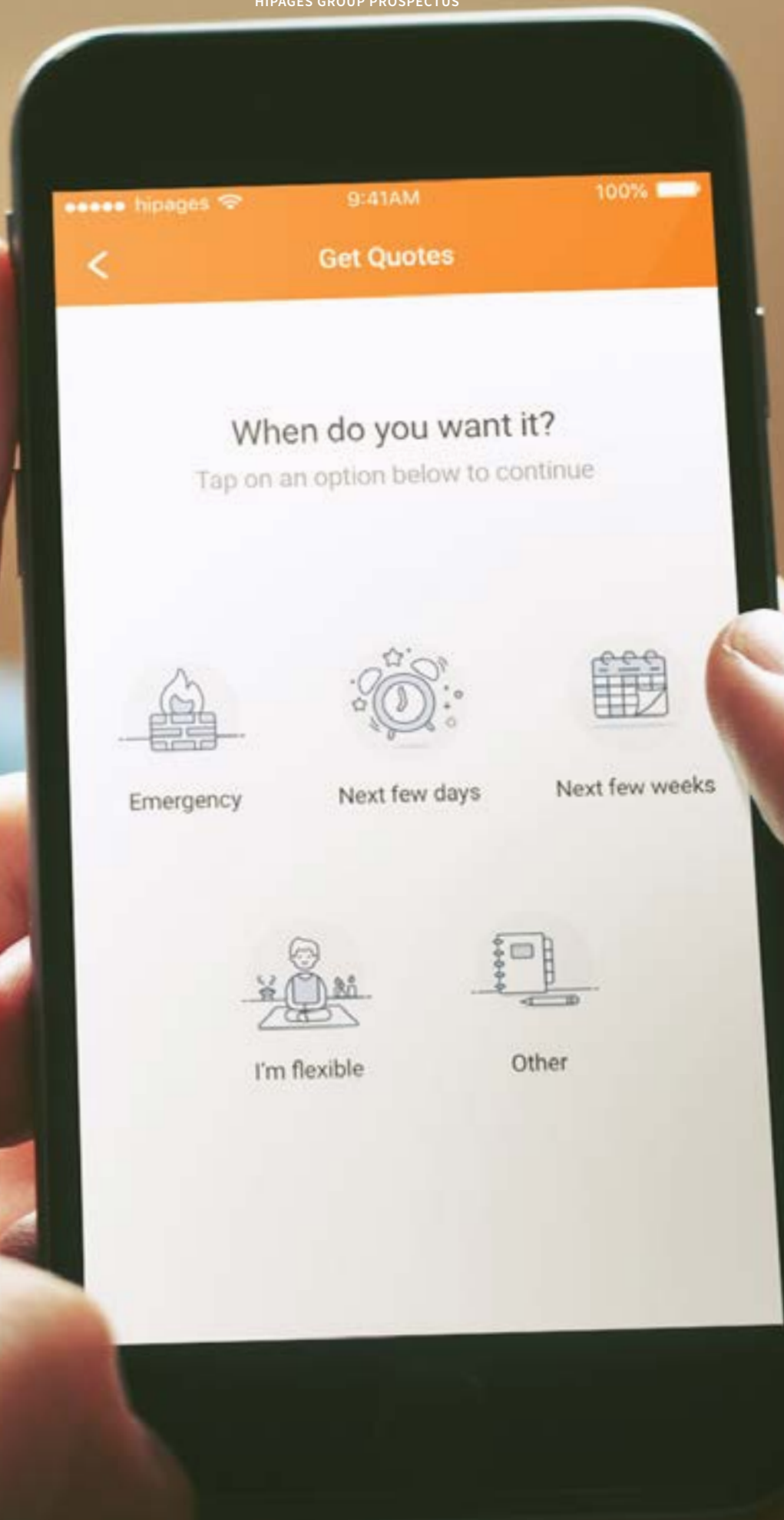
investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Lead Manager and its affiliates have provided, and may in the future provide, financial advisory, financing services and other services to the Company and to persons and entities with relationships with the Company, for which they received or will receive customary fees and expenses. In the ordinary course of its various business activities, the Lead Manager and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company, and/or persons and entities with relationships with the Company. The Lead Manager and its affiliates may also communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

#### **Please read document in its entirety**

This document is important and should be read in its entirety.

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hipages

9:41AM

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## Get Quotes

When do you want it?  
Tap on an option below to continue



Emergency



Next few days



Next few weeks



I'm flexible



Other

# Key Offer Information



## Key dates

Prospectus Date

**21 October 2020**

Broker Firm Offer opening date

**29 October 2020**

Broker Firm Offer closing date

**4 November 2020**

Settlement of the Offer

**9 November 2020**

Issue of Shares under the Offer  
(Completion of the Offer)

**10 November 2020**

Expected despatch of holding statements

**11 November 2020**

Expected commencement of trading on ASX  
on a normal settlement basis

**12 November 2020**

### Dates may change

The dates above are indicative only and may change without notice. The Company, in consultation with the Lead Manager, reserves the right to vary any and all of the times and dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Offer Period relating to any component of the Offer, to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before settlement, in each case without notifying any recipient of this Prospectus or any Applicants). If the Offer is cancelled or withdrawn before the allotment of Shares, all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.

## Key offer statistics

Offer Price

**\$2.45 per share**

Total proceeds under the Offer

**\$100.4 million**

Total number of Shares available under the Offer

**41.0 million shares**

Total number of Shares on issue at Completion of the Offer

**130 million shares**

Market Capitalisation at the Offer Price

**\$318.5 million**

Estimated pro forma net cash at Completion

**\$31.7 million**

Enterprise value at the Offer Price

**\$286.8 million**

Enterprise value/pro forma FY2021 Revenue

**5.3x**

## Letter from the Chair



**Chris Knoblanche AM**

Dear Investor,

On behalf of the Directors, I am pleased to offer you the opportunity to join us as a fellow Shareholder in the Company.

hipages is an exciting and dynamic Australia-based online platform and Software as a Service provider for tradies that aims to connect them with their clients. The model is working towards efficiently resolving the difficulties that come with organising and coordinating home improvement and repairs. The core business of hipages is operating a marketplace that matches tradies with residential and commercial consumers. hipages is expanding to offer more extensive services on the platform to help tradies better manage their businesses, such as field service management software and other value-added services. The hipages platform

is available and readily usable on both desktop and mobile devices.

Led by co-founder and CEO Robert Sharon-Zipser the senior team is one that is passionate, dedicated and committed to excellence. This is a company with genuine “bench strength” in its senior ranks that has had great success to date. Through innovation and customer focus, hipages today has an impressive 36,000 trades related businesses subscribed to the platform and is the leading online platform in the category by jobs posted in Australia with approximately 1.4 million jobs posted in FY2020. As part of the transition of ownership to a company listed on ASX, we have assembled a high quality board with the right mix of skills and experience to help drive further growth, success and provide appropriate governance.

hipages is a subscription model, where tradies pay a monthly fee to use the hipages’ platform. This provides tradies with ongoing access to jobs from households and other consumers around the nation, which we feel enables hipages to become an essential part of their marketing program and business success. hipages has had strong historical growth and has a high proportion of recurring revenue, comprising 94% of the FY2021 pro forma forecast revenue. hipages has a comprehensive growth strategy focused on improving its core business and growing into adjacent services. Our business occupies a

privileged position in a large ecosystem that exists around home improvement and the broader trades category. We believe this provides significant opportunities to expand and deepen our range of services and solutions.

This Prospectus contains detailed and important information about the Offer, the purpose of the Offer, the historical and forecast financial performance of hipages, and the key risks associated with an investment in the Company. Before applying for Shares, any prospective investor should be satisfied that they understand the risks involved in making an investment in hipages, including those key risks set out in Section 5 of this Prospectus. These risks include, but are not limited to, retaining existing and attracting new tradies and customers, consumer engagement, macroeconomic conditions, information technology, cybersecurity and data protection, competition, COVID-19, and other risks.

I encourage you to read this prospectus carefully and in its entirety before making any investment decision, and to consult with, and seek professional guidance from, your stockbroker, accountant, lawyer, financial adviser or other appropriate independent professional adviser in connection with the Offer.

On behalf of my fellow directors, I look forward to welcoming you as a Shareholder as we head into our dynamic next phase.

Yours sincerely

**Chris Knoblanche AM**  
Chairman and Independent  
Non-Executive Director

## Letter from the CEO and Co-Founder



Robert Sharon-Zipser

Dear Investor,

When we founded hipages 16 years ago, we had a simple vision: to create happier homes through effortless home improvement. The idea was born from the personal experience of renovating our first apartment with my wife. Things were so complicated. I vividly remember the frustration and the lack of information when it came to understanding the regulations in home improvement and, most of all, the experience of working with tradies. We quickly discovered that it was not easy for tradies either: they had challenges in managing and running their businesses, adopting technology, and finding new ways to market and promote their businesses.

Fast forward to 2020 and hipages is the online platform that connects Australia with trusted tradies to simplify home improvement. We have 36,000 trade businesses subscribed to hipages and over 3 million consumers have posted work on our platform since our humble beginnings. Last year alone was a record year for the business with 1.4 million tradie service requests going through our platform, that's a job posted approximately every 23 seconds on average.

It took many years of effort to evolve the business from an online content and directory hub to a true subscription-based marketplace and now a platform business. hipages has evolved into a product and service-led organisation, with tradies now at the centre of our model, while providing a positive experience for consumers. When looking at our ecosystem, which we describe as the On-Demand Tradie Economy, it is easy to grasp that tradies are the key customers around which products and services can be built. We believe that tradies' successful use of the platform in their business means they will continue to trust hipages to generate work from the growing number of channels of consumers in the ecosystem. We believe tradies see hipages as the software providing the tools they need to help manage and run their businesses.

We've always been a hard-working bunch at hipages; as a matter of fact our DNA is "make it happen". The "secret sauce" of our business is not just made up of our technology built from data and customer experience or our strong online and offline marketing capabilities. It also comes from our values as an organisation. We have always been a genuine and collaborative business. Collaboration is even more present within our organisation as we operate in a cross functional, multi country, environment. We have a balance between operations and technology to support our tradies as they transition their businesses from traditional methods to innovative ways of working. Similarly, we believe we have a role in guiding Australia in improving the process of engaging and working with trade services.

hipages has evolved in recent years from a transactional business to a subscription-based, recurring revenue model. We support consumers on our platform and our tradies by removing pain points across hundreds of varied trade categories and services across all of Australia. While we are very proud of the business that we have built today, we believe there is opportunity for significant growth. Whilst the category is meaningful today, we consider that the industry is on the cusp of a major transition through technology adoption. Additionally, we are now operating in a new world and we have demonstrated adaptability and resilience in the current challenging environment. Tradies are an essential service and we see them working with technology to manage and grow their businesses to support all Australians.

We feel that now is the right time to embark on the milestone of a listing on ASX. Funds raised from the Offer will enable continued investment in our people, technology, brand and growth opportunities. hipages will begin its life as a publicly listed company with a robust balance sheet and we think it will be ideally positioned to take advantage of the powerful digital and community trends that are driving demand for our solutions.

I am thrilled to invite you to join me as a fellow Shareholder.

Yours sincerely

**Robert Sharon-Zipser**  
CEO and Co-Founder

# Investment Overview

1







# Investment Overview

## 1.1. Introduction

Topic	Summary	For more information
<b>What is hipages' business?</b>	hipages is an Australia-based online platform and software as a service provider that aims to connect tradies and consumers in order to resolve difficulties that come with organising and coordinating home improvement jobs. The platform provides an efficient, technology-driven model to connect consumers with qualified tradies, and facilitates the management of other elements of the home improvement process, such as communication, payment and ratings and recommendations.	Section 3.1
<b>What is hipages' history?</b>	<p>hipages was founded in 2004 by Robert Sharon-Zipser and David Vitek, and was originally established as an online home improvement directory and content business. In 2011, hipages made the strategic decision to pivot to an online marketplace, which allowed consumers to post jobs directly on the platform and to be connected with local tradies in their area.</p> <p>In 2014, a monthly subscription product was introduced, which formed the basis of hipages' current subscription-based model. In November 2019, hipages moved to a subscription only product offering. hipages has also begun to establish a broader SaaS offering with the acquisition of Call of Service, a field service software solutions business, in February 2020.</p> <p>To date, hipages has formed a number of key partnerships including with Bunnings Warehouse, IKEA, Ray White and the New South Wales Department of Education.</p>	Section 3.2
<b>What industry does hipages operate in?</b>	<p>hipages operates in the home improvement industry, and specialises in home improvement advertising services for tradies. The market encompasses a diverse range of jobs, including services related to renovations, repairs and maintenance, and new builds (detached houses and units), as well as installations. Industry participants include tradies and consumers that connect to arrange and complete jobs in a broad range of home improvement categories.</p> <p>The home improvement industry is well established in Australia employing 1.1 million tradespeople, representing approximately 8% of the total Australian workforce.<sup>1</sup> These tradies service over 9.9 million Australian households,<sup>2</sup> which together are estimated to spend approximately \$83bn on home improvement services in 2020.<sup>3</sup> The home improvement industry is expected to grow at a rate of approximately 2.2% per annum<sup>4</sup> over the next three years. Tradies are expected to spend approximately \$976m on advertising in 2020, a figure expected to grow at an average rate of 8.8% per annum over the next four years.<sup>5</sup></p>	Section 2.1 and 2.2
<b>Who does hipages compete with?</b>	The competitive landscape includes players that are specifically focused on tradies and the home improvement industry, as well as those covering a broader range of services. This growing category only has a few direct competitors in Australia, and the main players include hipages, Airtasker, Oneflare and ServiceSeeking.	Section 2.3

1. Residential Trades Market (Publicis Sapient, September 2020).

2. Catalogue 3236.0 – Household and Family Projections, Australia, 2016 to 2041 (Australian Bureau of Statistics, March 2019).

3. Residential Trades Market (Publicis Sapient, September 2020).

4. Residential Trades Market (Publicis Sapient, September 2020); Growth rate based on medium term expectations and does not capture any unforeseen COVID-19 events that may impact the market in the near term.

5. Residential Trades Market (Publicis Sapient, September 2020); Growth rates based on medium term expectations and include average market forecasts for decline in advertising spend as a result of Covid-19 over 2020-2021. However this does not capture any additional unforeseen COVID-19 events that may impact the market in the near term.

Topic	Summary	For more information
<b>Impacts of COVID-19</b>	<p>hipages experienced an initial softening of job volumes posted on the platform from tradies in March 2020 due to the impact of COVID-19 at a national level. hipages has seen a rebound in the market with job volumes returning to normal by May 2020.</p> <p>The job volumes delivered in May 2020 was suggestive of the fact that the acute effects of COVID-19 on the on-demand tradie industry had largely subsided. Tradie cancellations have also returned to normal levels by May 2020. In Victoria, the second lock down has impacted job volumes, with an initial decline in early August 2020 followed by a general stabilisation of job volumes.</p>	Section 3.9
<b>Why is the Offer being conducted?</b>	<p>The purpose of the Offer is to:</p> <ul style="list-style-type: none"> <li>• provide hipages with the financial flexibility to fund future growth via: <ul style="list-style-type: none"> <li>– continuing to invest in hipages' brand and technology platform;</li> <li>– organic growth opportunities to deliver strategic objectives; and</li> <li>– inorganic M&amp;A opportunities consolidating the category, launching into ancillary and new channel opportunities;</li> </ul> </li> <li>• repay existing indebtedness;</li> <li>• allow Existing Shareholders to realise part of their investment; and</li> <li>• provide hipages with the benefits associated with being a listed entity.</li> </ul>	Section 7.1

## 1.2. Key Features of hipages' Business Model

Topic	Summary	For more information
<b>What are hipages' key services?</b>	<p>For tradies, hipages is a lead generation platform and technology-enabled marketplace that allows tradies to find and quote for jobs. hipages uses a proprietary algorithm to match tradies with consumers in local areas based on a number of different factors and data points, such as location and job category. Upon joining the platform, tradies are able to setup an online profile, providing them with a new way to attract potential clients and showcase images of their work, feature unique qualities of their business, and display their credentials, alongside recommendations and ratings.</p> <p>For consumers, hipages provides a way to connect with qualified tradies based on expertise, availability and location. Consumers will receive up to three connections with tradies and can communicate with them, compare pricing quotes and rate their profiles all through the platform. Consumers can also request additional tradie connections beyond the first three if required. The platform also gives consumers a centralised place to message tradies, to schedule and organise jobs, and to make payments.</p> <p>In addition, hipages has a comprehensive tradie on-boarding process which verifies tradies for relevant licenses and ABN registration. The platform also supports other ancillary services, such as payments for completed work and instant messaging between consumers and tradies.</p>	Section 3.3
<b>How many customers does hipages have?</b>	<p>At the end of FY2020, hipages had over 36,000 paying tradie customers using the platform. The majority of these tradies are sourced from Victoria and New South Wales, with those two states representing 28% and 37% of the total tradie base respectively.</p>	Section 3.5.1

## Investment Overview

Topic	Summary	For more information
How does hipages generate revenue?	<p>The hipages platform is free for consumers, with all revenue generated from tradies signing up to subscription packages and revenue from contracted partnerships. In November 2019 hipages introduced an improved subscription product and moved to a subscription only product offering for new tradies on the platform, with the legacy listing or directory products now only available to customers who joined hipages prior to November 2019.</p> <p>As at 30 June 2020, 77% of tradies were on a subscription package. In FY2020, the average monthly subscription revenue was \$126 per month on 6 to 12 month contracts, which are paid monthly in advance. Bundled into each subscription package is a monthly lead credit allowance that tradies can use to claim job leads. The value of the lead credit allowance depends on the package tier selected.</p>	Section 3.4
What are the key costs incurred in generating its revenue?	<p>hipages' key costs include expenses relating to sales, marketing, technology development, and operations and administration. Employee-related expenses are the largest individual cost by nature and are allocated across these expense categories by function.</p>	Section 4.7.3
Where does hipages operate?	<p>hipages operates in Australia and is headquartered in Sydney. hipages also has a Business Process Outsourcing office in Manila.</p>	Sections 3.1 and 3.7



### 1.3. Key Financials and Dividend Policy

Topic	Summary					For more information
<b>What is hipages' pro forma historical and forecast financial performance?</b>	The table below summarises the pro forma historical and forecast consolidated income statement.					Section 4.3
			<b>Pro Forma Historical</b>	<b>Pro Forma Forecast</b>		
	<b>June-YE, A\$000s</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	
	<b>Recurring</b>	34,771	37,297	42,200	50,507	
	<i>% growth</i>		7%	13%	20%	
	<b>Transactional</b>	5,709	3,651	3,261	1,975	
	<i>% growth</i>		(36%)	(11%)	(39%)	
	<b>Other</b>	1,038	1,312	1,478	1,450	
	<i>% growth</i>		26%	13%	(2%)	
	<b>Total revenue</b>	41,518	42,261	46,939	53,932	
	<i>% growth</i>		2%	11%	15%	
	<b>Operating expenses</b>	(43,995)	(45,375)	(40,825)	(44,030)	
	<i>% growth</i>		3%	(10%)	8%	
	<b>Other income and expenses</b>	(184)	(29)	8	3	
	<b>EBITDA</b>	(2,660)	(3,143)	6,122	9,905	
<i>% growth</i>		18%	295%	62%		
<i>% margin</i>	(6%)	(7%)	13%	18%		
	The Pro Forma Historical Financial Information does not reflect the actual financial results of hipages for the periods indicated. Section 4.3, 4.4, and 4.5 of this Prospectus provides a reconciliation of the pro forma Historical Financial Information to the Statutory Historical Information.					
	The information presented above contains non-IFRS measures, is intended as a summary only and should be read in conjunction with the more detailed discussion on Financial Information in Section 4 of this Prospectus, as well as the risk factors set out in Section 5.					

## Investment Overview

Topic	Summary	For more information
<b>What is hipages' dividend policy?</b>	<p>The policy of the Company is to reinvest all cash flow into the business in order to maximise its growth. Accordingly, no dividends are expected to be paid in the near term following the Company's listing on ASX. The payment of a dividend by the Company, if any, is at the discretion of the Directors and will be a function of a number of factors (many of which are outside the control of the Directors), including the general business environment, the financial results of the business, cash flows and financial condition of hipages, future funding requirements, considerations, and any contractual, legal or regulatory restrictions on the payment of dividends by the Company.</p> <p>The Directors do not provide any assurance of the future level of dividends paid by the Company.</p>	Section 4.9

### 1.4. Key Strengths

Topic	Summary	For more information
<b>Large and growing addressable market, with favourable trends</b>	<p>hipages operates in the Australian home improvement industry, under which households are expected to spend \$83bn in 2020. The industry is forecast to grow at 2.2% per year over the next three years.<sup>6</sup></p> <p>Within this industry, hipages' addressable market includes segments that hipages already serves, such as advertising by tradies, as well as segments that may be addressed through the development of hipages' SaaS model.</p> <p>Technology adoption in the home improvement industry has been slower than other industries. However, a shift has commenced in recent years with more homeowners turning to technology platforms to source tradies. Similarly, tradies are embracing technology to help them manage their business and to win more work.</p>	Sections 2.1, 2.2, 3.1 and 3.8
<b>Market leader by job volumes</b>	<p>With a large number of jobs and tradies available on the platform, hipages benefits from a network effect on both sides of the marketplace. The high job volume on the platform means hipages can provide opportunities for a high ROI for tradies, and consumers may benefit from a higher probability of matching with a tradie that meets their skills and needs.</p> <p>By focusing specifically on the home improvement industry, unlike several of its competitors, hipages offers a customised experience for its tradies and consumers that caters to the specific needs of the industry. In doing this, hipages seeks to enhance the experience for both parties, continue to grow its base of tradies and consumers, and underpin this competitive position.</p> <p>hipages has a leadership position by jobs posted in the Australian on-demand tradie economy category.</p>	Sections 3.1 and 3.3.3

6. Residential Trades Market (Publicis Sapient, September 2020); Growth rate based on medium term expectations and does not capture any unforeseen COVID-19 events that may impact the market in the near term.

Topic	Summary	For more information
<b>High quality network of tradies</b>	<p>hipages perceives trust to be a critical component of the home improvement process, and therefore the quality of tradies on the hipages platform has a direct impact on the consumer's experience.</p> <p>hipages has a comprehensive tradie on-boarding process to attempt to ensure that the platform only comprises high quality tradies. All new tradies are vetted for ABN and licence requirements and once on the platform, regular checks are made to ensure these are maintained. hipages also conducts regular insolvency checks through a credit reporting agency. This high degree of focus on tradie quality aims to ensure consumers have a positive experience with, and develop trust in, the hipages platform.</p>	Sections 3.3.1, 3.3.2 and 3.3.3
<b>Sophisticated platform and product development framework</b>	<p>The hipages platform provides an efficient, technology-driven model to connect consumers with qualified tradies, and facilitates the management of other elements of the home improvement process, such as communication, payment, and ratings and recommendations. It is a cloud-based platform utilising Amazon Web Services, which offers increased flexibility, scalability and speed to market.</p> <p>To support the further expansion of this platform, hipages has a comprehensive product and development framework with cross-functional delivery teams. Additionally, hipages employs modern technology practices, leverages AWS best practices and promotes a 'DevOps' culture.</p>	Section 3.6
<b>Proprietary algorithm, developed with a data-based approach</b>	<p>hipages uses a proprietary algorithm to match tradies with consumers in their local area that are actively searching for and ready to hire qualified tradies. The matching algorithm uses multiple factors to connect consumers and tradies, including location and job category. This is an important element of the hipages' business model, as it determines the success in connecting tradies and consumers.</p> <p>This unique algorithm has been built using millions of data points pertaining to jobs collected on the hipages platform and refined over time, with the aim of producing the most optimal matches between tradies and consumers. This algorithm is a competitive advantage for hipages, as it creates an optimal experience for tradies and consumers.</p>	Section 3.6.3.1
<b>Subscription model with contracted revenue</b>	<p>hipages has a high recurring revenue base, with recurring revenue accounting for 90% of total revenue in FY2020. A majority of this recurring revenue is comprised of contracted revenue, with 64% of tradies on a 12 month contract as at 30 July 2020. This has been as a result of hipages' transition from a legacy transactional pay-per-lead model to a subscription model. Under the subscription model, hipages receives revenue from tradies on a monthly basis. hipages also receives recurring revenue from its contracted partnerships.</p> <p>hipages is evolving to a SaaS model with a roadmap to offer tradies additional services, including field service software solutions. Under this model, hipages will seek to provide an end-to-end product experience, deepening engagement with tradies. This is expected to support hipages' subscription model and bolster the recurring revenue base.</p>	Sections 3.4.1, 3.8 and 4.6.3.1

## Investment Overview

Topic	Summary	For more information
<b>Strong growth profile with ongoing investment into growth opportunities</b>	<p>hipages has a strong growth profile, with 11% revenue growth in FY2020. Recent growth has been driven by an increase in job volume, the improved subscription product introduced in November 2019, and the move to a subscription only product offering. This has resulted in an increase in monthly yield and annual ARPU. hipages believes that this trend will continue in future years and is forecasting 15% revenue growth in FY2021.</p> <p>hipages has a comprehensive growth strategy focused on improving its core business, growing into adjacent services and expanding its ecosystem. The four main areas for future growth include:</p> <ul style="list-style-type: none"> <li>• expansion of the subscription model;</li> <li>• enhanced product offering, including field service software solutions;</li> <li>• improved marketplace efficiency; and</li> <li>• channel and brand expansion.</li> </ul>	Section 3.8 and 4.3
<b>Founder-led business with experienced management team and Board</b>	<p>hipages is led by its CEO and Co-Founder, Robert Sharon-Zipser, who co-founded the business in 2004 and has overseen the transformation of hipages from a directory business into a comprehensive online platform for tradies. Robert is supported by a management team that brings substantial technology and operational expertise along with a deep understanding of the hipages business and its platform, tradies and consumers.</p> <p>hipages' senior management team is supported by a credentialed Board with relevant industry and listed company experience.</p>	Sections 3.1, 6.1 and 6.2

### 1.5. Key Risks

Topic	Summary	For more information
<b>Failure to retain existing tradies and consumers and attract new tradies and consumers</b>	<p>hipages' current financial performance depends heavily on the ability to retain existing tradies and consumers on the platform, consumers visiting that platform and posting jobs and its growth depends on its ability to attract further business via continued or increased subscriptions from existing tradies and to attract new tradies and consumers to the platform.</p> <p>If hipages is unable to retain existing tradies and consumers on the platform, attract new tradies and consumers to the platform and new business from tradies and consumers on the platform at the rate and with the pricing, revenues and costs hipages currently expects, this may have a materially adverse impact on hipages' operations and financial performance and/or growth.</p>	Section 5.2.1
<b>Tradie turnover on the platform</b>	<p>The level of tradies on the hipages platform is subject to various factors, including the effectiveness of the platform in matching tradies with consumers for home improvement jobs. There is a risk that the hipages platform will not provide tradies with enough leads, or connections, for home improvement jobs, or could provide tradies with a sufficient number of leads, which could result in tradies leaving the platform and dealing directly with consumers. This is also known as tradie "churn". hipages makes no guarantee that tradies will not generate their own networks through the platform and therefore, or otherwise, cease to use the platform. Should significant numbers of tradies elect to discontinue their use of the hipages platform, this could adversely impact on hipages' operations and financial performance and/or growth.</p>	Section 5.2.2



Topic	Summary	For more information
<b>Growth and profitability dependent on active community</b>	<p>hipages operates a two sided marketplace and its growth and future profitability depends on an active marketplace. hipages relies on both the consumers utilising the marketplace and tradies subscribing to the platform to meet their needs.</p> <p>If the marketplace begins to operate less effectively, there is a risk that if either tradies do not renew their subscriptions to the platform, and/or consumers do not post jobs in the quantities expected, the activities on the marketplace will decline. This could in turn affect the business, financial performance and operations of hipages.</p>	Section 5.2.3
<b>Deterioration in macroeconomic conditions</b>	<p>The home improvement industry, and particularly the on-demand tradie industry which hipages operates in, depends heavily upon the overall level of consumer demand for home improvement services in Australia. A portion of hipages' home improvement services are exposed to discretionary spending and a decline in general economic conditions or changes in certain macroeconomic factors (including rising unemployment, lack of income growth, reduced consumer confidence, inflation, volatility in local or global financial markets, economic tensions and government intervention, including with respect to changes in interest rates) may adversely impact hipages' financial and operational performance.</p>	Section 5.2.4
<b>Information technology</b>	<p>hipages' operations heavily depend on information technology and the ability of hipages to provide reliable services to its third party services providers' technology systems. There is a risk that hipages' platform may experience downtime or interruption due to internal and external events, and those measures implemented by us to protect against such events are ineffective.</p>	Section 5.2.5
<b>Cybersecurity and data protection</b>	<p>Given the nature of hipages' business, hipages collects and holds a significant amount of personal information and data about its tradies and consumers. hipages' systems, or those of its third-party service providers, may fail, or be subject to disruption as a result of external threats or system errors. Cyber-attacks could also compromise or breach the safeguards implemented by hipages to maintain confidentiality of such information and could result in significant disruption to hipages' systems, reputational damage, loss of system integrity, or breaches of hipages' obligations under applicable laws.</p>	Section 5.2.6
<b>Intellectual property may be compromised or lost</b>	<p>hipages has developed a proprietary algorithm which is key for the matching of tradies and consumers on the hipages platform. The commercial value of hipages' intellectual property in the algorithm is reliant, in part, on operational procedures to maintain the confidentiality and legal protections provided by a combination of confidentiality obligations on employees and third parties and other intellectual property rights.</p> <p>There is a risk that hipages' intellectual property may be compromised in a number of different ways, which could erode hipages' competitive position and could have a materially adverse impact on hipages' operations, financial performance and/or growth.</p>	Section 5.2.7

## Investment Overview

Topic	Summary	For more information
<b>Reliance on third parties</b>	<p>hipages' ability to provide the hipages platform is reliant on the performance and availability of hipages' technology and communication systems and that of its suppliers and other third parties. hipages is dependent on a number of key providers who may choose to cease to do business, or change the terms on which they do business, with hipages.</p> <p>Any change or interruption to hipages' key third party vendor or provider relationships, or reduced availability of these services may disrupt hipages' operations, necessitate hipages to update its general business processes, replace the offering with a competitor or undertake investment to build its own service offering. Operational delays, damage to reputation and loss of tradies or consumers may result from any disruption of hipages' systems and infrastructure, which may arise due to matters outside of hipages' influence or control.</p>	Section 5.2.9
<b>Competition</b>	<p>hipages operates in a highly competitive industry that is subject to significant change driven by factors including advancements in technology, changing consumer behaviours, new products and services, evolving industry standards and regulation, and the changing needs of tradies. hipages competes with a range of existing local and international competitors and leaders (some of which have access to more resources and scale) and may face further competition from new entrants into the Australian market in the future. There is a risk that hipages may fail to anticipate and respond to technology or other changes as quickly as hipages' competitors and accordingly hipages may compete less effectively against its competitors.</p>	Section 5.2.10
<b>Failure to meet forecasts</b>	<p>The forward looking statements, opinions and estimates provided in this Prospectus, including the forecast financial information in Section 4, rely on various contingencies and assumptions, some of which are described in Section 4. Various factors, both known and unknown, may impact upon the performance of hipages and cause actual performance to vary significantly from expected results. There can be no guarantee that hipages will achieve its stated objectives or that any forward looking statement or forecast will eventuate.</p>	Section 5.2.15
<b>COVID-19</b>	<p>The ongoing COVID-19 pandemic has had a significant impact on the Australian and global economy and the ability of individuals, businesses, and governments to operate. Across Australia and the world, travel, trade, businesses, working arrangements and consumption have been materially impacted by the pandemic. In addition, events relating to COVID-19 have resulted in significant volatility across financial, commodity and other markets, including in the prices of securities trading on ASX and on other foreign securities exchanges.</p> <p>Whilst hipages has taken steps to educate tradies and consumers on COVID-19 safe practices and to ensure the continuing operation of the business and the platform, there is a risk that further lockdowns or the implementation of further government restrictions in response to COVID-19 could have an impact on job volumes or the ability of jobs posted on the platform to be completed by tradies. This could materially affect hipages' operations and financial performance and/or growth.</p>	Section 5.2.16

Topic	Summary	For more information
<b>Jobs undertaken by tradies</b>	<p>As hipages manages and facilitates a large volume of jobs through its platform, there is the risk that some of the tradies will not perform jobs sourced through the platform to an acceptable standard.</p> <p>Whilst the terms and conditions of use of the hipages platform make it clear that the consumer contracts directly with the tradie, and that hipages is not liable for any sub-standard jobs being performed, there is always the risk that a consumer may wish to take action against hipages as the platform provider.</p> <p>In some circumstances hipages' responsiveness to disputes may not be perceived as satisfactory. There is a risk that this, which may be outside the control of hipages, could adversely affect the reputation of the marketplace and its integrity, and therefore impact on hipages' financial performance and/or growth.</p>	Section 5.2.19
<b>Other risks</b>	<p>A number of other key risks relating specifically to an investment in hipages and generally to an investment in the Shares are included in Section 5, including:</p> <ul style="list-style-type: none"> <li>• hipages may breach third party intellectual property rights;</li> <li>• hipages may not successfully execute one or all of its growth strategies;</li> <li>• hipages may not identify, execute and realise benefits from acquisitions or strategic partnerships;</li> <li>• hipages is reliant on key personnel;</li> <li>• hipages' reputation may be damaged;</li> <li>• insurance coverage risk;</li> <li>• hipages may become subject to litigation and regulatory investigations; and</li> <li>• other investment risk factors including economic factors, liquidity, Shareholder dilution, taxation changes, changes in AAS and no guarantee on the declaration of dividends.</li> </ul>	Sections 5.2.8, 5.2.11 to 5.2.14, 5.2.17, 5.2.18 and 5.3

## 1.6. Directors and Key Management

Topic	Summary	For more information
<b>Who are the Directors of hipages?</b>	<ul style="list-style-type: none"> <li>• Chris Knoblanche AM – Chairman and Independent Non-Executive Director</li> <li>• Robert Sharon-Zipser – Chief Executive Officer &amp; Director</li> <li>• Stacey Brown – Independent Non-Executive Director and Audit and Risk Committee Chair</li> <li>• Nicholas Gray – Non-Executive Director</li> <li>• Inese Kingsmill – Independent Non-Executive Director and Remuneration and Nominations Committee Chair</li> </ul>	Section 6.1
<b>Who are the key members of hipages' senior management team?</b>	<ul style="list-style-type: none"> <li>• Robert Sharon-Zipser – Co-Founder and Chief Executive Officer</li> <li>• Melissa Fahey – Chief Finance and Operations Officer</li> <li>• Jodette Cleary – Chief People and Culture Officer</li> <li>• Herry Wiputra – Chief Product and Technology Officer</li> <li>• Stuart Tucker – Chief Customer Officer</li> <li>• Oonagh McEldowney – General Counsel and Company Secretary</li> </ul>	Section 6.3

## Investment Overview

### 1.7. Significant Interests of Key People and Related Parties

Topic	Summary							For more information
Who are the Shareholders and what will their interest be before and after Completion?	Immediately prior to Completion <sup>7</sup>				On Completion <sup>8</sup>			Section 7.2
	Shareholders	Shares	Convertible		Shares	Rights	% of Shares held on Completion	
			Notes	Rights				
	News Corp	33,385,989	Nil	Nil	33,385,989	Nil	25.7 %	
	Robert Sharon-Zipser	11,423,829	5,000	Nil	8,567,841	321,429	6.6 %	
	Other Board members	151,557	1,500	18,935	239,074	18,935	0.2 %	
	Other Existing Shareholders	65,860,300	58,500	2,456,905	46,817,553	2,587,711	36.0 %	
	New Shareholders	Nil	Nil	Nil	40,989,543	Nil	31.5 %	
<b>Total</b>	<b>110,821,675</b>	<b>65,000</b>	<b>2,475,840</b>	<b>130,000,000</b>	<b>2,928,075</b>	<b>100.0 %</b>		

7. This reflects securities held in hipages Group prior to Completion of the Restructure and the Offer, and reflects a notional share and right split of approximately 1 for 122.9. Refer to Section 9.4 for a description of the Restructure.

8. This does not take into consideration any Shares Existing Shareholders may acquire under the Offer.



Topic	Summary	For more information																																														
What benefits and interests are payable to Directors and what interests will they hold on Completion	Following Completion, the Directors and employees are expected to hold (directly or indirectly) the following securities:	Section 6.4.1.4																																														
	<table border="1"> <thead> <tr> <th></th> <th colspan="3">Immediately prior to Completion<sup>9</sup></th> <th colspan="2">On Completion<sup>10</sup></th> </tr> <tr> <th>Directors</th> <th>Shares</th> <th>Convertible Notes</th> <th>Rights</th> <th>Shares</th> <th>Rights</th> </tr> </thead> <tbody> <tr> <td>Chris Knoblanche</td> <td>151,557</td> <td>1,500</td> <td>18,935</td> <td>239,074</td> <td>18,935</td> </tr> <tr> <td>Robert Sharon-Zipser</td> <td>11,423,829</td> <td>5,000</td> <td>Nil</td> <td>8,567,841</td> <td>321,429</td> </tr> <tr> <td>Stacey Brown</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Nicholas Gray</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Inese Kingsmill</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td><b>Total</b></td> <td><b>11,575,386</b></td> <td><b>6,500</b></td> <td><b>18,935</b></td> <td><b>8,806,915</b></td> <td><b>340,364</b></td> </tr> </tbody> </table> <p>Directors and senior management are entitled to remuneration and fees on commercial terms as described in Section 6.4.</p> <p>Additionally, the Company intends to award a one-off grant of incentives to a number of senior executives to reward their efforts in achieving a successful Listing as described in Section 6.4.2.3.</p>			Immediately prior to Completion <sup>9</sup>			On Completion <sup>10</sup>		Directors	Shares	Convertible Notes	Rights	Shares	Rights	Chris Knoblanche	151,557	1,500	18,935	239,074	18,935	Robert Sharon-Zipser	11,423,829	5,000	Nil	8,567,841	321,429	Stacey Brown	Nil	Nil	Nil	Nil	Nil	Nicholas Gray	Nil	Nil	Nil	Nil	Nil	Inese Kingsmill	Nil	Nil	Nil	Nil	Nil	<b>Total</b>	<b>11,575,386</b>	<b>6,500</b>	<b>18,935</b>
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Will any Shares be subject to restrictions on disposal following Completion?	<p>Yes. Existing Shareholders will be subject to voluntary escrow arrangements and certain exceptions as described in Section 9.7.</p> <p>In aggregate 89.0 million Shares will be subject to escrow arrangements, representing 68.5% of the total Shares on issue immediately following Completion.</p>	Sections 7.11 and 9.7																																														

## 1.8. Proposed Use of Funds and Key Terms and Conditions of the Offer

Topic	Summary	For more information
Who is the issuer of this Prospectus?	hipages Group Holdings Limited	Section 7.1
What is the Offer?	This Prospectus relates to an initial public offering of approximately 41.0 million Shares by the Company, raising proceeds of approximately \$100.4 million at an Offer Price of \$2.45 per Share. Approximately 89.0 million Shares will also be issued to Existing Shareholders on Completion in connection with the Restructure (see Section 9.4 for further details). The Shares issued to the Existing Shareholders will be issued under this Prospectus at the Offer Price.	Section 7.1

9. This reflects securities held in hipages Group prior to Completion of the Restructure and the Offer, and reflects a notional share and right split of approximately 1 for 122.9. Refer to Section 9.4 for a description of the Restructure.

10. This does not take into consideration any Shares a director may acquire under the Offer.

## Investment Overview

Topic	Summary	For more information
<b>What is the proposed use of funds raised under the Offer?</b>	The purpose of the Offer is to provide hipages with the financial flexibility to fund future growth; to repay existing indebtedness; to allow Existing Shareholders to realise part of their investment; and to provide hipages with the benefits associated with being a listed entity.	Section 7.1
<b>How is the Offer structured?</b>	<p>The Offer comprises:</p> <ul style="list-style-type: none"> <li>the Broker Firm Offer, which is open to Australian and New Zealand resident retail clients of Brokers who have received a firm allocation from their Broker; and</li> <li>the Institutional Offer, which consists of an offer to Institutional Investors in Australia, New Zealand and certain other jurisdictions, made under this Prospectus.</li> </ul> <p>No general public offer of Shares will be made under the Offer.</p>	Section 7.1
<b>Is the Offer underwritten?</b>	Yes. The Offer is underwritten by the Lead Manager.	Section 7.1
<b>Who is the Lead Manager on the Offer?</b>	Goldman Sachs Australia Pty Ltd	Section 7.1
<b>Will the Shares be quoted on ASX?</b>	<p>The Company will apply within seven days after the Prospectus Date, for admission to the Official List and quotation of its Shares on ASX (which is expected to be under the code “HPG”).</p> <p>Completion is conditional on ASX approving that application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p>	Section 7.5
<b>What is the allocation policy?</b>	<p>The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Lead Manager in agreement with the Company, having regard to the allocation polices outlined in Sections 7.6, and 7.8.</p> <p>With respect to the Institutional Offer, the allocation of Shares among Applicants in the Institutional Offer will be determined by agreement between the Lead Manager and the Company.</p> <p>With respect to the Broker Firm Offer, the relevant Broker will decide how they allocate Shares amongst their retail clients. The relevant Broker (and not the Company or the Lead Manager) will be responsible for ensuring that eligible retail clients who have received an allocation of Shares from the Broker actually receive those Shares.</p>	Section 7.5
<b>Is there any brokerage, commission or stamp duty payable by applicants?</b>	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer	Section 7.5

Topic	Summary	For more information
What are the tax implications of investing in the Shares?	<p>The taxation consequences of an investment in Shares will depend on each investor's particular circumstances and it is the obligation of each investor to make their own enquiries (including consulting independent tax advisors) concerning the taxation consequences of an investment in Shares.</p> <p>Summaries of certain Australian tax consequences of participating in the Offer and investing in Shares are set out in Section 9.12.</p>	Section 7.5
When will I receive confirmation that my application has been successful?	It is expected that initial holding statements will be dispatched to Successful Applicants by standard post on or around Wednesday, 11 November 2020.	Section 7.5
How can I apply?	<p><b>Institutional Offer Applicants</b></p> <p>The Lead Manager has separately advised Institutional Investors of the Application procedure under the Institutional Offer.</p> <p><b>Broker Firm Offer Applicants</b></p> <p>Broker Firm Offer Applicants may apply for Shares by completing a valid Broker Firm Offer Application Form attached to, or accompanying, this Prospectus and lodging it with the Broker who invited them to participate in the Offer.</p>	Sections 7.6 and 7.8
What is the minimum application size?	The minimum Application under the Broker Firm Offer is \$2,000 worth of Shares (being equal to 817 Shares in aggregate at the Offer Price).	Section 7.5
When can I sell my Shares on ASX?	<p>It is expected that initial holding statements will be dispatched to Successful Applicants by standard post on or around Wednesday, 11 November 2020 and that Shares will commence trading on ASX on a normal settlement basis on Thursday, 12 November 2020.</p> <p>It is the responsibility of each applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk.</p>	Section 7.5
Can the Offer be withdrawn?	The Company may withdraw the Offer at any time before the issue of Shares to Successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).	Section 7.13
Where can I find out more information about this Prospectus or the Offer?	<p>All enquiries in relation to this Prospectus should be directed to the Information Line on 1300 824 174 (within Australia) or +61 2 8072 1480 (outside Australia) between 8.30am and 5.30pm (Sydney Time), Monday to Friday.</p> <p>If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.</p>	Section 7.5



# Industry Overview

# 2





## Industry Overview

### 2.1. The Home Improvement Industry

hipages is an Australian-based online platform and Software as a Service (“SaaS”) provider for tradies, which aims to connect tradies and consumers in order to resolve difficulties that come with organising and coordinating home improvement jobs. As such, hipages operates in the home improvement industry, in addition to the specific sub-segment of home improvement advertising services for tradies.

This Section 2 is intended to provide an overview of the home improvement industry. This Section 2 discusses the whole industry and is not hipages specific, and the information in this Section 2 has partially been derived from a market study by Publicis Sapient that was commissioned by hipages for the purposes of the Offer.

#### 2.1.1. Introduction

Home ownership continues to be a widely held aspiration among Australians, and there is a high proportion of home owners in Australia.<sup>1</sup> This supports the large and growing home improvement industry, with approximately \$83bn expected to be spent on home improvement services in 2020.<sup>2</sup>

In this context the home improvement industry, also known as the residential trades market, is defined as the trade services related to renovations, repairs and maintenance, and new builds (detached houses and units), as well as installations. It encompasses a diverse range of home improvement jobs.

Technology adoption in the home improvement industry has been slower in comparison to other industries such as food delivery services, ride sharing, or real estate. A shift has commenced in recent years with more homeowners turning to technology platforms to source tradies. Similarly, tradies are embracing technology to help them manage their business and to win more work.

#### 2.1.2. Industry Participants and Interactions

Industry participants include tradies and consumers that connect to arrange and complete jobs in a broad range of home improvement categories.

##### Tradies

Tradies are typically sole-traders or small business owners who specialise in a particular home improvement service. The total number of trade businesses actively operating in the residential trades market is estimated at 257,000 businesses, employing 1.1 million individual tradies.<sup>3</sup> Tradies advertise their services via several channels, including both offline and online channels, in order to source jobs. Considerations for tradies when finding jobs include whether the job is suited to their expertise, is within the geographic area they service, and whether the job fits within their current schedule.

##### Consumers

Consumers are individual users of the hipages’ platform who hire a tradie to complete a home improvement job. The majority are homeowners, while other categories of consumers include small business owners (including property managers and tradies who sub-contract), corporates, and those working for government agencies.

A consumer’s experience in hiring a tradie and completing a job can depend on the effectiveness of the channel they use to source tradies and their ability to verify the quality of potential tradies.

##### Home Improvement Jobs

In the home improvement industry, a job is defined as a request from a consumer to engage a tradie to complete a service request. These jobs fall into multiple categories depending on the trade service requested and the size of the job, and can range from new builds, through to renovations, maintenance, or emergency repairs.

1. Home ownership and housing tenure. (Australian Institute of Health and Welfare, 07 August 2020), <https://www.aihw.gov.au/reports/australias-welfare/home-ownership-and-housing-tenure>.  
 2. Residential Trades Market Summary Data Points (Publicis Sapient, August 2020).  
 3. Residential Trades Market (Publicis Sapient, September 2020).

### 2.1.3. Industry Size and Total Addressable Market

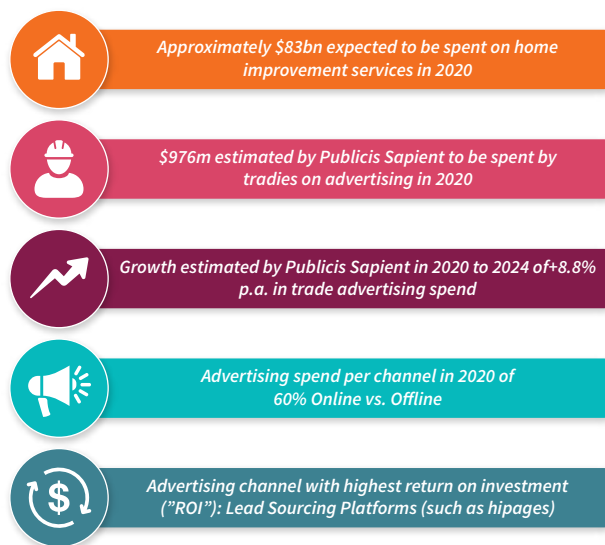
The Australian home improvement industry is a significant contributor to the overall Australian economy.<sup>4</sup> The industry is well established in Australia employing 1.1 million tradespeople, representing approximately 8% of the total Australian workforce.<sup>5</sup> These tradies answer the demands of over 9.9 million Australian households.<sup>6</sup>

These households are estimated to spend approximately \$83bn on home improvement services in 2020.<sup>7</sup> In the next three years, the home improvement industry is expected to grow at a rate of approximately 2.2% per annum.<sup>8</sup> Additionally, the industry has shown resilience in 2020 with trade services being deemed an essential service in several states by Australian authorities during the COVID-19 pandemic. Participation in the industry is broad with Australian households and property owners engaging tradies for various services.

## 2.2. Advertising Within the Industry

Advertising activities in the home improvement industry comprise money spent by tradies to source work through a variety of channels, as described in Section 2.2.1. Tradies are expected to spend approximately \$976m on advertising in 2020, a figure expected to grow at an average rate of 8.8% per annum over the next four years.<sup>9</sup>

FIGURE 1: AUSTRALIAN HOME IMPROVEMENT ADVERTISING INDUSTRY<sup>10</sup>



4. Residential Trades Market (Publicis Sapient, September 2020); Catalogue 5206.0 – Australian National Accounts: National Income, Expenditure and Product (Australian Bureau of Statistics, June 2020).

5. Residential Trades Market (Publicis Sapient, September 2020).

6. Catalogue 3236.0 – Household and Family Projections, Australia, 2016 to 2041 (Australian Bureau of Statistics, March 2019).

7. Residential Trades Market (Publicis Sapient, September 2020).

8. Residential Trades Market (Publicis Sapient, September 2020); Growth rate based on medium term expectations and does not capture any unforeseen COVID-19 events that may impact the market in the near term.

9. Residential Trades Market (Publicis Sapient, September 2020); Growth rates based on medium term expectations and include average market forecasts for decline in advertising spend as a result of Covid-19 over 2020-2021. However this does not capture any additional unforeseen COVID-19 events that may impact the market in the near term.

10. Residential Trades Market (Publicis Sapient, September 2020); ROI data is based on survey responses provided to and compiled by Sapient.

## Industry Overview

### 2.2.1. Advertising Channels

In the Australian home improvement industry, it is common for consumers to engage with tradies they have hired previously, or who have been recommended by family or friends. The remaining jobs that cannot be fulfilled by these methods are deemed ‘contestable’, and consumers may seek out new tradies using a variety of alternative channels.

To source leads for contestable jobs, tradies can be willing to spend on advertising and marketing. This spend can be allocated to a variety of online and offline channels, and the selection of a specific advertising channel will depend on the particular service that the tradie is offering, the local market, and the potential return on investment generated for the tradie.

Advertising channels for the residential trades industry include:

- **Offline channels** – including print directories, flyers, letterbox drops, radio, newspaper, television and outdoor advertising. These channels are expected to grow at 4.9% over the next 4 years.<sup>11</sup>
- **Online channels** – including lead sourcing platforms, paid advertising on Google, social media (e.g. Facebook) and online directories (e.g. Yellow Pages). Lead sourcing platforms are a sub-category and are further differentiated by actively matching consumers with local tradies available for jobs, potentially increasing tradie ROI.<sup>12</sup> These channels are expected to grow at 11.2% over the next 4 years.<sup>13</sup>

On average in 2020, tradies are expected to spend 60% of their discretionary advertising budget on online channels and 40% on offline channels.<sup>14</sup> The online share of residential trades advertising spend is expected to increase to 65% in 2024.<sup>15</sup>

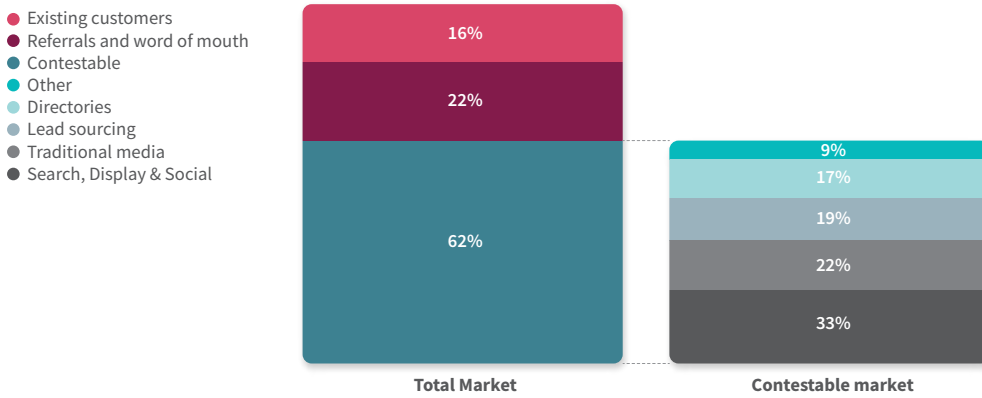
FIGURE 2: RESIDENTIAL TRADES ADVERTISING SPLIT<sup>16</sup>



Of the total contestable market, around 19% of advertising expenditure is spent by tradies on lead sourcing platforms, while lead sourcing comprises 12% of advertising expenditure for both non-contestable and contestable jobs combined. The overall split of total advertising spend per annum by channel is set out in Figure 3.<sup>17</sup>

11. Residential Trades Market (Publicis Sapient, September 2020).  
 12. Residential Trades Market (Publicis Sapient, September 2020).  
 13. Residential Trades Market (Publicis Sapient, September 2020).  
 14. Residential Trades Market (Publicis Sapient, September 2020).  
 15. Residential Trades Market (Publicis Sapient, September 2020).  
 16. Residential Trades Market (Publicis Sapient, September 2020).  
 17. Residential Trades Market (Publicis Sapient, September 2020).

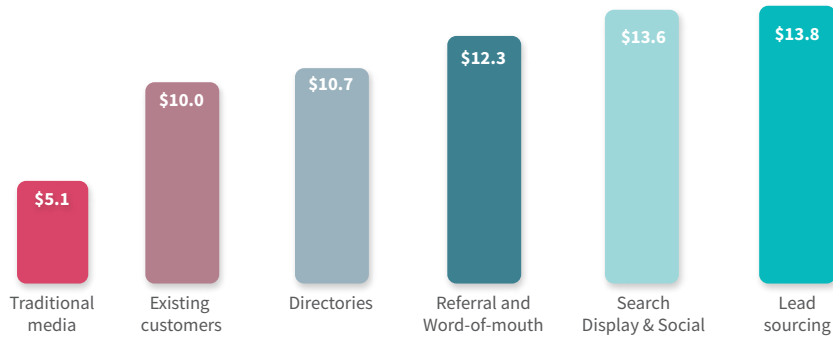
FIGURE 3: AUSTRALIAN HOME IMPROVEMENT ADVERTISING INDUSTRY<sup>18</sup>



2.2.2. Tradie Return On Investment

The ROI for a dollar spent on advertising and marketing varies between channels. A higher ROI may incentivise a tradie to spend more on a specific advertising channel. Lead sourcing channels are shown to provide superior ROI for tradies when compared to other channels, with a ROI of approximately \$13.8 for every dollar spent.<sup>19</sup>

FIGURE 4: TRADIE ROI BY CHANNEL<sup>20</sup>



18. Residential Trades Market (Publicis Sapient, September 2020).

19. Residential Trades Market (Publicis Sapient, September 2020); ROI data is based on survey responses provided to and compiled by Sapient.

20. Residential Trades Market (Publicis Sapient, September 2020); ROI data is based on survey responses provided to and compiled by Sapient.

## Industry Overview

### 2.3. Competitive Landscape

Around 19% of contestable advertising expenditure is placed with an online lead sourcing service.<sup>21</sup> The competitive landscape includes players that are specifically focused on tradies and the home improvement industry, as well as those covering a broader range of services. This growing category only has a few players in Australia, and the main players include hipages, Airtasker, Oneflare, and ServiceSeeking.

These industry players seek to differentiate themselves from each other in a number of ways, including through:

- building a large ecosystem in order to leverage the network effects that come from securing the largest tradie subscription base and the most jobs;
- enhancing the consumer experience, providing efficiencies when connecting tradies with consumers through technology development;
- building a well-known brand; and
- providing tradies with a cost effective method to acquire new clients to grow and develop their business, building loyalty to the platform.

While there are currently only a few players in the market, there are several barriers to entry which prevent new players from entering the market. These barriers to entry include:

- **Marketplace effect:** This refers to the situation where existing players gain critical mass and are able to offer a better service given their scale and coverage. To offer a competitive service, future players would require a wide coverage of tradies by category and geography. Without this, tradies may not receive leads and consumers may not receive quotes.
- **High-quality tradies:** The quality of tradies on the platform will directly impact the consumer's experience. A potential new entrant's ability to compete for and successfully convert high quality tradies on existing platforms may impact their ability to compete, and act as a deterrent to entry.
- **Investment in data, technology and software:** Another deterrent for potential new entrants is the upfront investment they may be required to make into data, technology and software to support their platform. In particular, the large volume of data collected on existing platforms over time helps optimise marketplace matching algorithms and create a better tradie and consumer experience. The quality of existing platforms may also influence the capital and time a new entrant may be required to invest to effectively compete.

hipages' core value proposition is to offer a comprehensive platform for tradies supported by technology, and to provide value-add services that extend beyond the initial connection between tradie and consumer. This end-to-end service aims for tradies and consumers to have a superior experience when using the hipages platform. hipages' competitive value proposition is explained in Section 3.3.3.

### 2.4. Growth Drivers

hipages' ambitions are supported by strong growth trends in the home improvement industry.<sup>22</sup> Factors supporting the future growth in home improvement services, and lead sourcing platforms in particular, include:

- **Shift to digital platforms:** The accelerated adoption of online platforms by consumers, such as e-commerce and mobile applications, indicates a trend in digital consumer behaviour across many industries. hipages believes it is well positioned to take advantage of this trend in the home improvement industry.
- **Rise of millennials and increased digital penetration:** Online penetration in the home improvement industry has lagged other industries, creating a potentially large opportunity for lead sourcing platforms. hipages expects the rate of digital adoption to be supported by the shift in home ownership and job participation to younger generations with greater digital awareness. As such, with millennials accounting for a larger share of tradies and jobs in the near future, hipages expects demand for lead sourcing platforms to continue to increase.

21. Residential Trades Market (Publicis Sapient, September 2020).

22. Residential Trades Market (Publicis Sapient, September 2020); Growth rates based on medium term expectations and include average market forecasts for decline in advertising spend as a result of COVID-19 over 2020-2021. However this does not capture any additional unforeseen Covid-19 events that may impact the market in the near term.

- **Platform and service improvement:** Lead sourcing platforms are a comparatively new tool in the home improvement industry. As technology develops, companies are expected to continue to enhance their platforms with additional services to tackle tradie pain points that are beyond lead sourcing and marketing. This means their relative advantage compared to traditional models, such as print directories, is expected to continue to improve.
- **Strong supply of service professionals:** Tradies account for a substantial proportion of the Australian workforce, with an estimated 1.1 million individual tradespeople.<sup>23</sup> With strong government support for the industry through targeted funding for apprenticeships, as well as the construction industry more broadly, the supply of tradies is expected to remain strong.
- **Population growth and housing supply:** Any continued population growth in Australia is expected to continue to bolster demand for housing. This may result in a larger number of people who require home improvement services. In a scenario where housing supply is flat, home improvement services may still be required for the renovation and maintenance of existing houses.
- **Increasing disposable income, house price appreciation and increased wealth:** An increase in disposable income may lead to increased discretionary spending on home improvement services, particularly those considered non-essential. Furthermore, any appreciation in average house prices is likely to provide homeowners with the confidence that making home improvements will lead to increased value for their homes.

## 2.5. Regulatory Environment

hipages is subject to general legal requirements in Australia (for example, ordinary corporate, employment and consumer law regulations). hipages' regulatory environment is evolving, with the introduction of laws and regulations focused on regulating the internet and online platforms (such as payment systems, privacy, anti-spam and data protection).

hipages is subject to the *Privacy Act 1988* (Cth) ("**Privacy Act**") and the Australian Privacy Principles, which were introduced to promote and protect the privacy of individuals and regulate the treatment of personal information by Australian government agencies and some private sector organisations. hipages takes a serious approach to complying with these laws and principles and has protocols in place regarding the appropriate treatment of consumer information, such as personal details. These are described in more detail in Section 3.6.4.

23. Residential Trades Market (Publicis Sapient, September 2020.)



# Company Overview

# 3



## Company Overview

### 3.1. hipages' Business

Founded in 2004 by Robert Sharon-Zipser and David Vitek, hipages, an Australian technology company, is an online platform that connects consumers with trusted tradies to simplify home improvement. hipages is the leading online platform in the tradie category by jobs posted in Australia with approximately 1.4 million jobs posted in FY2020, representing a job being posted approximately every 23 seconds on average.

Building on its success to date, hipages is evolving into a broader SaaS model for tradies, starting with a roadmap to provide tradies with workflow, invoicing, messaging and payments solutions. This aims to create opportunities for tradies to better manage and grow their businesses and provide a higher level of service for their customers. hipages' vision is to streamline and manage the entire home improvement process from sourcing an initial quote, project management and invoicing, procuring materials and facilitating payment for completed work. As part of this transformation, hipages has evolved its revenue model in recent years, moving to a monthly subscription sales model with an approximately 90% recurring revenue base.

As hipages deepens its relationship with tradies, it also seeks to broaden the base of consumers who supply jobs on the other side of the platform. Jobs have traditionally been sourced from homeowners and include a diverse range of categories from simple home maintenance to extensive home building contracts. Consistent with hipages' business strategy, job supply is now coming from a wider range of sources, including:

- tradies requiring subcontractors with specialised skills;
- retail partners, including Bunnings; and
- government partnerships, such as the management of maintenance jobs across the New South Wales Department of Education's ("NSW DoE") schools portfolio.

This approach not only broadens hipages' market reach, but also seeks to provide more choices for tradies to select jobs that suit their skills, experience, and availability.

hipages has a leadership position by jobs posted in the on-demand tradie economy category. hipages has a comprehensive growth strategy focused on improving its core business, growing into adjacent services and expanding its ecosystem.

## 3.2. hipages' History

### 2004

#### Directory

- hipages was originally established as an online home improvement directory and content business in 2004, charging a flat annual fee for advertising space and offering an online solution for tradies beyond traditional providers such as local newspapers and the Yellow Pages.

### 2011

#### Marketplace

- In 2011, hipages made the strategic decision to pivot its business model into an online marketplace, which allowed consumers to post jobs directly and be connected with local tradies in their area. These jobs appeared as job leads for tradies, who would then provide quotes.
- In 2013, hipages partnered with furniture retailer IKEA Australia to provide IKEA customers with a fast and easy way to receive quotes and services for professional kitchen design and installation.
- In 2014, Right Click Capital, Ellerston Capital, and Australian Ethical Investment invested in hipages.

### 2014

#### Subscription

- In 2014 a monthly subscription product was introduced and a deliberate effort was made to move to a subscription model. Subscriptions now represent approximately 90% of total revenue.<sup>1</sup>
- In December 2015, News Corporation invested in hipages.
- In 2016, hipages announced a strategic partnership with real estate group Ray White, where hipages would be housed within Ray White's Concierge service to help consumers with aspects of buying or selling a property, and finding quotes for home improvement jobs.
- In 2018, hipages announced a national partnership with Bunnings to deliver a range of installation service via hipages' network of licensed tradies, helping Bunnings launch a new fixed-priced installation service.

### 2020

#### SaaS

- In 2019, hipages moved to a monthly subscription-only sales model.
- In late 2019, hipages was selected as the preferred platform to connect local tradies with New South Wales public schools for repairs and maintenance work, as part of the NSW DoE's 'Local Trades Scheme'.
- In February 2020, hipages purchased Call of Service, a field service software solutions business. The integration of Call of Service with the hipages' platform will allow tradies to manage their workflow and job leads in one location, expanding hipages' offering as a broader software solution for tradies.

## 3.3. Product and Service Overview

The hipages platform provides an efficient, technology-driven model to connect consumers with qualified tradies, and facilitates the management of other elements of the home improvement process, such as communication, payment, and ratings and recommendations. It is available via mobile application (iOS and Android) and via website (desktop and mobile web).

### 3.3.1. hipages for Tradies (Customers)

For tradies, hipages is a lead generation platform and technology-enabled marketplace that allows tradies to find and quote for jobs.

hipages uses a proprietary algorithm to match tradies with consumers in their local area that are actively searching for and ready to hire qualified tradies. The matching algorithm uses multiple factors to connect consumers and tradies, including location and job category. Using these factors, the algorithm then determines the pool of tradies that will receive lead invitations for that specific job. Tradies will receive job lead invitations and can choose whether or not to connect with consumers and quote for jobs, offering tradies a flexible and a reliable source of work.

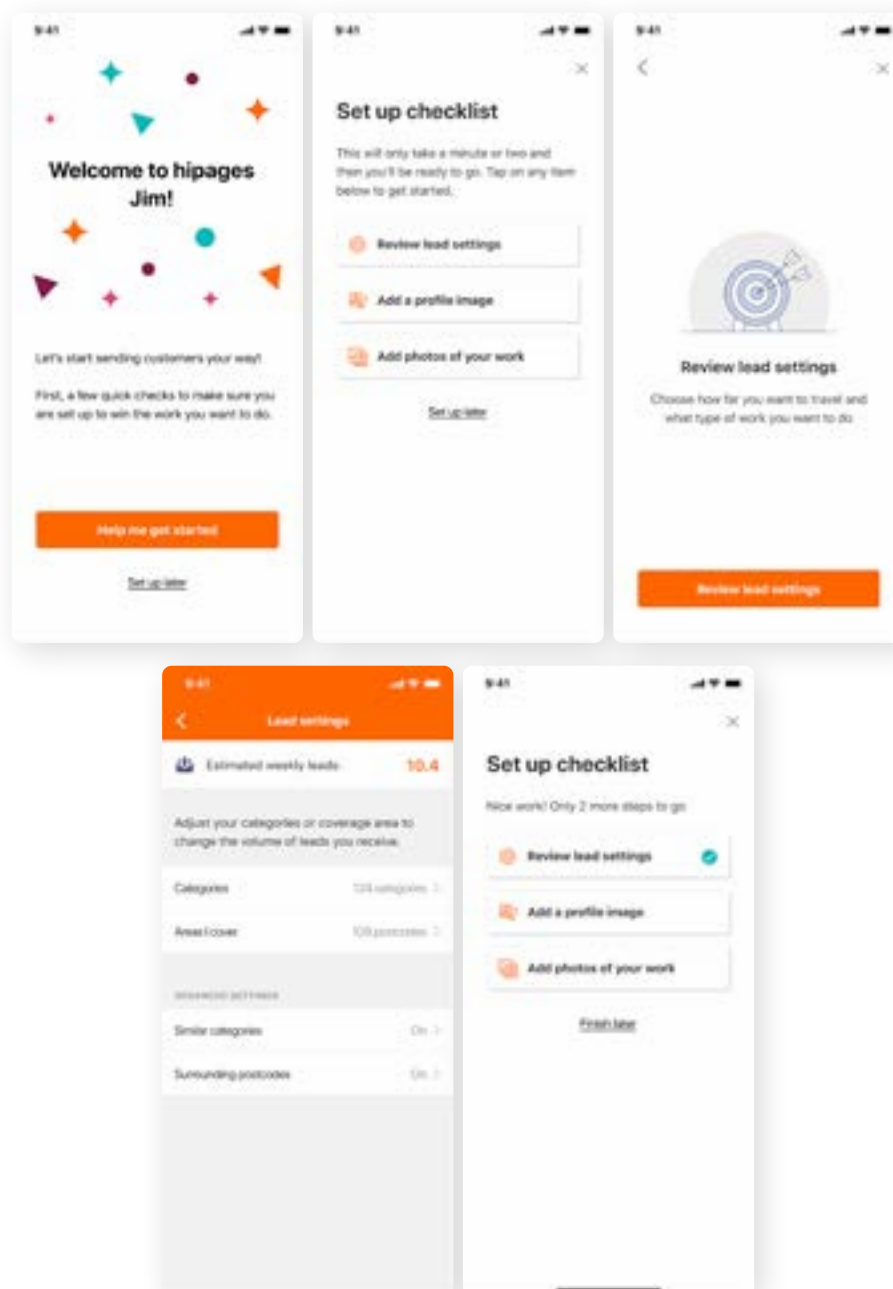
1. Recurring revenue divided by total revenue.

## Company Overview

The tradie on-boarding process is an important component of hipages’ quality assurance process, with tradies being vetted prior to being provided with access to jobs on the platform. The on-boarding process includes Australian Business Number (“ABN”) verification and licence checks with third party service providers. Upon joining the platform, tradies receive an online profile on the hipages platform, providing them with a new way to attract potential clients. On their hipages profile, tradies are able to configure their lead settings, showcase images of their work, feature unique qualities about their business and display their credentials (such as an ABN and, where relevant, licence details), alongside recommendations and a star rating based on consumer ratings and recommendations.

Tradies are taken through an online process, shown in Figure 5, to familiarise themselves with the app, further personalise their lead settings and understand the application of lead credits to their account. An on-boarding score is calculated for all tradies and those with low scores are contacted by phone by the hipages tradie engagement team.

FIGURE 5: THE TRADIE ON-BOARDING PROCESS





Once a tradie is on-boarded onto the platform, they will begin to receive job lead invitations that have been selected for them by hipages' matching algorithm. If a tradie chooses to accept a lead invitation, the consumer's contact details are released to them and they are able to communicate with the consumer directly through the hipages platform. After requesting further details regarding the job, tradies can then provide a quote.

Following job completion, tradies can select to have payment made via the platform. Tradies are able to equip their profile to accept credit cards and voucher payments through the platform, to track the status of payments and to send automatic reminders for any outstanding payments. In addition, consumers are able to leave a rating or recommendation evaluating the quality of work and service provided by tradies. Images of how this process appears for tradies on the hipages' app are shown in Figure 6.

When tradies claim a job lead, the value of the lead (measured in dollars) is deducted from their subscription credit. The price that tradies pay for a lead is a function of a number of different variables, including the trade category and skills required, the expected size and location of the job, and the marketing spend required to attract consumers in that category. For example, competitive areas with a history of large jobs and many active tradies will typically have higher lead prices. In FY2020, first offer lead prices range from \$4 to \$99, with a median lead price of \$19. This applies to the first offer pricing, and lead prices may be reduced if not claimed by tradies in the first round of offer.

The value of lead credit tradies have available will depend on the product and subscription tier they have chosen. The details of the various options available to tradies under the subscription model are shown in Section 3.4.1. Each subscription package provides tradies with a different specified dollar amount of lead credit each month for a regular subscription fee. Some of the benefits to tradies from buying a subscription package and joining the hipages platform are described in Table 1.

TABLE 1: KEY BENEFITS FOR TRADIES

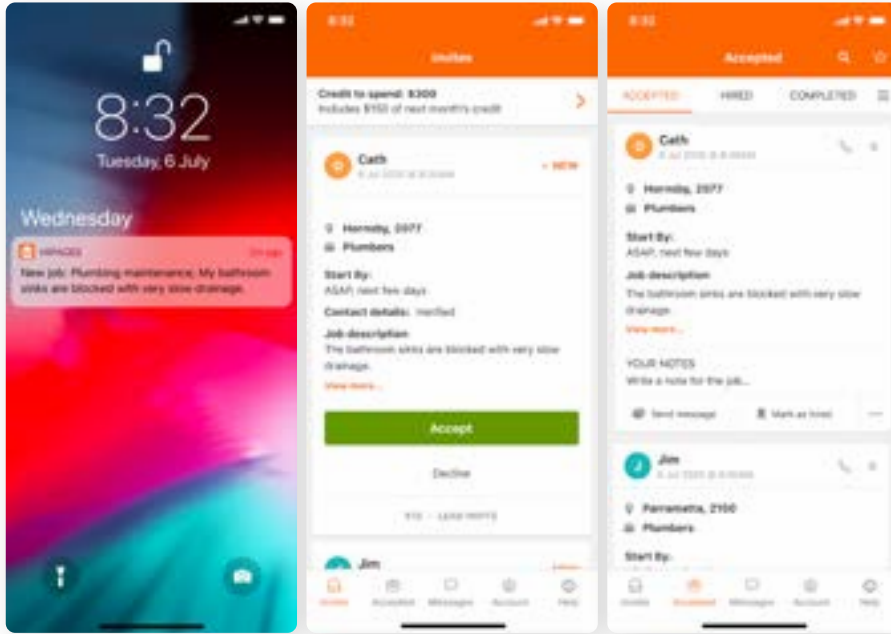
Common Experience	hipages Benefits for Tradies
<ul style="list-style-type: none"> <li>• Reliance on past interactions with consumers, 'word of mouth' or referrals</li> <li>• Too much time spent on general administrative tasks, resulting in less time for work</li> <li>• Frustrations with the payment process as well as organising payroll and taxes</li> </ul>	<ul style="list-style-type: none"> <li>✓ Centralised platform with relevant job leads being received automatically based on personalised settings</li> <li>✓ Cost-effective job lead sourcing and an effective marketing channel, connecting tradies with active consumers in the market</li> <li>✓ Ability to effectively showcase work online through a bespoke profile</li> <li>✓ Simple and easy to use and can be accessed on mobile devices</li> <li>✓ Secure and efficient payment through the platform</li> </ul>



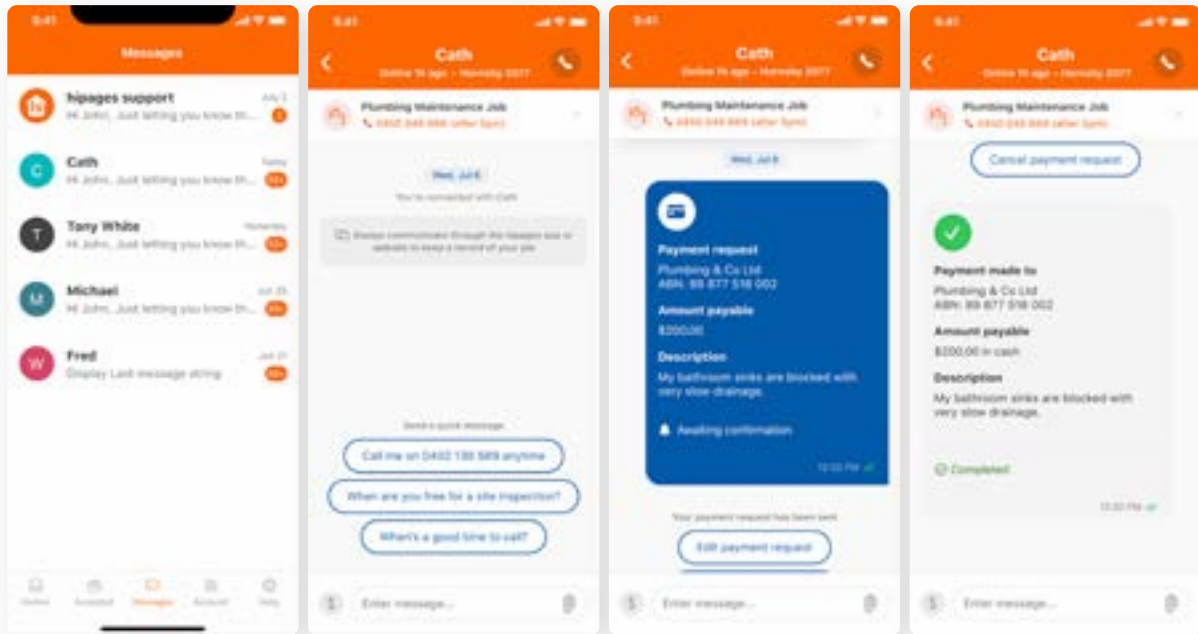
# Company Overview

FIGURE 6: THE TRADIE EXPERIENCE

## RECEIVING LEADS



## MESSAGE CENTRE AND PAYMENTS



### 3.3.2. hipages for Consumers

For consumers, hipages simplifies the process of finding licensed and qualified tradies to help with home improvement jobs. There are a number of challenges in finding a tradie, summarised in Table 2, which the hipages platform seeks to address.

Instead of spending time and effort searching for tradies across various channels, consumers can simply post their job on the hipages platform. When they post the job, consumers are prompted to include details such as the type of job, location, estimated budget and preferred timing. They will also have the opportunity to add photos to further enhance the matching process.

Once a job is posted, hipages uses its proprietary algorithm to automatically match consumers with local tradies in the relevant category who are available. Consumers will receive up to three connections with tradies and can communicate with them, compare pricing quotes and rate their profiles, all through the platform. As outlined in Section 3.3.1, profiles can provide information such as credentials, ratings and photos of previous work, to assist consumers in making a decision as to which tradie to hire. Based on the pricing quote and other characteristics, consumers can hire the tradie and organise for the job to be completed through the platform. Figure 7 displays the process consumers go through to post a job and find and hire a tradie to complete the job.

When the job is complete, consumers can pay securely via the hipages platform and have the option to leave a recommendation for the tradie.

Given the importance of bringing trust to the entire process of hiring a tradie, hipages assesses and verifies the credentials of all tradies listed on its platform. As part of this process:

- the hipages team speaks with all tradies before they join the platform;
- tradies commit to a level of professionalism by verbal contract;
- tradie ABNs are automatically checked on a daily basis against the Australian Business Register;
- regular insolvency checks regarding tradies are carried out through a credit reporting agency. These reports flag customers with payment defaults, court actions, insolvency notices, administrator or liquidator appointments or winding up notifications. Formal media publications and social media are also monitored for any findings related to tradies on the platform;
- if required, a mediation process is carried out by a dedicated trust and quality team for any negative recommendations received from consumers regarding tradies on the platform; and
- if a tradie or a business has acted inappropriately, steps are taken to remove them from the platform and to prevent them from signing up again.

Alongside the comprehensive verification process for tradies, other benefits for consumers on the hipages platform are summarised in Table 2.

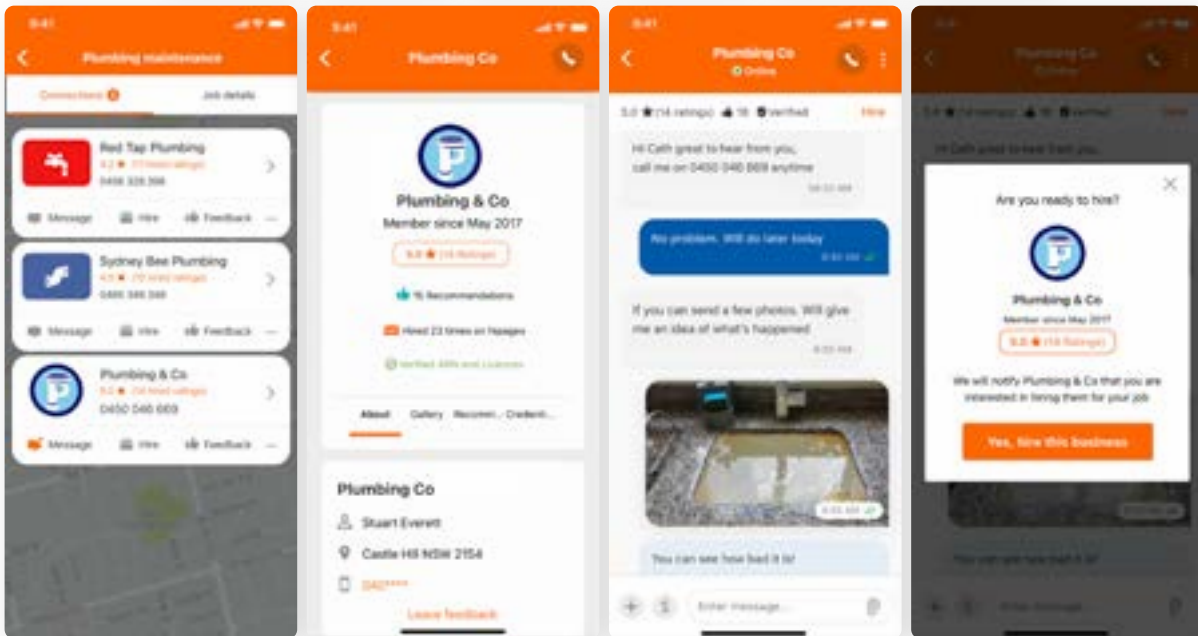
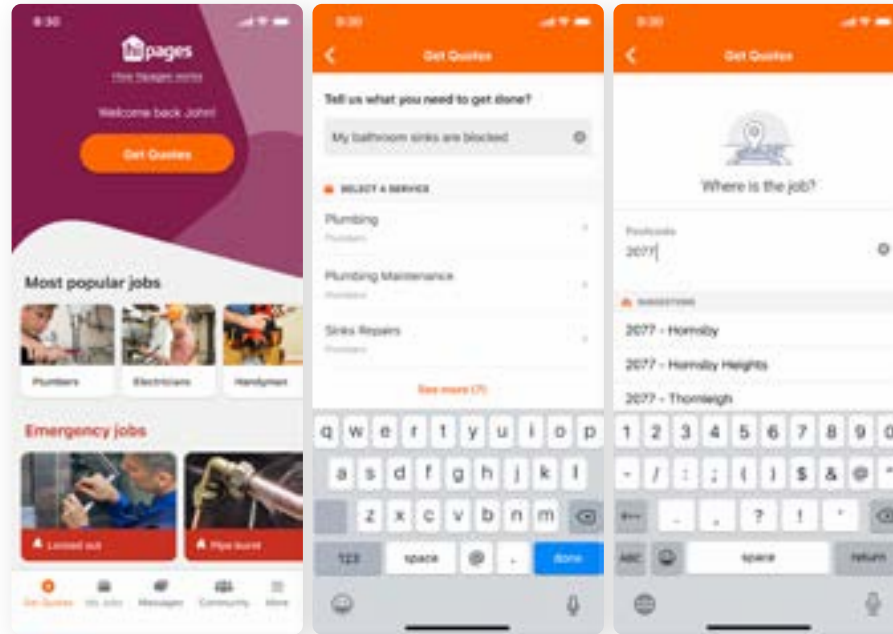
TABLE 2: KEY BENEFITS FOR CONSUMERS

Common Experience	hipages Benefits for Consumers
<ul style="list-style-type: none"> <li>• Difficult to find reliable tradies</li> <li>• Difficulties in communication and job management</li> <li>• Awkward cash payment after job completion</li> </ul>	<ul style="list-style-type: none"> <li>✓ Efficiently and effectively connect with qualified tradies based on skill set and ratings and recommendations from other consumers</li> <li>✓ Receive quotes from multiple parties</li> <li>✓ Integrated messaging system to enable ease of scheduling and improved communication</li> <li>✓ Understanding that verification is performed on all tradies for licenses (if applicable), ABN registration and solvency</li> </ul>

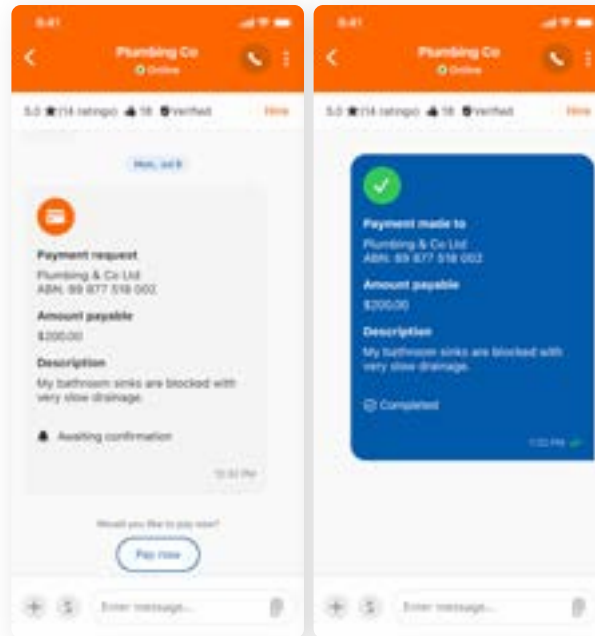
# Company Overview

FIGURE 7: THE CONSUMER EXPERIENCE

## JOB POSTING AND TRADIE SELECTION



## PAYMENT PROCESS



### 3.3.3. hipages' Competitive Advantages

hipages' core value proposition is to offer a comprehensive platform for verified high quality tradies supported by technology, and to provide value-add services that extend beyond the initial connection between tradie and consumer. This end-to-end service aims to provide tradies and consumers with a superior experience when using the hipages platform. hipages' competitive value proposition is outlined below:

- with a large number of jobs and tradies available on the platform, hipages benefits from a network effect on both sides of the marketplace. The high job volume on the platform means hipages can provide more opportunities for tradies and subsequently a high ROI, and consumers may benefit from a higher probability of matching with a tradie that meets their skills and needs;
- at the centre of the hipages platform is the proprietary algorithm that orchestrates the matching of tradies and consumers. This unique algorithm has been built using millions of data points pertaining to jobs collected on the hipages platform and refined over time, with the aim of introducing the ideal consumer to tradies based on their needs;
- by focusing specifically on the home improvement vertical, hipages is able to offer a customised experience for its tradies that caters to the specific needs of the industry. In doing this, hipages seeks to enhance the experience for both parties with the aim of achieving high levels of customer satisfaction; and
- hipages has a comprehensive tradie on-boarding process to attempt to ensure that the platform only comprises high quality tradies. All new tradies are vetted for ABN and licence requirements and once on the platform, regular checks are made to ensure these are maintained. hipages also conducts regular insolvency checks through a credit reporting agency as described in Section 3.3.2. This high degree of focus on tradie quality aims to ensure consumers have a positive experience with, and develop trust in, the hipages platform.

## 3.4. Business Model

### 3.4.1. Revenue Model

hipages has transitioned from a legacy transactional pay-per-lead model to a subscription revenue model, offering tradies various subscription packages. hipages is now evolving to a SaaS model with a roadmap to offer tradies additional software solutions to allow them to better manage and grow their business and provide a higher level of service to their customers. The hipages platform is free for consumers, with revenue generated from tradies signing up to subscription packages and revenue from contracted partners.

## Company Overview

As at 30 June 2020, approximately 77% of tradies were on a subscription package. In FY2020, the average monthly subscription revenue was \$126. In this model, tradies pay a monthly subscription fee, which enables tradies to create a personalised profile and to receive job leads in their relevant trade category, as described in Section 3.3.1. Subscription packages are offered on 6 to 12 month contracts and are paid monthly in advance. Subscription packages commencing from November 2019 also include a standard contract pause feature that allows tradies to pause their subscription once during the relevant term for a period of between 14-31 days. Tradies who want to cancel their subscription early are charged a cancellation fee to the value of the remaining minimum contracted monthly charges.

Bundled into each subscription package is a monthly lead credit allowance that tradies can use to claim job leads. The value of the lead credit depends on the package tier selected, and is valid for 2 months from the issue date, or 3 months for higher tier packages. As a tradie's subscription tenure with hipages increases, an additional 5% of monthly lead credits, based on subscription fees, are provided every 6 months as a loyalty reward to the tradie (capped at a 25% bonus). Once the lead credits are utilised, tradies can upgrade to higher package tiers to claim additional job leads, or can purchase lead packs on an ad hoc basis if required. Higher tier subscription packages provide tradies with three key benefits:

- increased monthly lead credit allowance;
- greater exposure in the hipages directory; and
- greater service from hipages through a dedicated account manager.

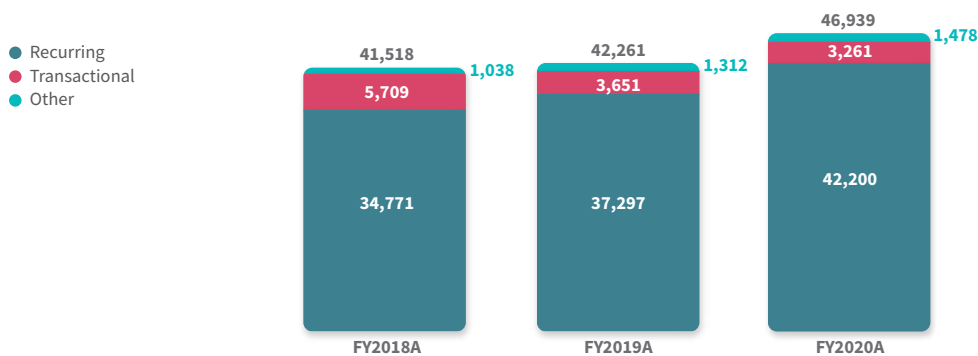
Figure 8 outlines each of the subscription package tiers and their respective features. Tiers above Premium Plus Packages have the same features as Premium Plus Packages, except they provide a higher lead credit allowance in exchange for a higher monthly subscription fee, and are structured on a case by case basis.

FIGURE 8: SUBSCRIPTION PACKAGE FEATURES

Subscription Package Feature	Starter Packages	Advanced Packages	Premium Packages	Premium Plus Packages
<b>Monthly Subscription Fee</b> 6 or 12 month contract term.	\$49 or \$99	\$199 or \$299	\$399 or \$499	\$599+
<b>Standard Lead Credit Allowance</b> Issued monthly with 2 month expiry from issue date.	\$60 / \$125	\$250 / \$375	\$500 / \$625	\$750+
<b>Access to Get Quote service</b> Receive job lead invitations, from hipages' matching algorithm, in relevant trade category and service locations.	✓	✓	✓	✓
<b>Directory Listing and included Postcodes</b> Advanced and Premium tiers receive an enhanced directory presence.	1	3	5	10
<b>Loyalty Reward (Bonus Lead Credit)</b> 5% of subscription fee in additional monthly Lead Credit every 6 months. Capped at 25% bonus.	✓	✓	✓	✓
<b>Contract Pause Feature</b> Ability to pause contract for 14-31 days once per contract. Extends contract for length of pause period.	✓	✓	✓	✓
<b>Dedicated Account Manager</b>		✓	✓	✓
<b>Extended Lead Credit Expiry</b> 3 month expiry from issue date (Starter and Advanced package expiry is 2 months).			✓	✓

Prior to 2014, all tradies were on a legacy transactional pay-per-lead product (listing or directory product), whereby tradies paid an annual fee to be listed in the hipages directory with additional payments made per accepted lead. hipages began offering subscription products in 2014, known as subscription package plans. In November 2019 hipages introduced an improved subscription product and moved to a subscription only product offering for new tradies on the platform. The legacy transactional pay-per-lead products are now only available to customers who joined hipages prior to November 2019.

FIGURE 9: REVENUE CONTRIBUTION BY PRODUCT (\$'000)



The introduction of subscription packages has significantly increased hipages' recurring revenue base, and has laid the foundation for a shift towards a SaaS model. Recurring revenue as a proportion of total revenue (excluding other revenue such as sub-lease income) increased from approximately 84% in FY2018 to approximately 90% in FY2020. This included revenue from subscription packages, as well as listing fees and contracted partnership revenue.

### 3.4.2. Partnerships

Partnerships have become an important part of the hipages business, and represent an effective way to source new jobs, attract tradies and expand the hipages ecosystem. They are a lever for growth, with the hipages digital solution delivering efficiency for partners and the additional job volumes providing opportunities for growth for tradies. Partnerships also give hipages the opportunity to broaden the consumer base and source jobs through new channels outside of the traditional homeowner category.

hipages has partnered with several organisations which operate in the ecosystem including:

- **Bunnings Warehouse:** Bunnings Warehouse is an Australian hardware chain. The partnership enables Bunnings Warehouse customers to purchase prepaid installation services for eligible products in-store, or post their installation job on the customised Bunnings Warehouse services page, to be connected with a hipages tradie.
- **IKEA:** IKEA is a multinational furniture retail company. The partnership gives IKEA customers the opportunity to select 'Installation Services' when purchasing certain products, and be connected with verified hipages tradies with IKEA-specific training who provide services for either a fixed fee or quoted price.
- **Ray White:** Ray White is an Australasian real estate group. The partnership sees the hipages platform housed in Ray White's Concierge service online for Australian clients, which is provided to Ray White clients as they prepare to buy and sell property. Clients looking for help with home improvement are provided with free quotes through hipages.
- **NSW DoE:** hipages has recently commenced a partnership with the NSW DoE (see Figure 10), connecting local schools and tradies for routine maintenance and repair jobs.

hipages believes that its experience with these existing partnerships will enable it to unlock further partnership opportunities in the future. The structure of the partnership varies depending on the partner; however, it can include a monthly fixed price model as well as variable components.



## Company Overview

FIGURE 10: NSW DoE CASE STUDY

<p><b>Improving the speed of maintenance for public schools</b></p> <p>hipages commenced its partnership with the NSW DoE in October 2019 for a three-year term, in order to support local trade businesses, reduce costs and improve the efficiency at which maintenance is completed in public schools. The NSW DoE was looking to improve the delivery of their planned maintenance work, by reducing red tape and providing easier access to local tradies. The newly introduced Local Trades Scheme (“LTS”) allows DoE to seamlessly source and manage local tradies through its partnership with the hipages platform to complete routine maintenance and repair jobs.</p>	<p><b>NSW DoE chose to partner with hipages to build a customised platform</b></p> <p>hipages won a competitive tender process to be the sole provider of the LTS platform and has tailored a fit for purpose service for the NSW DoE. The hipages LTS platform delivers a customised consumer experience, which is single sign-on enabled, provides for customisation of key forms and contains new features for job creation and tradie hire and payment. The highlights for tradies of the LTS platform include a customised sign-up and on-boarding journey at no cost to the tradie. The revenue model for hipages for the LTS platform is structured as a monthly fixed fee component, plus an additional fee per completed job, paid by the DoE. This has enabled claiming job leads to be free for tradies.</p>	<p><b>Making school maintenance work more accessible to tradies</b></p> <p>The LTS is giving local trade businesses easier access to maintenance jobs at schools in their local area – enabling work to flow to small businesses across NSW. With the partnership covering over 2,200 schools across New South Wales, it provides the possibility to deliver material job volumes to the hipages platform. With no additional cost to tradies for LTS job leads and a job pre-approval process, this provides further opportunities for tradies in New South Wales. For tradies not currently subscribed to the hipages platform, they can sign up directly to the LTS program without requiring a subscription package.</p>
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Local Trades Scheme fully operational in September 2020

<b>Oct 2019</b>	<b>Mar 2020</b>	<b>Jul - Dec 2020</b>	<b>Sep 2020 - Mar 2021</b>
<b>Agreement signed</b>	<b>Initial Launch</b>	<b>Roll-out phase</b>	<b>Finalise development</b>

### 3.4.3. Sales and Marketing

hipages has a sales and marketing strategy which seeks to attract both consumers and tradies to the hipages platform. This aims to provide a sufficient volume of engagement from both tradies and consumers which is key to running a successful marketplace business.

#### 3.4.3.1. Brand

To improve hipages' brand awareness, a sustained advertising investment program commenced in FY2019 centred on the creative positioning of hipages' key slogan: '*Change the way you tradie*'. This campaign saw hipages expand its audience reach by using free-to-air ("FTA") television advertising for the first time. The advertising campaign was supported by an extensive earned media (PR) program to further support brand awareness efforts. The results were positive, and between July 2018 and November 2018 brand awareness increased from approximately 27% to approximately 37%.<sup>2</sup>

In FY2020 hipages continued to focus on brand awareness and became the platinum level sponsor of Australian home improvement program "The Block" on Channel Nine. The sponsorship package included FTA TV commercials, digital advertisement placement, social media support and in-show integration. This delivered short term results for tradie acquisition and job growth, as well as an incremental increase in app downloads. It also provided long term benefits by attracting new consumers to the platform. Notably, between April 2019 and November 2019, hipages brand awareness saw further growth to approximately 47%,<sup>3</sup> and brand consideration increased from approximately 23% to approximately 34%.<sup>4</sup> As a result of the success of the 2019 program, hipages committed to continue as a platinum level sponsor for the 2020 program.

FIGURE 11: PHOTOS FROM "THE BLOCK" SPONSORSHIP CAMPAIGN



2. Post Campaign Core Metric Report (AMR, November 2018). Based on the question 'Which of the following companies for finding tradespeople for the home have you heard of?' and on respondents in core target market, defined as: Age 35-55, Home Owners, 5 Capital Cities, Decision Makers, Undertaken work in last 12 months or plan to in next 12 months.
3. hipages Campaign Report – Post Wave (Colmar-Burton, November 2019). Based on the question 'Which of the following companies for finding tradespeople for the home have you heard of?' and on respondents in core target market, defined as: Age 35-55, Home Owners, 5 Capital Cities, Decision Makers, Undertaken work in last 12 months or plan to in next 12 months.
4. hipages Campaign Report – Post Wave (Colmar-Burton, November 2019). Based on the question 'Which of the following companies would you consider using, if you needed to find tradespeople to help you undertake a job in or around your home?' and on respondents in core target market, defined as: Age 35-55, Home Owners, 5 Capital Cities, Decision Makers, Undertaken work in last 12 months or plan to in next 12 months.

## Company Overview

### 3.4.3.2. Consumer Marketing

hipages sources jobs from new and existing consumers. As discussed in Section 3.5.2, the majority of jobs conducted through the hipages platform are repeat jobs (approximately 63% in Q4 FY2020), representing consumers who have used the platform previously. This high repeat rate demonstrates consumers' satisfaction with, and trust in, the hipages platform. The remainder of jobs are classified as new jobs.

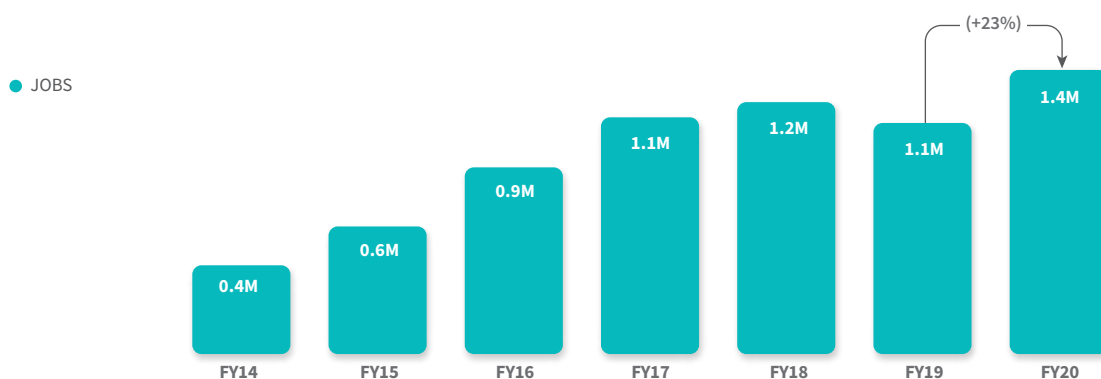
To source new jobs, hipages has a marketing team that utilises a variety of paid and unpaid channels. These include:

- **Direct**
  - App users, including new and repeat consumers;
  - branded search; and
  - direct contact from advertising or PR activity.
- **Organic (non-brand)**
  - Search engine optimization, also referred to as organic search.
- **Owned**
  - Email, push and SMS marketing.
- **Partners**
  - Retailers: Bunnings and IKEA;
  - Property: Ray White; and
  - Government: NSW DoE.
- **Performance (paid)**
  - Non-brand search engine marketing (“SEM”), predominantly Google;
  - digital display advertising; and
  - social media advertising.

Approximately 1.4 million jobs were posted on the hipages platform in FY2020, which represents an approximately 23% year on year (“YOY”) growth. Notably Q4 FY2020 growth was approximately 43% despite the impacts of COVID-19, demonstrating resilience of the business; momentum created by the increase in brand awareness and sustained investment in organic search capability.

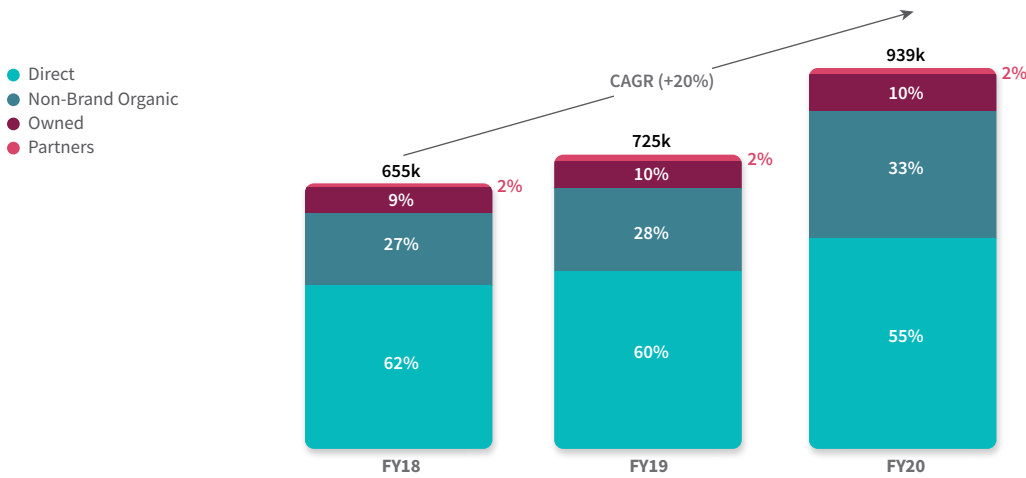
The number of jobs posted in FY2019 declined due to a reduced reliance on and budget for paid marketing channels. Volume was also impacted by a change in hipages' bid management strategy that included adopting a new Google bid management tool. Both these actions resulted in a short term impact on traffic and job volumes. Conversely, there has been an increased focus on sourcing jobs from organic channels, app downloads and repeat rates, with growth delivered across these channels in FY2020. While these changes occurred in FY2019, the benefits from these changes in consumer marketing were not seen until FY2020.

FIGURE 12: JOB GROWTH (ROUNDED TO THE NEAREST DECIMAL PLACE)



Like many digital businesses, job growth for hipages had traditionally been driven by paid digital channels, with a heavy reliance on paid search or SEM. In FY2018, performance channels as a ratio of total jobs were approximately 46%. However, the recent increase in brand awareness and app downloads has enabled hipages to substantially shift the channel mix and cost to generate jobs to the platform, with jobs from performance channels only representing approximately 31% of total jobs in FY2020. Notably, jobs from app downloads have grown to represent approximately 23% of all jobs, with approximately 45% YOY growth in FY2020 and an approximately 71% growth in Q4 FY2020. Jobs from organic search experienced an approximately 55% YOY growth in FY2020 and an approximately 103% growth in Q4 FY2020. The increasing relevance of unpaid channels has also resulted in declining total marketing spend per job.

FIGURE 13: JOBS SOURCED FROM UNPAID CHANNELS



Despite reducing the overall reliance on, and budget for, paid media, results from performance channels have continued to yield positive results as SEM becomes more efficient and targeted.

FIGURE 14: JOBS SOURCED FROM PERFORMANCE CHANNELS



3.4.3.3. Tradie Marketing & Sales

Acquisition of new tradies to the hipages platform is a combined effort between marketing and sales. This is split into inbound and outbound activity by the marketing and sales team.

Similar to consumer marketing, tradie marketing utilises a number of paid and unpaid channels to generate inbound leads for new tradies. This program is bolstered by hipages’ brand-building activities. In FY2020, approximately 35,000 leads were generated for the sales team, representing approximately 6% growth YOY. Paid channels made up approximately 40% of total inbound leads in FY2020, predominantly through use of SEM.

With team members in Sydney and Manila, the inbound sales team offers subscription packages to meet the specific needs of tradies in order to attempt to convert them into customers. The outbound sales channel operates from Manila and targets regions and categories where additional tradies are required to meet consumer demand. Tradies are offered a 21 day free trial. At the conclusion of the trial, these tradies are offered a subscription package and are converted to subscription packages.

## Company Overview

Regardless of the channel of acquisition, tradies are nurtured via the hipages account team and supported via customer service. To ensure high levels of service for our most valuable customers, the account management team was expanded during FY2020 and now supports approximately 25% of the subscription tradie base, which relates to approximately 54% of subscription billings.

One of the results of this focused tradie lifecycle management and the subscription model has been an increase in average annual revenue per tradie (“Total Tradie ARPU”), being an average of \$1,194 in FY2020, up approximately 22% YOY.

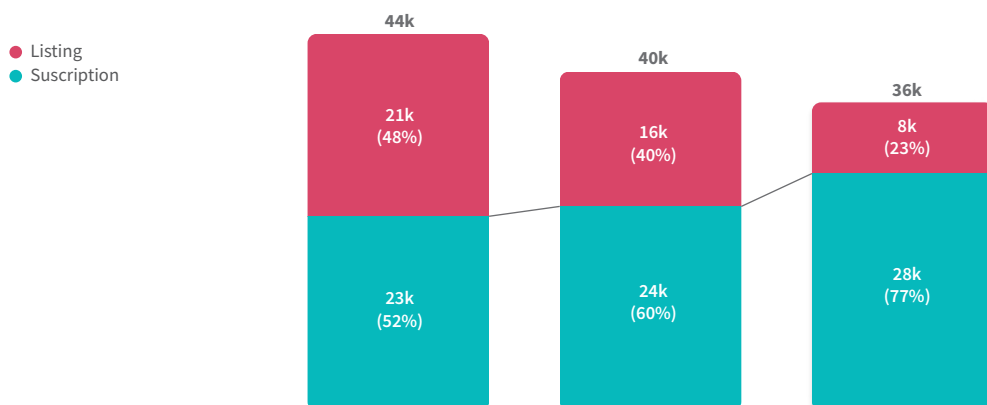
In addition to the comprehensive sales and marketing effort, hipages also uses a tradie referral program. Tradies are able to invite other tradies and friends to join the platform through the ‘Refer-a-mate’ program, whereby each tradie will receive lead credit for each successful referral.

### 3.5. Tradies and Consumers

#### 3.5.1. Tradies

Since the transition from a transaction to a subscription-based business, the proportion of subscription tradies has increased from approximately 52% of the customer base in FY2018 to approximately 77% in FY2020, as seen in Figure 15.

FIGURE 15: TRADIE BASE BY TYPE



In FY2020 the total tradie base declined by 10% as hipages transitioned away from lower yielding legacy transactional pay-per-lead (listing or directory) tradie base to a higher yielding subscription tradie base. The subscription tradie base increased by 17% in FY2020. This transition has assisted in generating a higher Total Tradie ARPU. The Total Tradie ARPU grew by approximately 22% YOY in FY2020 as seen in Figure 16 and by approximately 30% in Q4 FY2020.

FIGURE 16: AVERAGE ANNUAL REVENUE PER TRADIE

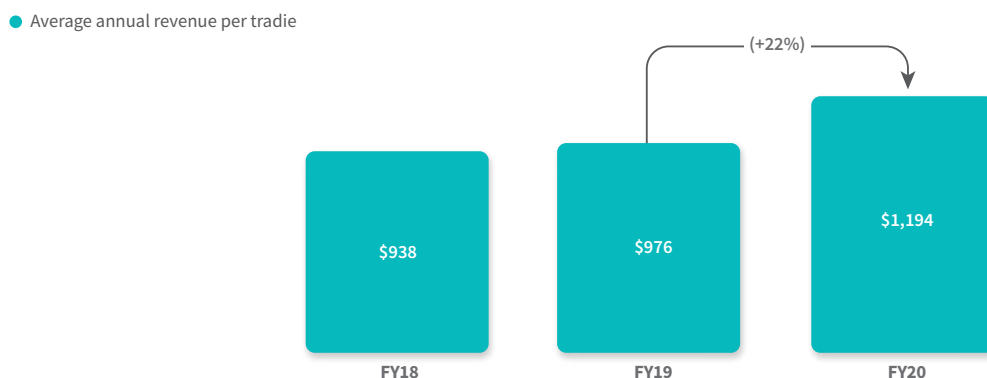
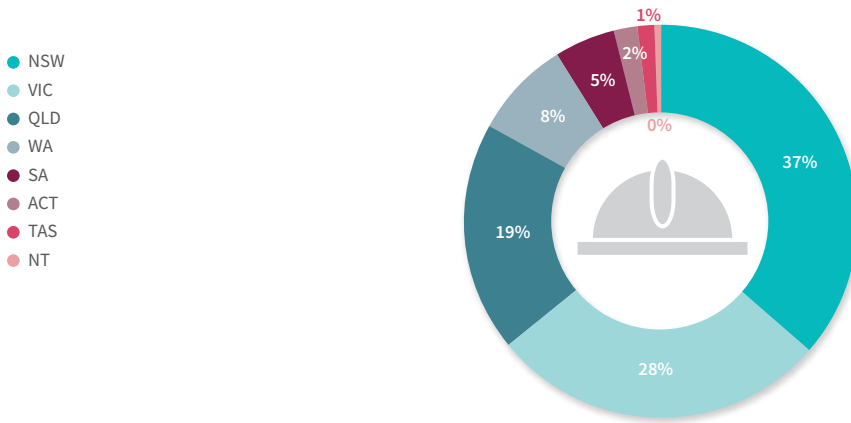


Figure 17 shows the breakdown of hipages’ tradie base by state in FY2020.

FIGURE 17: FY2020 TRADIE BASE BY STATE



3.5.2. Consumers

The typical hipages consumer is a homeowner, with a skew to owner-occupied dwellings. Whilst there are many job types and categories from low cost handyman work to complete home builds, hipages considers three main areas for job posting, or home improvement needs:

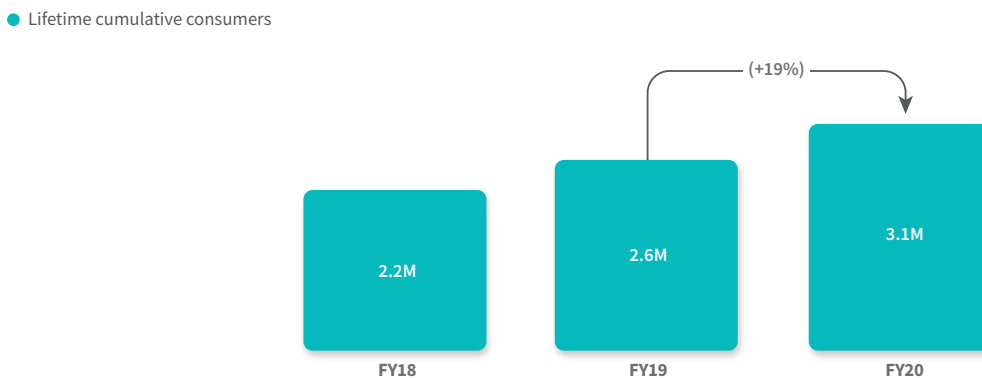
- **Repairs & Maintenance:** Keeping the home safe, secure and operating effectively. These jobs can be planned, regular or emergency. Examples include lawn maintenance, emergency water pipe repair and air conditioning maintenance;
- **Renovation:** Usually associated with home improvement and includes jobs such as bathroom renovation, tiling and painting; and
- **Installation:** Relates to the installation of products in the home. Often involving electrical items such as TV installation or plumbing fixtures such as toilets. These products are typically purchased in retail or online.

hipages also services tradies who require specialist skills or are looking for subcontractors to complete a project.

Some jobs experience seasonality, such as air conditioning maintenance that spikes in spring and is often linked to the first warm day in a certain market. Other jobs can be influenced by other weather conditions, such as gutter or roof repairs after a storm.

To date, there have been more than 3 million unique consumers who have posted a job on the hipages platform, with annual growth shown in Figure 18.

FIGURE 18: LIFETIME CUMULATIVE UNIQUE CONSUMERS

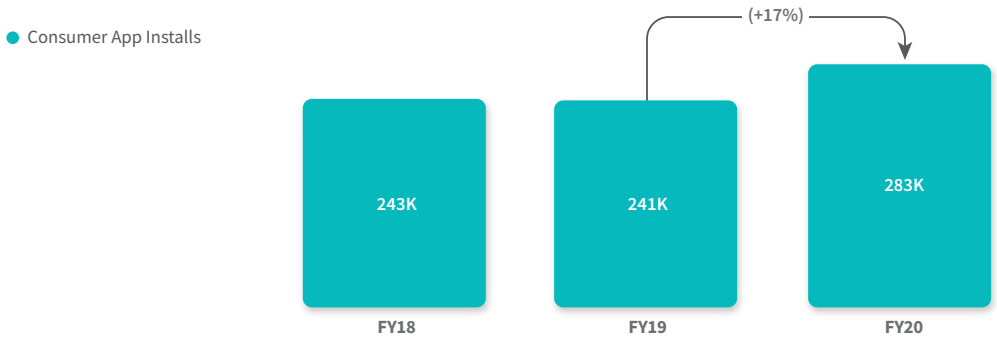


Of those, over 750,000 consumers have downloaded the hipages app since FY2018 and over 460,000 have posted at least one job via the app during that time, representing a conversion rate of approximately 60%.



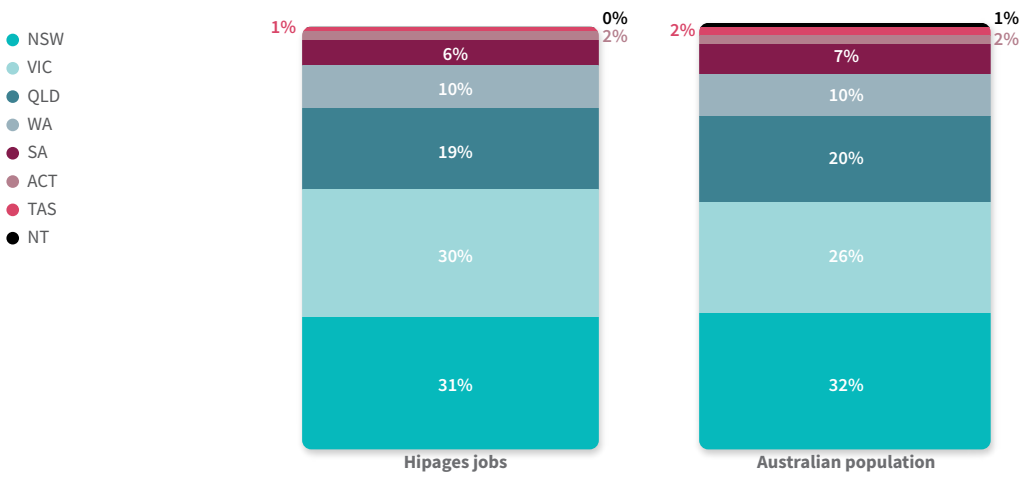
## Company Overview

FIGURE 19: NUMBER OF CONSUMER APP INSTALLS



Consumers post jobs from all states in Australia. Figure 20 shows the FY2020 jobs split by state versus the Australian population distribution.<sup>5</sup> Whilst New South Wales generates the highest percentage of overall jobs, FY2020 saw a skew to Victoria which over-indexed the population by approximately 4%. This was supported by the sponsorship package with Melbourne-based program “The Block”, which resulted in uplift in the Melbourne market during FY2020.

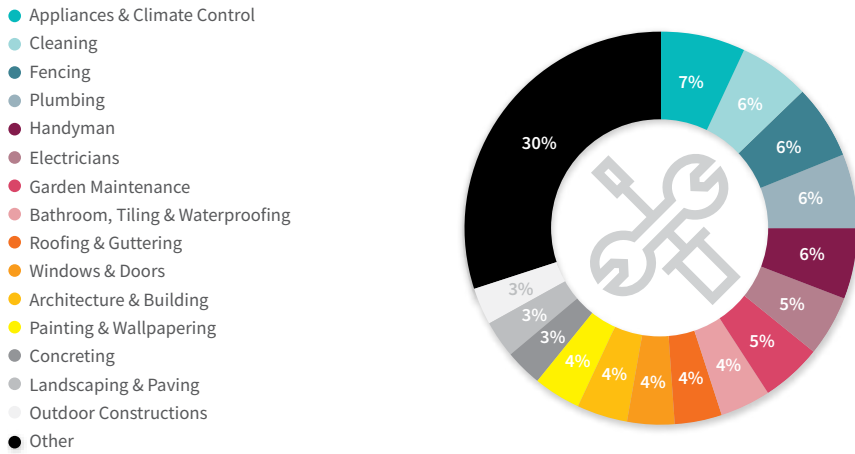
FIGURE 20: HIPAGES JOBS AND AUSTRALIAN POPULATION BY STATE



Typically, consumers post jobs of varying sizes against a wide variety of categories. The top 15 job categories for FY2020 are shown in Figure 21.

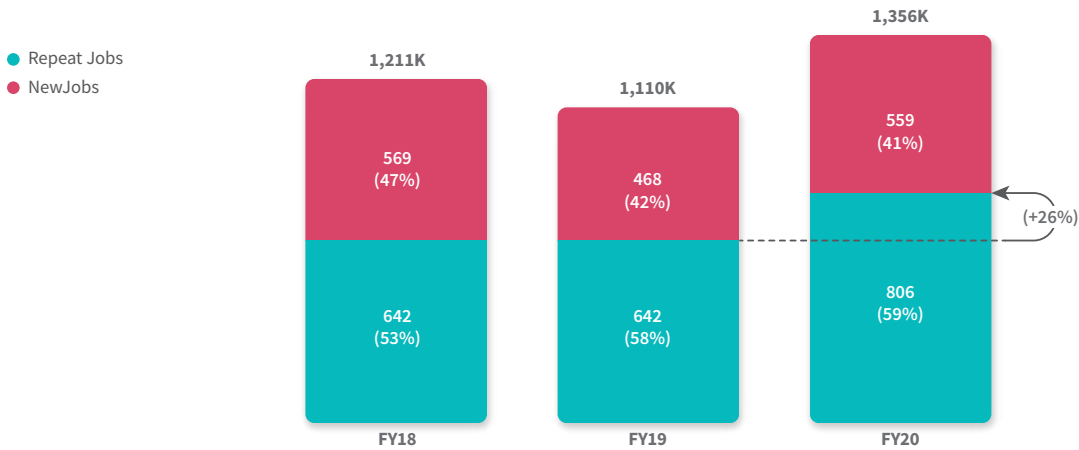
5. 3101.0 – Australian Demographics Statistics, Dec 2019 (Australian Bureau of Statistics, 2019).

FIGURE 21: JOB DISTRIBUTION BY TYPE<sup>6</sup>



Additionally, the majority of these jobs (approximately 63% in Q4 FY2020) are repeat jobs from consumers who have used the platform previously. This high rate of repeat jobs provides an indication of consumers’ satisfaction with, and trust in, the hipages platform. The total number of jobs from repeat customers grew by approximately 53% YOY in Q4 FY2020.

FIGURE 22: JOB DISTRIBUTION BY NEW AND REPEAT JOBS



6. 'Other' represents the aggregation of all other categories that contribute less than 3%.

## Company Overview

### 3.6. Technology and Software

#### 3.6.1. Product and Development Framework

hipages builds products through cross-functional teams. Each cross-functional team includes representatives from different disciplines, such as product, design, engineering, data, sales, service and marketing. There is also a stakeholder from hipages' senior leadership team assigned to each team, for the purposes of aligning with hipages' strategy and goals.

Each team is aligned to a specific business domain with a clear target customer, which allows the team to be both focused and comprehensive during product development. This combination of cross-functional representation and product-focused development empowers each team to operate independently, delivering direct value to customers with minimal interdependencies with other teams.

hipages' product development framework is largely based on agile methodology and is tailored for hipages' use. There are two key phases in this framework: discovery and delivery. The discovery process prioritises opportunities or customer problems against business goals, and validates possible solutions through quick experimentations. Validated problems and solutions are then progressed to delivery for implementation at scale. Delivery is achieved through multiple iterations to ensure that value is delivered as quickly as possible to customers and early customer feedback is used to inform the next phase of delivery.

#### 3.6.2. hipages Engineering

##### 3.6.2.1. Engineering Culture

hipages employs modern technology practices, including continuous integration, continuous deployment and automated testing. Critically, this includes adhering to the principles of 'DevOps' culture. DevOps culture involves integrating the development and deployment process, to increase the speed to market of new products. By empowering engineers within cross-functional teams to manage their own deployment, it enables each team to operate at an optimal velocity without depending on a centralised operations team.

hipages has a strong engineering culture and actively contributes to the engineering community. Examples of this include open source data tooling, hosting a public engineering blog, and presenting at public conferences. There is also an internal focus on innovation and hipages fosters a collaborative and supportive culture where input from all team members is encouraged. hipages believes that this culture has been a key part of the growth that hipages has achieved to date, and is also central to attracting the best engineering talent.

##### 3.6.2.2. Public Cloud Adoption

In 2014, hipages migrated all of its production systems and services to Amazon Web Services ("AWS"). This strategic decision has benefited hipages through the provision of increased flexibility, scalability and speed to market. Since the transition to AWS, hipages has further optimised its infrastructure by building self-service capabilities that allow engineers to self-manage their team infrastructure in a secure and controlled environment. This is a key capability that allows the product teams to adopt DevOps ways of working, creating the opportunity to deliver value much faster to customers.

##### 3.6.2.3. Infrastructure and Uptime

hipages' infrastructure leverages AWS best practices, such as auto scaling, fault tolerant architecture, infrastructure as code and stateless applications. This has enabled hipages to achieve scalable and fault-tolerant infrastructure, by being able to scale infrastructure as demand grows and to replace systems without disruption when errors are detected. As such, hipages achieved an average of 99.83% uptime in the last 12 months. Uptime is a common metric used to measure the percentage of time that a system is available for the consumers.

##### 3.6.2.4. Flexible Engineering Capacity

In 2019, hipages made a strategic decision to partner with ThoughtWorks to provide additional product delivery capability. This partnership allows hipages to access a larger pool of engineering talent to support hipages' product and development goals when required. The engineers are embedded within existing product development teams and collaborate daily by leveraging advanced communication technologies. This partnership has proven to be an important factor in enabling hipages to quickly establish teams to undertake new initiatives.

### 3.6.3. Data Analytics, Data Science and Data Products

hipages strives to make decisions backed by data and to develop products that provide tradies and consumers with a customised experience. To deliver on this ambition, hipages has compiled a wide range of data assets covering demographic, transactional, operational and behavioural data collected on the platform and complemented by suitable external sources.

These unique data assets are matched with a comprehensive platform to process, integrate and augment this data. This enables business intelligence to be shared across the company in a self-service manner, and empowers key decision makers, such as product managers and business leaders, to leverage data to make informed decisions, size opportunities or measure the potential return on investment of initiatives.

Data assets and capabilities are increasingly incorporated into the product experience and are integral to hipages' efforts to automate internal processes. The data science team focuses on discovering new innovative ways to capitalise on data assets such as by creating bespoke data models leveraging machine learning and AI approaches.

Examples include:

- providing fair lead pricing by building a model to predict the job size from information about the jobs created on the platform; and
- helping consumers to select the optimal trade category for a job and therefore reaching the right tradies by building a model able to predict the trade category from short free-form text summaries of the job scope.

#### 3.6.3.1. Proprietary Matching Algorithm

At the centre of the hipages platform is the proprietary matching algorithm that orchestrates the matching of tradies and consumers. This unique algorithm is built by hipages using millions of data points pertaining to jobs that have been collected via the hipages platform and has been refined over time with the aim of delivering the most optimal matches between tradies and consumers. This algorithm is protected via the inclusion of intellectual property clauses in certain contracts, as described in Section 3.6.5.

### 3.6.4. Information Security

hipages uses various scanning tools to help identify cyber security vulnerabilities to hipages' systems and platforms, such as Detectify and Cloud Conformity. The output of these tools is reviewed daily to ensure that critical issues are addressed immediately. hipages also engages Bugcrowd, a crowdsourced cybersecurity platform. Bugcrowd employs ethical security researchers to orchestrate and identify more complex security vulnerabilities that are not easily detected by automated scans. These initiatives have helped hipages identify a number of critical vulnerabilities in hipages' systems, each of which has been patched immediately after being detected. Further to this, hipages also undertakes security penetration testing regularly, conducted by an external party.

To protect the financial data of hipages' tradies, hipages maintains a Payment Card Industry Data Security Standard ("PCI DSS") compliant system through hipages' payment gateway provider. All payment acceptance and processing is entirely outsourced to PCI DSS validated third party service providers eWay and Assembly Pay. No cardholder data is stored or processed on hipages' systems.

As outlined in Section 2.5, hipages is subject to the Privacy Act and the Australian Privacy Principles. hipages maintains a privacy policy in accordance with the Privacy Act and Australian Privacy Principles, as well as implementing practices, procedures and systems to mitigate privacy risk. hipages takes reasonable steps to protect personal information from misuse, loss, unauthorised access, modification or disclosure, and regularly reviews the security and reliability of our systems and processes in this regard. In accordance with these practices, hipages also enters into confidentiality agreements with our employees, consultants, contractors and business partners.

### 3.6.5. Intellectual Property

To protect its intellectual property, hipages enters into confidentiality agreements with its employees, consultants, contractors and business partners.

In addition, hipages employees enter into standard form employment contracts that include clauses to provide that all intellectual property rights arising in relation to any works created or developed by an employee in connection with their employment with hipages belong to hipages. hipages' contract with ThoughtWorks, which provides outsourced IT and engineering services to hipages, includes clauses that provide that the intellectual property in all deliverables created by ThoughtWorks for hipages belongs to hipages.

# Company Overview

## 3.7. People and Culture

hipages has a team of around 200 people, comprising 121 employees in Sydney, 62 agents engaged through a Business Process Outsourcing provider in Manila, Philippines, and 15 contractors engaged via ThoughtWorks Australia. The team is organised via the following functional departments: engineering, product and experience, finance and operations, marketing, service, sales and people and culture. Teams operate to be cross functional and agile, and are structured to be based around core business strategic priorities.

hipages has been recognised as a leading employer in Australia and therefore attracts high calibre employees.<sup>7</sup> The business has a ‘one team’ collaborative approach to culture, and closely integrates its overseas agents into the team. Core employee programs and initiatives include:

- a values-driven culture (reinforced by regular reward and recognition activities);
- fast-tracked team member career development through a high-touch personalised approach;
- a comprehensive employee wellbeing program;
- multi-channel feedback mediums followed by formal employee driven action teams (resulting in consistently high employee engagement levels); and
- an employee share program which has encouraged a high performance culture driven by strategic plans for growth.

FIGURE 23: HIPAGES HIGH PERFORMANCE TEAM AND AWARD WINNING CULTURE



7. External awards include Certified Great Place to Work, HRD’s 2020 Employer of Choice, and HRD’s 2019 Most Innovative HR Award.

### 3.8. Growth Strategy

hipages has a comprehensive growth strategy focused on improving its core business, growing into adjacent services and expanding its ecosystem.

Recent growth for hipages has been driven by increased jobs on the platform which, in turn, leads to tradies being able to claim more jobs and use additional lead credit. This provides hipages with opportunities to promote tradies to higher subscription plans, which increases the committed recurring revenue for the business. hipages believes that this trend will continue in future years as the tradie base expands and jobs are driven organically from unpaid channels.

While not a key pillar of growth to date, hipages remains open to pursuing strategically, technologically and culturally aligned acquisitions in the future. hipages may explore future acquisitions that are consistent with hipages' strategy to expand its ecosystem by channel expansion and value-add services, and accelerate the transition to a SaaS platform.

There are four main areas for future growth:

#### **Expansion of the subscription model**

By the end of FY2022 hipages expects to have transitioned the entire paying tradie base to a subscription model. This will be achieved by continuing to require all new tradies join with a subscription plan, together with a planned migration of existing tradies.

#### **Enhanced product offering, including field service software solutions**

hipages is evolving to a SaaS model by deepening tradie engagement using field service software solutions, with an aim of delivering an enhanced end to end product experience for both consumers and tradies. The field service software solutions will streamline and manage the entire home improvement process from sourcing an initial quote, to project management (scheduling), invoicing and facilitating payment for completed work.

Following the launch of the field service software solutions, the long-term focus of hipages (from FY2022 onwards) is on expanding the ecosystem with an enhanced product offering, including:

- channel expansion into residential property management, insurance claims (repairs) and commercial property management;
- expansion into value-added services such as finance, insurance, procurement and delivery services to aid home improvement jobs and the technological infrastructure that supports the management and delivery of projects; and
- a deeper understanding of consumer and tradie data with analytics to expand and inform fixed price service, on demand booking and more informed media advertising services.

#### **Improved marketplace efficiency**

For any marketplace the connection point between both sides is critical for customer experience as well as monetisation. This is particularly the case for hipages and, where it does not occur, manifests in jobs posted by consumers not being taken on and unused lead credit for tradies. During FY2021, the business will continue to improve marketplace efficiency with the creation of an expert team aligned to this strategic priority. Marketplace efficiency will be improved by rebalancing the acquisition of new jobs to fit the tradie base and targeting tradie acquisitions in geographies and specialised trades where jobs are not being fulfilled. Tradie education, on-boarding and support will also assist tradies with claiming the right leads for their business.

#### **Channel and brand expansion**

hipages will continue to invest to generate growth in brand authority. This includes sponsorship activity such as "The Block" and other mass market media channels to increase hipages' brand awareness and presence in the market. This provides opportunities to drive uptake and conversion of tradies and consumers. Earned media will also continue to be important as hipages leverages key editorial opportunities to contribute to the industry narrative.



# Company Overview

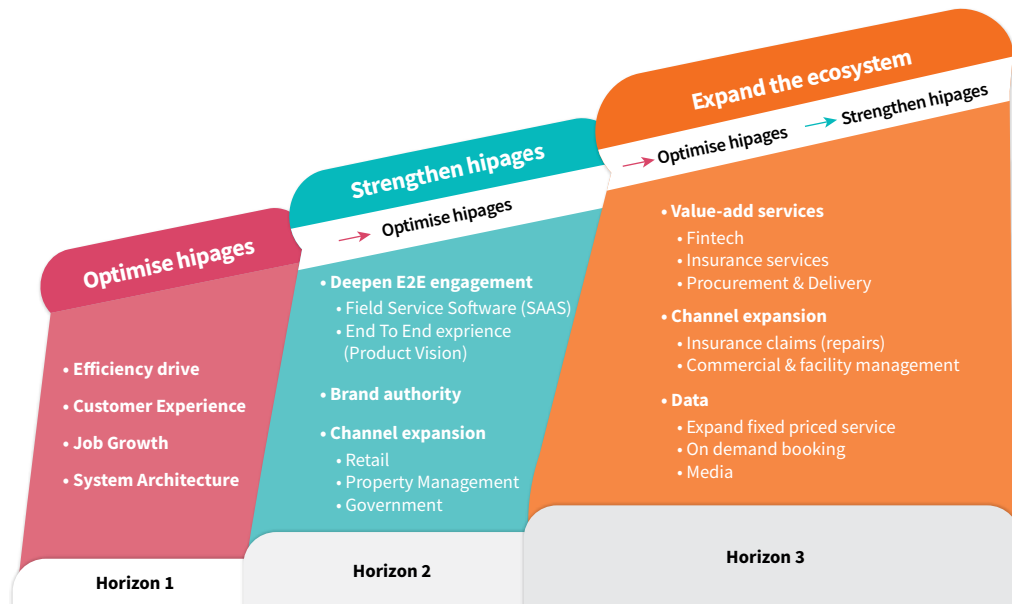
In parallel, hipages will seek to continue with channel expansion, aiming to extend its penetration in retail, property management and additional government sectors.

Figure 24 and Figure 25 below illustrate the phases of this strategic plan to grow and expand the business.

FIGURE 24: TRADIE ECOSYSTEM



FIGURE 25: HIPAGES' GROWTH HORIZON



### 3.9. COVID-19

hipages experienced a softening of job volumes posted on the platform from tradies in March 2020 due to the impact of COVID-19 at a national level. This slowdown was largely due to confusion by tradies and consumers around the practices required to safely book a tradie and complete a job, and what was permitted under each stage of the relevant government restrictions.

As an online platform hipages is able to track and review metrics in real time, which has allowed it to promptly respond to these trends. hipages took a proactive response utilising direct communications and public relations practices to keep tradies and consumers informed on the COVID-19 situation, as well as educating homeowners on COVID-19 safe practices. Real time data was also used to understand which categories were impacted, informing the business where focus was required.

hipages has seen a rebound in the market with job volumes returning to normal. The job volumes delivered in May 2020 was suggestive of the fact that the acute effects of COVID-19 on the on-demand tradie industry had largely subsided. Tradie cancellations also returned to normal levels by May 2020. hipages believes the past few months have accelerated the shift towards online services such as hipages, which is supported by hipages strong Q4 FY2020 job volumes. In Victoria, the second lock down has impacted job volumes, with an initial decline in early August 2020 followed by a general stabilisation of job volumes. For further details, please refer to Section 4.

At the operating level, hipages has taken a number of actions in response to COVID-19, including:

- monitoring key lead metrics and performing scenario analysis to protect cash flow;
- introducing tradie product features to assist customers during the pandemic;
- prioritising automation and reducing employment costs;
- restructuring debt and supplier obligations; and
- adjusting all non-essential expenditure.

In response to the COVID-19 crisis, management enacted their Business Continuity Plan. Since the beginning of the COVID-19 pandemic in Australia in March 2020, hipages has been able to fully operate with appropriate systems in place for employees to be able to work from home. Should a further lockdown occur, hipages is confident in its ability to react and ensure business continuity given the majority of the hipages' team in Sydney and Manila are currently working from home.

hipages have implemented a number of measures to minimise the risk of employees being exposed to COVID-19 in the workplace, including obtaining New South Wales government certification as a COVID Safe Office. As part of this, hipages employees have undergone induction to safety protocols so they can adhere to all requirements.



# Financial Overview

# 4



## Financial Overview

### 4.1. Introduction

The Company was registered on 18 September 2020 and will, conditional on allotment under the Offer, become the parent company of the Group under the Restructure described in Section 9.4. Under the Restructure, Existing Shareholders will exchange their shares in hipages Group for shares in the Company.

Prior to the Restructure, hipages Group was the parent company of the Group, however, the effect of the Restructure will be for the Company to acquire the Existing Shares in hipages Group and become the new legal parent of the Group.

While the Company will become the legal parent of hipages Group, this will not result in a business combination for accounting purposes. The consolidated Financial Information for the Company in this prospectus reflects that the Restructure has been accounted for as a capital reorganisation and presents the financial information as a continuation of the hipages Group. Accordingly, the assets and liabilities have been recorded at their existing values in the statement of financial position of hipages Group prior to the Restructure. The statement of financial performance is similarly a continuation of the existing statement of financial performance for hipages Group. As the Company was only incorporated on 18 September 2020, there is no standalone historical financial information for the Company. As such, the Historical Financial Information contained in this Section 4 is the consolidated historical financial information for hipages Group and its subsidiaries.

The financial information contained in this Section 4 relates to the consolidated income statements and cash flows for hipages for the 12 month periods ended 30 June 2018 (“FY2018”), 30 June 2019 (“FY2019”) and 30 June 2020 (“FY2020”) (respectively), the consolidated balance sheet as at 30 June 2020 and the forecast consolidated income statement and cash flows for the 12-month period ending 30 June 2021 (“FY2021”).

The statutory historical financial information comprises the:

- statutory historical consolidated balance sheet as at 30 June 2020;
- statutory historical consolidated income statements for FY2018, FY2019 and FY2020; and
- statutory historical consolidated cash flows for FY2018, FY2019 and FY2020,

(together, the “**Statutory Historical Financial Information**”).

The pro forma historical financial information comprises the:

- pro forma historical consolidated balance sheet as at 30 June 2020;
- pro forma historical consolidated income statements for FY2018, FY2019 and FY2020; and
- pro forma historical consolidated cash flows for FY2018, FY2019 and FY2020,

(together, the “**Pro Forma Historical Financial Information**”).

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information are together referred to as the “**Historical Financial Information**”.

The statutory forecast financial information comprises the:

- statutory forecast consolidated income statement for FY2021; and
- statutory forecast consolidated cash flows for FY2021,

(together, the “**Statutory Forecast Financial Information**”).

The pro forma forecast financial information comprises the:

- pro forma forecast consolidated income statement for FY2021; and
- pro forma forecast consolidated cash flows for FY2021,

(together, the “**Pro Forma Forecast Financial Information**”).

The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information are together referred to as the “**Forecast Financial Information**”.

The Historical Financial Information and Forecast Financial Information together form the “**Financial Information**”.

The Financial Information has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information* by PricewaterhouseCoopers Securities Ltd (“PwCS”). Investors should note the scope and limitations of the Independent Limited Assurance Report contained in Section 8.

The information in this Section 4 should be read in conjunction with the key risks set out in Section 5, hipages significant accounting policies set out in Appendix A and the other information contained in this Prospectus.

All amounts disclosed in this Section 4 are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$0.1 million. Any discrepancies between totals and sums of components in tables and figures contained in this Prospectus are due to rounding.

Table 3 below provides an overview of the information contained in this Section 4.

TABLE 3: OVERVIEW OF SECTION 4

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## 4.2. Basis of Preparation and Presentation of the Financial Information

### 4.2.1. Overview

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding:

- the historical consolidated income statements, cash flows and balance sheet of hipages; and
- an indication of the future prospects of hipages.

The Financial Information has been prepared on a going concern basis.

The Statutory Historical Financial Information and Statutory Forecast Financial Information have been prepared in accordance with the recognition and measurement principles of AAS and hipages’ accounting policies. The recognition and measurement bases are more fully described in the accounting policies set out in Appendix A.

The Financial Information reflects the consolidated information for hipages and its subsidiaries (collectively, “hipages”). Other than with respect to the new accounting standards discussed in Section 4.2.5, hipages’ accounting policies have been consistently applied throughout the financial periods presented.



## Financial Overview

This Prospectus also includes Forecast Financial Information, which is based on numerous general and specific assumptions of the Directors. The Forecast Financial Information presented in this Prospectus is unaudited. Other than with respect to the new accounting standards discussed in Section 4.2.5, the basis of preparation and presentation of the Forecast Financial Information is consistent with the basis of preparation and presentation of the Historical Financial Information.

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information adjusted for certain transactions and pro forma adjustments as described further below. It has been prepared solely for inclusion in this Prospectus and in accordance with the recognition and measurement principles specified in AAS, as described above, and it includes adjustments which reflect the impact of certain transactions as if they occurred on or before 1 July 2017 in the case of the historical consolidated statements of financial performance and historical consolidated statements of cash flows, and as at 30 June 2020 in the case of the historical consolidated balance sheet.

The Pro Forma Forecast Financial Information has been prepared in accordance with the recognition and measurement principles specified in AAS, other than it includes adjustments which reflect the impact of certain transactions as if they occurred on or before 1 July 2020.

Due to the nature of the Pro Forma Forecast Financial Information, it does not represent hipages' actual or prospective financial performance or cash flows.

The Financial Information is presented in an abbreviated form and does not include all the presentation and disclosures, statements or comparative information as required by the AAS and other mandatory professional reporting requirements applicable to annual general purpose financial reports prepared in accordance with the Corporations Act.

### 4.2.2. Preparation of Historical Financial Information

The Statutory Historical Financial Information has been extracted from the audited special purpose consolidated financial statements of hipages Group and its controlled entities for FY2018 and FY2019 and the audited general purpose consolidated financial statements for FY2020.

The FY2018 and FY2019 special purpose consolidated financial statements were audited by hipages' auditor PricewaterhouseCoopers ("PwC") in accordance with Australian Auditing Standards. PwC have issued unqualified audit opinions on the special purpose consolidated financial statements in both FY2018 and FY2019. The general purpose consolidated financial statements for FY2020, including FY2019 comparatives, were also audited by PwC in accordance with Australian Auditing Standards. PwC have issued unqualified audit opinions on the general purpose financial statements.

The pro forma historical consolidated income statements and pro forma historical consolidated cash flows have been derived from the Statutory Historical Financial Information and have been prepared solely for the purpose of inclusion in this Prospectus. The pro forma historical consolidated income statements and pro forma historical consolidated cash flows reflect the impact of adjustments described further in Section 4.3, in order to reflect the following:

- 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.

Investors should note that past results are not a guarantee of future performance.

The pro forma historical consolidated balance sheet is derived from the statutory historical consolidated balance sheet, and is adjusted to reflect the following:

- the impact of the Offer, including costs directly attributable to the Offer offset against share capital (with the remainder expensed in retained earnings);
- the issuance of convertible notes after 30 June 2020;
- the redemption and conversion of convertible notes; and
- the repayment of debt facilities.

The pro forma historical consolidated balance sheet is provided for illustrative purposes only and is not represented as being necessarily indicative of the future financial position of hipages.

#### 4.2.3. Preparation of Forecast Financial Information

The Forecast Financial Information has been prepared solely for inclusion in this Prospectus and has been prepared based on an assessment of present economic and operating conditions and on a number of assumptions, including the general assumptions and the specific assumptions set out in Section 4.6.

The Directors are satisfied that the Forecast Financial Information has been prepared with due care and attention and consider all best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, by their nature, forecasts are predictive (and not fact) and so investors should not place undue reliance on the Forecast Financial Information.

The Forecast Financial Information has been prepared on the basis of numerous assumptions, including the Directors' best estimate of general and specific assumptions set out in Section 4.6. This information is intended to assist investors in assessing the reasonableness and likelihood of assumptions occurring, and is not intended to be a representation that the assumptions will occur. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on hipages' actual financial performance, cash flow or financial position. Accordingly, neither hipages nor any other person can give investors any assurance that the outcomes presented in the Forecast Financial Information will occur.

Potential investors are advised to review the assumptions set out in Section 4.6 in conjunction with the accounting policies included in Appendix A, the sensitivity analysis set out in Section 4.8, the risk factors set out in Section 5 and other information set out in this Prospectus.

The forecast consolidated income statement and forecast consolidated cash flows for FY2021 have been prepared on a pro forma and a statutory basis and reflect an 11-month forecast and 1-month of actual trading results for the period to 31 July 2020. The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information adjusted for pro forma adjustments to reflect the full-year impact of the changes resulting from the Completion of the Offer as if it had occurred before 1 July 2020.

The Pro Forma Forecast Financial Information reflects the impact of adjustments described further in Sections 4.3 and 4.5 in order to reflect:

- the impact of the Offer, including proceeds from the Offer;
- the incremental costs associated with being a publicly listed entity;
- 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 banking 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.

hipages has no intention to update or revise the Forecast Financial Information or other forward-looking statements, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required to by law.

## Financial Overview

### 4.2.4. Business Transactions

During the period of the Historical Financial Information, hipages undertook several transactions as described below.

During FY2020, hipages divested and discontinued the following businesses:

- sold Natural Therapy Pages 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; and
- discontinued Pet Pages Pty Ltd (“Pet Pages”), an online marketplace for pet industry service providers and retailers.

The Pro Forma Historical Financial Information excludes the revenue and expenses of NTP, Start Local and Pet Pages (together the “divested and discontinued businesses”) from hipages’ Financial Information from 1 July 2017 and throughout each period presented. The pro forma historical consolidated income statements and pro forma historical consolidated cash flows for FY2018, FY2019 and FY2020 have also been adjusted to remove the proceeds received on the sale of NTP and Start Local, and expenses incurred in disposing or discontinuing the divested and discontinued businesses.

In addition during FY2020, hipages acquired Ninety Nine Pty Ltd, the owner of Call of Service (“CoS”), a field service software solutions business, on 20 February 2020. The Pro Forma Historical Financial Information includes the results of CoS from the date of acquisition. The net profit after tax impact of the CoS acquisition is not material to hipages and, as CoS does not have audited financial information available for the period prior to acquisition, no adjustment has been made to include the results of CoS in the pro forma historical consolidated income statement and pro forma historical consolidated cash flows as though CoS had been acquired on 1 July 2017 and in each of the historical periods presented.

### 4.2.5. Changes in Accounting Policies or Standards

The following new accounting standard was applied to hipages’ Statutory Historical Financial Information in FY2020 and will apply to hipages’ future financial reports, and has been reflected in the Financial Information in the manner discussed below.

#### AASB 16 Leases

AASB 16 *Leases* (“AASB 16”) was issued in February 2016. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on- balance sheet model similar to the accounting for finance leases under AASB 117 *Leases* (“AASB 117”). The standard includes two recognition exemptions for lessees: leases of ‘low-value’ assets and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use (“ROU”) asset.

hipages adopted AASB 16 from the AAS transition date of 1 July 2019 for inclusion in the general purpose consolidated financial statements for FY2020. In compliance with AASB 16, hipages has considered both the head office lease and sublease arrangements. The Pro Forma Financial Information reflect the impact of AASB 16 as if it were in place since 1 July 2017.

Other than AASB 16, there are no other changes in accounting standards that have had a material impact on hipages’ consolidated historical financial performance, cash flows or financial position.

#### 4.2.6. Critical Accounting Judgements and Estimates

Preparing financial statements in accordance with AAS requires hipages' management to make judgements, estimates and assumptions about the application of accounting policies that affect the reported revenues and expenses, carrying values of assets and liabilities and the disclosure of contingent liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods. Judgements that management has made in the application of AAS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next financial year are disclosed, where applicable, in the relevant notes to our financial statements when these are prepared. The key areas in which critical estimates and judgements are applied are in respect of share-based payments transactions, capitalisation of internally generated software, valuation of intangible assets acquired, valuation of the convertible notes, estimation of deferred consideration on divested businesses, estimation of useful lives of assets, taxation and revenue lead credits and lead utilisation.

#### 4.2.7. Explanation of Certain Non-IFRS and Other Financial Measures

hipages uses certain financial information, measures and ratios to manage and report on performance which are prepared on a basis that is not recognised under AAS or IFRS. These measures are collectively referred to in this Section 4 as “**Non-Statutory Information**” under Regulatory Guide 230 ‘Disclosing non-IFRS financial information’ published by ASIC. This Non-Statutory Information may exclude certain transactions, or present transactions or balances on a different recognition and measurement basis from that required or permitted by accounting standards.

The Directors believe that these non-IFRS measures provide useful information about hipages' financial and operating performance because they provide management with an ability to analyse and understand key underlying drivers of financial performance and trends therein relative to budgets and strategic objectives. However, they should be considered as supplements to the statutory income statement measures that have been presented in accordance with AAS and not as a replacement for them. These measures do not have prescribed definitions and therefore may not be directly comparable to similarly titled measures presented by other entities.

hipages discloses the following Non-Statutory Information in this Prospectus as follows:

- **Subscription tradies** comprises tradies who have entered into a monthly subscription contract for a period of 6 or 12 months;
- **Transactional tradies** comprises tradies who use the legacy transactional product, where they pay a small contracted amount upfront and then pay per job lead they claim;
- **Total tradies** comprises the total number of tradies on the hipages platform being subscription tradies and transactional tradies;
- **Average monthly churn** represents total churned subscribers in the month divided by the prior month closing number of Subscription tradies;
- **Average monthly ascensions** represents the total number of subscribers who have ascended to a higher subscription price tier in the month divided by the prior month closing number of Subscription tradies;
- **Average monthly descensions** represents the total number of subscribers who have descended to a lower subscription price tier in the month divided by the prior month closing number of Subscription tradies;
- **Average annual revenue per subscription tradie** (“**Subscription Tradie ARPU**”) is calculated as the annual subscription revenue divided by the average of the opening and closing number of Subscription tradies for the period. Movements in subscription tradie ARPU are the result of the following:
  - the average revenue per new subscriber;
  - the average revenue per churned subscriber;
  - the average revenue per ascension, representative of the incremental revenue earned when a subscriber elects to ascend to a higher subscription tier;
  - the average revenue per descension, representative of the incremental revenue lost when a subscriber elects to ascend to a lower subscription tier; and
  - the volume and mix of the movements above;

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- **Average annual revenue per transactional tradie (“Transactional Tradie ARPU”)** is calculated as the upfront annual listing fee within recurring revenue as well as the pay per lead revenue component within transactional revenue divided by the average of the opening and closing number of Transactional tradies for the period. Lead pack revenue within transactional revenue has not been included;
- **Average annual revenue per tradie (“Total Tradie ARPU”)** is calculated as the annual operating revenue divided by the average of the opening and closing numbers of total tradies for the period. Movements in Total Tradie ARPU are the result of a shift in the mix of total tradies from transactional tradies to subscription tradies and the Subscription Tradie ARPU;
- **Cash revenue** is revenue invoiced inclusive of GST and exclusive of any deductions for credits or deferred revenue accounting adjustments;
- **Recurring revenue** exclusive of GST comprises revenue from the subscription product, upfront listing fees from the legacy transactional product, as well as revenue from contracted partnerships;
- **Transactional revenue** exclusive of GST comprises the variable pay-per-lead revenue component of the legacy transactional product and revenue generated from the purchase of lead packs by subscription tradies and transactional tradies;
- **Other revenue** exclusive of GST comprises sub-lease income and other miscellaneous revenue;
- **Subscription revenue** comprising revenue from the subscription product and is the main component of recurring revenue;
- **Future committed contracted revenue** representing revenue that is contracted to be received by hipages from tradies based at a point in time. It is based on the remaining duration of existing contracts with tradies that are up to 12 months in length and does not assume any renewals, ascensions or descensions during the remaining term of the contracts;
- **Monthly Recurring Revenue (“MRR”)** inclusive of GST, is the monthly amount of cash revenue hipages will recognise from subscription-based agreements with customers who have entered into contracts for the right to access the hipages’ platform. The typical subscription contract length is 6 or 12 months at sign-up with, except in some limited circumstances, 12 month renewals thereafter. MRR represents the monthly value of subscription revenue under such contracts at a point in time. The subscription-based model provides visibility of revenue in future periods due to the recurring nature of the revenue stream, whereby MRR represents the future monthly subscription revenue assuming no new or churned subscribers and no ascensions or descensions between subscription packages by existing subscribers;
- **EBITDA** is earnings (or losses) before interest (net finance cost), taxation, depreciation and amortisation and **EBITDA margin** is expressed as a percentage of total revenue. Management uses EBITDA to evaluate the operating performance of the business without the non-cash impact of depreciation and amortisation, and before interest and taxation. EBITDA should not be considered as an alternative to measures of cash flow under AASB and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of hipages’ operations;
- **EBIT** is earnings (or losses) before interest and taxation;
- **Working capital** means the sum of current trade receivables and other current assets less the sum of trade and other payables, deferred income and provisions;
- **Operating revenue** is the sum of recurring revenue and transactional revenue and excludes other revenue;
- **Operating cash flow** is net income after the removal of non-cash items in EBITDA (e.g. share-based payment expenses and non-cash interest) and changes in working capital. Operating cash flow is used as a measure to indicate the level of operating cash flow generated from EBITDA; and
- **Indebtedness** is gross borrowings less cash and cash equivalents.

### 4.3. Historical and Forecast Consolidated Income Statements

#### 4.3.1. Pro Forma Historical, Pro Forma Forecast and Statutory Forecast Consolidated Income Statements

TABLE 4: PRO FORMA HISTORICAL, PRO FORMA FORECAST AND STATUTORY FORECAST CONSOLIDATED INCOME STATEMENTS (FY2018, FY2019, FY2020 AND FY2021)

\$'000s	Notes	Pro Forma Historical			Pro Forma Forecast	Statutory Forecast
		FY2018	FY2019	FY2020	FY2021	FY2021
Recurring		34,771	37,297	42,200	50,507	50,507
Transactional		5,709	3,651	3,261	1,975	1,975
<b>Operating revenue</b>		<b>40,480</b>	<b>40,949</b>	<b>45,461</b>	<b>52,482</b>	<b>52,482</b>
Other		1,038	1,312	1,478	1,450	1,450
<b>Total revenue</b>	<b>1</b>	<b>41,518</b>	<b>42,261</b>	<b>46,939</b>	<b>53,932</b>	<b>53,932</b>
Sales		(6,187)	(5,700)	(5,037)	(5,221)	(5,221)
Marketing		(17,899)	(21,589)	(18,358)	(17,899)	(17,899)
Technology development	2	(1,823)	(1,815)	(1,465)	(1,883)	(1,883)
Operations and administration		(18,086)	(16,271)	(15,965)	(19,026)	(25,338)
<b>Total operating expenses</b>	<b>3</b>	<b>(43,995)</b>	<b>(45,375)</b>	<b>(40,825)</b>	<b>(44,030)</b>	<b>(50,342)</b>
Other income and expenses		(184)	(29)	8	3	(832)
<b>EBITDA before significant items</b>		<b>(2,660)</b>	<b>(3,143)</b>	<b>6,122</b>	<b>9,905</b>	<b>2,758</b>
Significant items	4	-	-	(89)	(1,193)	-
<b>EBITDA after significant items</b>		<b>(2,660)</b>	<b>(3,143)</b>	<b>6,033</b>	<b>8,712</b>	<b>2,758</b>
Depreciation and amortisation	5	(6,905)	(9,022)	(9,000)	(9,588)	(9,588)
<b>EBIT</b>		<b>(9,566)</b>	<b>(12,164)</b>	<b>(2,967)</b>	<b>(876)</b>	<b>(6,830)</b>
Net finance costs	6	(890)	(1,465)	(1,191)	(875)	(2,340)
<b>Profit/(loss) before income tax</b>		<b>(10,456)</b>	<b>(13,629)</b>	<b>(4,157)</b>	<b>(1,751)</b>	<b>(9,170)</b>
Income tax (expense)/benefit	7	-	-	-	-	-
<b>NPAT</b>		<b>(10,456)</b>	<b>(13,629)</b>	<b>(4,157)</b>	<b>(1,751)</b>	<b>(9,170)</b>

**Notes:**

1. Refer to Section 4.7.2.1 for a description of each revenue category.
2. Technology development is presented net of pro forma capitalised development costs (FY2018: \$6.1 million, FY2019: \$5.6 million, FY2020: \$6.3 million and FY2021: \$7.3 million).
3. Refer to Section 4.7.3 for a description of each category of operating expense.
4. Significant items include non-recurring remuneration to retain top talent in the period leading up to the Offer and for a duration following Completion of the Offer. The expense of \$1.2 million in FY2021 comprises a cash component of \$0.4 million and an equity settled component of \$0.8 million. A further equity settled component of \$0.7 million will vest over FY2022 (\$0.6 million) and FY2023 (\$0.1 million) and be expensed in that financial year. The retention remuneration is in addition to the existing employee share arrangements that will remain in place following Completion of the Offer and business as usual salary increases.
5. Refer to Section 4.7.4 for a description of the depreciation and amortisation expense.
6. Refer to Section 4.7.5 for a description of finance costs.
7. Refer to Section 4.7.6 for a description of income tax expense/(benefit).



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### 4.3.2. Key Operating and Financial Metrics

TABLE 5: KEY OPERATING AND FINANCIAL METRICS (FY2018, FY2019, FY2020 AND FY2021)

	Notes	Pro Forma Historical			Pro Forma Forecast
		FY2018	FY2019	FY2020	FY2021
Total revenue growth (%)	1		2%	11%	15%
Recurring revenue growth (%)	1,2		7%	13%	20%
Recurring revenue as % of total revenue (%)	2	84%	88%	90%	94%
30 June MRR (subscription only) (million)	2	3.0m	3.2m	4.1m	5.0m
EBITDA margin (%)	2	(6%)	(7%)	13%	16%
Job volume (million)	3	1.2m	1.1m	1.4m	1.5m
Job volume growth (%)		7%	(8%)	23%	10%
Total tradies (000s)	2	44k	40k	36k	36k
Total tradies growth (%)		6%	(10%)	(9%)	(0%)
Subscription tradies (000s)	2	23k	24k	28k	30k
Subscription tradies growth (%)		55%	5%	17%	7%
Total Tradie ARPU (\$)	2	938	976	1,194	1,449
Total Tradie ARPU growth (%)	1		4%	22%	21%

**Notes:**

1. FY2018 growth rates have not been included because FY2017 does not form part of the Pro Forma Historical Financial Information and therefore a like for like comparison is not possible.
2. Refer to Section 4.2.7 for a description of how these terms are defined.
3. Refer to Section 3.4 for a description of job volumes.

### 4.3.3. Statutory Historical and Statutory Forecast Consolidated Income Statements

TABLE 6: STATUTORY HISTORICAL AND FORECAST CONSOLIDATED INCOME STATEMENTS (FY2018, FY2019, FY2020 AND FY2021)

\$'000s	Statutory Historical			Statutory Forecast
	FY2018	FY2019	FY2020	FY2021
Recurring	36,964	39,382	43,784	50,507
Transactional	6,047	3,914	3,458	1,975
<b>Operating revenue</b>	<b>43,011</b>	<b>43,296</b>	<b>47,242</b>	<b>52,482</b>
Other	1,318	1,611	1,532	1,450
<b>Total revenue</b>	<b>44,329</b>	<b>44,907</b>	<b>48,774</b>	<b>53,932</b>
Sales	(7,204)	(6,356)	(5,700)	(5,221)
Marketing	(18,527)	(22,216)	(18,989)	(17,899)
Technology development	(1,978)	(1,962)	(1,437)	(1,883)
Operations and administration	(20,052)	(19,711)	(16,363)	(25,338)
<b>Total operating expenses</b>	<b>(47,762)</b>	<b>(50,246)</b>	<b>(42,489)</b>	<b>(50,342)</b>
Other income and expenses	(181)	(27)	718	(832)
<b>EBITDA</b>	<b>(3,613)</b>	<b>(5,366)</b>	<b>7,003</b>	<b>2,758</b>
Depreciation and amortisation	(5,423)	(6,686)	(9,000)	(9,588)
<b>EBIT</b>	<b>(9,037)</b>	<b>(12,051)</b>	<b>(1,997)</b>	<b>(6,830)</b>
Net finance (costs)/income	61	(1,491)	(3,916)	(2,340)
<b>Profit/(loss) before income tax</b>	<b>(8,976)</b>	<b>(13,543)</b>	<b>(5,913)</b>	<b>(9,170)</b>
Income tax (expense)/benefit	-	-	-	-
<b>NPAT</b>	<b>(8,976)</b>	<b>(13,543)</b>	<b>(5,913)</b>	<b>(9,170)</b>

Notes: Refer to footnotes for Table 4 in Section 4.3.1.

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### 4.3.4. Pro Forma Adjustments to the Historical and Forecast Consolidated Income Statements

TABLE 7: PRO FORMA ADJUSTMENTS TO THE HISTORICAL AND FORECAST CONSOLIDATED INCOME STATEMENTS AND RECONCILIATIONS (FY2018, FY2019, FY2020 AND FY2021)

\$'000s	Notes	Historical			Forecast
		FY2018	FY2019	FY2020	FY2021
<b>Statutory EBITDA</b>		<b>(3,613)</b>	<b>(5,366)</b>	<b>7,003</b>	<b>2,758</b>
Offer costs	1	-	-	-	5,385
Public company costs	2	(1,035)	(1,035)	(1,035)	(345)
Divested and discontinued businesses	3	54	(298)	(28)	79
Adoption of AASB16	4	1,934	3,036	-	-
Restructuring	5	-	519	300	-
Convertible notes fair value impact	6	-	-	(207)	835
<b>Total pro forma adjustments</b>		<b>953</b>	<b>2,223</b>	<b>(970)</b>	<b>5,954</b>
Significant items reclassification		-	-	89	1,193
<b>Pro forma EBITDA before significant items</b>		<b>(2,660)</b>	<b>(3,143)</b>	<b>6,122</b>	<b>9,905</b>
<b>Statutory NPAT</b>		<b>(8,976)</b>	<b>(13,543)</b>	<b>(5,913)</b>	<b>(9,170)</b>
Offer costs	1	-	-	-	5,385
Public company costs	2	(1,035)	(1,035)	(1,035)	(345)
Divested and discontinued businesses	3	96	(298)	(28)	79
Adoption of AASB16	4	(541)	(757)	-	-
Restructuring	5	-	519	300	-
Convertible Notes fair value impact	6	-	-	(207)	835
Convertible Notes interest expense	7	-	-	819	885
Borrowings interest expense	8	-	1,484	1,906	580
Tax impact of pro forma adjustments	9	-	-	-	-
<b>Total pro forma adjustments</b>		<b>(1,480)</b>	<b>(86)</b>	<b>1,756</b>	<b>7,419</b>
<b>Pro forma NPAT</b>		<b>(10,456)</b>	<b>(13,629)</b>	<b>(4,157)</b>	<b>(1,751)</b>

**Notes:**

1. **Offer costs:** Total costs of the Offer are estimated to be \$7.5 million. Approximately \$5.4 million of the Offer costs will be expensed. The remaining costs estimated at \$2.1 million are attributed to the issue of new Shares and will be offset against equity in the balance sheet.
2. **Public company costs:** Reflects the Directors' estimate of the incremental costs that hipages will incur as a listed entity. This adjustment assumes Completion of the Offer in November 2020, and as a result the statutory consolidated forecast income statement in FY2021 includes eight months of public company costs.
3. **Divested and discontinued businesses:** hipages completed the following transactions in FY2020:
  - Divested NTP on 31 May 2020 for total proceeds of \$0.7 million. The NTP divestment includes cash received at completion of \$0.25 million, deferred consideration of \$0.45 million to be received in tranches and \$0.1 million in a net working capital adjustment. Of the total deferred consideration receivable, \$50 thousand is due on or before 30 June 2021, \$0.15 million is due on or before 31 December 2021 and \$0.25 million on or before 31 December 2022. A gain on the sale of \$0.5 million was recognised in FY2020.
  - Divested assets of Start Local on 22 June 2020 for cash consideration of approximately \$35 thousand; and
  - Discontinued Pet Pages as of 30 June 2020.

The pro forma adjustment reflects a reversal of historical EBITDA/NPAT associated with the divested and discontinued businesses as if the transactions had occurred prior to 1 July 2017. In addition, the pro forma adjustment includes the reversal of \$0.2 million in NTP redundancy costs and \$0.1 million in transaction costs incurred in FY2020 as these costs are non-recurring. No material costs were incurred in the divestment of Start Local and discontinuation of Pet Pages.

4. **Adoption of AASB 16:** Reflects the net EBITDA and loss after tax impact of the adoption of AASB 16 as though it had been adopted at the beginning of FY2018. hipages adopted AASB 16 prospectively from 1 July 2019. AASB 16 requires lessees to recognise an asset (i.e., the right-of-use asset) and a financial liability (i.e. the lease liability) for future lease rentals for qualifying leases. Lessees are also required to separately recognise the interest expense on the lease liability and the depreciation expense on the ROU asset.

The adjustment to pro forma EBITDA reflects the reversal of the historical lease expense recorded in operating expenses and the adjustment to pro forma loss after tax reflects (i) the reversal of the historical lease expense, offset by (ii) an estimate of the expenses which would have been incurred in respect of interest and depreciation for qualifying leases under AASB 16. The estimated interest and depreciation costs included in this adjustment are based on the actual expenses incurred in FY2020. The statutory consolidated historical and forecast income statements in FY2020 and FY2021 respectively, are presented in accordance with AASB 16. No pro forma adjustment has been made to FY2018 and FY2019 for the income on the sublease arrangement that is subject to AASB 16 as it commenced in FY2020. The two other sublease arrangements are not subject to AASB 16.

5. **Restructure:** Represents non-recurring redundancy and consulting costs incurred as part of the Efficiency 4 Growth ("E4G") program that commenced in January 2019 and was completed in June 2020. E4G was a companywide transformational change program that resulted in cost savings and permanent headcount reductions. E4G is discussed further in Section 4.6.3.2.
6. **Convertible Notes fair value impact:** At each balance sheet date, hipages is required to revalue the embedded derivative of the Convertible Notes with the corresponding gain or loss being recorded in the income statement. The pro forma adjustment above reflects the reversal of the fair value measurement gain of \$0.2 million in FY2020 and the fair value loss of \$0.8 million estimated immediately prior to the Offer. Upon completion of the Offer, the Convertible Notes will either be converted to equity by note holders or redeemed for cash.
7. **Convertible Notes interest expense:** As the Convertible Notes will convert to equity or be redeemed, the interest expense incurred on Convertible Notes 1 issued on 1 September 2019 and Convertible Notes 2 issued on 21 July 2020 is non-recurring. The statutory forecast consolidated income statement in FY2021 includes the expected interest expense on the Convertible Notes up to the Completion of the Offer including a twelve months minimum cash interest specific to Convertible Notes 2.
8. **Borrowings interest expense:** As the debt facility will be repaid with proceeds from the Offer, the interest expense is non-recurring. The statutory forecast consolidated income statement in FY2021 includes the expected interest expense on borrowings up to the Completion of the Offer.
9. **Tax impact of pro forma adjustments:** hipages did not generate taxable profits in Australia in the historical periods and is not forecast to generate taxable profits in Australia in FY2021. As a result, no tax effect on the above pro forma adjustments has been recognised due to the uncertainty of hipages' ability to utilise any deferred tax assets in the foreseeable future.

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### 4.4. Historical Consolidated Balance Sheet

#### 4.4.1. Statutory Historical and Pro Forma Historical Balance Sheet

TABLE 8: STATUTORY HISTORICAL BALANCE SHEET AND PRO FORMA HISTORICAL BALANCE SHEET AS AT 30 JUNE 2020

\$'000s	Statutory 30 June 2020	Impact of the Offer <sup>1</sup>	Issuance of Convertible Note 2 <sup>2</sup>	Redemption and Conversion of Convertible Notes <sup>3</sup>	Repayment of borrowings <sup>4</sup>	Pro forma 30 June 2020
<b>Current assets</b>						
Cash and cash equivalents	11,093	32,463	3,000	(1,889)	(12,882)	31,785
Trade and other receivables	1,426	-	-	-	-	1,426
Other current assets	1,086	-	-	-	-	1,086
<b>Total current assets</b>	<b>13,605</b>	<b>32,463</b>	<b>3,000</b>	<b>(1,889)</b>	<b>(12,882)</b>	<b>34,297</b>
<b>Non-current assets</b>						
Property, plant and equipment	2,323	-	-	-	-	2,323
Intangible assets	10,726	-	-	-	-	10,726
Investments	800	-	-	-	-	800
Other non-current assets	7,901	-	-	-	-	7,901
<b>Total non-current assets</b>	<b>21,751</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,751</b>
<b>Total assets</b>	<b>35,356</b>	<b>32,463</b>	<b>3,000</b>	<b>(1,889)</b>	<b>(12,882)</b>	<b>56,048</b>
<b>Current liabilities</b>						
Trade and other payables	9,003	-	-	-	-	9,003
Deferred income	3,510	-	-	-	-	3,510
Employee benefit liabilities	1,547	-	-	-	-	1,547
Borrowings	1,795	-	-	-	(1,692)	103
<b>Total current liabilities</b>	<b>15,855</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,692)</b>	<b>14,163</b>
<b>Non-current liabilities</b>						
Employee benefits	311	-	-	-	-	311
Other liabilities	7,692	-	-	-	-	7,692
Borrowings	12,118	-	3,000	(6,635)	(8,480)	3
<b>Total non-current liabilities</b>	<b>20,121</b>	<b>-</b>	<b>3,000</b>	<b>(6,635)</b>	<b>(8,480)</b>	<b>8,006</b>
<b>Total liabilities</b>	<b>35,976</b>	<b>-</b>	<b>3,000</b>	<b>(6,635)</b>	<b>(10,172)</b>	<b>22,169</b>
<b>Net (liabilities)/assets</b>	<b>(620)</b>	<b>32,463</b>	<b>-</b>	<b>4,746</b>	<b>(2,710)</b>	<b>33,879</b>
<b>Equity</b>						
Issued capital & reserves	52,103	37,848	-	5,071	(1,542)	93,480
Retained earnings	(52,723)	(5,385)	-	(325)	(1,168)	(59,600)
<b>Total equity</b>	<b>(620)</b>	<b>32,463</b>	<b>-</b>	<b>4,746</b>	<b>(2,710)</b>	<b>33,879</b>

## Notes:

- Impact of the Offer:** Gross proceeds from the offer are expected to be \$40.0 million. Capital raising costs are expected to be \$7.5 million, of which \$5.4 million are estimated to be expensed with the remaining \$2.1 million offset against share capital issued.
- Issuance of Convertible Notes:** Subsequent to 30 June 2020, Convertible Notes 2 with a face value of \$3.0 million were issued on 21 July 2020 with a coupon rate of 13.5%. This is in addition to the existing Convertible Notes 1 that were issued on 1 September 2019 with a face value of \$3.5 million and a coupon rate of 13.5%.
- Redemption and Conversion of Convertible Notes** At Completion of the Offer, the majority of the note holders will convert to shares with the remaining electing to redeem their notes for cash settlement. The pro forma adjustment reflects; (i) notes settled via cash payment of \$1.9 million; (ii) a decrease in non-current borrowings of \$6.6 million; (iii) an increase in issued capital and reserves of \$5.1 million which is comprised of the face value of converted notes; and (iv) an increase in accumulated losses of \$0.3 million. The pro forma adjustment does not include the effective interest expense of \$0.4 million in relation to Convertible Notes 1 and \$0.5 million for Convertible Notes 2 that will accrue in FY2021. The effective interest expense has been reflected in the statutory forecast consolidated income statement for FY2021 and reversed as non-recurring in the pro forma forecast consolidated income statement.
- Repayment of borrowings:** The proceeds from the Offer will be used to repay existing debt facilities. The pro forma adjustment does not include the effective interest expense that will accrue in FY2021 which will increase the carrying value of the liability and cash outflow at Completion of the Offer. This includes cash payment of the risk participation fee of \$2.7 million, of which \$1.5 million was historically booked to share capital and reserves when the debt was raised. The change in fair value as a result of the change in share price has been recorded against accumulated losses. Under the existing debt facility agreement, hipages had discretion over whether to settle this fee via cash or equity and therefore it did not meet AASB's definition of a liability. The effective interest expense has been reflected in the statutory forecast consolidated income statement for FY2021 and reversed as non-recurring in the pro forma forecast consolidated income statement.

#### 4.4.2. Lease and Other Commitments

hipages has an operating lease for its head office in Sydney, New South Wales, which had total payment obligations amounting to \$11.8 million at 30 June 2020. In accordance with AASB 16, hipages has recorded a ROU asset for these office leases.

Table 9 sets out the future minimum rentals payable under non-cancellable operating leases as at 30 June 2020.

TABLE 9: LEASE COMMITMENTS AS AT 30 JUNE 2020

\$'000s	Notes	Less than 1 year	1 - 5 years	More than 5 years	Total
Head office lease	1	3,284	8,470	-	11,754
<b>Total lease commitments</b>		<b>3,284</b>	<b>8,470</b>	<b>-</b>	<b>11,754</b>

## Notes:

- As described in Section 4.2.5, with the adoption of AASB 16 on 1 July 2019, non-cancellable operating leases are recognised on the consolidated balance sheet as described in Section 4.3.4. Other than the lease obligations set out above, hipages has no other material contractual obligations, commitments or contingent liabilities.

#### 4.4.3. Indebtedness

Table 10 sets out hipages' net debt/(cash) position as at 30 June 2020, on a statutory basis (before Completion) and on a pro forma basis (at Completion).

TABLE 10: INDEBTEDNESS AS AT 30 JUNE 2020

\$'000s	Notes	Statutory	Pro Forma
Banking Facility	1	10,172	-
Convertibles Notes	1	3,635	-
Finance leases		106	106
<b>Total borrowings</b>		<b>13,913</b>	<b>106</b>
Cash		11,093	31,785
<b>Net debt/(cash)</b>	<b>2</b>	<b>2,820</b>	<b>(31,679)</b>

## Notes:

- Refer to Section 4.4.4.
- hipages expects to repay its borrowings using the proceeds of the Offer and as a result expects to have a net cash balance of \$31.7 million following the Offer.

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### 4.4.4. Description of Debt Facilities

hipages has existing debt facilities, comprising a Senior Secured Loan (“**Banking Facility**”) from Marshall Investments Finance Pty Ltd (ACN 168 562 301) as trustee for the Marshall Growth Fund Unit Trust (ABN 24 507 604 302) and Convertible Notes (collectively, the “**Debt Facilities**”). The Banking Facility was first signed in October 2018, and subsequently amended and restated with effect from 31 May 2020, with the maturity extended from 31 October 2021 to 31 October 2022. The outstanding balance as of 30 June 2020 was \$10.2 million. The first tranche of Convertible Notes, Convertible Notes 1, were issued on 10 September 2019, with a maturity of 30 September 2022. The second tranche of Convertible Notes, Convertible Notes 2, were issued on 21 July 2020, with a maturity of 21 January 2023. hipages intends to discharge the Convertible Notes upon Completion of the Offer and to repay the Banking Facility upon or shortly following Completion of the Offer.

### 4.4.5. Liquidity and Capital Resources

Following Completion of the Offer, hipages’ principal sources of funds is expected to be cash on hand (including the proceeds of the Offer) and revenue generated from operations. hipages’ primary use of cash is funding its development, operations and growth initiatives. hipages expects that it will have sufficient cash flow from operations and from the proceeds of the Offer to carry out its stated objectives and meet its operational requirements and business needs for at least 12 months following Completion of the Offer.

hipages may need to raise additional funds in the future to fund its operations or acquisitions. In order to meet these additional cash requirements, hipages may seek to issue additional equity or issue debt, convertible debt or other securities that may result in dilution to its Shareholders. If hipages raises additional funds through the issuance of debt or convertible debt securities, these securities could have rights senior to those of its ordinary Shares and could contain covenants that restrict its operations. There can be no assurance that hipages will be able to obtain additional equity or debt financing on terms acceptable to it, if at all. Additional debt financing, if available, would result in increased fixed payment obligations and may involve agreements that include covenants limiting or restricting hipages ability to take specific actions such as incurring debt, making capital expenditures or declaring dividends. hipages’ failure to obtain sufficient funds on acceptable terms when needed could have an adverse effect on its business, results of operations and financial condition.



## 4.5. Historical and Forecast Consolidated Cash Flows

### 4.5.1. Pro Forma Historical, Pro Forma Forecast and Statutory Forecast Consolidated Cash Flows

TABLE 11: PRO FORMA HISTORICAL CASH FLOWS, PRO FORMA FORECAST CASH FLOWS AND STATUTORY FORECAST CASH FLOWS (FY2018, FY2019, FY2020 AND FY2021)

\$'000s	Notes	Pro Forma Historical			Pro Forma Forecast	Statutory Forecast
		FY2018	FY2019	FY2020	FY2021	FY2021
EBITDA after significant items		(2,660)	(3,143)	6,033	8,712	2,758
Non-cash items in EBITDA	1	3,062	4,211	3,909	2,240	3,075
Changes in working capital		792	(126)	944	(500)	(500)
Cash interest income/(expense)	2	61	(8)	121	126	(834)
<b>Net cash flow from operating activities</b>		<b>1,255</b>	<b>934</b>	<b>11,008</b>	<b>10,578</b>	<b>4,499</b>
Capital expenditure (Intangibles)	3	(6,117)	(5,573)	(6,339)	(7,312)	(7,312)
(Acquisitions)/divestments of businesses		-	-	119	(38)	(38)
Capital expenditure (Property Plant & Equipment)		(637)	(265)	(197)	(454)	(454)
<b>Net cash flow from investing activities</b>		<b>(6,754)</b>	<b>(5,838)</b>	<b>(6,417)</b>	<b>(7,804)</b>	<b>(7,804)</b>
Repayment of borrowings						(14,040)
Proceeds from issue of Convertible Notes						3,000
Redemption of Convertible Notes						(1,889)
Repayment of principal portion of lease liabilities						(2,958)
Net proceeds from IPO						37,848
<b>Net cash flow from financing activities</b>						<b>21,961</b>
<b>Net cash (outflow)/inflow</b>		<b>(5,499)</b>	<b>(4,904)</b>	<b>4,592</b>	<b>2,774</b>	<b>18,656</b>

**Notes:**

- Non-cash items in EBITDA:** Reflects the non-cash impact of gain or loss on disposal of fixed assets, Employee Share Option Plan fair value expense, non-cash marketing expense, and the Senior Leadership Team IPO incentive.
- Cash interest:** Relates to the interest income earned on term deposits and interest expense paid on finance lease liabilities.
- Capital expenditure (Intangibles):** The expenditure capitalised comprises all directly attributable costs, such as direct labour costs, in acquiring, developing, and implementing new software on the hipages platform and/or App.

## Financial Overview

### 4.5.2. Pro Forma Adjustments to the Statutory Historical and Statutory Forecast Consolidated Cash Flows

TABLE 12: PRO FORMA ADJUSTMENTS TO HISTORICAL AND FORECAST CASH FLOWS (FY2018, FY2019, FY2020 AND FY2021)

\$'000s	Notes	Pro Forma Historical			Pro Forma Forecast
		FY2018	FY2019	FY2020	FY2021
<b>Statutory operating cash flow</b>		<b>323</b>	<b>(1,864)</b>	<b>10,072</b>	<b>4,499</b>
Offer costs	1	-	-	-	5,385
Public company costs	2	(1,035)	(1,035)	(1,035)	(345)
Divested and discontinued businesses	3	33	(679)	(97)	79
Adoption of AASB 16		1,934	3,036	-	-
Restructuring		-	519	300	-
Convertible Notes interest expense	4	-	-	444	541
Borrowings interest expense	5	-	957	1,324	419
<b>Total pro forma adjustments</b>		<b>932</b>	<b>2,799</b>	<b>936</b>	<b>6,079</b>
<b>Pro forma operating cash flow</b>		<b>1,255</b>	<b>934</b>	<b>11,008</b>	<b>10,578</b>

**Notes:**

- Offer costs:** Reflects costs of the Offer to be paid FY2021 that are non-recurring.
- Public company costs:** Represents the Directors' estimate of the incremental costs that hipages will incur as a listed entity. This adjustment assumes a November 2020 Listing and as a result, statutory forecast consolidated cash flows include eight months of costs subsequent to Completion of the Offer.
- Discontinued and divested businesses:** The pro forma adjustment reflects the removal of divested and discontinued businesses NTP, Start Local and Pet Pages as if the transactions had occurred prior to 1 July 2017. No pro forma adjustment has been made to the statutory forecast consolidated cash flows for the \$50 thousand in NTP deferred consideration to be settled on 30 June 2021.
- Convertible note interest expense:** Upon Completion of the Offer the Convertible Notes will either convert to equity or be redeemed. This adjustment removes the cash interest expense as it is non-recurring.
- Borrowings interest expense:** Upon Completion of the Offer, borrowings will be repaid. The adjustment removes the cash interest associated with the borrowings as it is non-recurring.

#### 4.5.3. Statutory Historical Consolidated Cash Flows

TABLE 13: STATUTORY HISTORICAL AND FORECAST CASH FLOWS (FY2018, FY2019, FY2020 AND FY2021)

\$'000s	Notes	Statutory Historical			Statutory Forecast
		FY2018	FY2019	FY2020	FY2021
EBITDA		(3,613)	(5,366)	7,003	2,758
Non-cash items in EBITDA	1	909	384	3,771	3,075
Changes in working capital		2,966	4,082	944	(500)
Cash interest	2	61	(964)	(1,647)	(834)
<b>Net cash flow from operating activities</b>		<b>323</b>	<b>(1,864)</b>	<b>10,072</b>	<b>4,499</b>
Capital expenditure (Intangibles)		(6,138)	(5,954)	(6,666)	(7,312)
Acquisition/divestments of businesses		-	-	119	(38)
Capital expenditure (Property, plant & equipment)		(637)	(265)	(197)	(454)
<b>Net cash flow from investing activities</b>		<b>(6,775)</b>	<b>(6,219)</b>	<b>(6,744)</b>	<b>(7,804)</b>
Repayment of borrowings		(527)	(2,920)	(1,443)	(14,040)
Proceeds from borrowings		-	12,387	-	-
Proceeds from issue of Convertible Notes		-	-	3,500	3,000
Redemption of Convertible Notes		-	-	-	(1,889)
Repayment of principal portion of lease liabilities	3	-	-	(2,869)	(2,958)
Net proceeds from IPO		-	-	-	37,848
<b>Net cash flow from financing activities</b>		<b>(527)</b>	<b>9,467</b>	<b>(812)</b>	<b>21,961</b>
<b>Net cash (outflow)/inflow</b>		<b>(6,979)</b>	<b>1,384</b>	<b>2,516</b>	<b>18,656</b>

**Notes:**

- Non-cash items in EBITDA:** Relates to the adjustment for non-cash items such as the gain/loss on disposal of fixed assets, Employee Share Option Plan expense, the Senior Leadership Team IPO incentive, fair value gain/loss on re-measurement of Convertible Notes, the gain on sale of divested businesses and non-cash marketing expense. Non-cash marketing expense in FY2018 and in FY2019 were classified in changes in working capital.
- Cash interest:** Relates to the interest income earned on term deposits and interest expense paid on finance lease liabilities, the Banking Facility and Convertible Notes.
- Repayment of the principal portion of lease liabilities:** hipages' office lease is accounted for under AASB 16 Leases as a lease liability. This amount reflects the cash payments for the principal portion of the lease liability. As discussed in Section 4.2.5, hipages has adopted AASB 16 from the transition date of 1 July 2019 in its FY2020 statutory financial statements. The historical statutory financial statements for FY2018 and FY2019 were not prepared under AASB 16 and as a result, the lease payments were recorded as an expense under AASB 17. Accordingly, there were no principal repayments recorded in relation to lease liabilities in the FY2018 and FY2019 statutory financial statements.

## Financial Overview

### 4.6. Assumptions Underlying the Forecast Financial Information

The Forecast Financial Information is based on various general and specific assumptions, including those set out below. In preparing the Forecast Financial Information, the Directors have undertaken an analysis of historical performance and applied assumptions, where appropriate, in order to forecast future performance for FY2021. The Company and its Directors believe that the Forecast Financial Information has been prepared with due care and attention and consider all assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus, including each of the assumptions set out in this Section 4.6. However, actual results are likely to vary from those forecasts and any variation may be materially positive or negative.

The assumptions upon which the Forecast Financial Information is based are, by their nature, subject to significant uncertainties and contingencies, many of which are outside the control of hipages and its Directors. Accordingly, none of the Company, the Directors or any other person can give any assurance that the Forecast Financial Information or any forward-looking statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.8, the risk factors set out in Section 5 and the Independent Limited Assurance Report set out in Section 8. The pro forma adjustments to the forecast consolidated income statement are set out in Section 4.3.4 and the pro forma adjustments to the forecast consolidated cash flows are set out in Section 4.5.2.

#### 4.6.1. General Assumptions

The Forecast Financial Information has been prepared based on the significant accounting policies adopted by hipages, which are in accordance with AAS, and are included in Appendix A of this Prospectus.

In preparing the Forecast Financial Information, hipages has adopted the following general assumptions:

- no material changes in the competitive and operating environment in which hipages operates; in particular that the impact of COVID-19 from a global and Australian perspective continues in a similar way to that experienced so far in 2020. Refer to Section 4.6.2 below for additional considerations on the impact of COVID-19 on the recent trading performance of the business and the specific assumptions noted below which consider the expected impact of the COVID-19 pandemic;
- no material acquisitions, disposals, restructuring or investments occur over the forecast period other than as set out in, or contemplated by, this Prospectus;
- no significant deviations from current market expectations of economic and market conditions relevant to hipages, and hipages' tradies and customers;
- no material changes in legislation, regulatory requirements or government policy (including the manner in which those are enforced) that will have a material impact on hipages' business or hipages' tradies and customers beyond those announced as at the Prospectus Date;
- no material changes in the tax laws in the jurisdictions in which hipages operates;
- other than the changes to accounting standards described in Section 4.2.5, no material changes in applicable AASB, IFRS, or other mandatory professional reporting requirements or the Corporations Act that could have a material impact on hipages' reported financial performance or cash flows, financial position, accounting policies, financial reporting or disclosures;
- no material changes in key staff, including key management personnel, and hipages is able to recruit and retain staff required to support the current business and future growth of hipages;
- no significant interruptions in relation to hipages platform, technology or support team;
- no material industry disturbances or disruptions to the continuity of operations of hipages;
- no large reductions in the number of tradies, tradie ARPU or job volume;
- no occurrence of the key risk factors listed in Section 5, or in the event of any occurrence, no material adverse impact on hipages' operations;
- progress of the Offer in accordance with the timetable set out in the key dates on page 7 of this Prospectus;
- no contingent liabilities will arise or be realised other than as disclosed in this Prospectus;
- no material impact in relation to litigation or claims (existing or otherwise);
- no material change in economic factors (e.g. business confidence and consumer sentiment); and
- no material change in hipages corporate and funding structure other than as set out in, or contemplated by, this Prospectus.

#### 4.6.2. Impact of COVID-19

As highlighted in the risk described in Section 5.2.16, while the full impact of COVID-19 on the home improvement industry is still unclear, the pandemic is likely to have both negative and positive impacts for the industry and hipages.

hipages has analysed actual performance during both the initial outbreak of COVID-19 in March 2020 and the most recent events in Victoria in July and August 2020 and has implemented a range of initiatives in order to assist tradies through this period and to ensure retention of tradies on the platform.

These initiatives include the ability for tradies to pause their subscription for up to one month, to request a discount on next month's invoice, as well as a reduction in job lead prices. Due to the nature of these initiatives they only have an impact on short term revenue without impacting recurring subscription revenue with tradies expected to return to prior monthly recurring revenue upon expiry of these short term initiatives. hipages believes these actions have been effective so far in retaining tradies on the platform during COVID-19.

hipages experienced some weakness in job volumes during the initial implementation of lockdowns across Australia, however, overall job volumes and cancellation requests returned to normal levels in May 2020. hipages believes that COVID-19 has accelerated the shift towards online services such as hipages, which is supported by hipages' Q4 FY2020 job volumes growth of approximately 43% compared to the prior corresponding period in FY2019. The reduction in job volumes in Melbourne as a result of the second Victorian lockdown restrictions has been offset by job volumes growth in other states, following the redirection of marketing spend to other states less impacted by lockdowns.

hipages' momentum during COVID-19 has been positive with Q4 FY2020 operating revenue up 16% compared to prior corresponding period. hipages' revenue and EBITDA for the month of August 2020 is slightly ahead of the results assumed in the Forecast Financial Information based on unaudited management information (Refer to Section 4.7.2.4). During the COVID-19 period hipages has also prioritised further automation, reduced employment costs, restructured debt and supplier obligations, and adjusted all non-essential expenditure.

The Forecast Financial Information assumes that the current Stage 4 restrictions applying in Victoria continue through to the end of September. An assumption has been made that a similar financial impact will occur for a further period of two months to the end of November as a result of either a further extension to the Victorian restrictions, similar restrictions being implemented in one or more of hipages' other markets and/or the general economic impact of COVID-19 has an impact on hipages' revenue drivers.

#### 4.6.3. Specific Assumptions

The Forecast Financial Information is based on various specific assumptions, including those in respect of COVID-19 outlined in Section 4.6.2 above and those set out below. hipages has analysed recent historical performance through to 31 July 2020 and applied assumptions, where appropriate, across the business. These are a summary only and do not represent all factors that will affect forecast financial performance and cash flows.

##### 4.6.3.1. Revenue Assumptions

hipages has been migrating from a legacy transactional pay-per-lead model to a subscription model. Prior to November 2019, hipages offered both a transactional pay-per-lead product, as well as a monthly subscription product. In November 2019, hipages transitioned to exclusively offer a 6 or 12 month subscription product for new tradies and also launched a new version of the subscription product with new and improved features which were intended to benefit both tradies and hipages. Under the current subscription model, tradies pay a monthly fee that enables them to receive job leads in their relevant trade category and based on their geographical location.

As at 30 July 2020, 64% of tradies were on a 12 month contract. The introduction of the subscription product has significantly increased hipages' recurring revenue base, with FY2021 recurring revenue forecast to be equal to \$50.7 million or 94% of total revenue. hipages' recurring revenue includes revenue from the subscription product, upfront listing fees under the legacy transactional product, as well as revenue from contracted partnerships.

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The key drivers of revenue are:

- the number of tradies and subscribers on the platform, impacted by the following in a given period:
  - the number of new subscribers; and
  - the number of churned subscribers calculated as a percentage of the closing period number of subscription tradies; and
- Total Tradie ARPU, impacted by the following in a given period
  - shift in mix from the Transactional tradie to Subscription tradie; and
  - Subscription Tradie ARPU of which movements are impacted by:
    - the average revenue per new subscriber;
    - the incremental ascension revenue per subscriber that has elected to ascend to a higher subscription tier;
    - the incremental descension revenue lost per subscriber that has elected to descend to a lower subscription tier;
    - the average revenue per tradie lost when a subscriber churns; and
    - the volume and mix of the movements above.

Job volume is an indirect driver of revenue however a key operating metric. hipages is focused on delivering the right mix of jobs by category and geography to balance the market place in terms of tradie demand for job type. As a result job volume is expected to increase by 10% to 1.5 million in FY2021 compared to FY2020 growth of 23%.

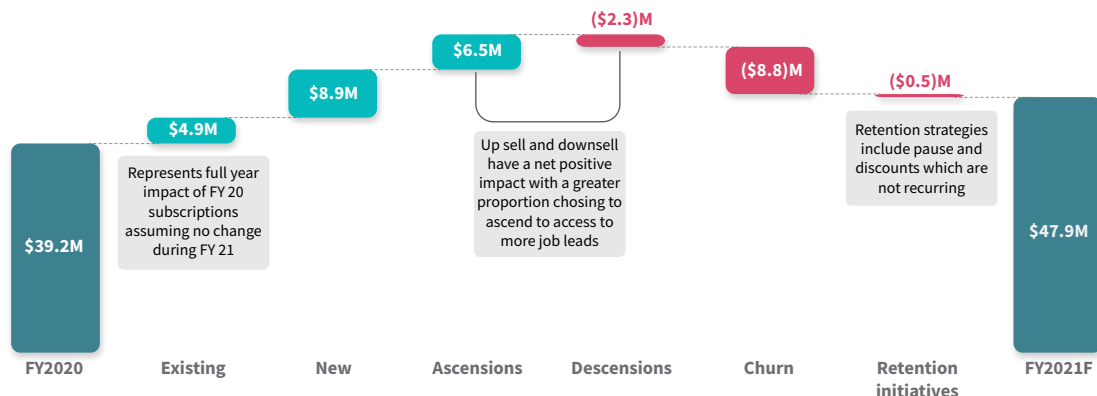
The Forecast Financial Information is based on the following key revenue assumptions:

### Recurring revenue

- The number of subscription tradies increases by 7% from approximately 28,000 to 30,000. This increase is driven by the decision in November 2019 to sell a subscription only product offering.
- Total Tradie ARPU increases 21% to \$1,449. This increase is driven by the continued transition of tradies to hipages’ subscription-only products which have a higher ARPU than hipages’ legacy transactional products.
- Of the \$50.5 million of total recurring revenue forecast in FY2021, \$47.9 million or 95% is expected to be derived from subscription revenue.
- Recurring revenue also includes the upfront committed revenue from the legacy transactional listing product and revenue from contracted partnerships, comprising a full year of revenue contribution from the partnership with the NSW DoE, which generated revenue from March 2020.

Figure 26 shows the break-up of FY2021 subscription revenue.

FIGURE 26: SUBSCRIPTION REVENUE BRIDGE FROM FY2020 TO FY2021



Forecast FY2021 subscription revenue of \$47.9 million is dependent on:

- the number of subscription tradies which is a function of number of new subscribers and churn; and
- Subscription Tradie ARPU which is a function of the average monthly revenue per new subscriber, the average monthly revenue per churned subscriber and average monthly revenue from tradies ascending and descending to different price packages.

Table 14, Table 15 and Table 16 below summarise the key assumptions that drive subscription revenue, including new subscribers and churn: The Last 4 Months (“L4M”) column shows the monthly average actual results for April 2020 to July 2020. This period includes the period where the initial impacts of the first COVID-19 related lockdowns were felt nationally and the initial stages of the subsequent Victorian lock downs occurred. It also includes the period where the first cohorts of tradies who were signed on to the subscription only product from November 2019 onwards had their first renewal period. The Company has considered this information in developing the FY2021 forecast and believes that it provides a relevant historical comparison to the forecast.

TABLE 14: SUMMARY OF ASSUMPTIONS RELATING TO NEW SUBSCRIBERS

	Historical				Forecast
	FY2018	FY2019	FY2020	L4M	FY2021
Average monthly number of new subscribers (#)	1,525	1,066	1,194	1,304	1,251
Average monthly cash revenue per new subscriber (\$)	121	132	119	119	113

While the L4M average monthly number of new subscribers and the average monthly revenue per new subscriber are ahead of the FY2021 forecast assumptions, the forecast includes the continued impacts of COVID-19 as discussed in Section 4.6.2.

TABLE 15: SUMMARY OF ASSUMPTIONS RELATING TO CHURN

	Historical				Forecast
	FY2018	FY2019	FY2020	L4M	FY2021
Average monthly churn (%)	2.9%	3.3%	3.6%	3.8%	3.8%
Average monthly number of churned subscribers (#)	539	796	917	1,055	1,088
Average monthly cash revenue per churned subscriber (\$)	162	134	128	122	125

- The monthly average churn of subscription tradies is forecast to be 3.8% in FY2021 compared to 3.6% in FY2020 and 3.3% in FY2019. Churn increased in FY2020 due to the impact of COVID-19 and the first renewal period of the new subscription product. Forecast FY2021 churn levels are consistent with those experienced in L4M. The churn of subscribers is influenced by:
  - managed churn as a result of the hipages Trust & Quality team removing tradies from the platform due to performance issues;
  - managed churn due to an initiative regarding the removal of tradies who are on the subscription packages less than \$49 per month and focus on tradies on higher tiered subscription packages;
  - natural churn as a result of tradies changing the nature of their businesses, such as joining other companies or going out of business. hipages refers to this as involuntary churn and is estimated to contribute approximately 33% of known total churn; and
  - tradies who do not renew their subscriptions and chose to leave the hipages platform. Approximately 10-15% of new tradies are returning customers who have used the platform before however they are still included in Churn.
- The introduction of Call of Service, a field service software solution, (Refer to Section 3.8) is expected to reduce churn via providing an end-to-end service for tradies managing their business. The FY2021 forecast does not assume any benefits of implementing this software solution.



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TABLE 16: SUMMARY OF ASSUMPTIONS RELATING TO ASCENSIONS AND DESCENSIONS

	Historical				Forecast
	FY2018	FY2019	FY2020	L4M	FY2021
Average monthly ascension (%)	1.5%	1.5%	3.0%	3.3%	3.2%
Average monthly cash revenue per ascension (\$)	117	108	112	118	115
Average monthly descension (%)	1.2%	1.6%	1.3%	1.2%	1.2%
Average monthly cash revenue per descension (\$)	126	108	111	108	113

The ascension and descension drivers are forecast to remain largely in line with FY2020. While the L4M actual ascension and descension drivers are ahead of FY2021 forecast assumptions, the forecast includes the continued impacts of COVID-19 as discussed in Section 4.6.2.

### Transactional revenue:

- Transactional revenue is expected to continue decreasing in FY2021, with forecast transactional revenue of \$2.0 million. The decrease in transactional revenue is consistent with hipages' strategy to transition tradies from legacy transactional plans to subscription-only plans.

### Other revenue:

Other revenue comprises sub-lease income in relation to the two subleases for Level 12, 255 Pitt Street, Sydney that are not accounted for under AASB 16 Leases and includes other miscellaneous revenue. Both subleases are expected to renew prior to the end of their lease term.

As at 31 August 2020, hipages had future committed contracted revenue of \$19.7 million to be recognised in FY2021. The remaining portion of revenue for FY2021 is expected to be generated from tradies who renew their contracts (including tradies who may 'ascend' onto higher value plans), new tradies, revenue from contracted partnerships, as well as from transactional revenue and other revenue.

### 4.6.3.2. Expense Assumptions

During FY2020 hipages delivered on a transformational change project, E4G, that aimed to right size hipages' cost base, increase automation and tradie self-service and introduce operational efficiencies. This resulted in a reduction in hipages' FY2020 total operating expenses by 10% compared with FY2019. Due to the timing of these changes, benefits are also expected to be reflected in changes in composition of the FY2021 operating cost base. This project has allowed hipages to redirect spend and invest in operational systems and infrastructure, technology development and the hipages' brand to support and grow the business. The Forecast Financial Information is based on the key expense assumptions below, which are allocated to cost categories on a consistent basis with the pro forma historical consolidated income statement for FY2018, FY2019 and FY2020:

#### Operating expenses

- **Sales expenses:** expected to increase marginally due to changes implemented throughout the FY2020 transformational change project (refer to Section 4.7.3.3 below);
- **Marketing expenses:** expected to decrease marginally as a result of a reduced reliance on paid search or SEM and an increasing relevance of unpaid channels resulting in a declining total marketing spend per job (refer to Section 4.7.3.3 below);
- **Technology development expenses:** expected to increase due to investment in the technology development team in order to deliver on platform optimisation and growth initiatives (refer to Section 4.7.3.3 below). The proportion of technology development expenses that are capitalised in the Forecast Financial Information is consistent with historical periods (refer to footnote 2 on Table 4 in Section 4.3.1); and
- **Operations and administrative expenses:** expected to increase due to investment in operational systems and infrastructure (refer to Section 4.7.3.3 below).

#### 4.6.3.3. Depreciation and Amortisation

The Forecast Financial Information is based on the following key depreciation and amortisation assumptions:

- **Depreciation:** based on the depreciation schedule for current property, plant and equipment and includes depreciation for planned expenditure; and
- **Amortisation:** based on the current intangible assets' amortisation schedules and includes amortisation for planned development of hipages' platform. In accordance with AASB 16 adopted in FY2020, amortisation expense includes the amortisation of ROU assets related to the change in classification of operating leases.

#### 4.6.3.4. Net Finance Costs

The Forecast Financial Information includes the statutory forecast net finance expense based on the existing Debt Facilities up until Completion of the Offer. The current Debt Facilities are expected to be repaid with Offer proceeds shortly following Completion. In accordance with AASB 16 adopted in FY2020, the Forecast Financial Information also includes the finance expense related to the change in classification of operating leases.

#### 4.6.3.5. Other Assumptions

Other key assumptions made in the preparation of Forecast Financial Information include:

- **Changes in working capital:** reflects the expected movement in current trade receivables, other current assets, trade and other payables, deferred income and provisions. Working capital assumptions for FY2021 are consistent with historical trends and incorporate other specifically identified payments and receipts; and
- **Capital expenditure:** forecast expenditure on further development and enhancement of hipages' platform as planned for FY2021, as well as investment in computer hardware and software and leasehold improvements consistent with historical levels of investment.

## 4.7. Management Discussion and Analysis of the Financial Information

### 4.7.1. Key Elements of Operating Results and their Drivers

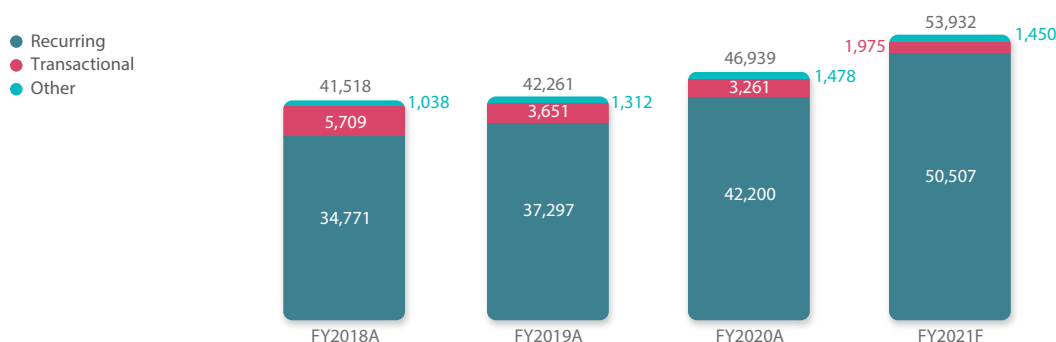
Below is a discussion of hipages' revenue and expenses and the main factors which affected hipages' operating and financial performance during the period of the Historical Financial Information and which hipages expects may continue to affect hipages over the period of the Forecast Financial Information.

The discussion is intended to provide a brief summary only and does not detail all the factors that had an impact on the historical operating and financial performance, or everything which may impact hipages' operations and financial performance in the future. Unless otherwise stated, all Financial Information presented in this Section 4.7, and the related commentary, is on a pro forma basis. The information in this Section 4.7 should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

### 4.7.2. Revenue

Figure 27 shows the breakdown of pro forma revenue for both the historical and forecast periods.

FIGURE 27: PRO FORMA FORECAST AND HISTORICAL REVENUE BREAKDOWN (\$'000s)



## Financial Overview

hipages generates the majority of revenue from a subscription model, coupled with partnership income and transactional revenue that is generated from legacy transactional product. In addition to the factors below that drive categories of revenue, hipages' revenue is generally driven by several factors described in Sections 2 and 3 of this Prospectus. These include:

- the growth of the home improvement industry in Australia, discussed in Section 2.1.3 and Section 2.4;
- the growth in demand for advertising services in the home improvement industry, discussed in Section 2.2 and Section 2.4;
- the competitive landscape in the home improvement advertising industry, discussed in Section 2.3;
- the success of hipages' sales and marketing approach, discussed in Section 3.4;
- demand for hipages' platform, discussed in Section 3.2; and
- the success of hipages' growth strategy, discussed in Section 3.8.

### 4.7.2.1. Revenue Categories

hipages categorises revenue according to the revenue model under which it is generated as discussed in Section 3.4.1. hipages' three categories of revenue include:

- **Recurring revenue:** Revenue from the contracted subscription product, upfront annual listing fee for the legacy transactional product as well as revenue from contracted partnerships;
- **Transactional revenue:** Legacy pay-per-lead revenue from the transactional product and any purchases of additional lead packs; and
- **Other revenue:** Rental sublease income and other miscellaneous revenue.

As described in Section 3.4.1, hipages has transitioned from a legacy transactional pay-per-lead model to a subscription model. Since November 2019, all new tradies on the platform are only offered a subscription product and the transactional legacy listing product is now only available to customers who joined hipages prior to November 2019.

### 4.7.2.2. FY2019 versus FY2018

Total revenue increased 2% from \$41.5 million in FY2018 to \$42.3 million in FY2019 with recurring revenue increasing by 7% from \$34.8 million to \$37.3 million and transactional revenue declining by 36% from \$5.7 million to \$3.7 million. The revenue growth was primarily driven by:

- a 5% increase in the number of subscription tradies from approximately 23,000 to 24,000. Total tradies declined 10% from approximately 44,000 to 40,000 as a result of tradies on transactional legacy listing products leaving the platform;
- a 4% increase in Total Tradie ARPU from \$938 to \$976 due to growth in the number of subscription tradies, which represented 60% of total tradies at the end of FY2019 compared to 52% at the end of FY2018. In FY2019 the Subscription Tradie ARPU was \$1,449 compared to Transactional Tradie ARPU of \$325; and
- other revenue increased due sublease arrangements for part of the corporate office at Level 12, 255 Pitt Street Sydney.

### 4.7.2.3. FY2020 versus FY2019

Total revenue increased 11% from \$42.3 million in FY2019 to \$46.9 million in FY2020 with recurring revenue increasing by 13% from \$37.3 million to \$42.2 million and transactional revenue declining by 11% from \$3.7 million to \$3.3 million. The revenue growth was primarily driven by:

- a 17% increase in the number of subscription tradies from approximately 24,000 to 28,000 driven by the change made in November 2019 to offer a subscription only product and cease selling the legacy transactional product. Total tradies declined 9% from approximately 40,000 to 36,000 as a result of tradies on transactional legacy listing products and lower subscription tiers leaving the platform;
- a 22% increase in Total Tradie ARPU from \$976 to \$1,194 due to the growth in the number of subscription tradies which represented 77% of total tradies at the end of FY2020 compared to 60% at the end of FY2019. In FY2020 the Subscription Tradie ARPU was \$1,510 compared to Transactional Tradie ARPU of \$396; and
- growth in Subscription Tradie ARPU due to the improvements to the new subscription product released in November 2019, changes to the subscription pricing tiers, and removal of subscription packages less than \$49 per month. By June 2020, monthly Subscription Tradie ARPU had grown 10% compared to the prior corresponding period in June 2019.

4.7.2.4. FY2021 versus FY2020

Total revenue is forecast to increase 15% from \$46.9 million in FY2020 to \$53.9 million in FY2021 with recurring revenue increasing by 20% from \$42.2 million to \$50.5 million and transactional revenue declining by 39% from \$3.3 million to \$2.0 million. The forecast revenue growth is primarily driven by:

- a 7% increase in the number of subscription tradies from approximately 28,000 to 30,000 due to the ongoing transition to the higher yielding subscription product;
- a 21% increase in Total Tradie ARPU from \$1,194 to \$1,449 due to growth in the number of subscription tradies which represent 83% of total tradies at the end of FY2021 compared to 77% at the end of FY2020. In FY2021 the Subscription Tradie ARPU is forecast to be \$1,656 compared to Transactional Tradie ARPU of \$349. The FY2021 Subscription Tradie ARPU is forecast to increase by 10% due to an increase in new subscriber and ascension revenue yield due to the improvements made to the new subscription product released in November 2019, changes to the product pricing tiers and removal of subscription packages less than \$49 per month; and
- a full year impact of revenue from the NSW DoE under the three year partnership contact.

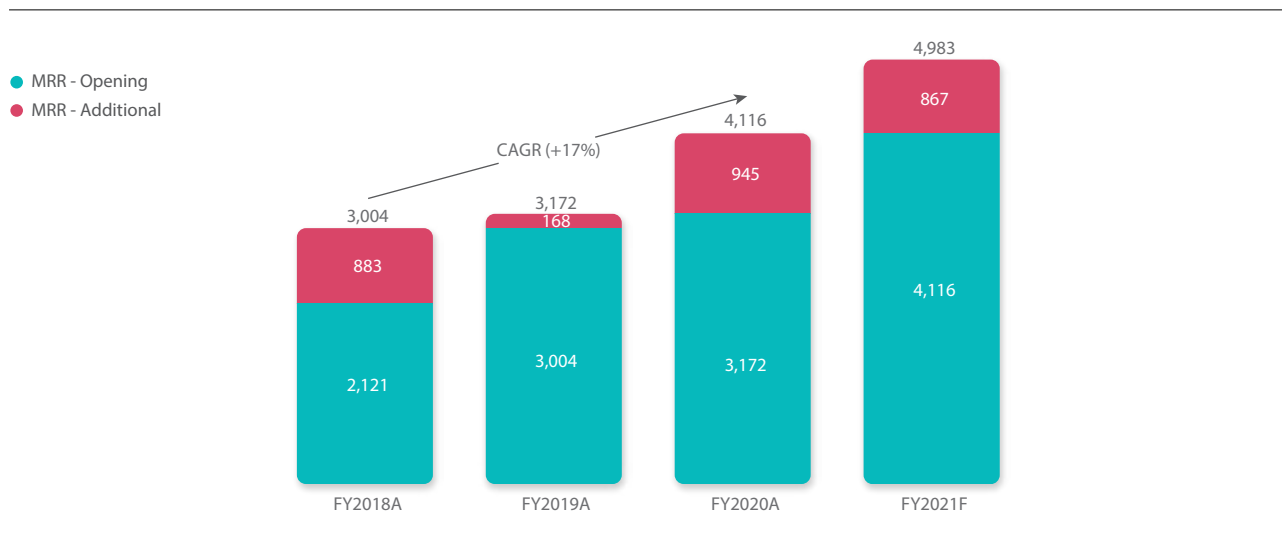
The forecast FY2021 revenue growth of 15% is consistent with Q4 FY2020 operating revenue growth of 16%. hipages’ revenue for the month of August 2020, based on unaudited management information, is slightly ahead of the revenue assumed in the Forecast Financial Information.

TABLE 17: PRO FORMA OPERATING REVENUE AND GROWTH

	Pro forma historical				Pro forma forecast
	Q1 FY2020	Q2 FY2020	Q3 FY2020	Q4 FY2020	FY2021
Pro forma operating revenue (\$'000s)	10,691	11,328	11,631	11,812	52,482
YoY growth (%)	5%	11%	12%	16%	15%

The FY2021 expected revenue growth is also supported by the historic monthly recurring revenue CAGR of 17% between FY2018 to FY2020.

FIGURE 28: HISTORIC MRR GROWTH (\$'000s)



## Financial Overview

### 4.7.3. Operating Expenses

Figure 29 and Table 18 show the breakdown of pro forma operating expenses for both the historical and forecast periods.

FIGURE 29: PRO FORMA HISTORICAL AND FORECAST OPERATING EXPENSES BREAKDOWN (\$'000s)

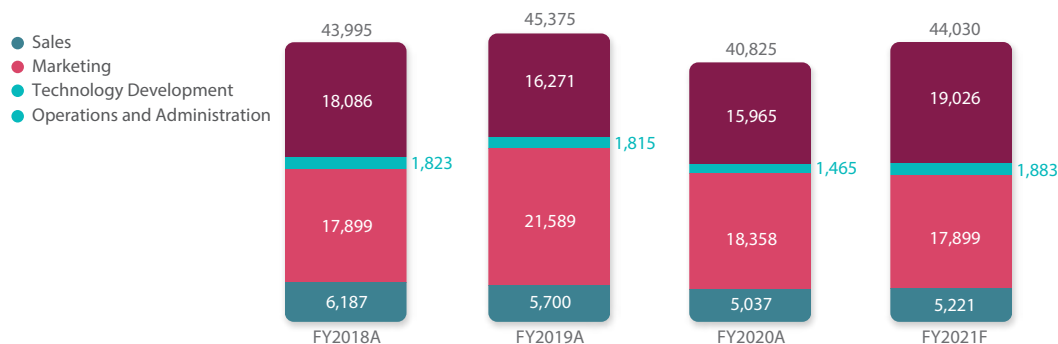


TABLE 18: PRO FORMA DISTRIBUTION OF EXPENSES

%	Pro forma historical			Pro forma forecast
	FY2018	FY2019	FY2020	FY2021
Sales	14%	13%	12%	12%
Marketing	41%	48%	45%	41%
Technology Development	4%	4%	4%	4%
Operations and Administration	41%	36%	39%	43%

TABLE 19: PRO FORMA EXPENSES AS A PROPORTION OF REVENUE

%	Pro forma historical			Pro forma forecast
	FY2018	FY2019	FY2020	FY2021
Sales	15%	13%	11%	10%
Marketing	43%	51%	39%	33%
Technology Development	4%	4%	3%	3%
Operations and Administration	44%	39%	34%	35%
<b>Total operating expenses</b>	<b>106%</b>	<b>107%</b>	<b>87%</b>	<b>82%</b>

The key operating expenses include:

- **Sales expenses:** Includes personnel and related costs associated with the sales activities undertaken by hipages;
- **Marketing expenses:** Includes personnel and related costs associated with the marketing activities undertaken by hipages, as well as any spend on advertising and marketing. The Company has refined its marketing strategy in the historical period. In early years growth was driven by paid digital channels with a heavy reliance on paid search or SEM. Over FY2020 as a result of investment in the hipages brand (via The Block), our app and organic channels, there has been a reduction in the marketing cost per job, SEM cost per acquisition (“CPA”) and improvement in marketing ROI.

TABLE 20: PRO FORMA BREAKDOWN OF MARKETING EXPENSES

	Notes	Pro forma historical			Pro forma forecast
		FY2018	FY2019	FY2020	FY2021
Average marketing cost per job (\$)	1	13.0	17.4	12.0	10.4
Average SEM CPA (\$)		16.6	18.2	14.8	14.5

## Notes

1. **Average Marketing cost per job:** includes all marketing expenses excluding employment related costs.
  - **Technology development expenses:** Includes personnel and related costs and third-party costs associated with product development, business analytics, user experience, software research, design and development (net of capitalised costs (refer to Section 4.7.8)); and
  - **Operations and administration expenses:** Includes personnel and related costs for finance, operations, customer service, legal, human resources and administration employees. Operational costs also include operating systems and infrastructure as well as professional fees for legal, accounting, tax and other services, amenities, travel, administration and board costs. Also included in operational expenses are the expenses associated with the Business Process Outsourcing (“BPO”) Office in Manila that support the sales, service, finance and administration teams.

Employee-related expenses for the Sydney based team such as salaries, payroll taxes and benefits are allocated across these expense categories according to the functions on which personnel spend their time. Employee-related costs are the largest individual cost by nature, comprising 44% (net of capitalised development costs) of total pro forma FY2020 operating expenses. As at 30 June 2020, 20% of hipages staff were in sales functions, 7% were in marketing functions, 19% were in technology development functions, and 54% were in operations and administration functions (of which 65% were based in the BPO office in Manila).

When an activity is directly related to development, and where assessment is made that future economic benefit is probable, the costs related to that activity are capitalised instead of being treated as expenses (see Section 4.7.8).

## 4.7.3.1. FY2019 versus FY2018

Total operating expenses increased by 3% from \$44.0 million in FY2018 to \$45.4 million in FY2019. In particular, this increase in operating expenses throughout the period was driven by:

- **Sales expenses:** decreased 8% from \$6.2 million in FY2018 to \$5.7 million in FY2019 driven by a reduction in headcount from 60 in FY2018 to 46 in FY2019;
- **Marketing expenses:** increased 21% from \$17.9 million in FY2018 to \$21.6 million in FY2019 driven by an increase in above the line marketing activities;
- **Technology development expenses:** remained flat on the prior comparable period at \$1.8 million (net of capitalisation); and
- **Operations and administration expenses:** decreased 10% from \$18.1 million in FY2018 to \$16.3 million in FY2019 primarily driven by a reduction in BPO office costs in Manila.

## 4.7.3.2. FY2020 versus FY2019

Total operating expenses decreased by 10% from \$45.4 million in FY2019 to \$40.8 million in FY2020 as a result of the transformational change project, increased automation and the introduction of operational efficiencies. In particular, this decrease in operating expenses throughout the period was driven by:

- **Sales expenses:** decreased 12% from \$5.7 million in FY2019 to \$5.0 million in FY2020 driven by continued initiatives to drive business efficiencies and streamline processes. During FY2020 we reduced headcount from 46 in June 2019 to 38 in June 2020;
- **Marketing expenses:** decreased 15% from \$21.6 million to \$18.4 million primarily due to a reduction in SEM spend as a result of the shift from paid to unpaid channels. During this time hipages invested in The Block campaign to further drive brand awareness;
- **Technology development expenses:** decreased 19% from \$1.8 million to \$1.5 million driven by continued initiatives to drive business efficiencies and streamline processes; and
- **Operations and administration expenses:** decreased 2% from \$16.3 million to \$16.0 million with headcount in our BPO Office in Manila reduced from 106 in June 2019 to 66 in June 2020 under our transformational change project.

## Financial Overview

### 4.7.3.3. FY2021 versus FY2020

Total operating expenses are forecast to increase 8% from \$40.8 million in FY2019 to \$44.0 million in FY2020. Following the transformational change project and the efficiencies and cost savings realised as a result of this, hipages is redirecting spend and investing in operational systems, infrastructure and technology to support hipages and drive growth. In particular, the increase in operating expenses in FY2021 is forecast to be driven by:

- **Sales expenses:** Following changes and initiatives implemented in FY2020, sales expenses are forecast to increase 4% from \$5.0 million in FY2020 to \$5.2 million in FY2021 in line with wages growth;
- **Marketing expenses:** forecast to decrease 2% from \$18.4 million in FY2020 to \$17.9 million in FY2021 driven by a reduction in SEM spend. hipages is reinvesting in brand and has recommitted to its premium sponsorship of The Block in FY2021;
- **Technology development expenses:** forecast to increase 29% from \$1.5 million in FY2020 to \$1.9 million in FY2021 driven by investment in resources to execute on hipages' strategic plan including growth initiatives; and
- **Operations and administration expenses:** forecast to increase 19% from \$16.0 million in FY2020 to \$19.0 million in FY2021 driven by investment in operating systems and infrastructure including a new telephony system, investment in people and partially offset by a reduction in the cost of our BPO office in Manila as a result of changes made in FY2020.

### 4.7.4. Depreciation and Amortisation

Depreciation is a non-cash expense and predominantly relates to the ongoing use of fixed assets that have a useful life greater than one year, including items such as computer hardware and software and leasehold improvements. Amortisation is a non-cash expense that relates to both internally and externally acquired intangible assets. This expense included amortisation of capitalised internal development costs and goodwill from previous acquisitions. In accordance with AASB 16 adopted in FY2020, amortisation expense includes the amortisation of ROU assets related to the change in classification of operating leases. Depreciation and amortisation expenses are based on an existing useful life profile with any new capital expenditure being depreciated over its useful life in accordance with hipages' accounting policies.

Pro forma depreciation and amortisation costs have increased from \$6.9 million in FY2018 to \$9.0 million in FY2019 and \$9.0 million in FY2020. In FY2021, hipages forecasts depreciation and amortisation expense to be \$9.6 million. The historical and forecast increase in depreciation and amortisation expense is driven by:

- amortisation of capitalised development software due to the increase in development spend; and
- depreciation of the ROU asset in relation to hipages' head office lease, accounted for under AASB 16 and property, plant and equipment.

### 4.7.5. Finance Costs

Finance costs include the interest expense related to borrowing and finance leases. The finance expense includes pro forma adjustments to reflect the fact that the debt facility and Convertible Notes will be settled at the time of the Offer, as well as the adoption of AASB 16. In accordance with AASB 16 adopted in FY2020, the finance expense includes the interest expense related to the change in classification of operating leases.

### 4.7.6. Income Tax Expense/(Benefit)

In FY2018, FY2019 and FY2020, hipages incurred a net operating loss and hipages expects to be loss making in FY2021. As such, no income tax expense has been recorded by hipages in the Historical Financial Information or Forecast Financial Information.

### 4.7.7. Net Working Capital

Net working capital relates primarily to cash on hand and the income received in advance, as well as trade creditors, trade debtors and other current assets and liabilities. hipages operates a negative net working capital position primarily as a result of the level of contract liabilities representing revenue received in advance of revenue being recognised.

### 4.7.8. Capitalised Development Costs and Other Capital Expenditure

hipages capitalises internally generated software development expenses when it is probable that the software, when completed, will generate future economic benefits (in accordance with the capitalisation criteria in AASB 138 *Intangible Assets*). The expenditure capitalised comprises direct labour and associated costs.



TABLE 21: RECONCILIATION OF CAPITALISED DEVELOPMENT EXPENSES

\$'000	Pro forma historical			Pro forma forecast
	FY2018	FY2019	FY2020	FY2021
Capitalised development costs	6,117	5,573	6,339	7,312
Other capital expenditure	637	265	197	454
<b>Total capital expenditure</b>	<b>6,754</b>	<b>5,838</b>	<b>6,535</b>	<b>7,766</b>

Capital expenditure is comprised mainly of capitalised internal development costs. Other capital expenditure relates to expenditure on fixed assets such as computer hardware and software and leasehold improvements. Pro forma capital expenditure is expected to increase by \$1.2 million to \$7.8 million driven by:

- investment in technology development to achieve hipages' strategic goals and drive growth;
- investment in hardware refresh; and
- investment in enterprise resource planning ("ERP") to upgrade and enhance finance systems.

#### 4.8. Sensitivity Analysis

The Forecast Financial Information included in Sections 4.3, 4.5, 4.6 and 4.7 is based upon a number of general and specific assumptions which have been outlined above and which are subject to change.

The Forecast Financial Information is also subject to a number of risks as outlined in Section 5.

Investors should be aware that future events cannot be predicted with certainty and therefore positive or negative variances from the Forecast Financial Information presented in this Prospectus are to be expected. To assist investors in assessing the potential impact of changes to the key assumptions on the forecasts, Table 22 sets out a summary of the sensitivity of revenue and EBITDA to defined changes in a number of key variables. The sensitivities for each assumption are not intended to be indicative or predictive of the possible range of outcomes but are for information purposes to allow potential investors to gain an understanding of the potential sensitivity of financial outcomes to changes in those key assumptions. They should be read in light of the comments in this Section 4 and the rest of the information in this Prospectus.

The range of sensitivities shown is illustrative of the potential variations which may occur but are not intended to be a complete range of variations which may occur and actual variation in performance may exceed the ranges shown. In practice, changes in variables may offset each other or be additive, and it is likely that hipages' management would respond to any adverse change in one variable by seeking to minimise the net effect on hipages' EBITDA. Each of these sensitivities has been calculated in isolation from changes in other variables and so care should be taken in interpreting this analysis.

TABLE 22: IMPACT OF KEY SENSITIVITIES ON FY2021 REVENUE AND EBITDA

	FY2021 assumption	Range	FY2021 Revenue impact	FY2021 EBITDA impact
Subscription tradies	30k	+/- 5%	+/- \$1.0m (2%)	+/- \$1.0m (11%)
Total Tradie ARPU	\$1,449	+/- 5%	+/- \$2.6m (5%)	+/- \$2.5m (29%)
SEM Costs	\$8.1m	+/- 5%	+/- \$0.0m (0%)	+/- \$0.4m (5%)

#### 4.9. Dividend Policy

The policy of hipages is to reinvest all cash flow into the business in order to maximise its growth. Accordingly, no dividends are expected to be paid in the near term following hipages' listing on ASX. The payment of a dividend by hipages, if any, is at the discretion of the Directors and will be a function of a number of factors (many of which are outside the control of the Directors), including the general business environment, the financial results of the business, cash flows and financial condition of hipages, future funding requirements, considerations, and any contractual, legal or regulatory restrictions on the payment of dividends by hipages.

The Directors do not provide any assurance of the future level of dividends paid by hipages.

# Risks

# 5





# Risks

## 5.1. Introduction

This Section 5 describes some of the potential risks associated with an investment in the Company.

An investment in the Company is subject to risk factors specific to the Company and its business activities and those of a more general nature including general risks associated with investing in Shares. Any, or a combination, of these risk factors may have a material adverse effect on the Company's business, financial condition, operating and financial performance, growth and/or the value of its Shares. Many of the circumstances giving rise to these risks and the occurrence of consequences associated with each risk are partially or completely outside the control of the Company, its Directors and management.

This Section 5 does not purport to list every risk that may be associated with an investment in Shares now or in the future. Additional risks that the Company is unaware of, or that the Company currently considers not to be material, also have the potential to have a material adverse effect on the Company's business, financial condition, operating and financial performance, growth and/or the value of the Shares.

The selection of risks in this section has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the Prospectus Date, however, there is no guarantee or assurance that the importance of risks will not change or that other risks will not emerge.

Before deciding whether to invest in the Company by applying for Shares, you should read the Prospectus in its entirety and satisfy yourself that you have a sufficient understanding of these matters and should consider whether Shares are a suitable investment for you having regard to your own investment objectives, financial circumstances and particular needs (including financial and taxation issues). If you do not understand any part of the Prospectus or are in any doubt as to whether to invest in the Company, you should seek professional advice from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser before deciding whether to invest.

## 5.2. Risks Specific to hipages

### 5.2.1. Failure to Retain Existing Tradies and Consumers and Attract New Tradies and Consumers

hipages' current financial performance depends on the ability to retain existing tradies and consumers on the platform, consumers visiting that platform and posting jobs and its growth depends on its ability to attract further business via continued or increased subscriptions from existing tradies and to attract new tradies and consumers to the platform.

hipages' ability to retain existing tradies and consumers, increase tradie spend and attract new tradies and consumers to the platform, depends on many factors including the adequacy of the hipages platform with respect to matters such as the functionality, reliability, pricing, support, value and ability to connect tradies with consumers compared to competing products, along with the risk factors generally outlined in this Section 5.

If hipages is unable to retain existing tradies and consumers on the platform, attract new tradies and consumers to the platform and new business from tradies and consumers on the platform at the rate and with the pricing, revenues and costs hipages currently expects, this may have a materially adverse impact on hipages' operations and financial performance and/or growth.

### 5.2.2. Tradie Turnover on the Platform

The level of tradies on the hipages platform is subject to various factors including, the effectiveness of the platform in matching tradies with consumers for home improvement jobs. There is a risk that the hipages platform will not provide tradies with enough job leads, or connections, for home improvement jobs, or could provide tradies with a sufficient number of leads which could result in tradies leaving the platform and dealing directly with consumers. This is also known as tradie "churn". While hipages continually reviews its offering on the platform to maintain the attractiveness of the service offering for tradies, there can be no guarantee that tradies will not generate their own networks through the platform and therefore, or otherwise, cease to use the platform. Should significant numbers of tradies elect to discontinue their use of the hipages platform, this could adversely impact on hipages' operations and financial performance and/or growth.

### 5.2.3. Growth and Profitability Dependent on Active Community

As hipages operates a two sided marketplace, its growth and future profitability is dependent on that marketplace being vibrant and active. hipages relies on consumers utilising the marketplace to source tradies to complete home improvement jobs and on tradies to subscribe to the platform and service consumer needs. There is the risk that if either tradies do not renew their subscriptions to the platform, and/or consumers do not post jobs in the quantities that have previously been posted, the activity of the marketplace will decline. This could in turn affect the revenue and profitability of the business.

### 5.2.4. Deterioration in Macroeconomic Conditions

The home improvement industry, and particularly the on-demand tradie industry which hipages operates in, is dependent on the overall level of consumer demand for home improvement services. A decline in general economic conditions or changes in certain macroeconomic factors (including rising unemployment, lack of income growth, reduced consumer confidence, inflation, volatility in local or global financial markets, economic tensions and government intervention, including with respect to changes in interest rates) may adversely impact hipages' financial and operational performance by reducing job volumes on the hipages platform.

A portion of the home improvement services facilitated through the hipages' platform (such as renovations) may be exposed to discretionary spending and could be impacted by an adverse change in consumer confidence and spending. Accordingly, any reduction in discretionary spending could result in a decrease in job volumes on the platform and could impact on hipages' operations and financial performance and/or growth.

A sustained weakening of the Australian economy could affect the financial position of consumers and could cause a reduction in home improvement activities undertaken by households. This could materially affect the demand for the services provided by the hipages platform and could result in tradies not being able to obtain a sufficient number of job leads through the platform.

Any of these developments or an expectation that macroeconomic conditions may deteriorate could result in an unexpected change in hipages' operations and financial performance and/or growth.

### 5.2.5. Information Technology

hipages' operations are heavily reliant on information technology and the ability of hipages to provide reliable services is dependent on the performance of its and its third party service providers' technology systems.

There is a risk that hipages' platform may experience downtime or interruption from system failures, service outages, corruption of information technology networks or information systems as a result of computer viruses, bugs, worms or cyberattacks, as well as natural disasters, fire, power outages or other events outside of the control of hipages and its third party service providers, and that measures implemented by hipages and its providers to protect against such events are ineffective. Any systemic failure could cause significant damage to hipages' reputation, its ability to provide services to tradies and consumers in a timely manner and its ability to retain existing tradies and consumers and generate new tradies and consumers on the platform. Such events may disrupt the operation of the hipages platform and may have a materially adverse effect on hipages' operations and financial performance, reputation and/or growth.

hipages' platform or service offering may also become obsolete or outdated through the investment of competitors in superior technology and/or product offerings or general market developments. This could necessitate hipages to undertake substantial investment in updating or improving its current technology platform and product offering, which could have a materially adverse impact on hipages' operations, financial performance and/or growth.

### 5.2.6. Cybersecurity and Data Protection

Given the nature of hipages' business, hipages collects and holds a significant amount of personal information about its tradies and consumers. hipages has systems in place to maintain the confidentiality and security of the personal information and confidential data that is collected and to ensure the integrity of these systems (including through third party service providers). The measures taken include firewalls, anti-virus software programs, network separation, penetration testing and cybersecurity vulnerability scanning. However, hipages' systems, or those of its third-party service providers, may fail, or be subject to disruption as a result of external threats or system errors. Cyber-attacks could also compromise or breach the safeguards implemented by hipages to maintain confidentiality of such information.



## Risks

Any data security breaches or hipages' failure to protect confidential information (including through cyber-attacks) could result in significant disruption to hipages' systems, reputational damage, loss of system integrity, breaches of hipages' obligations under applicable laws, an obligation under privacy laws to notify individuals and the Office of the Australian Information Commissioner of the breach, and could reduce its ability to retain existing tradies and consumers or generate new tradies and consumers for the platform, any of which could have a materially adverse effect on hipages' operations, financial performance and/or growth.

Further, there is a risk that hipages may be unable to provide critical business processes due to a potential distributed denial-of-service attack, resulting in disruption of services, loss of tradies and consumers and financial and reputational damage.

In addition, laws relating to data and privacy are evolving. If data privacy standards are adopted in Australia which are more stringent than those which hipages' systems are currently designed to comply with, then this could lead to additional costs arising for hipages and could negatively impact hipages' financial performance.

### 5.2.7. Intellectual Property may be Compromised or Lost

hipages has developed a proprietary algorithm, which is key for the matching of tradies and consumers on the hipages platform. The commercial value of hipages' intellectual property in the algorithm is dependent, in part, on operational procedures to maintain the confidentiality and legal protections provided by a combination of confidentiality obligations on employees and third parties and other intellectual property rights.

There is a risk that hipages' intellectual property may be compromised in a number of ways, including:

- (a) hipages' employees may breach operational procedures, or employees or third parties may breach confidentiality obligations, or infringe or misappropriate hipages' intellectual property, compromising hipages' competitive advantage;
- (b) hipages' third party vendors may gain insights into hipages' intellectual property, including hipages' proprietary systems, and use these findings to develop alternative technologies which compete with hipages; and
- (c) third parties may develop non-infringing competitive technology.

Any such breaches or competing technologies could erode hipages' competitive position, which could have a materially adverse impact on hipages' operations, financial performance and/or growth.

### 5.2.8. Breach of Third Party Intellectual Property Rights

There is a risk that a third party may allege that hipages' platform or other systems use intellectual property derived from such third party, or from a third party's products, without their consent or permission. hipages may become the subject of claims which could result in disputes or litigation and could result in the payment of monetary damages, cause delays and increase costs, which in turn could have an adverse impact on hipages' operations, financial performance, reputation and/or growth. Depending on its contractual arrangements, hipages may not have limitations on the liability for any breaches of third party intellectual property rights by hipages.

### 5.2.9. Reliance on Third Parties

hipages' ability to provide the hipages platform is reliant on the performance and availability of hipages' technology and communication systems and that of its suppliers and other third parties. Providers may choose to cease to do business, or change the terms on which they do business, with hipages. hipages is dependent on a number of key providers, for example:

- (a) hipages uses information from third party licensing bodies as part of its tradie onboarding process. hipages relies on the availability and accuracy of this information to make informed tradie onboarding assessments;
- (b) hipages relies on multinational information technology companies for data warehousing and cloud-hosting services, and consequently there are a range of potential operational issues which are outside of hipages' control; and
- (c) hipages relies on contracts with third party information technology suppliers to maintain and support its technology platform.

As such, hipages could become subject to additional costs or business disruption should:

- (a) any such supplier fails to enable hipages to provide its tradies and consumers with reliable, real-time access to its platform;
- (b) licensing bodies whose data is used by hipages change the inputs or access relied upon by hipages as part of its tradie on boarding process; and
- (c) hipages' arrangements with such suppliers be terminated or altered in any way (including an increase in the cost of supply) that is detrimental to hipages and hipages cannot find alternative sources of technology or systems on commercially reasonable terms or on a timely basis.

Any change or interruption to hipages' key third party vendor or provider relationships, or reduced availability of these services may disrupt hipages' operations, necessitate hipages to update its general business processes, replace the offering with a competitor or undertake investment to build its own service offering. Operational delays, damage to reputation and loss of tradies or consumers may result from any disruption of hipages' systems and infrastructure, which may arise due to matters outside of hipages' influence or control.

hipages may also be affected by an inability to renew its contract with key third party vendors or other counterparties, such as its partners. Many of hipages' existing third party contracts, including contracts in relation to hipages' technology platform, are based on the counterparty's standard terms and conditions, or are otherwise on terms and conditions that may be favourable to the counterparty in certain respects, and are short term contracts, for example on rolling 12 month terms, month to month terms or open terms, and also contain termination for convenience provisions allowing the counterparty to terminate the agreement on the provision of short notice to hipages. These counterparties may maintain the right to amend their standard terms and conditions from time to time. There can be no guarantee hipages will be able to renew any contract on similar or not less favourable terms. As a result, any change to the relationships with these counterparties may have an adverse impact on hipages' operations, financial performance and/or growth.

#### **5.2.10. Competition**

hipages' operates in the home improvement, and specifically the on demand tradie industry in Australia, which is a competitive industry subject to significant change driven by factors including advancements in technology, changing consumer behaviours, new products and services and changing needs of tradies. Some of hipages' competitors (Australia based and international) possess significant market-share and resources. There is a risk that:

- (a) existing competitors could increase their competitive position, including through increased marketing activity, product innovation or price discounting. Existing competitors may also engage in strategic partnerships, acquisitions or other business combinations to improve their comparable competitive positioning;
- (b) large international competitors and/or global technology leaders could enter the Australian market (from a general lead sourcing perspective as well as a tradie or home improvement specific perspective) or expand their existing presence. These competitors may have greater financial resources than hipages, which may enable them to expand or enter the on demand tradie industry;
- (c) large competitors may have access to greater financial, technological, operational and marketing resources than hipages. This advantage, coupled with their scale and ability to potentially secure more favourable terms from third party providers, may enable them to offer a more attractive value proposition to tradies;
- (d) hipages may fail to anticipate and respond to technology changes as quickly as hipages' competitors or at all;
- (e) hipages' competitors may increase or refocus their service offering to compete with hipages on a larger scale. For example, another lead sourcing platform may decide to focus its service offering and marketing more specifically on the home improvement industry; and
- (f) competitors could develop new service offerings or expand their functionality or promotion of existing service offerings which compete with hipages products at a more competitive price or with greater functionality, or cause hipages' service offering to become less appealing.

If any of these risks arise, hipages may compete less effectively against its competitors, and hipages' operations, financial performance and/or growth could be adversely affected.



## Risks

### 5.2.11. hipages may not Successfully Execute One or All of its Growth Strategies

hipages plans to achieve high rates of growth by executing its strategies, which include expansion of the subscription model, enhancing hipages' product offering and field services software solutions, improving marketplace efficiency and channel and brand expansion. There is no guarantee that all or any of hipages' growth strategies will be successfully implemented, deliver the expected returns or ultimately be profitable. There is also a risk that the growth strategies may be subjected to unexpected delays and additional implementation costs.

For example, hipages' field services software solutions are yet to be launched. There is no guarantee that the launch of these solutions will be successful or that demand for these solutions will meet the levels expected by hipages.

hipages may also fail to adopt and execute growth strategies that will enable it to successfully maintain or improve its offering and match any change in tradie or consumer preferences. Failure to do so could result in tradies or consumers choosing hipages' competitors for their requirements, which may have an adverse impact on hipages' operations and financial performance, or growth.

### 5.2.12. hipages may not Identify, Execute and Realise Benefits from Acquisitions or Strategic Partnerships

hipages has and may continue to pursue acquisitions or joint ventures, or enter into strategic partnerships, in order to realise benefits including inorganic growth, accelerated development or delivery of service offerings, increased tradie or customer base or the provision of new service offerings.

There is a risk that hipages may not be successful in identifying attractive opportunities. Further, the identification, evaluation and negotiation of these opportunities may require significant time and effort from key management and employees and may result in disruptions to hipages' business. There is also a risk that hipages' competitors have a greater willingness and ability to pay for opportunities that hipages is interested in.

There is also a risk that hipages will not successfully integrate new businesses or assets into its existing operations in a timely manner, or that new businesses or assets do not result in the benefits anticipated. hipages cannot guarantee that every acquisition, joint venture or partnership entered into will result in favourable outcomes for hipages.

### 5.2.13. Key Personnel

Given the competitive environment in which hipages operates, there is an ongoing requirement to continuously improve the hipages platform and service offering to ensure it remains innovative and relevant to the market and is not superseded by competitive offerings. hipages' ability to ensure its platform and services are continually improved relies on the expertise of its skilled workforce, particularly its technology team.

The departure of key personnel, or a shortage of skilled employees with the appropriate expertise, could adversely affect hipages' business and its future ability to pursue its growth strategies, as under-resourcing can cause development delays and reduce the speed at which hipages is able to deliver new features or enhancements to the market. Further, there is a risk that hipages is unable to develop new products or initiatives to target identified market opportunities, as a result of a constrained resource pool.

In addition, the ability of hipages to retain its key personnel, including the management team, is affected by hipages' prospects and its capacity to maintain competitive remuneration packages. The loss of personnel may also impose significant costs to hipages in the form of lost investment in employee training, possible loss of proprietary knowledge to competitors and recruitment and employee commencement costs, each of which may have an adverse impact on hipages' operations, financial performance and/or growth.

### 5.2.14. Reputational Risk

Maintaining the strength of hipages' reputation is an important part of retaining and growing the tradie and consumer base and maintaining hipages' relationships with partners that will assist in successfully implementing hipages' strategy. There is a risk that events may occur that may adversely impact on hipages' reputation and tradie and consumer engagement with the hipages platform. This may adversely impact the tradie and consumer base and the willingness of third parties to work with hipages on additional product offerings, which may have an impact on future operations and financial performance and/or growth.

#### **5.2.15. Failure to Meet Forecasts**

The forward looking statements, opinions and estimates provided in this Prospectus, including the forecast financial information in Section 4, rely on various contingencies and assumptions, some of which are described in Section 4. Various factors, both known and unknown, may impact upon the performance of hipages and cause actual performance to vary significantly from expected results. There can be no guarantee that hipages will achieve its stated objectives or that any forward looking statement or forecast will eventuate.

#### **5.2.16. COVID-19**

The ongoing COVID-19 pandemic has had a significant impact on the Australian and global economy and the ability of individuals, businesses, and governments to operate. Across Australia and the world, travel, trade, business, working arrangements and consumption has been materially impacted by the pandemic. In addition, events relating to COVID-19 have resulted in significant volatility across financial, commodity and other markets, including in the prices of securities trading on ASX and on other foreign securities exchanges.

As mentioned in Section 3.9, hipages saw an initial softening of job volumes posted on the platform due to the impact of COVID-19 at a national level, largely due to confusion by tradies and consumers around the practices required to safely book a tradie and complete a job, and what was permitted under each stage of the relevant government restrictions.

Whilst hipages has taken steps to educate tradies and consumers on COVID-19 safe practices and to ensure the continuing operation of the business and the platform, there is a risk that further lockdowns or the implementation of further government restrictions in response to COVID-19 could have an impact on job volumes or the ability of jobs posted on the platform to be completed by tradies. This could materially affect hipages' operations and financial performance and/or growth.

#### **5.2.17. Insurance Coverage**

hipages' insurance policies may not comprehensively cover its risks and liabilities. Appropriate coverage may not be available, or may not adequately cover all losses, or hipages may elect not to insure against certain risk where it considers the applicable premiums to be excessive in relation to the perceived risks and benefits that may accrue. As a result, hipages may be held liable for material claims beyond its insurance coverage limits that could materially adversely impact its operational and financial performance, reputation and/or growth.

In addition, any significant claim against such policies may lead to increased premiums on renewal and/or additional exclusions to the terms of future policies. If insurance is not available to cover a claim or the quantum of a claim exceeds policy limits, hipages will be exposed to the financial impact of the event which could have an adverse impact on hipages' operations and financial performance and/or growth.

#### **5.2.18. Litigation and Regulatory Investigations**

hipages may become subject to litigation and other claims and disputes in the course of its business, including employment disputes, contractual disputes, indemnity claims, occupational health and safety claims or criminal or civil proceedings in the course of its business. In addition, there is a risk that hipages will become subject to regulatory investigations and fines by governmental authorities in the event of non-compliance with relevant statutory or regulatory requirements. These may include how hipages advertises its service offering or other compliance requirements. Such litigation, claims, disputes and regulatory investigations, including the cost of settling claims or paying any fines, operational impacts and reputational damage, could materially affect hipages' operations and financial performance.

#### **5.2.19. Jobs Undertaken by Tradies**

As hipages manages and facilitates a large volume of jobs through its platform, there is the risk that some of the tradies will not perform jobs sourced through the platform to an acceptable standard. Whilst the terms and conditions of use of the hipages platform make it clear that the consumer contracts directly with the tradie, and that hipages is not liable for any sub-standard jobs being performed, there is always the risk that a consumer may wish to take action against hipages as the platform provider. hipages has checks and balances in place (including ratings and recommendations of tradies on the site) to reduce this risk. Whilst hipages manages the overall integrity of the platform and the marketplace, hipages relies on its tradies to provide an acceptable standard of service to consumers who use the platform. If marketplace transactions do not proceed in a satisfactory manner because of

## Risks

the conduct of tradies (which may include unethical business practices, incompetence and/or damage caused by the tradies) and certain parties feel aggrieved, this may generate negative publicity for hipages. In some circumstances hipages' responsiveness to disputes may not be perceived as satisfactory. There is a risk that these factors, which may be outside the control of hipages, could adversely affect the reputation of the marketplace and its integrity, and therefore impact on hipages' financial performance and/or growth.

### 5.3. General Risks of an Investment in hipages

#### 5.3.1. Share Price

Once listed on ASX, Shares in the Company will be subject to general market risk that is inherent in all securities listed on a stock exchange, and may trade at a price higher or lower than the Offer Price. This may result in fluctuations in the Share price that are not explained by the fundamental operations and activities of hipages.

The price at which the Shares trade following listing will be affected by the financial performance of hipages and by external factors unrelated to the operating performance of hipages, including movements on domestic and international share markets, the level of interest rates and exchange rates, general domestic and international economic conditions, inflation rates, consumer sentiment, commodity prices, changes to government fiscal, monetary taxation or regulatory policies, changes in legislation, inclusion in or removal from market indices, and other matters.

#### 5.3.2. General Economic Conditions and Outlook

General economic conditions (both domestically and internationally) may adversely impact on the price of the Shares after Completion of the Offer. This includes an increase in unemployment rates, negative consumer and business sentiment and changes in interest rates, among other factors. As a result of these factors, the Company is unable to forecast the market price for Shares and they may trade on ASX at a price that is below the Offer Price.

#### 5.3.3. Shareholder Dilution

In the future, the Company may elect to issue Shares or other securities in connection with fundraisings or acquisitions. Whilst the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of Shares or other securities it is able to issue, shareholdings may be diluted and Shareholders may experience a loss in value of their equity as a result of such future issues.

#### 5.3.4. Accounting Standards

The AAS are issued by the AASB and are not within the control of hipages. The AASB may introduce new or refined AAS, which may affect future measurement and recognition of key statements of profit and loss and balance sheet items, including revenue and receivables.

There is also a risk that interpretations of existing AAS, including those relating to the measurement and recognition of key statements of profit and loss and balance sheet items may differ. Changes to AAS issued by the AASB, or changes to commonly held views on the application of those standards, could materially adversely affect the financial performance and position reported in hipages' financial statements.

#### 5.3.5. Trading in Shares may not be Liquid

There is currently no public market through which Shares may be sold. Once the Shares are quoted on ASX, there can be no guarantee that an active trading market for the Shares will develop or that the price of the Shares will increase. There may be relatively few or many potential buyers or sellers of Shares on ASX at any time, which may increase the volatility of the market price of the Shares, prevent investors from acquiring more Shares or disposing of Shares they acquire under the Offer, or result in Shareholders receiving a market price for their Shares that is less than the price that Shareholders paid.

Approximately 68.5% of the Shares following completion of the Offer will be escrowed until the release of the Company's financial results in FY2021, which is expected to be in August 2021, which may impact on liquidity. For further details on escrow please see Section 9.7.

### 5.3.6. Force Majeure Event

Events may occur within or outside Australia that may have potential impacts on the global and Australian economies, hipages' operations and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, pandemics, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, and other man-made or natural events, including events that arise from climate change, any of which could adversely affect hipages' financial and operational performance. hipages has a limited ability to insure against some of the risks mentioned above.

### 5.3.7. Exposure to Changes in Tax Rules or Laws

Changes in tax law (including GST and stamp duties), or changes in the way tax laws are interpreted may impact the tax liabilities of hipages, Shareholder returns, the level of dividend imputation or franking, or tax treatment of a Shareholder's investment. In particular, both the level and basis of taxation may change. The tax information provided in this Prospectus is based on current taxation law as at the Prospectus Date. Tax law is frequently changed, both prospectively and retrospectively. Further, the statuses of some key tax reforms remain unclear at this stage.

In addition, an investment in the Shares involves tax considerations which may differ for each Shareholder. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

### 5.3.8. Access to Future Capital

The Company may be required to raise capital in the future through public or private financing or other arrangements. Such financing may not be available on acceptable terms, or at all, and a failure to raise capital when needed could harm hipages' business. If the Company is unable to raise funds on acceptable terms, it may not be able to grow its business or respond to competitive pressures.

### 5.3.9. No Guarantee that Dividends will be Declared in the Future

The Company plans to invest all cash flow into the business in order to maximise growth. Accordingly, no dividends are expected to be paid in the foreseeable future following hipages' listing on ASX.

In the long term, the payment and amount of any potential future dividends declared by the Company are subject to the discretion of the directors and will depend upon, among other things, the applicable provisions of the Corporations Act, the Company's earnings, financial position, tax position, capital requirements, general economic conditions and other factors that the Directors deem significant from time to time.

Under the Corporations Act, a company can only pay dividends where its assets exceed its liabilities and the excess is sufficient for the payment of the dividend, the payment of the dividend is fair and reasonable to the company's shareholders as a whole and the payment of the dividend will not materially prejudice the company's ability to pay its creditors. Further, the Company may not pay dividends if the directors determine, for example, that it would not be in the best interest of the Company to pay a dividend (for example as the directors may determine that profits could be better utilised by re-investing in the business).





# Key People, Interests and Benefits

# 6






## Key People, Interests and Benefits

### 6.1. Board of Directors

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance expertise.

TABLE 23: HIPAGES' BOARD OF DIRECTORS

Director, Experience, and Background	
 <p><b>Chris Knoblanche AM</b></p>	<p><i>Chairman &amp; Independent Non-Executive Director</i></p> <ul style="list-style-type: none"> <li>Chris joined hipages in March 2020 as Chairman and Independent Non-Executive Director</li> <li>Chris currently serves on the boards of iSelect, Latitude Insurance and the Environment Protection Authority of NSW</li> <li>Chris was previously chair of the Australian Ballet, trustee of the Sydney Opera House, and a non-executive director of Aussie Home Loans, Greencross and iMed Radiology</li> <li>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 Calburn (now Greenhill Investment Bank) and CEO of Andersen Australia and Andersen Business Consulting – Asia</li> <li>Chris holds a Bachelor of Commerce and is a Member of Chartered Accountants of Australia and New Zealand (ACA), and Fellow of the Australian Society of CPAs (FCPA)</li> </ul>
 <p><b>Robert Sharon-Zipser</b></p>	<p><i>Chief Executive Officer &amp; Director</i></p> <ul style="list-style-type: none"> <li>Robert joined hipages in 2004 and has been a Director of the hipages Board since 2005</li> <li>Robert commenced his career as a Senior Accountant, working with PwC and Allco Finance Group on clients from a broad range of industries. He subsequently founded his own boutique accounting firm Advanced Audit Solutions, offering audit, accounts payable and recovery services for large Australian corporate clients. Robert also provided a small business advisory service</li> <li>Robert holds a Bachelor of Commerce, is a graduate Member of the Australian Institute of Company Directors and a Member of Chartered Accountants of Australia and New Zealand</li> </ul>
 <p><b>Stacey Brown</b></p>	<p><i>Independent Non-Executive Director &amp; Audit and Risk Committee Chair</i></p> <ul style="list-style-type: none"> <li>Stacey joined hipages in March 2019 as a Non-Executive Director</li> <li>Stacey served as the Chief Financial Officer of News Corp Australia 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</li> <li>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</li> <li>Stacey holds a Bachelor of Business and is a graduate Member of the Australian Institute of Company Directors and a Member of the Chartered Accountants of Australia and New Zealand</li> </ul>





#### *Non-Executive Director*

- Nicholas joined hipages as a Non-Executive Director in October 2020
- Nicholas currently serves as the managing director of The Australian, NSW and Prestige Titles at News Corp Australia. He is a non-executive director of SocietyOne, ThinkNewsBrands and the UNSW Australia Foundation and has previously been the chairman of the Medium Rare Content Agency
- 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 has a Bachelor of Laws and a Bachelor of Accounting from the University of New South Wales



#### *Independent Non-Executive Director and Remuneration and Nominations Committee Chair*

- Inese joined hipages in October 2020 as an Independent Non-Executive Director
- Over the course of a career spanning 25 years, Inese has earned a reputation as a growth focused and customer oriented 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 re-structuring, culture change, digital transformations, customer experience and design, brand re-launches and re-positioning, as well as developing fit-for-purpose operating models
- Inese is a director and co-founder of Breakfast Epiphanies Consulting Group, a privately held management consulting practice specialising in supporting organisations to navigate their own growth and transformation agendas and currently serves as a non-executive director on the boards of WorkVentures, Rhipe Limited, Noble Oak Life and Spirit Telecom & IT
- Inese holds a Bachelor of Business, has completed an Executive Program in Digital Transformation at the MIT Sloan School of Management and is a Member of the Australian Institute of Company Directors

## 6.2. Directors Disclosures




Each Director has confirmed to the Company that he or she anticipates being available to perform his or her duties as a Director without constraints from other commitments. The Directors will continually evaluate their other commitments, including the number of boards on which they serve, to ensure that proper time and attention is given to their appointment, and role, as a director of the Company.

No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director or which is relevant to an investor's decision as to whether to subscribe for Shares. No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer, or within a 12 month period after they ceased to be an officer.

## Key People, Interests and Benefits

### 6.3. Senior Executive Team

TABLE 24: HIPAGES' SENIOR EXECUTIVE TEAM

Executive, Experience, and Background	
 <p>Robert Sharon-Zipser</p>	<p><i>Chief Executive Officer</i></p> <p>See Section 6.1</p>
 <p>Melissa Fahey</p>	<p><i>Chief Finance &amp; Operations Officer</i></p> <ul style="list-style-type: none"> <li>• Melissa joined hipages in 2018 as Chief Finance &amp; Operations Officer</li> <li>• Melissa has extensive experience across digital, technology, eCommerce, media, retail, travel, corporate development, private equity and financial services and markets. She commenced her career with PwC, and later served as an Investment Executive for Henderson Private Equity. In 2011 Melissa joined APN, now HT&amp;E, as a Finance director in their Digital division. Melissa then spent 5 years as the Group CFO of Lux Group/Luxury Escapes</li> <li>• Melissa holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment and is a member of Chartered Accountants of Australia and New Zealand</li> </ul>
 <p>Herry Wiputra</p>	<p><i>Chief Product &amp; Technology Officer</i></p> <ul style="list-style-type: none"> <li>• Herry joined hipages in 2018 as Chief Product &amp; Technology Officer</li> <li>• Herry has extensive experience in product development, people leadership and scaling product and engineering teams. Prior to joining hipages, Herry was the CTO of Campaign Monitor, where for 3 years he scaled their engineering team from 35 to over 100 engineers and helped transform their approach to product development</li> <li>• Prior to working at Campaign Monitor, Herry worked as the Head of Technology at REA Group, where he was responsible for 12 teams, building the strategic product capabilities for the whole group. Prior to REA, Herry had a management role at Aconex and engineering roles at Adacel and SGI.</li> <li>• Herry holds a Bachelor of Engineering (Software) Honours and a Bachelor of Commerce majoring in Finance</li> </ul>



Stuart Tucker

#### *Chief Customer Officer*

- Stuart joined hipages in 2017 as Chief Customer Officer
- Stuart has over 25 years' of experience in customer experience, service, marketing, and sales. Prior to hipages, Stuart held a senior marketing role at Commonwealth Bank, where he was responsible for brand strategy, sponsorship, media, social media, marketing operations & market research
- Prior to working at Commonwealth Bank, Stuart held a marketing & product leadership role with Aussie Home Loans. He has also held senior marketing roles with Optus & KFC
- Stuart holds a Bachelor of Commerce, and is an associate director of Canteen Australia and an advisory board member of ADMA (Australian Data-driven Marketing Association)



Jodette Cleary

#### *Chief People & Culture Officer*

- Jodette joined hipages in 2015 as Chief People & Culture Officer
- Prior to joining hipages, Jodette founded and managed the boutique HR consultancy We Know HR for 8 years. Jodette was the Asia Pacific HR director for Honeywell Building Solutions business unit and a board director for Honeywell Solutions Pty Ltd. Prior to her 6 years at Honeywell, Jodette worked in the IT&T, Recruitment and Mining industries. Jodette is a current non-executive director of Hear For You
- Jodette holds a Bachelor of Arts, a Masters of Labour Law and Relations, and is a graduate member of the Australian Institute of Company Directors



Oonagh McEldowney

#### *General Counsel & Company Secretary*

- Oonagh joined hipages in 2019 as General Counsel and Company Secretary
- Oonagh is a senior commercial lawyer with over 20 years of experience 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. Since then she has held a number of senior legal and leadership roles at Telstra, including roles as General Counsel and Company Secretary at muru-D, TelstraClear in New Zealand (which was acquired by Vodafone) and REACH, a joint venture company headquartered in Hong Kong
- Oonagh holds a Bachelor of Laws degree, is admitted as a solicitor in New South Wales and is a graduate member of the Australian Institute of Company Directors

## Key People, Interests and Benefits

### 6.4. Interests and Benefits

This Section 6.4 sets out the nature and extent of the interests and fees of certain persons involved in the Offer.

Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director;
- person named in this Prospectus and who has performed a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the last two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for service in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of the Company.

#### 6.4.1. Director Interests and Remuneration

##### 6.4.1.1. Non-Executive Director Appointment Letters

Prior to the Prospectus Date, each of the Non-Executive Directors has entered into appointment letters with the Company, which outlines the terms of the appointments, their roles and responsibilities and the Company's expectations of them as Directors.

##### 6.4.1.2. Non-Executive Director Compensation

Under the Constitution, the Board may decide the total amount paid to each Director as remuneration for their services as a Director. However, 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 the Company as \$700,000 per annum. Any change to that aggregate annual sum needs to be approved by Shareholders.

As at the Prospectus Date, the annual Non-Executive Directors' base fee agreed to be paid by the Company to:

- the Chairman is \$300,000, comprising a cash component of \$150,000 and a Director Equity Entitlement component of \$150,000 per annum; and
- each of the other Non-Executive Directors, other than Nicholas Gray, is \$100,000, comprising a cash component of \$70,000 and a Director Equity Entitlement component of \$30,000 per annum.

Nicholas Gray will not be remunerated by the Company due to Mr Gray being a nominee of News Corp Australia, however the Company will 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.

Eligible Non-Executive Directors will also be paid Committee fees of \$10,000 per year for each Board Committee of which they are a Chair. All Non-Executive Directors' fees are inclusive of statutory superannuation contributions.

#### *Director Equity Entitlement*

Director Equity Entitlements will be granted annually to the Chairman and each Non-Executive Director (other than Nicholas Gray) as part of the directors' remuneration arrangements.

A Director 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 Chairman is granted the right to be issued \$150,000 worth of Shares annually, with the first grant of Director Equity Entitlement made on the first anniversary of the date when the Chairman was appointed as chairman of hipages Group, 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, with the first grant of Director Equity Entitlement made on the first anniversary of the date when the Non-Executive Director was appointed (with no vesting conditions).

The Plan Rules which apply to the Hipages Management Equity Plan (described in Section 6.4.3.2) will 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.

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

- only the first tranche of the Year 1 Director Equity Entitlement (representing \$50,000 worth of Shares) will vest on the first anniversary;
- the second tranche of the Year 1 Director Equity Entitlement (representing another \$50,000 worth of Shares) will vest on the second anniversary; and
- the third tranche of the Year 1 Director Equity Entitlement (representing the final \$50,000 worth of Shares) will vest on the third anniversary.

As the Director Equity Entitlement is granted every year, on the second anniversary of the Chairman's appointment, the Chairman will also receive the first tranche of the second Director Equity Entitlement ("Year 2 Director Equity Entitlement"), with the second and third tranches of the Year 2 Director Equity Entitlement vesting on the third and fourth anniversaries of the Chairman's appointment, and so on.

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

The Director Equity Entitlements of the other Non-Executive Directors are not subject to time-based vesting conditions and do not vest in tranches, and will vest on the date of grant (being on each anniversary of the Non-Executive Director's appointment).

Upon vesting of the Director Equity Entitlement (or a tranche thereof), the Company will issue the number of Shares, calculated as follows (where "5-day VWAP Price" is the price per Share equal to its VWAP, calculated over 5 consecutive days ending on the day before vesting):

$$\text{Value of the vested Director Equity Entitlement (or a vested tranche) / 5-day VWAP Price}$$

The Shares will be issued as soon as possible after the vesting of Director Equity Entitlements, subject to the availability of trading windows under the Company's Securities Trading Policy.

None of the Directors have been issued any Director Equity Entitlements as at the Prospectus Date. In accordance with ASX Listing Rule 10.15, the Company will not issue Director Equity Entitlements to any Director on a date that is more than three years after the Prospectus Date without obtaining Shareholder approval for the issue and will publish details of the Director Equity Entitlements granted to the Directors, and Shares issued on vesting of the Director Equity Entitlements, in the Company's annual report for each financial year.

#### 6.4.1.3. Deeds of Access, Insurance, and Indemnity

The Company has entered into a deed of access, indemnity and insurance with each Director. Each deed contains the Director's right of access to certain books and records of hipages for the period from the date of the deed until 10 years after the Director ceases to hold office. This 10 year period can be extended where certain proceedings or investigations commence before the 10 year period expires.

Pursuant to the Constitution, the Company must indemnify all Directors and executive officers, past and present, against all liabilities that arise from their position as an officer of the Company to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company indemnifies each Director against any liability that may arise from their position as an

## Key People, Interests and Benefits

officer of the Company to the extent permitted by law. The deed provides that the Company must meet the full amount of any such liabilities, including legal costs that are reasonably incurred, charges and expenses.

Pursuant to the Constitution, the Company may arrange and maintain Directors' and officers' insurance for its Directors to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company must maintain such insurance for the period from the date of the deed until 7 years after the Director ceases to hold office. This 7 year period can extend where certain proceedings or investigations commence before the 7 year period expires.

### 6.4.1.4. Directors' Interests in Shares

Directors are not required by the Constitution to hold any Shares. The Directors (and their associates) are entitled to apply for Shares under the Offer.

The Directors' interest in securities in the Company as at the Prospectus Date and securities in the Company as at Completion are set out below:

Directors	Immediately prior <sup>1</sup>			On Completion <sup>2</sup>	
	Shares	Convertible Notes	Rights	Shares	Rights
Chris Knoblanche	151,557	1,500	18,935	239,074	18,935
Robert Sharon-Zipser	11,423,829	5,000	Nil	8,567,841	321,429
Stacey Brown	Nil	Nil	Nil	Nil	Nil
Nicholas Gray	Nil	Nil	Nil	Nil	Nil
Inese Kingsmill	Nil	Nil	Nil	Nil	Nil

### 6.4.2. Executive Remuneration

#### 6.4.2.1. Chief Executive Officer Remuneration

Details regarding the terms of employment of the Chief Executive Officer, Robert Sharon-Zipser are set out below.

Term	Description
Employer	hipages Group Pty Ltd
Fixed remuneration	Under the terms of his employment, Robert is entitled to fixed annual remuneration of \$500,000 per annum, exclusive of superannuation contributions.
Incentives	Annual On-Target Incentive for FY2021 is \$315,000 (consisting of 30% cash (inclusive of superannuation) and 70% deferred equity, valued at \$220,500 in the form of Rights, granted subject to the terms of the hipages Management Equity Plan (HMEP) summarised in section 6.4.3.3)

1. This reflects securities held in hipages Group prior to completion of the Restructure and the Offer, and reflects a notional share and right split of approximately 1 for 122.9. Refer to Section 9.4 for a description of the Restructure.
2. This does not take into consideration any Shares a director may acquire under the Offer. Refer to Section 9.7 for information regarding escrow of Shares.

Term	Description
Other interests and benefits	Company paid car park valued at \$8,000
Termination	<p>Robert may terminate his employment with hipages on provision of six months' notice.</p> <p>hipages may terminate Robert's employment on provision of six months' notice.</p> <p>hipages may elect to pay Robert in lieu of all or part of any notice period.</p> <p>Robert's employment may also be terminated by hipages without notice (or payment in lieu of notice) in the case of serious misconduct.</p>
Restraints	<p>For a period of up to 12 months following the termination of Robert's employment, he will be subject to a restraint, which will prohibit Robert from, directly or indirectly:</p> <ul style="list-style-type: none"> <li>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 his employment;</li> <li>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 his employment; and</li> <li>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 his employment, to terminate or otherwise alter their business relationship with hipages.</li> </ul> <p>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.</p>

#### 6.4.2.2. Chief Finance & Operations Officer Compensation

Details regarding the terms of employment of the Chief Finance & Operations Officer, Melissa Fahey are set out below.

Term	Description
Employer	hipages Group Pty Ltd
Fixed remuneration	Under the terms of her employment, Melissa is entitled to fixed annual remuneration of \$376,255 per annum, exclusive of superannuation contributions.
Incentives	Annual On-Target Incentive for FY2021 is \$247,200 (consisting of 38.8% cash (inclusive of superannuation) and 61.2% deferred equity, valued at \$151,286.4 in the form of Rights, granted subject to the terms of the hipages Management Equity Plan (HMEP) summarised in section 6.4.3.3)
Other interests and benefits	Company paid car park valued at \$8,000



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Term	Description
<b>Termination</b>	<p>Melissa may terminate her employment with hipages on provision of 12 weeks' notice.</p> <p>hipages may terminate Melissa's employment on provision of 12 weeks' notice.</p> <p>hipages may elect to pay Melissa in lieu of all or part of any notice period.</p> <p>Melissa's employment may also be terminated by hipages without notice (or payment in lieu of notice) in the case of serious misconduct.</p>
<b>Restraints</b>	<p>For a period of six months following the termination of Melissa's employment, she will be subject to a restraint, which will prohibit Melissa from, directly or indirectly:</p> <ul style="list-style-type: none"> <li>engaging in or performing any work in competition with the part of the business of hipages in which she worked in the 12 months preceding the termination of her employment;</li> <li>canvassing, soliciting or enticing away the business or custom of any client, or providing products or services to any client, with whom she (or a person reporting to her) has performed work or had dealings in the 12 months preceding the termination of her employment; and</li> <li>inducing or encouraging any client, supplier, employee, agent, officer, contractor, partner, advisor or consultant with whom she (or a person reporting to her) has performed work or had dealings with in the 12 months preceding the termination of her employment, to terminate or otherwise alter their business relationship with hipages.</li> </ul> <p>These restraints are expressed to apply to a range of geographic areas, namely: United Kingdom; New Zealand; Australia; New South Wales; and within two kilometres of the Sydney CBD.</p>

### 6.4.2.3. IPO Grants to Management

The Company intends to award a one-off grant of incentives, which generally take the form of Rights, to a number of senior executives, as listed below, around the time of Listing, to reward their efforts in the Company achieving a successful listing on ASX.

Approximately (at a price of \$2.45 per Share) 616,089 Rights in total will be granted to executives for nil consideration, 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
Jodette Cleary	Chief People & Culture Officer	61,224 Rights valued at \$150,000
Stuart Tucker	Chief Customer Officer	61,224 Rights valued at \$150,000
Herry Wiputra	Chief Product & Technology Officer	61,224 Rights valued at \$150,000

The Rights granted to each of Robert Sharon-Zipser, Jodette Cleary, Stuart Tucker and Herry Wiputra will vest in two equal tranches, with 50% of the Rights vesting on the first anniversary of the Company's admission to the Official List and 50% of the Rights vesting on the second anniversary of the Company's admission to the Official List.

With regards to the incentive granted to Melissa Fahey, 40% of the total incentive will be paid in cash immediately after Completion of the Offer, with the balance to take the form of Rights vesting in two equal tranches, with 50% of the Rights vesting on the first anniversary of the Company's admission to the Official List and 50% of the Rights vesting on the second anniversary of the Company's admission to the Official List.

### 6.4.3. Employee Incentive Arrangements

#### 6.4.3.1. Introduction

The Company has established the Hipages Management Equity Plan (“HMEP”) for senior executive management and the Hipages Employee Equity Plan (“HEEP”) to assist in the attraction, motivation, retention and reward of key management, and other eligible employees.

The HMEP and 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.

#### 6.4.3.2. Plan Rules

The Plan Rules for the HMEP and the HEEP (“Plan Rules”) provide flexibility for the Company to grant Rights and/or Options subject to the terms of individual offers.

The key features of the Plan Rules are outlined in the table below:

Term	Description
<b>Eligibility</b>	Offers may be made at the Board’s discretion to Non-Executive Directors, employees of the Company or any other person that the Board determines to be eligible to receive a grant under the Plan Rules.
<b>Types of securities</b>	<p>The Company may grant Rights and/or Options as incentives, subject to the terms of individual offers.</p> <ul style="list-style-type: none"> <li>Options are an entitlement to receive Shares upon satisfaction of applicable conditions and payment of an applicable exercise price.</li> <li>Rights are an entitlement to receive Shares subject to the satisfaction of applicable conditions.</li> </ul> <p>Unless otherwise specified in an offer document, the Board has the discretion to settle Rights or Options with a cash equivalent payment.</p>
<b>Offers under the Plan Rules</b>	Under the Plan Rules, the Board may make offers at its discretion, subject to any requirements for Shareholder approval. The Board has the discretion to set the terms and conditions on which it will offer incentives in individual offer documents. An offer must be accepted by the participant and can be made on an opt-in or opt-out basis.
<b>Issue price</b>	Unless the Board determines otherwise, no payment is required for a grant of a Right or Option allocated under the Plan Rules.
<b>Vesting</b>	Vesting of the incentives is subject to any vesting or performance conditions determined by the Board and specified in the offer document. Subject to the Plan Rules and the terms of the specific offer document, incentives will either lapse or be forfeited if the relevant vesting and performance conditions are not satisfied. Options must be exercised by the participant and the participant is required to pay any exercise price applicable.
<b>Cessation of employment</b>	Under the Plan Rules, the Board has a broad discretion in relation to the treatment of entitlements on cessation of employment. It is intended that individual offer documents will provide more specific information on how the entitlements will be treated if the participant ceases employment (or in the case of a Non-Executive Director, ceases to hold office). The intended treatment for initial HMEP and HEEP grants are outlined further below.
<b>Clawback and preventing inappropriate benefits</b>	The Plan Rules provide the Board with broad clawback powers if, for example, the participant has acted fraudulently or dishonestly or there is a material financial misstatement.

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Term	Description
<b>Change of control</b>	The Board may determine that all or a specified number of a participant's incentives will vest or cease to be subject to restrictions where there is a change of control event in accordance with the Plan Rules.
<b>Reconstructions, corporate action, rights issues, bonus issues etc.</b>	The Plan Rules include specific provisions dealing with rights issues, bonus issues, and corporate actions and other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to the participant in respect of their incentives as a result of such corporate actions. Participants are not entitled to participate in new issues of securities by the Company prior to the vesting (and exercise if applicable) of their Options or Rights. In the event of a bonus issue, Options or Rights will be adjusted in the manner allowed or required by the ASX Listing Rules.
<b>Restrictions on dealing</b>	Prior to vesting, the Plan Rules provide that participants must not sell, transfer, encumber, hedge or otherwise deal with their incentives. After vesting, participants will be free to deal with their incentives, subject to the Securities Dealing Policy.
<b>Other terms</b>	The Plan Rules contain customary and usual terms for dealing with administration, variation, suspension and termination of any incentive plan.

### 6.4.3.3. Hipages Management Equity Plan (HMEP)

The Company has established the HMEP to motivate, reward and retain senior management and other Company employees from time to time, with a view to aligning the interests of senior management and other employees with the interests of Shareholders by providing an opportunity for employees to receive equity in the Company subject to the satisfaction of certain performance conditions.

The Plan Rules described above will be used to deliver HMEP awards. The key features of the FY2021 award under the HMEP are outlined in the table below:

Term	Description
<b>Eligibility</b>	Offers may be made at the Board's discretion to executives, senior managers and other employees. As noted in sections 6.4.2.1 and 6.4.2.2, the CEO and CFOO will be eligible to participate in the HMEP. Non-Executive Directors are not eligible to participate in the HMEP.
<b>Awards under the HMEP</b>	<p>Performance conditions set by the Board and tested over the one year performance period (being, 1 July 2020 to 30 June 2021) must be satisfied for HMEP participants to receive awards. Any award made will be delivered partly in cash and partly in Rights. In future years the HMEP award might be granted in the form of Rights or Options.</p> <p>The FY2021 award of Rights will be granted shortly after the Company's audited full year results have been released to the market.</p> <p>The award for the CEO and CFOO are described above in Section 6.3.2.1 and 6.3.2.2.</p> <p>Any Rights that vest will become exercisable as follows:</p> <ul style="list-style-type: none"> <li>• 33% on the day following the release of the Company's full year audited results for FY2021;</li> <li>• 33% on the day following the release of the Company's full year audited results for FY2022; and</li> <li>• 33% on the day following the release of the Company's full year audited results for FY2023,</li> </ul> <p>if the participant is an employee and has not provided notice of resignation on the relevant vesting date.</p>

<b>Term</b>	<b>Description</b>
<b>Issue and exercise price</b>	<p>FY2021 Rights under the HMEP are issued for nil consideration.</p> <p>FY2021 Rights do not have an exercise price.</p>
<b>Performance conditions</b>	<p>The FY2021 HMEP awards will be subject to the following performance conditions tested over the performance period:</p> <ul style="list-style-type: none"> <li>• an EBITDA target;</li> <li>• a revenue target; and</li> <li>• individual strategic targets as determined by the Board.</li> </ul> <p>Beyond FY2021, the Board will annually review and set appropriate performance conditions.</p>
<b>Dividends and voting rights</b>	<p>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.</p>
<b>Cessation of employment</b>	<p>Unless the Board determines otherwise:</p> <ul style="list-style-type: none"> <li>• if a participant is terminated for cause, they will not receive an HMEP award. All of their Rights will lapse and the cash component of the HMEP award will be forfeited; and</li> <li>• if a participant gives notice of their resignation: <ul style="list-style-type: none"> <li>– prior to the Board testing the performance conditions following the end of performance period, they will not receive an HMEP award. All of their Rights will lapse and the cash component of the HMEP award will be forfeited; and</li> <li>– after the Board has tested the performance conditions, they may retain the cash component of their HMEP award, but all of their unvested Rights will lapse.</li> </ul> </li> </ul>
<b>Change of control</b>	<p>Where a change of control occurs prior to the Board testing the performance conditions following the end of the performance period, unvested HMEP awards will vest and be exercised on a pro-rata basis based on the portion of the performance period completed and the Board's estimate of likely performance outcomes, subject to Board discretion.</p> <p>Where a change of control occurs after the Board has tested the performance conditions, all unvested Rights will vest and be exercised, subject to Board discretion. Any Rights that are exercised on a change of control will be settled in cash.</p>
<b>Expiry</b>	<p>Unvested Rights will lapse no later than 5 years after the start of the performance period.</p>

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### 6.4.3.4. Hipages Employee Equity Plan (HEEP)

The HEEP has been set up by the Company to motivate, reward and retain employees who do not participate in the HMEP.

The Plan Rules described above will be used to deliver HEEP awards. The Company intends to allocate an initial pool of \$1,200,000 worth of Rights to be granted in accordance with the Plan Rules in FY2021 and subsequent years. The key features of the FY2021 award under the HEEP are outlined in the table below:

Term	Description
<b>Eligibility</b>	Offers may be made at the Board's discretion to employees who do not participate in the HMEP. The Directors (including the CEO) and CFOO will not be eligible to participate in the HEEP.
<b>Awards under the HEEP</b>	<p>Performance conditions set by the Board and tested over the one year performance period (being, 1 July 2020 to 30 June 2021) must be satisfied for HEEP participants to receive awards, delivered as Rights.</p> <p>The FY2021 award of Rights will be granted shortly after the Company's audited full year results have been released to the market.</p> <p>Any Rights that remain on-foot will vest as follows:</p> <ul style="list-style-type: none"> <li>• 33% on the day following the release of the Company's full year audited results for FY2021;</li> <li>• 33% on the day following the release of the Company's full year audited results for FY2022; and</li> <li>• 33% on the day following the release of the Company's full year audited results for FY2023,</li> </ul> <p>if the participant is an employee and has not provided notice of resignation on the relevant vesting date.</p>
<b>Issue and exercise price</b>	Rights under the HEEP are issued for nil consideration and have no exercise price.
<b>Performance conditions</b>	<p>The FY2021 HEEP awards will be subject to the following performance conditions tested over the performance period:</p> <ul style="list-style-type: none"> <li>• an EBITDA target;</li> <li>• a revenue target; and</li> <li>• individual strategic targets as determined by the Board.</li> </ul> <p>Beyond FY2021 the Board will annually review and set appropriate performance conditions.</p>
<b>Dividends and voting rights</b>	Rights do not carry dividend or voting rights prior to vesting. Shares allocated on vesting carry the same dividend and voting rights as other Shares

Term	Description
<b>Cessation of employment</b>	<p>Unless the Board determines otherwise:</p> <ul style="list-style-type: none"> <li>• if a participant is terminated for cause or gives notice of their resignation, all of their Rights will lapse; and</li> <li>• if a participant ceases employment for any other reason: <ul style="list-style-type: none"> <li>– prior to the Board testing the performance conditions following the end of performance period, a pro-rata portion of the participant’s Rights (based on the portion of the performance period that has elapsed) will remain on foot and will be tested in the ordinary course. Any Rights that remain on foot following testing, will vest in the ordinary course; or</li> <li>– after the Board has tested the performance conditions, all of the participant’s Rights will remain on foot and will vest in the ordinary course.</li> </ul> </li> </ul>
<b>Change of control</b>	<p>Where a change of control occurs prior to the Board testing the performance conditions following the end of the performance period, Rights will vest pro-rata based on the portion of the performance period complete and the Board’s estimate of likely performance outcomes, subject to Board discretion.</p> <p>Where a change of control occurs after the Board has tested the performance conditions, all Rights that remain on foot will vest subject to Board discretion. Any Rights that vest on a change of control will be settled in cash.</p>

#### 6.4.3.5. Legacy Equity Plans

Certain employees and ex-employees are participants under legacy equity plans with hipages Group (“**Legacy Equity Plans**”). Under the Legacy Equity Plans, 1,458,521 vested but unexercised equity entitlements were on issue.

These entitlements (comprising Rights or beneficial interests over ordinary shares of Hipages Group Pty Ltd held by a trustee) will be dealt with as described below to ensure that participants’ entitlements are referable to Shares in the Company as part of the Restructure. The Restructure is further discussed in Section 9.4.

Existing entitlements of participants in the Legacy Equity Plans will be exchanged under the Restructure 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 apply to the participants upon this exchange.

As the Legacy Equity Plans have ceased to operate, no new entitlements are being issued or granted pursuant to the Legacy Equity Plans. hipages ESP Pty Ltd holds 6,919,026 Shares as trustee for the Legacy Equity Plan participants, with disposal restrictions in place until the release of the Company’s financial results in FY2021, which is expected to be in August 2021. The ESP Trustee will seek to sell at least 1,382,453 Shares into the IPO for cash consideration on behalf of the Legacy Equity Plan participants and distribute the cash proceeds for the benefit of the participants after Completion.

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### 6.5. Interests of Advisers

The Company has engaged the following professional advisers:

- Goldman Sachs Australia Pty Ltd has acted as Underwriter and Lead Manager for the Offer. The Company has agreed to pay fees of an aggregate of up to \$4.25 million in relation to the Offer, under the Underwriting Agreement (see Section 9.6);
- PricewaterhouseCoopers Securities Ltd has acted as Investigating Accountant to the Company for the Offer, and has performed work in relation to the Financial Information included in Section 4 and the Investigating Accountants Report included in Section 8. The Company has paid, or agreed to pay, approximately \$0.38 million (excluding disbursements and GST) for these services up to the Prospectus Date. Further amounts may be paid to the Investigating Accountant for other work in accordance with its normal time-based charges;
- PricewaterhouseCoopers has acted as tax adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately \$0.12 million (excluding disbursements and GST) for these services up to the Prospectus Date. Further amounts may be paid to the tax adviser for other work in accordance with its normal time-based charges; and
- Ashurst Australia has acted as Australian legal adviser to the Company in relation to the Offer (other than in relation to stamp duty and taxation matters). The Company has paid, or agreed to pay, approximately \$0.38 million (excluding disbursements and GST) for these services up to the Prospectus Date. Further amounts may be paid to Ashurst Australia for other work in accordance with its normal time-based charges.

### 6.6. Corporate Governance

#### 6.6.1. Overview

This Section 6.6 explains how the Board oversees the management of the business.

The Board is responsible for the overall corporate governance of hipages, including establishing and monitoring hipages' key performance and strategic goals. Details of hipages' key policies and practices and each of its committees are available at [hipagesgroup.com.au/investor-centre](http://hipagesgroup.com.au/investor-centre).

The Board is committed to maximising performance, generating appropriate levels of returns for Shareholders and sustaining the growth and success of hipages. In conducting business with these objectives, the Board seeks to ensure that hipages is properly managed to protect and enhance Shareholder interests, and that hipages, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has adopted corporate governance policies and practices which it believes are appropriate for the responsible management and conduct of hipages.

The Company is seeking a listing on ASX. The ASX Corporate Governance Council has released its fourth edition of the Corporate Governance Principles and Recommendations ("**ASX Recommendations**") for ASX listed entities in order to promote investor confidence and to assist companies in fulfilling shareholder expectations. The ASX Recommendations are not prescriptions, but guidelines. Under the ASX Listing Rules, the Company will be required to disclose the extent to which it has followed the ASX Recommendations in its annual report. Where the Company does not follow a recommendation, it must identify the recommendation and give reasons for non-compliance.

#### 6.6.2. Independence of Directors

The Board considers an independent Director to be a Non-Executive Director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of hipages. The materiality of the interest, position, association or relationship will be assessed to determine whether it might interfere, or might reasonably be seen to interfere, with the Director's characterisation as an independent Director.

In assessing independence, the Board will have regard to the factors set out in the ASX Recommendations and one of those factors is whether a Director has a substantial holding in the Company (a relevant interest of 5% or more) or is otherwise associated with a substantial holder.

The Board considers that each of Chris Knoblanche, Stacey Brown and Inese Kingsmill is free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, the independent exercise of the Director's judgement and that each of them are able to fulfil the role of independent Director for the purpose of the ASX Recommendation.



The Board has formally considered the independence of Stacey Brown, who was CFO of News Corp Australia until March 2020, and an employee of News Corp Australia, an approximately 30% shareholder of hipages Group as at the Prospectus Date, until July 2020.<sup>3</sup> Stacey Brown no longer has any ongoing relationship with News Corp Australia<sup>4</sup> and the Board considers that her former relationship with News Corp Australia does not compromise her ability to bring an independent judgment to bear on matters before the Board.

Nicholas Gray is considered by the Board not to be independent on the basis that he is an employee of News Corp Australia. The Board has adopted an information protocol under which Nicholas Gray will be permitted to share confidential information with News Pty Ltd from time to time. Under the protocols, the Board, by majority vote excluding Nicholas Gray, may resolve that (having regard to the best interests of hipages) certain confidential information may not be provided by Nicholas Gray to News Pty Ltd. Furthermore, where confidential information may relate to a matter in respect of which Nicholas Gray and / or News Pty Ltd is in a position of conflict, the protocol precludes the provision of such information to Nicholas Gray and News Pty Ltd. Under the terms of the protocol News Pty Ltd has agreed to keep confidential any information it is provided pursuant to these arrangements.

The Board will regularly review the independence of each Director, and any subsequent Directors appointed, in light of interests disclosed to the Board and will disclose any change to ASX, as required by the ASX Listing Rules.

### 6.6.3. Board Charter

The Board has adopted a written board charter setting out the framework for the effective operation of the Board. This Board assumes responsibilities including, but not limited to the following:

- approving and monitoring hipages' strategy, business performance objectives and financial performance objectives, and overseeing and monitoring the establishment of systems of risk management and systems of internal controls;
- overseeing and monitoring systems of risk management, operational risk policies and procedures (including policies relating to health, safety and injury management), internal control and legal compliance;
- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the Board, its Committees and individual directors;
- approving hipages' annual budget and major capital expenditure, acquisitions, incentive plans and overseeing capital management;
- approving financial reports, profit forecasts and other reports required by law or under the ASX Listing Rules to be adopted by the Board; and
- developing and reviewing hipages' corporate governance policies and culture with respect to the establishment and observance of appropriate ethical standards.

### 6.6.4. Board Committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Committee and a Remuneration and Nominations Committee. The Board may establish other committees as and when required. Membership of Board committees will be based on the needs of hipages, relevant legislative and other requirements, and the skills and experience of individual Directors.

#### 6.6.4.1. Remuneration and Nominations Committee

The Remuneration and Nominations Committee's role is to review and make recommendations to the Board on remuneration packages and policies related to the Directors and senior management and to ensure that the remuneration policies and practices are consistent with the strategic goals of the Board.

The Committee comprises Inese Kingsmill (Chair), Chris Knoblanche and Nicholas Gray. Each of them is a Non-Executive Director, and a majority of members are considered to be independent Non-Executive Directors.

The Remuneration and Nominations Committee Charter sets out:

- the composition of the Committee, including that the Committee must comprise only Non-Executive Directors, a majority of whom are independent and that the Chairman of the Committee is not to be the Chairman of the Board;
- the Committee's ability to have access to Company records and employees and the external auditor for the purpose of carrying out its responsibilities. The Charter also provides that the Committee may seek the advice of independent advisors on any matter relating to the duties or responsibilities of the Committee; and

3. Nicholas Gray has replaced Ms Stacey Brown as News Corp's nominated board representative.

4. Other than long-term incentives for prior periods of service with News Corp Australia that are due to vest in September 2021.

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- the specific responsibilities of the Committee in respect of the areas of nomination (including in respect of matters going to the composition of the Board, the Board's skills matrix and succession planning for the Board) and remuneration (including responsibilities to review and make recommendations to the Board on executive and non-executive Director remuneration, reviewing hipages' remuneration policies, overseeing employee equity incentive plans and responsibility for reviewing hipages' remuneration report).

The Remuneration and Nominations Committee will meet at least twice annually or as often as required to undertake its role effectively. All meetings will be minuted by the Company Secretary and made available for inspection by any Director, and any matter or resolution requiring Board consideration will be brought directly to the consideration of the Board.

### 6.6.4.2. Audit and Risk Committee

The Audit and Risk Committee assists the Board in fulfilling its responsibilities for corporate governance and oversight of hipages' financial and corporate reporting, risk management and compliance structures and external audit functions.

The Committee comprises three Non-Executive Directors being Stacey Brown (Chair), Chris Knoblanche and Inese Kingsmill. Each member is considered to be an independent Non-Executive Director. The Audit and Risk Committee sets out:

- the composition of the Committee, including that the Committee must comprise only Non-Executive Directors, a majority of whom are independent and that the Chairman of the Committee is not to be the Chairman of the Board;
- the Committee's ability to have access to Company records and employees and the external auditor for the purpose of carrying out its responsibilities. The Charter also provides that the Committee may seek the advice of independent advisors on any matter relating to the duties or responsibilities of the Committee; and
- the specific responsibilities of the Committee in respect of the areas of risk management and compliance, financial and corporate reporting and external audit matters. With respect to external audit matters, the Committee has responsibility for developing and overseeing implementation of the Company's policy on the engagement of the external auditor to supply non-audit services (noting that the Committee is required to advise the Board as to whether it is satisfied that the provision of any non-audit services is compatible with the general standard of independence for auditors).

The Audit and Risk Committee will meet at least four times annually or as frequently as required to undertake its role effectively. All meetings will be minuted by the Company Secretary and made available for inspection by any Director. The Audit and Risk Committee will regularly report to the Board about committee activities.

### 6.6.5. Corporate Governance Policies and Principles

The Board has adopted the following corporate governance policies, each of which has been prepared in accordance with the ASX Recommendations.

#### 6.6.5.1. Continuous Disclosure Policy

As an ASX-listed entity, the Company will be subject to continuous disclosure requirements in the ASX Listing Rules and the Corporations Act.

Subject to exceptions contained in the ASX Listing Rules, the Company will be required to disclose to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company has adopted a Continuous Disclosure Policy to reinforce the Company's commitment to its continuous disclosure obligations, and describes the procedures in place that enable the Directors and management to fulfil their obligations in relation to the timely disclosure of market sensitive information. The policy also sets out the processes for dealing with external communications that seek to ensure, among other things, that market sensitive information is immediately disclosed to ASX before being communicated to third parties.

All relevant information provided to ASX will be posted on the Company's website, and copies of ASX announcements will be available on the website.

### 6.6.5.2. Securities Trading Policy

The Company has adopted a Securities Trading Policy to:

- ensure that all Directors, employees and contractors of hipages (and their associates) are aware of the Australian insider trading laws as they apply to trading in Shares (and other securities of hipages); and
- protect the reputation of hipages and its Directors and employees by seeking to avoid the possibility that misconceptions, misunderstandings or suspicions might arise as a result of trading by Directors and others who may be, or may be perceived to be, in possession of inside information. The policy seeks to do so by imposing additional restrictions on the trading of Shares by Directors, senior executives and other specified employees (referred to in the policy as Restricted Persons).

The policy explains what inside information is and what trading is prohibited and allowed under the Corporations Act. The policy provides that Directors and certain restricted employees must not deal in hipages' securities when they are aware of 'inside' information. Directors and certain restricted employees must not deal in hipages' securities during any of the following blackout periods:

- between the end of the full or half year and until the trading day after the release of hipages' results for that period and any other period the Board may specify; and
- any other period that the Board specifies from time to time.

Directors and restricted persons must obtain prior approval for any proposed dealing in hipages' securities outside of the above blackout periods (including any proposed dealing by one of their connected persons). The policy specifies exemptions to certain types of trading, which include disposals arising as a result of acceptance of a takeover bid or equal access buy-back, acquisitions under a dividend reinvestment plan and acquisitions under an employee incentive plan (noting that subsequent trading of Shares acquired in the scheme must comply with the policy).

### 6.6.5.3. Whistle-blower Policy

The Company is committed to the highest standards of conduct and integrity in all of its business activities and to safeguard a culture of honest and ethical behaviour, compliance and good corporate governance. This policy has been adopted to provide a safe and confidential environment where whistle-blowers can raise concerns about suspected fraud, corrupt conduct or any other form of inappropriate behaviour without fear of reprisal or detrimental treatment.

### 6.6.5.4. Code of Conduct

The Company is committed to promoting and protecting the brand. Accordingly, the Board has approved the adoption by hipages of a formal Code of Conduct which outlines how hipages expects its employees to behave and conduct business in the workplace. The Code of Conduct applies to all employees, regardless of employment status or work location. In addition, the Directors, in the Board Charter, have committed to abiding by the Code of Conduct as it applies to the Board.

The Code of Conduct is designed to:

- provide a benchmark for ethical and professional behaviour throughout hipages;
- promote a healthy, respectful and positive workplace and environment for all team members;
- ensure that there is compliance with laws, regulations, policies and procedures relevant to hipages' operations, including workplace health and safety, privacy, fair trading and conflict of interest;
- ensure that there is an appropriate mechanism for team members to report conduct which breaches the Code of Conduct; and
- ensure that team members are aware of the consequences they face if they breach the Code of Conduct.

### 6.6.5.5. Diversity Policy

The Board has approved a Diversity Policy, which sets out hipages' commitment to an inclusive and diverse workforce. hipages will include in its corporate governance statement each year details of the measurable objectives set under the Diversity Policy of the year to which the corporate governance statement relates, and a summary of hipages' progress and metrics towards achieving those measurable objectives.

## Key People, Interests and Benefits

### 6.6.5.6. Shareholder Communication Policy

hipages seeks to ensure that Shareholders are provided with sufficient and accurate information to assess the performance of hipages and be informed of any major developments affecting the state of affairs of hipages. hipages recognises that potential investors and other interested stakeholders may wish to obtain information about hipages from time to time. To achieve this, hipages will communicate information regularly to Shareholders and other stakeholders through a range of forums and publications, including hipages' website, media releases, at hipages' Annual General Meeting ("AGM") and through hipages' annual report and ASX announcements.

### 6.6.5.7. Risk Management Policy

The identification and proper management of hipages' risks are integral to successful execution of hipages' objectives. The Board has adopted a risk management policy designed to monitor the effectiveness of the systems of risk management, operational risk policies, procedures and systems internal controls.

The Board is responsible for overseeing and approving risk management strategy and policies, and ensuring that major business risks are identified, consistently and appropriately addressed by the Audit and Risk Committee. The Board has in place a system whereby the management is required to report as to its assessment of risk management, which the Board will review regularly.

### 6.6.5.8. Anti-bribery and Corruption

The Company is committed to complying with all laws of the jurisdictions in which it operates, including those relating to bribery and corruption. The Company's approach to anti-bribery and corruption, which is set out in the Company's code of conduct, sets out the responsibilities of hipages personnel, including in their dealings with, and through, third parties. It addresses protection of hipages' personnel in seeking to comply with anti-bribery and corruption, investigations, consequences for breach, examples of improper conduct, contact with government officials, donations, in-kind gifts and corporate hospitality, political and charitable contributions and sponsorships, facilitation payments and secret commissions.

### 6.6.5.9. Remuneration Policy

The role of the Remuneration and Nominations Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing hipages' remuneration and nomination policies and practices. This includes reviewing and making recommendations to the Board on remuneration packages and policies related to the Directors and senior executives. The Remuneration and Nominations Committee is also responsible for administering short-term and long-term incentive plans (including any equity plans). In addition, the Committee is responsible for reviewing and making recommendations in relation to the composition and performance of the Board and its committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and senior management). Independent advice will be sought where appropriate. hipages will comply with the recommendations set by the Listing Rules and the ASX Corporate Governance Council in relation to the composition and operation of the Committee. The Committee will comprise Inese Kingsmill (Chair), Chris Knoblanche and Nicholas Gray.

## 6.7. Related Party Transactions

Other than as disclosed in this Prospectus, hipages is not party to any material related party arrangements.

hipages is party to a website design agreement with Elephant Room, which is a business co-owned by Adam Sharon-Zipser, the brother of hipages Chief Executive Officer and Co-Founder Robert Sharon-Zipser. This relationship was disclosed by Robert to hipages and Robert excused himself from the process regarding the selection of a provider for the website design and development services. hipages has agreed to pay Elephant Room the sum of approximately \$40,000 for services under the agreement. In addition, hipages pays Elephant Room approximately \$660 per annum for website hosting services.

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# Details of Offer

# 7









## Details of Offer

### 7.1. The Offer

This Prospectus relates to an initial public offering of approximately 41.0 million Shares by the Company, raising proceeds of approximately \$100.4 million at an Offer Price of \$2.45 per Share. Approximately 89.0 million Shares will also be issued to Existing Shareholders on Completion in connection with the Restructure (see Section 9.4 for further details). The Shares issued to the Existing Shareholders will be issued under this Prospectus at the Offer Price. The total number of Shares on issue at Completion will be 130.0 million and all Shares on issue will rank equally with each other.

A summary of the rights attaching to the Shares is set out in Section 7.15.

On Completion, 89.0 million Shares (representing approximately 68.5% of the Shares on issue) will be subject to certain voluntary escrow arrangements described in Section 9.7. The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

#### (a) Structure of the Offer

The Offer comprises:

- the Broker Firm Offer, which is open to Australian and New Zealand resident retail clients of Brokers who have received a firm allocation from their Broker; and
- the Institutional Offer, which consists of an offer to Institutional Investors in Australia, New Zealand and certain other jurisdictions, made under this Prospectus.

No general public offer of Shares will be made under the Offer.

Details of the Broker Firm Offer and the allocation policy under it are described in Section 7.6. Details of the Institutional Offer and the allocation policy under it are described in Section 7.8.

The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Lead Manager in agreement with the Company, having regard to the allocation policies outlined in Sections 7.6, and 7.8.

All Shares being offered to investors in New Zealand under the Offer are being offered under the Mutual Recognition Regime.

The Offer has been underwritten by the Lead Manager. A summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement, is set out in Section 9.6.

#### (b) Purpose of the Offer and use of proceeds

The purpose of the Offer is to provide the Company with:

- access to the capital markets to improve capital management flexibility; and
- a liquid market for its Shares and an opportunity for others to invest in the Company.

The Offer also provides the opportunity for Existing Shareholders to realise all or a portion of their investment in hipages.

The proceeds of the Offer will be applied to facilitate:

- investment in growth strategies and development plans via:
  - continuing to invest in hipages' brand and technology platform;
  - organic growth opportunities to deliver strategic objectives; and
  - inorganic M&A opportunities consolidating the category, launching into ancillary and new channel opportunities;
- repayment of existing corporate debt facilities;
- payment to certain Existing Shareholders to fund the cash purchase price of Existing Shares under the Restructure;
- payment to existing convertible noteholders who elected to redeem their notes; and
- payment of the transactions costs associated with the Offer.

TABLE 25: SOURCES AND USES

Sources of funds	\$ millions	Uses of funds	\$ millions
Proceeds from the issue of Shares under the Offer	100.4	Investment in growth strategies and development plans	17.7
		Repayment of existing debt	12.9
		Cash payment to certain Existing Shareholders to fund the cash purchase price of Existing Shares under the Restructure	60.4
		Payment to convertible note holders upon redemption	1.9
		Costs of the Offer	7.5
<b>Total sources</b>	<b>100.4</b>	<b>Total uses</b>	<b>100.4</b>

This represents a statement of the current intentions as at the Prospectus Date. Investors should note that this may change depending on a number of factors, including changes in the competitive environment, business performance, strategic and operational considerations, regulatory developments and market and general economic conditions. The Board reserves the right to vary the use of funds.

### (c) Pro Forma Historical Balance Sheet

hipages' Pro Forma Historical Balance Sheet following Completion, including details of the pro forma adjustments, is set out in Section 4.4.

### (d) Capitalisation and indebtedness

hipages' capitalisation and indebtedness as at 30 June 2020, before and following Completion, are set out in Section 4.4.

## 7.2. Shareholding structure

Details of the ownership of Shares as at the Prospectus Date and following Completion of the Offer are set out below:

TABLE 26: SHAREHOLDING STRUCTURE

Shareholder	Shares held at the Prospectus Date <sup>1</sup>				Shares held on Completion <sup>2</sup>		
	Shares	Convertible Notes	Rights	%	Shares	Rights	%
News Corporation	33,385,989	Nil	Nil	30.1%	33,385,989	Nil	25.7%
Robert Sharon-Zipser <sup>3</sup>	11,423,829	5,000	Nil	10.3%	8,567,841	321,429	6.6%
Other Board members	151,557	1,500	18,935	0.1%	239,074	18,935	0.2%
Other Existing Shareholders	65,860,300	58,500	2,456,905	59.4%	46,817,553	2,587,711	36.0%
New Shareholders	Nil	Nil	Nil	Nil	40,989,543	Nil	31.5%
<b>Total</b>	<b>110,821,675</b>	<b>65,000</b>	<b>2,475,840</b>	<b>100.0%</b>	<b>130,000,000</b>	<b>2,928,075</b>	<b>100.0%</b>

1. This reflects securities held in hipages Group prior to Completion of the Restructure and the Offer, and reflects a notional share and right split of approximately 1 for 122.9. Refer to Section 9.4 for a description of the Restructure.

2. This does not take into consideration any Shares Existing Shareholders may acquire under the Offer.

3. Securities held by RSZ Pty Ltd as trustee for the RSZ Trust.

## Details of Offer

At Completion, 68.5% of Shares will be subject to voluntary escrow arrangements (i.e. in the opinion of the Company, the free float of Shares at the time of Listing on the Official List will not be less than 20% of Shares on issue at that time).

Further details of the escrow arrangements are set out in Section 9.7.

In February 2020, hipages Group acquired Ninety Nine Pty Ltd, the creator of CoS, from Mr Mohamed Khalil for a mix of cash and equity based consideration pursuant to a share purchase agreement between the parties dated 7 February 2020. Pursuant to the terms of the share purchase agreement, Mr Khalil was entitled to be issued \$350,000 worth of shares in hipages Group in three tranches and subject to achieving certain performance targets.

In accordance with the share purchase agreement, Mr Khalil is still entitled to be issued with the second tranche of equity consideration on 20 February 2021, representing \$70,000 worth of Shares and 20% of the total equity grant, and the third tranche of equity consideration on 20 February 2022, representing \$175,000 worth of Shares and 50% of the share based consideration, subject to achieving the performance targets. In accordance with the Restructure, Mr Khalil and the Company have agreed that the remaining equity consideration will be satisfied in Shares, rather than shares in hipages Group.

### 7.3. Control Implications of the Offer

The Directors do not expect that any Shareholder will control (as defined by section 50AA of the Corporations Act) the Company.

### 7.4. Potential Effect of the Fundraising on the Future of hipages

The Directors believe that on Completion, the Company will have sufficient funds available from cash proceeds of the Offer and its operations to fulfil the purposes of the Offer and meet the Company's stated business objectives.

### 7.5. Terms and Conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in the Company)
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.15.
What is the consideration payable for each security being offered?	Successful Applicants under the Offer will pay the Offer Price, being \$2.45 per Share. Except as required by law, applicants cannot withdraw or vary their Applications.
What is the Offer period?	The key dates, including details of the Offer Period, are set out on p. 10.  No Shares will be issued on the basis of this Prospectus later than the expiry date of 13 months after the Prospectus Date.  The key dates are indicative only and may change. Unless otherwise indicated, all times are stated in Sydney time.  The Company, in consultation with the Lead Manager, reserves the right to vary any and all of the times and dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Offer Period relating to any component of the Offer, to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before settlement, in each case without notifying any recipient of this Prospectus or any Applicants).  If the Offer is cancelled or withdrawn before the allotment of Shares, all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.

Topic	Summary
<b>Will the Offer be extended into New Zealand?</b>	Yes. All Shares offered to investors in New Zealand under the Offer are being offered under the Mutual Recognition Regime.
<b>What are the cash proceeds to be raised?</b>	Approximately \$100.4million is expected to be raised if the Offer proceeds.
<b>Is the Offer underwritten?</b>	Yes. The Lead Manager has underwritten the Offer pursuant to the Underwriting Agreement. Further details on the Underwriting Agreement are provided in Section 9.6.
<b>Who is the Lead Manager?</b>	The Lead Manager of the Offer is Goldman Sachs Australia Pty Ltd.
<b>What is the minimum and maximum application size under the Broker Firm Offer?</b>	<p>The minimum Application under the Broker Firm Offer is \$2,000 worth of Shares (being equal to 817 Shares in aggregate at the Offer Price).</p> <p>There is no maximum value of Shares that may be applied under the Broker Firm Offer.</p>
<b>What is the allocation policy?</b>	<p>The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by agreement between the Lead Manager and the Company, having regard to the allocation policies outlined in Sections 7.6 and 7.8.</p> <p>For Broker Firm Offer participants, the relevant Broker will decide how they allocate Shares amongst their retail clients. The relevant Broker (and not the Company or the Lead Manager) will be responsible for ensuring that eligible retail clients who have received an allocation of Shares from the Broker actually receive those Shares.</p> <p>With respect to the Institutional Offer, the allocation of Shares among Applicants in the Institutional Offer will be determined by agreement between the Lead Manager and the Company.</p> <p>The Lead Manager and the Company have absolute discretion regarding the allocation of Shares to Applicants under the Offer and may reject an Application, or allocate a lesser number of Shares than applied for. The Lead Manager and the Company also reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person.</p> <p>For further information on the:</p> <ul style="list-style-type: none"> <li>• Broker Firm Offer, see Section 7.6; and</li> <li>• Institutional Offer, see Section 7.8.</li> </ul>
<b>Will the Shares be quoted?</b>	<p>Yes. The Company will apply to ASX within seven days of the Prospectus Date for its admission to the Official List, and quotation of Shares by, ASX under the code “HPG”.</p> <p>Completion is conditional on the issue and allotment of Shares to Successful Applicants and on completion of the Restructure. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.</p> <p>ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or Shares offered for subscription.</p>

## Details of Offer

Topic	Summary
When are the Shares expected to commence trading?	<p>Normal settlement trading is expected to commence on or about Thursday, 12 November 2020. If Settlement has not occurred within 14 days (or such longer period as ASX allows) after the day Shares are first quoted on ASX, the Offer and all contracts arising on acceptance of the Offer and confirmations of allocations will be cancelled and of no further effect and all application monies will be refunded (without interest).</p> <p>It is the responsibility of each applicant to confirm their holding before trading in Shares.</p> <p><b>Applicants who sell Shares before they receive an initial statement of holding do so at their own risk.</b></p> <p>The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, even if such person received confirmation of allocation from the Information Line, by a Broker or otherwise.</p>
When will I receive confirmation of whether my Application has been successful?	<p>It is expected that initial holding statements will be dispatched to Successful Applicants by standard post on or around Wednesday, 11 November 2020.</p> <p>Refunds (without interest) to Applicants who make an Application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after Completion of the Offer.</p>
Are there any escrow arrangements?	Yes. Details are provided in Section 9.7.
Has any ASIC relief or ASIC waiver or modification been obtained or been relied on?	The Company has not sought any exemptions, modifications or relief from ASIC in relation to the Offer.
Are there any taxation considerations?	Yes. Details are provided in Section 9.12.
Are there any brokerage, commission or stamp duty considerations?	<ul style="list-style-type: none"> <li>No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer</li> </ul> <p>See Section 6.5 for details of various fees payable by the Company to the Lead Manager.</p>
What should you do with any enquiries?	<ul style="list-style-type: none"> <li>All enquiries in relation to this Prospectus should be directed to the Information Line on 1300 824 174 (within Australia) or +61 2 8072 1480 (outside Australia) between 8.30am and 5.30pm (Sydney Time), Monday to Friday</li> <li>All enquiries in relation to the Broker Firm Offer should be directed to your Broker</li> </ul> <p>If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.</p>

## 7.6. Broker Firm Offer

### (a) Who can apply?

The Broker Firm Offer is open to Australian and New Zealand resident retail clients of Brokers who have received a firm allocation from their Broker. If you have received a firm allocation of Shares from your Broker, you will be treated as a Broker Firm Offer Applicant in respect of that allocation. You should contact your Broker to determine whether you can receive an allocation of Shares from them under the Broker Firm Offer. The Broker Firm Offer is not open to persons in the United States.

### (b) How to apply?

Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus or any supplementary or replacement prospectus. If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Application Form with the Broker from whom you received your allocation. Application Forms for the Broker Firm Offer must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. **The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.**

If you apply in the Broker Firm Offer, you must apply for a minimum of \$2,000 of Shares (being equal to 817 Shares in aggregate at the Offer Price) and in multiples of \$1,000 of Shares (being equal to 408 Shares in aggregate at the Offer Price) thereafter. There is no maximum number or value of Shares that may be applied for under the Broker Firm Offer, however, the Company and the Lead Manager reserve the right to reject or scale back any Applications in the Broker Firm Offer for any reason. If your Application is scaled back, you agree to be allocated and accept the lesser number of Shares that is allocated to you.

The Company and the Lead Manager also reserve the right to aggregate any applications which they believe may be multiple Applications from the same person. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Application Form and Application Monies with the relevant Broker in accordance with the relevant Broker's directions, in order to receive their firm allocation. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (Sydney Time) on Wednesday, 4 November 2020 or any earlier date as determined by your Broker. Applicants under the Broker Firm Offer must not send their Application Forms to the Share Registry.

The Broker Firm Offer opens at 9.00am (Sydney Time) on Thursday, 29 October 2020 and is expected to close at 5.00pm (Sydney Time) on Wednesday, 4 November 2020. The Company and the Lead Manager may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer or any part of it may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

The Company, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

### (c) How to pay

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by that Broker.

### (d) What is the Broker Firm allocation policy?

The allocation of Shares to Brokers will be determined by the Lead Manager and the Company. Shares which are allocated to Brokers for allocation to their retail clients will be issued to the Applicants nominated by those Brokers (subject to the right of the Lead Manager and the Company to reject, aggregate or scale back Applications). It will be a matter for each Broker as to how they allocate Shares among their retail clients, and they (and not the Lead Manager or the Company) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

## Details of Offer

Applicants in the Broker Firm Offer will be able to call the Information Line on 1300 824 174 (within Australia) or +61 2 8072 1480 (outside Australia) between 8.30am and 5.30pm (Sydney Time), Monday to Friday to confirm their allocation. Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Broker from whom they received their allocation.

However, if you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Information Line or confirmed your allocation through the Broker from whom you received your allocation.

### (e) Acceptance of applications

An Application in the Broker Firm Offer is an offer by the Applicant to subscribe for and purchase Shares for all or any of the Application Monies specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus including any supplementary or replacement prospectus and the Application Form. To the maximum extent permitted by law an Application by an Applicant under the Offer is irrevocable and acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants.

### 7.7. Application Monies

Application Monies received under the Broker Firm Offer will be held in a special purpose account until Shares are issued to Successful Applicants.

Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will be provided a refund (without interest) of all or part of their Application Monies, as applicable. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation of Shares or refund will be retained by hipages.

### 7.8. Institutional Offer

#### (a) Invitations to bid

The Institutional Offer consisted of an invitation to certain Institutional Investors in Australia, New Zealand and certain other jurisdictions to apply for Shares under this Prospectus. The Lead Manager separately advised Institutional Investors of the application procedures for the Institutional Offer. The Institutional Offer is not open to persons in the United States.

#### (b) Allocation policy under the Institutional Offer

The allocation of Shares among bidders in the Institutional Offer was determined by the Company and the Lead Manager. The Lead Manager and the Company had absolute discretion regarding the basis of allocation of Shares among Institutional Investors. Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Lead Manager. The allocation policy took into account, amongst others, the following factors:

- number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders;
- the Company's desire for an informed and active trading market following Listing on ASX;
- the Company's desire to establish a wide spread of institutional Shareholders;
- overall level of demand under the Broker Firm Offer and Institutional Offer;
- the size and type of funds under management of particular bidders;
- the likelihood that particular bidders will be long-term shareholders; and
- any other factors that the Company and the Lead Manager considered appropriate.

### 7.9. Acknowledgements

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person/s, is/are over 18 years of age;



- acknowledged that, once the Company or a Broker receives an Application Form, it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company and the Lead Manager and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and tax issues) of the Applicant(s);
- declared that the Applicant(s) is/are a resident of Australia or New Zealand (except as applicable to the Institutional Offer);
- acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

Each Applicant under the Broker Firm Offer, and each person to whom the Institutional Offer has been made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any U.S. state and may only be offered, sold or resold in the United States to Eligible U.S. Fund Managers in reliance on Regulation S under the U.S. Securities Act;
- it is not in the United States or it is an Eligible U.S. Fund Manager;
- it has not sent and will not send the Prospectus or any other material relating to the Offer to any person in the United States;
- (i) it is purchasing the Shares outside the United States in an offshore transaction meeting the requirements of Regulation S or (ii) it is an Eligible U.S. Fund Manager purchasing the Shares in the United States in reliance on Regulation S under the U.S. Securities Act; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the U.S. Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

### 7.10. Underwriting Agreement

The Offer is underwritten by the Lead Manager. The Lead Manager and the Company have entered into an Underwriting Agreement under which the Lead Manager has been appointed as sole lead manager, bookrunner and underwriter of the Offer. The Lead Manager agrees, subject to certain conditions and termination events, to underwrite applications for all Shares under the Offer. The Underwriting Agreement sets out a number of circumstances under which the Lead Manager may terminate the agreement and the underwriting obligations. A summary of certain terms of the agreement and underwriting arrangements, including the termination provisions, is provided in Section 9.6.

### 7.11. Voluntary Escrow Arrangements

Upon Completion of the Offer, Existing Shareholders will be subject to voluntary escrow arrangements (other than any Shares acquired by them, or entities related to them, under the Offer at the Offer Price). The Existing Shareholders have entered into voluntary escrow arrangements which prevent them from disposing of their Escrowed Shares during the relevant escrow period (subject to limited exceptions).

See Section 9.7 for a summary of the terms of the escrow arrangements and the limited exceptions that permit dealing in the Escrowed Shares during the relevant escrow period.

## Details of Offer

### 7.12. Restrictions on Distributions

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares outside Australia and New Zealand.

This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may only be distributed to persons to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

The Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any U.S. state and may only be offered or sold in the United States to Eligible U.S. Fund Managers in reliance on Regulation S under the U.S. Securities Act.

### 7.13. Discretion Regarding Offer

The Company may withdraw the Offer at any time before the issue of Shares to Successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

The Company, in consultation with the Lead Manager, reserves the right to extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant fewer Shares than the amount applied or bid for.

### 7.14. ASX Listing, Registers and Holding Statements

#### (a) Application to ASX for the listing of the Company and quotation of shares

The Company will apply within seven days of the Prospectus Date for admission to the Official List of ASX and quotation of the Shares on ASX. The Company's ASX code is expected to be "HPG".

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.

If permission is not granted for the official quotation of the Shares on ASX within three months after the Prospectus Date (or any later date permitted by law), all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.

#### (b) CHESS and issuer sponsored holdings

The Company has applied to participate in the ASX's Clearing House Electronic Subregister System ("CHESS") and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister.

For all Successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number for CHESS holders or, where applicable, the Securityholder Reference Number of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

## 7.15. Summary of Rights and Liabilities Attaching to Shares and Other Material Provisions of the Constitution

### (i) Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules, the ASX Settlement Operating Rules and general law.

A summary of significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the Official List.

### (ii) Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid ordinary Share held and in respect of a partly paid share, a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

The Chairman of the meeting does not have a second or casting vote. If an equal number of votes is cast for and against a resolution at a meeting of members the matter is decided in the negative.

### (iii) Meeting of members

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and the ASX Listing Rules. The Company must give at least 28 days' written notice to each member, director and the auditor, of a general meeting.

### (iv) Dividends

The Board may resolve to pay any dividend, including interim dividends that it thinks appropriate and fix the time for and method of payment. The Board may also pay a dividend on one class of shares to the exclusion of another class.

### (v) Transfer of Shares

Subject to the Constitution, Shares may be transferred in accordance with the ASX Settlement Operating Rules, the Corporations Act (and Regulations) and the ASX Listing Rules or by a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements. The Board may decline to register a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the ASX Listing Rules.

### (vi) Issue of further Shares

The Board may, subject to the Constitution, the Corporations Act and the ASX Listing Rules, issue, grant options over or otherwise dispose of unissued Shares to any person on the terms, with the rights, and at the time the Board decides.

### (vii) Winding up

On a winding up of the Company, subject to the Constitution, the Corporations Act and any rights or restrictions attached to Shares, the surplus assets of the Company remaining after payment of debts are divisible among the members in proportion to the number of fully paid shares held by them. For this purpose, a partly paid share is counted as a fraction of a fully paid share equal to the proportion which the amount paid on it bears to the total issue price of the share.

### (viii) Unmarketable parcels

In accordance with the ASX Listing Rules, the Board may sell a Share that is part of an Unmarketable Parcel in accordance with the procedures set out in the Constitution.

### (ix) Variation of class rights

The rights attached to any class of Shares may be varied or cancelled in accordance with the procedures set out in the Constitution, which requires the written consent of the holders of 75% of the issued shares of the affected Share class, or by a special resolution passed at a separate meeting of the holders of the Shares of the affected class.

## Details of Offer

### **(x) Directors – appointment and removal**

The Constitution specifies that the Company must have a minimum of three and a maximum of ten Directors comprising the Board. Directors may be appointed by the Board at any time (except during a general meeting), or by the Company by ordinary resolution. Retirement will occur on a rotational basis such that no Director will hold office without re-election beyond the third annual general meeting at which the Director was last elected.

### **(xi) Directors – voting**

A resolution at a meeting of the Board is passed if a majority of the votes cast by Directors entitled to vote on the resolution are in favour of it. If an equal number of votes is cast for and against a resolution, the Chairman of the meeting has a second or casting vote unless only two Directors are entitled to vote or the Chairman is not entitled to vote. If the Chairman does not have a second or casting vote, the resolution is decided in the negative.

### **(xii) Directors – remuneration**

The Executive Directors are entitled to be remunerated for an amount fixed by the Board, who will be paid by way of salary, bonuses or any other elements but must not include a commission on, or a percentage of, operating revenue.

Directors are entitled to be paid, out of the funds of the Company, an amount of approved fees which is fixed by the Board in accordance with the Constitution and which does not in any year exceed in aggregate the amount last fixed by ordinary resolution.

Directors may also receive additional fees for performing extra services or making special exertions (including going away or living away from the Director's usual residence), the Company may pay that Director a fixed sum set by the Board for doing so.

Directors must also be paid all travelling, accommodation and other reasonable expenses incurred in attending meetings of the Company, the Board and in carrying out business of the Company and duties as a Director.

Directors remuneration is discussed further at Section 6.4.1.

### **(xiii) Powers and duties of Directors**

Subject to the Corporations Act, any other applicable law and the Listing Rules, the Board has the power to manage the business and affairs of the Company and may exercise every right, power or capacity of the Company to the exclusion of the Company in general meeting and the members, as conferred by the Constitution.

### **(xiv) Preference Shares**

The Company may issue preference shares (including preference shares that are liable to be redeemed). The rights attached to preference shares must include the rights set out or determined in accordance with the Constitution.

### **(xv) Indemnities**

Subject to and so far as permitted by the Corporations Act, the *Competition and Consumer Act 2010* (Cth) and any other applicable law, the Company must indemnify every officer of the Company and its wholly owned subsidiaries and may indemnify its auditor against any liability incurred as such an officer or auditor to a person (other than the Company or a related body corporate) including a liability incurred as a result of appointment or nomination by the Company or wholly owned subsidiary as a trustee or as an officer of another corporation, unless the liability arises out of conduct involving a lack of good faith.

The Company may make a payment (whether by way of advance, loan or otherwise) in respect of legal costs incurred by an officer or employee or auditor in defending an action for a Liability incurred as such an officer, employee or auditor or in resisting or responding to actions taken by a government agency or a liquidator.

The Company, may, subject to the Corporations Act and any other applicable law, enter into and pay premiums on, a contract of insurance in respect of any person.

### **(xvi) Amendment**

The Constitution may only be amended by special resolution passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution at a general meeting of the Company.

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# Investigating Accountant's Report

# 8





## Investigating Accountant's Report



The Directors  
hipages Group Holdings Limited  
255 Pitt St  
Sydney NSW 2000

The Directors  
hipages Group Pty Limited  
255 Pitt St  
Sydney NSW 2000

21 October 2020

Dear Directors

### ***Investigating Accountant's Report***

#### ***Independent Limited Assurance Report on hipages Group Holdings Limited's historical and forecast financial information and Financial Services Guide***

We have been engaged by hipages Group Holdings Limited ACN 644 430 839, a newly incorporated "FloatCo" (which will acquire all of the shares in hipages Group Pty Limited) (the **Company**), and hipages Group Pty Limited (**hipages Group**) to report on the historical financial information of the Company and hipages Group for the years ending 30 June 2018, 30 June 2019 and 30 June 2020 and the forecast financial information of the Company for the year ending 30 June 2021 for inclusion in the Prospectus dated on or about 21 October 2020 (the **Prospectus**) and relating to the proposed initial public offering of shares in the Company and listing of the Company on the Australian Securities Exchange (the **Offer**).

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

#### ***Scope***

You have requested PricewaterhouseCoopers Securities Ltd to review the following historical financial information of the Company (the responsible party) included in the Prospectus:

***PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial Services Licence No 244572***  
*One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000, GPO BOX 2650 Sydney NSW 2001*  
*T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au*



#### *Statutory Historical Financial Information*

- statutory historical consolidated income statements for the years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- statutory historical consolidated balance sheet as at 30 June 2020; and
- statutory historical consolidated cash flows for the years ended 30 June 2018, 30 June 2019 and 30 June 2020.

(together, the “**Statutory Historical Financial Information**”)

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company’s adopted accounting policies. The Statutory Historical Financial Information has been extracted from the financial report of the Company for the years ended 30 June 2019 and 30 June 2020, which were audited by PricewaterhouseCoopers Australia in accordance with the Australian Auditing Standards. PricewaterhouseCoopers Australia issued an unmodified audit opinion on the financial reports. The Statutory Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

#### *Pro Forma Historical Financial Information*

- pro forma historical consolidated income statements for the years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- pro forma historical consolidated balance sheet as at 30 June 2020; and
- pro forma historical consolidated cash flows for the years ended 30 June 2018, 30 June 2019 and 30 June 2020.

(together, the “**Pro Forma Historical Financial Information**”)

The statutory Historical Financial Information and the Pro Forma Historical Financial Information are together referred to as the **Historical Financial Information**.

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of the Company, after adjusting for the effects of pro forma adjustments described in sections 4.3.4, 4.4.1 and 4.5.2 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company’s adopted accounting policies applied to the Statutory Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in sections 4.3.4, 4.4.1 and 4.5.2 of the Prospectus, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Historical Financial information does not represent the Company’s actual or prospective financial position, financial performance, and/or cash flows.

## Investigating Accountant's Report



### *Statutory Forecast*

- statutory forecast consolidated income statement and cash flows for the year ending 30 June 2021 (**Statutory Forecast**)

The directors' best-estimate assumptions underlying the Statutory Forecast are described in section 4.6 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies;

### *Pro Forma Forecast*

- pro forma forecast consolidated income statement and cash flows for the year ending 30 June 2021 which assumes completion of the Offer (**Pro Forma Forecast**)

The Pro Forma Forecast has been derived from the Company's Statutory Forecast, after adjusting for the effects of the pro forma adjustments described in sections 4.3.4, 4.4.1 and 4.5.2 of the Prospectus. The stated basis of preparation used in the preparation of the Pro Forma Forecast being the recognition and measurement principles contained in Australian Accounting Standards applied to the forecast and the events or transactions to which the pro forma adjustments relate, as described in sections 4.3.4, 4.4.1 and 4.5.2 of the Prospectus, as if those events or transactions had occurred as at 30 June 2021. Due to its nature, the Pro Forma Forecast does not represent the company's actual prospective financial performance for the year ending 30 June 2021.

### ***Directors' responsibility***

The directors of the Company are responsible for the preparation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information.

The directors of the Company are also responsible for the preparation of the Statutory Forecast, including its basis of preparation and the best-estimate assumptions underlying the Statutory Forecast Financial Information. They are also responsible for the preparation of the Pro Forma Forecast, including its basis of preparation and the selection and determination of the pro forma adjustments made to the Statutory Forecast and included in the Pro Forma Forecast. This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information, a Statutory Forecast and Pro Forma Forecast that are free from material misstatement.

### ***Our responsibility***

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information, the Pro Forma Historical Financial Information, the Statutory Forecast and Pro Forma Forecast, the best-estimate assumptions underlying the Statutory Forecast and Pro Forma Forecast, and the reasonableness of the Statutory Forecast and Pro Forma Forecast themselves, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.



A review 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 reasonable 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.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

### **Conclusions**

#### ***Statutory Historical Financial Information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information of the Company, as described in sections 4.3.3, 4.4.1, and 4.5.3 of the Prospectus, and comprising:

- statutory historical consolidated income statements for the years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- statutory historical consolidated balance sheet as at 30 June 2020; and
- statutory historical consolidated cash flows for the years ended 30 June 2018, 30 June 2019 and 30 June 2020.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.2 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

#### ***Pro Forma Historical Financial Information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information of the Company as described in section 4.3.1, 4.4.1 and 4.5.1 of the Prospectus, and comprising:

- pro forma historical consolidated income statements for the years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- pro forma historical consolidated balance sheet as at 30 June 2020; and
- pro forma historical consolidated cash flows for the years ended 30 June 2018, 30 June 2019 and 30 June 2020

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.2 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 4.3.4, 4.4.1 and 4.5.2 of the Prospectus, as if those events or transactions had occurred as at the date of the historical financial information.

#### ***Statutory Forecast***

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

## Investigating Accountant's Report



- the directors' best-estimate assumptions used in the preparation of the statutory forecast consolidated income statement and cash flows of the Company for the year ending 30 June 2021 do not provide reasonable grounds for the Statutory Forecast; and
- in all material respects, the Statutory Forecast:
  - is not properly prepared on the basis of the directors' best-estimate assumptions as described in section 4.6 of the Prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the entity's adopted accounting policies; and
- the Statutory Forecast itself is unreasonable.

### *Pro Forma Forecast*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the pro forma forecast consolidated income statement and cash flows of the Company for the year ending 30 June 2021 do not provide reasonable grounds for the Pro Forma Forecast; and
- in all material respects, the Pro Forma Forecast:
  - is not properly prepared on the basis of the directors' best-estimate assumptions, as described in section 4.6 of the Prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies, applied to the Pro Forma Forecast and the pro forma adjustments as if those adjustments had occurred as at the date of the forecast; and
- the Pro Forma Forecast itself is unreasonable.

### *Statutory Forecast and Pro Forma Forecast*

The Statutory Forecast and Pro Forma Forecast have been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the year ending 30 June 2021. There is a considerable degree of subjective judgment involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Statutory Forecast and Pro Forma Forecast since anticipated events or transactions frequently do not occur as expected and the variation may be material.

The directors' best-estimate assumptions on which the Statutory Forecast and Pro Forma Forecast are based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors' best-estimate assumptions on which the Statutory Forecast and Pro Forma Forecast are based however such



evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Statutory Forecast and Pro Forma Forecast. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in section 5 of the Prospectus. The sensitivity analysis described in section 4.8 of the Prospectus demonstrates the impact on the Forecast and Pro Forma Forecast of changes in key best-estimate assumptions. We express no opinion as to whether the Statutory Forecast or Pro Forma Forecast will be achieved.

The Statutory Forecast and Pro Forma Forecast have been prepared by the directors for the purpose of inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this report, or on the Statutory Forecast or Pro Forma Forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

#### ***Notice to investors outside Australia***

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

#### ***Restriction on Use***

Without modifying our conclusions, we draw attention to section 4 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

#### ***Consent***

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the public document in the form and context in which it is included.

#### ***Liability***

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Prospectus.

## Investigating Accountant's Report



### ***Independence or Disclosure of Interest***

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

### ***Financial Services Guide***

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Andrew J Parker'.

Andrew J Parker  
Authorised Representative of  
PricewaterhouseCoopers Securities Ltd





## ***Appendix A – Financial Services Guide***

### **PRICEWATERHOUSECOOPERS SECURITIES LTD FINANCIAL SERVICES GUIDE**

**This Financial Services Guide is dated 21 October 2020**

#### **1. About us**

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("**PwC Securities**") has been engaged by **hipages Group Holdings Limited ACN 644 430 839, a newly incorporated "FloatCo" (which will acquire all of the shares in hipages Group Pty Limited)** (the **Company**), and hipages Group Pty Limited to provide a report in the form of an Independent Accountant's Report in relation to the Historical Financial Information and the Forecast Financial Information (**the "Report"**) for inclusion in the Prospectus dated on or about 21 October 2020.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

#### **2. This Financial Services Guide**

This Financial Services Guide ("**FSG**") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

#### **3. Financial services we are licensed to provide**

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

#### **4. General financial product advice**

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product

## Investigating Accountant's Report



advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

### 5. Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees charged are \$380,000.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

### 6. Associations with issuers of financial products

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

PricewaterhouseCoopers is the current auditor.

### 7. Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (“AFCA”), an external complaints resolution service. AFCA can be contacted by calling 1800 931 678. You will not be charged for using the AFCA service.

### 8. Contact Details

PwC Securities can be contacted by sending a letter to the following address:

Andrew J Parker  
One International Towers Sydney, Watermans Quay,  
Barangaroo NSW 2000

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# Additional Information

# 9



## Additional Information

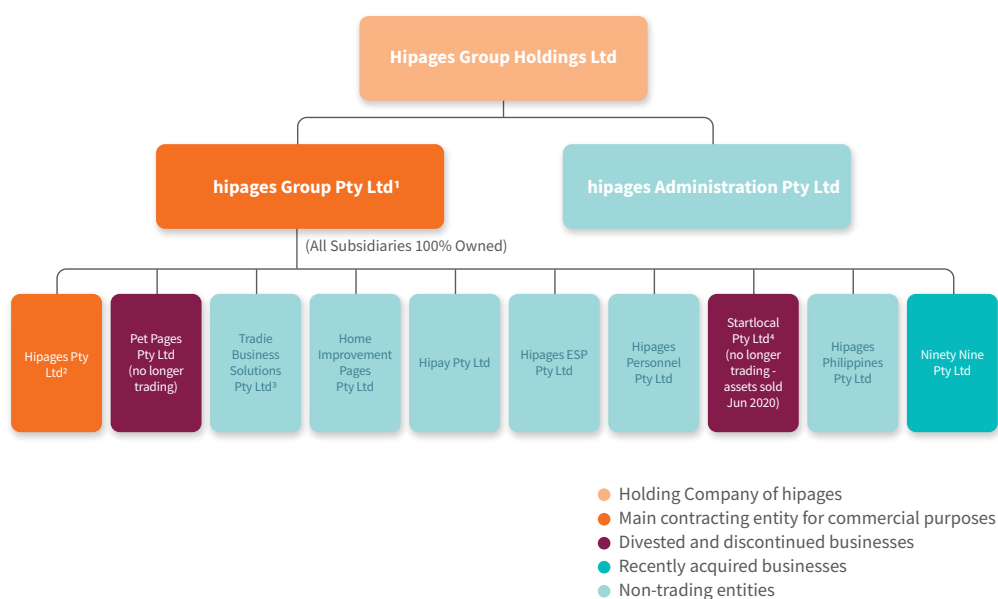
### 9.1. Registration

The Company was registered in New South Wales, Australia on the 18th of September, 2020.

### 9.2. Corporate Structure

**FIGURE 30: CORPORATE STRUCTURE DIAGRAM**

Figure 30 sets out the corporate structure of hipages on completion of the Offer and the Restructure. Further information on the Restructure is set out in Section 9.4.



Notes:

1. Formerly Viteklogies Pty Ltd and Home Improvement Pages Group Pty Ltd
2. Formerly Home Improvement Pages Pty Ltd and hipages.com.au Pty Ltd
3. Formerly Alternative Health Business Solutions Pty Ltd
4. Formerly SL Acquisition Pty Ltd

The hipages entities in Figure 30 undertake the business of hipages as set out in this Prospectus. The above entities are wholly owned subsidiaries of the Company. All of the above hipages entities are incorporated in Australia.

### 9.3. Company Tax Status and Financial Year

The Company is and will be subject to tax at the Australia corporate tax rate on its taxable income. The Company's financial year ends on 30 June annually.

### 9.4. Restructure

The steps for the Restructure are as follows:

- (a) prior to the Prospectus Date, the Company, a non-operating holding company, was incorporated;
- (b) on or around the Prospectus Date, the Company, hipages Group and each Existing Shareholder entered into an IPO Facilitation Deed. A summary of the IPO Facilitation Deed is set out in Section 9.5; and
- (c) following Settlement and prior to Completion, the:
  - (a) Convertible Notes will convert into Existing Shares; and
  - (b) the Company will acquire the Existing Shares in hipages Group in accordance with the IPO Facilitation Deed.



### 9.5. IPO Facilitation Deed

The Company, hipages Group and each Existing Shareholder entered into an IPO Facilitation Deed in connection with the transfer of Existing Shares in hipages Group and certain other matters described below.

In summary, the IPO Facilitation Deed provides for:

- (a) the termination of the Existing Shareholder agreements relating to hipages Group on Completion;
- (b) certain restructure steps to give rise to the capital structure presented in this Prospectus;
- (c) the sale of Existing Shares by Existing Shareholders in exchange for a combination of Shares and the proceeds of the Offer as consideration;
- (d) certain shareholder resolutions to be passed by the Existing Shareholders to facilitate the above transactions and the Offer;
- (e) certain warranties and acknowledgements by hipages Group, and each Existing Shareholder to facilitate the above transactions; and
- (f) a requirement to seek to unwind certain of the above steps in the event the Offer does not take place and any of the above steps are completed.

Completion under the IPO Facilitation Deed is subject to settlement occurring under the Offer.

### 9.6. Underwriting Agreement

The Offer is underwritten and managed by the Lead Manager pursuant to an underwriting agreement dated on the Prospectus Date between the Company, hipages Group and the Lead Manager (“**Underwriting Agreement**”).

Pursuant to the Underwriting Agreement, the Company has appointed Goldman Sachs Australia Pty Ltd on an exclusive basis to act as Bookrunner and Lead Manager to the Offer, to arrange and manage the Offer, and to act as the underwriter for the Offer on the terms and conditions of the Underwriting Agreement.

For the purpose of this Section 9.6:

Group means the Company, hipages Group and their Related Bodies Corporate; and

Offer Documents means the following documents issued or published by or on behalf of the Company in respect of, or relating to, the Offer (and in a form approved by the Lead Manager):

- (a) the pathfinder prospectus and any document that supplements or replaces the pathfinder prospectus (including any addendum to the pathfinder prospectus);
- (b) this Prospectus, any Application Form and any other supplementary prospectus;
- (c) any cover email sent by or on behalf of the Company, including an appropriate cautionary legend, sent to eligible Institutional Investors and Brokers with a link to or attaching the pathfinder prospectus in connection with the Institutional Offer and Broker Firm Offer or the Institutional Bookbuild; and
- (d) any investor presentation, roadshow presentation or marketing presentation and/or ASX announcement used in connection with the Institutional Offer and the Broker Firm Offer (including any addendum to those presentations and any draft of such documents used for roadshow purposes prior to the Prospectus Date).

#### 9.6.1. Commission, Fees and Expenses

The Company has agreed to pay the Lead Manager an underwriting fee equal to 3.00% of the Offer Proceeds, and a management fee equal to 0.75% of the Offer Proceeds. The underwriting and management fees will become payable by the Company on the date of Settlement of the Offer. In addition, an incentive fee of up to 0.5% of the Offer Proceeds may also be payable to the Lead Manager at the absolute discretion of the Company.

Any fees payable to any co-managers and Brokers appointed in relation to the Offer are payable by the Lead Manager on behalf of the Company out of the underwriting and management fees payable to them under the Underwriting Agreement. In addition to the fees described above, the Company has agreed to reimburse the Lead Manager for certain other agreed costs and expenses, including legal costs, incurred by the Lead Manager in relation to the Offer.



## Additional Information

### 9.6.2. Termination Events

The Lead Manager may, by notice given to the Company, and without cost or liability, terminate the Underwriting Agreement if any of the following events has occurred or occurs at any time from the date of the Underwriting Agreement until Completion, or at any other time earlier as specified below:

- (a) **(disclosures in Offer Documents)** a statement in the Offer Documents is or becomes misleading or deceptive or is likely to mislead or deceive (including by omission), or a matter required to be included is omitted from the Prospectus;
- (b) **(Supplementary Prospectus)** the Company issues or is required to issue a supplementary prospectus to comply with section 719 of the Corporations Act, or lodges a supplementary prospectus with ASIC in a form and substance that has not been approved by the Lead Manager;
- (c) **(forecasts)** there are not, or there ceases to be, reasonable grounds for any statement or estimate in the Offer Documents which relate to a future matter or any statement or estimate in the Offer Documents which relate to a future matter is, in the reasonable opinion of the terminating Lead Manager, unlikely to be met in the projected timeframe (including in each case financial forecasts);
- (d) **(Market Fall)** at any time before the Settlement of the Offer, the S&P/ASX 200 Index falls to a level that is 87.5% or less of the level as at the close of trading on the business day immediately prior to the date of the Underwriting Agreement and closes at or below that level for three consecutive business days.
- (e) **(restriction deeds)** without the consent of the Lead Manager any of the restriction deeds are withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- (f) **(change in directors, chief executive officer or chief financial officer)** a change occurs in the directors, chief executive officer or chief financial officer of the Company or hipages Group, or a director, chief executive officer or chief financial officer dies or becomes permanently incapacitated;
- (g) **(IPO Facilitation Deed)** the IPO Facilitation Deed is withdrawn, varied, terminated, rescinded, materially altered or amended, breached or failed to be complied with;
- (h) **(actions against directors or senior management)** any of the following occur:
  - (a) a director or senior executive of the Company, hipages Group or a member of the Group is charged with an indictable offence relating to a financial or corporate matter;
  - (b) any Government Agency commences any public action against a director or senior executive of the Company, hipages Group or a member of the Group;
  - (c) any director or senior executive of the Company, hipages Group or a member of the Group is disqualified from managing a corporation under Part 2D.6; or
  - (d) the Company, hipages Group, a member of the Group or any of their respective directors or senior executives engages in any fraudulent conduct or activity;
- (i) **(listing and quotation)** approval is refused or not granted prior to the Listing Approval Date, or approval is granted subject to conditions other than customary conditions, to:
  - (a) the Company's admission to the Official List on or before the listing approval date: or
  - (b) the quotation of all of the Company's ordinary shares on ASX or to be traded through CHESSE on or before the date on which the Shares are to be first quoted on ASX.

or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld.
- (j) **(notifications)** any of the following notifications are made in respect of the Offer:
  - (a) ASIC issues an order (including an interim order) under section 1324B or under section 739 of the Corporations Act;
  - (b) ASIC holds a hearing under section 739(2) of the Corporations Act;
  - (c) an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or an Offer Document or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Offer or an Offer Document;
  - (d) any person (other than the Lead Manager) who has previously consented to the inclusion of its name in any Prospectus withdraws that consent; or
  - (e) any person (other than the Lead Manager) gives a notice under section 730 of the Corporations Act in relation to the Prospectus;

- (k) **(certificate)** the Company or hipages Group do not provide a closing certificate as and when required by the Underwriting Agreement;
- (l) **(withdrawal)** the Company withdraws the Prospectus or the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer;
- (m) **(regulatory approvals)** a regulatory body withdraws, revokes or amends any regulatory approvals, including an ASX waiver or ASIC modification, required for the Company or hipages Group to perform its obligations under the Underwriting Agreement, such that the Company or hipages Group is rendered unable to perform its obligations under the Underwriting Agreement;
- (n) **(insolvency events)** any member of the Group becomes insolvent, or there is an act or omission which is likely to result in a member of the Group becoming insolvent;
- (o) **(Timetable)** an event specified in the Timetable is delayed by more than 2 Business Days (other than a delay agreed to between the Company and the Lead Manager);
- (p) **(unable to issue Shares)** the Company is prevented from allotting and issuing the Shares within the time required by the timetable for the Offer, the Offer Documents, the ASX Listing Rules, an order of a court of competent jurisdiction or a Governmental Authority, or any other applicable laws;
- (q) **(unauthorised change)** without the prior written consent of the Lead Manager, the Company or hipages Group:
  - (a) disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than as contemplated in the Prospectus;
  - (b) ceases or threatens to cease to carry on business;
  - (c) alters its capital structure, other than as contemplated in the Prospectus; or
  - (d) amends its constitution or any other constituent document of the Company, or the terms of issue of the Offer Shares or corresponding Shares.
- (r) **(Encumbrance)** other than as disclosed in the Prospectus, the Company creates or agrees to create an Encumbrance over the whole or a substantial part of its business or property.

### 9.6.3. Termination Events Subject to Materiality

The Lead Manager may, by notice given to the Company, and without cost or liability, terminate the Underwriting Agreement, if any of the following events has occurred or occurs at any time on or before Completion or at any other time as specified below, if the Lead Manager has reasonable grounds to believe and does believe that the event:

- (i) has, or is likely to have, a materially adverse effect on the success, settlement or outcome of the Offer, the ability of the Lead Manager to promote or settle the Offer or the likely price at which the Shares will trade on ASX; or
- (ii) will, or is likely to, give rise to:
  - (a) the Lead Manager contravening, or being involved in a contravention of, any applicable law or regulation, including the Corporations Act; or
  - (b) a liability of the Lead Manager under any applicable law or regulation.

The Lead Manager can terminate as above if any of the following events occur:

- (a) **(compliance with law)** any of the Offer Documents or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules, the NZ Securities Law or any other applicable law or regulation;
- (b) **(information supplied)** any information supplied including any information supplied prior to the date of this agreement by or on behalf of a member of the Group to the Lead Manager in respect of the Offer or the Group is, or is found to be, misleading or deceptive, or is likely to mislead or deceive (including by omission);
- (c) **(disclosures in public information)** a statement in any of the public information is or becomes misleading or deceptive or likely to mislead or deceive;
- (d) **(new circumstances)** there occurs a new circumstance that arises after lodgement of this Prospectus that would have been required to be included in this Prospectus if it had arisen before lodgement (as applicable);
- (e) **(disclosures in the due diligence report)** the due diligence report or any other information supplied by or on behalf of the Company, hipages Group or any other member of the Group to the Lead Manager in relation to the Shares under the Offer, the Group or the Offer is, or becomes, untrue, incorrect, misleading or deceptive, including by way of omission;

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- (f) **(adverse change)** an event occurs which is, or likely to give rise to:
  - (a) an adverse change in the assets, liabilities, financial position or performance, profits, losses, earnings, prospects or condition or otherwise of the Group from those disclosed in the Prospectus; or
  - (b) an adverse change in the nature of the business conducted by the Group as disclosed in the Prospectus;
- (g) **(change of law)** there is introduced or there is a public announcement of a proposal to introduce a new law, or regulation or policy in Australia or any State or Territory of Australia (including a policy of the Reserve Bank of Australia);
- (h) **(breach of laws)** there is a contravention by the Company or any member of the Group of its constitution or other constituent document, an Encumbrance or document that is binding on it or any applicable law, regulation, authorisation, ruling, consent, judgment, order or decree of any Government Authority (including the Corporations Act, the *Competition and Consumer Act 2010* (Cth), the ASIC Act and the Listing Rules);
- (i) **(representations and warranties)** a representation or warranty, contained in the Underwriting Agreement on the part of the Company or hipages Group (whether severally or jointly) is breached, becomes not true or correct or is not performed;
- (j) **(breach)** the Company or hipages Group (whether severally or jointly) defaults on one or more of its undertakings or obligations under the Underwriting Agreement;
- (k) **(legal proceedings)** the commencement of legal proceedings against the Company, or any other member of the Group or against any director of the Company or any other member of the Group in that capacity, or any regulatory body commences any Inquiry or public action against a member of the Group;
- (l) **(hostilities)** hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not), or a major terrorist act is perpetrated involving any one or more of Australia, New Zealand, the United States, the United Kingdom, the People's Republic of China, Hong Kong or Japan or involving any diplomatic, military, commercial or political establishment of any of those countries;
- (m) **(certificate)** a statement in a Closing Certificate provided under the Underwriting Agreement is false, misleading, inaccurate or untrue or incorrect; or
- (n) **(disruption in financial markets)** any of the following occurs:
  - (a) a general moratorium on commercial banking activities in Australia, the United Kingdom, the United States or Hong Kong is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; or
  - (b) any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in Australia, Japan, Hong Kong, the Peoples' Republic of China, the United States or the United Kingdom; or
  - (c) trading in all securities quoted or listed on ASX or the New York Stock Exchange is suspended for at least one day on which that exchange is open for trading; or
  - (d) a change or development (which was not publicly known prior to the date of the Underwriting Agreement) involving a prospective adverse change in taxation laws affecting the Company or the Offer occurs.

### 9.6.4. Conditions, Representations, Warranties and Undertakings

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company and hipages Group to the Lead Manager (as well as common conditions precedent, including conducting due diligence, lodgement of this Prospectus, the entry into voluntary escrow deeds by the Escrowed Shareholders, and ASIC and ASX granting the waivers and modifications necessary to enable the Offer to proceed in accordance with the timetable).

The representations and warranties given by the Company and hipages Group include, but are not limited to, matters such as power and authorisation, validity of obligations, status, compliance, Offer Documents and Public Information, financial information, disclosure, due diligence, litigation, conduct, licences, title to property, anti-money laundering.

The representations and warranties given solely by the Company include, but are not limited to, matters such as compliance of the Offer and the Offer Documents with the Corporations Act, the Listing Rules, legislative instruments and other applicable rules.

The undertakings given by the Company relate to matters including, but not limited to, provision of and consultation with the Lead Manager in respect of ASIC or ASX correspondence and notification of breach to the Lead Manager.

In addition, the Company has undertaken not to withdraw the Offer without the consent of the Lead Manager, such consent not to be unreasonably withheld.

### 9.6.5. Indemnity

Subject to certain exclusions relating to, among other things, the gross negligence, fraud or wilful misconduct of the Lead Manager or certain representatives, the Company agrees to keep the Lead Manager and certain representatives of the Lead Managers indemnified from losses suffered in connection with the Offer.

### 9.7. Escrow Arrangements

Shares held at Completion by Existing Shareholders will be subject to voluntary escrow arrangements and the exceptions and release dates outlined below.

Each Existing Shareholder has entered into a voluntary escrow deed in respect of their Escrowed Shares, which prevents them from dealing in their Escrowed Shares for the applicable escrow period. The restriction on “dealing” is broadly defined and includes, among other things, to dispose of, or agree or offer to dispose of, the Escrowed Shares or any legal, beneficial or economic interest in the Escrowed Shares or to create or agree or offer to create any security interest in the Shares.

Under the terms of the escrow arrangements, and subject to customary exceptions, Escrowed Shares held by Existing Shareholders on Completion, other than those held by hipages’ Chief Executive Officer, may only be sold after the release of the Company’s financial results in FY2021, which is expected to be in August 2021. In respect of Escrowed Shares held by hipages’ Chief Executive Officer, these Escrowed Shares may only be sold after the release of the Company’s financial results in 1H2022, which is expected to be in February 2022.

An Escrowed Shareholder may be released early from escrow obligations to enable:

- (a) the Escrowed Shareholder to accept an offer under a bona fide takeover bid in respect of all or a proportion of the Shares, provided that the holders of at least half of the Shares that are not subject to any voluntary escrow deed, and to which the offers under which the takeover bid relate, have accepted an offer under the takeover bid, provided that in the case of an off-market bid, if the offer is conditional, the Escrowed Shareholder agrees in writing that the holding lock will be applied for each Escrowed Share that is not bought by the bidder under the off-market takeover bid;
- (b) the Escrowed Shares held by the Escrowed Shareholders to be transferred or cancelled as part of a merger by scheme of arrangement relating to the Company under Part 5.1 of the Corporations Act, provided that the Escrowed Shareholder agrees in writing that the holding lock will be applied if the merger does not take effect;
- (c) the Escrowed Shareholder to participate in an equal access share buyback, equal access capital return or equal access capital reduction (in each case made in accordance with the Corporations Act 2001 (Cth));
- (d) the Escrowed Shareholder to dispose of, but not create a security interest in, some or all of the Escrowed Shares to any immediate family member, a company wholly-owned by the Escrowed Shareholder, or a trust in relation to which the Escrowed Shareholder or their immediate family member is the beneficiary, provided that all of the Escrowed Shares held by the Escrowed Shareholder will remain subject to, and will be released in accordance with, the original escrow conditions;
- (e) the Escrowed Shares to be dealt with in the event of death or incapacity provided that all of the Escrowed Shares held by the Escrowed Shareholder will remain subject to, and will be released in accordance with, the original escrow conditions; or
- (f) the Escrowed Shareholders may deal in any of their Escrowed Shares to the extent the dealing is required by applicable law (including an order of a court of competent jurisdiction).

In addition to the exceptions to escrow described above, Escrowed Shareholders (excluding the Founder Shareholders and certain other members of hipages’ management team) may encumber any or all of the Escrowed Shares to a lender as security for a loan or other financial accommodation, provided that the encumbrance does not in any way constitute a direct or indirect disposal of the economic interest, or decrease an economic interest, that the Escrowed Shareholder has in any of its Escrowed Shares and no Escrowed Shares may be transferred to the lender in connection with the encumbrance (with the documentation for such encumbrance making it clear that the Escrowed Shares remain in escrow and subject to the voluntary escrow arrangements for the term of those arrangements).

## Additional Information

### 9.8. Consents to be Named and Inclusion of Statement and Disclaimers of Responsibility

Each of the parties listed below in this Section 9.8 (each a **Consenting Party**), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

- Goldman Sachs Australia Pty Ltd has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Lead Manager and Underwriter to the Offer;
- Ashurst Australia has given, and has not withdrawn, prior to the Prospectus Date, its written consent to be named in this Prospectus as Australian Legal Advisor (excluding tax and stamp duty matters) to the Company in relation to the Offer in the form and context in which it is named;
- PricewaterhouseCoopers Securities Ltd has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Investigating Accountant to the Company in relation to the Financial Information in the form and context which it is named and to the inclusion in this Prospectus of its Investigating Accountant's Report in Section 8 in the form and context in which it is included;
- PricewaterhouseCoopers has given, and has not withdrawn, prior to the Prospectus Date, its written consent to be named in this Prospectus as tax advisor to the Company in relation to the Offer in the form and context in which it is named;
- PricewaterhouseCoopers has given, and has not withdrawn, prior to the Prospectus Date, its written consent to be named in this Prospectus as the auditor to the Company in the form and context in which it is named;
- Publicis Sapient has given, and has not withdrawn, prior to the Prospectus Date, its written consent to be named in this Prospectus in the form and context in which it is named; and
- Automic Pty Ltd has given, and has not withdrawn, prior to the Prospectus Date, its written consent to be named in this Prospectus as the Share Registry to the Company in the form and context in which it is named.

No Consenting Party referred to in this Section 9.8 has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each Consenting Party referred to in this Section 9.8 has not authorised or caused the issue of this Prospectus, does not make any offer of Shares and expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus, except as stated above in this Section 9.8.

The Company has included statements in this Prospectus made by, attributed to or based on statements made by the following parties:

- Australian Institute of Health and Welfare, Home ownership and housing tenure, 7 August 2020.
- Australian Bureau of Statistics, Catalogue 3236.0 – Household and Family Projections, Australia, 2016 to 2041, March 2019.
- Australian Bureau of Statistics, Catalogue 5206.0 – Australian National Accounts: National Income, Expenditure and Product, June 2020.
- Australian Bureau of Statistics, 3101.0 – Australian Demographics Statistics, Dec 2019.
- AMR, Post Campaign Core Metric Report, November 2018.
- Colmar-Burton, hipages Campaign Report – Post Wave, November 2019.
- HRD, 2020 Employer of Choice.
- HRD, 2019 Most Innovative HR Award.

The inclusion of statements made by, attributed to or based on statements made by these parties has not been consented to by the relevant party for the purpose of section 729 of the Corporations Act and are included in this Prospectus by the Company on the basis of *ASIC Corporations (Consent to Statements) Instrument 2016/72* relief from the Corporations Act for statements used from books, journals or comparable publications.

## 9.9. Regulatory Relief

### 9.9.1. ASIC Relief

The Company has not sought any exemptions, modifications or relief from ASIC in relation to the Offer.

### 9.9.2. ASX Waivers

ASX has given in-principle advice to the Company that it would be likely to confirm that the restrictions in clauses 1, 2, 3, 4, 6, 7, 8 and 9 of Appendix 9B of the ASX Listing Rules do not apply to the Company as it has a track record of revenue acceptable to ASX.

The Company has applied to ASX for confirmations under ASX Listing Rule 6.1 and a waiver from ASX Listing Rule 10.14 in connection with the proposed one-off grants of Rights described in Section 6.4.2.3, equity incentive arrangements involving directors under the Director Equity Entitlements described in Section 6.4.1.2 and the HMEP, described in Section 6.3.3.3.

## 9.10. Ownership Restrictions

The sale and purchase of Shares is regulated by Australian laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 9.10 contains a general description of these laws.

### 9.10.1. Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company.

### 9.10.2. Foreign Acquisitions and Takeovers Act 1975 (Cth)

Generally, the Foreign Acquisitions and Takeovers Act 1975 (Cth) ("FATA") applies to acquisition of shares and voting power in a company of 20% or more by a single foreign person and its associates, or 40% or more by two or more unassociated foreign persons and their associates, where the acquisition meets a threshold value (which varies by investor type and industry). In addition, the FATA applies to acquisitions of a direct interest in an Australian company by foreign governments and their related entities irrespective of the acquisition value. A 'direct interest' is an interest of 10% in the entity but may also include an interest of less than 10% where the investor has entered into business arrangements with the entity or the investor is in a position to influence or participate in the management and control or policy of the entity. There are exemptions which can apply to certain acquisitions.

As a result of the Treasurer's announcement on 29 March 2020 and following the enactment of the Foreign Acquisitions and Takeovers Amendment (Threshold Test) Regulations 2020 (Cth), the monetary screening threshold for all foreign investments under the Act has been temporarily reduced to A\$0.

Where the FATA applies to the acquisition, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either notified that there is no objection to the proposed acquisition (with or without conditions) or a statutory period has expired without the Federal Treasurer objecting.

An acquisition to which the FATA applies may be the subject of a divestment order by the Federal Treasurer unless the process of notification, and either a non-objection notification or expiry of a statutory period without objection, has occurred. Criminal offences and civil penalties can apply to failing to give notification of certain acquisitions, undertaking certain acquisitions without any objection notification or contravening a condition in a no objection notification.

## 9.11. Legal Proceedings

The Company and its subsidiaries may, from time to time, be party to various disputes and legal proceedings incidental to the conduct of its business.

As at the Prospectus Date, there are no current, pending or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company or its subsidiaries are directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of the Company.

## Additional Information

### 9.12. Taxation Considerations

The following comments provide a general summary of Australian tax issues for Australian tax resident investors who acquire Shares under this Prospectus.

This general summary reflects the current provisions of the *Income Tax Assessment Act 1936* (Cth) (“**ITAA 1936**”), the *Income Tax Assessment Act 1997* (Cth) (“**ITAA 1997**”) and the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) (collectively referred to as the “**Tax Law**”), and the regulations made under the Tax Law, and takes into account current tax rulings issued by the Australian Taxation Office (“**ATO**”) and the current administrative practices of the ATO. This outline does not otherwise take into account or anticipate changes in the law, whether by way of judicial decision or legislative action.

The categories of investors considered in this summary are limited to individuals, certain companies, trusts, partnerships and complying superannuation funds, each of whom hold their Shares on capital account.

This summary does not consider the consequences for non-Australian tax resident investors, or Australian tax resident investors who are insurance companies, banks, investors that hold their Shares on revenue account or carry on a business of trading in shares or investors who are exempt from Australian tax. This summary also does not cover the consequences for Australian tax resident investors who are subject to Division 230 of the ITAA 1997 (the Taxation of Financial Arrangements or “**TOFA**” regime).

This summary is based on the law in Australia in force at the time of issue of this Prospectus. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal of the Shares will depend upon each investor’s specific circumstances.

Investors should obtain their own advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

#### 9.12.1. Dividends on a Share

##### Individuals and complying superannuation entities

Where dividends on a Share are distributed, those dividends will constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income in the year they derive the dividend, together with any franking credit attached to that dividend if they are a “qualified person” (refer to further comments below). Such investors should be entitled to a tax offset equal to the franking credit attached to the dividend subject to being a “qualified person” or where the investor receives less than \$5,000 in franking credits from all sources for the income year. The tax offset can be applied to reduce the tax payable on the investor’s taxable income. Where the tax offset exceeds the tax payable on the investor’s taxable income in an income year, such investors may be entitled to a tax refund.

Where a dividend paid is unfranked, the investor will generally be taxed at their prevailing tax rate on the dividend received with no tax offset.

##### Corporate investors

Corporate investors are required to include both the dividend and associated franking credit in their assessable income subject to being a “qualified person”. A tax offset is then allowed up to the amount of the franking credit on the dividend.

An Australian resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit attached to the dividend received. Such corporate investors should then pass on the benefit of the franking credits to their own investor(s) on the payment of dividends.

Excess franking credits received cannot give rise to a refund, but may be able to be converted into carry forward tax losses.

##### Trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in their assessable income in determining the net income of the trust or partnership. Subject to being a “qualified person”, the relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary’s or partner’s share of the franking credit received by the trust or partnership.



### Shares held at risk

The benefit of franking credits can be denied where an investor is not a “qualified person” in which case the investor will not be able to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a qualified person, an investor must satisfy the holding period rule including, if necessary, the related payment rule.

The holding period rule requires an investor to hold the Shares “at risk” for more than 45 days continuously, in the period beginning the day after the day on which the investor acquires the Shares and ending on the 45th day after the day on which the Shares become ex-dividend. The date the Shares are acquired and disposed of are ignored for the purposes of determining the 45 day period. Any day on which an investor has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the investor held the Shares “at risk”. This holding period rule is subject to certain exceptions. Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to a dividend. A related payment is one where an investor or their associate passes on the benefit of the dividend to another person. The related payment rule requires the investor to have held the Shares at risk for a period commencing on the 45th day before, and ending on the 45th day after the day the Shares become ex-dividend. Practically, this should not impact investors who do not pass the benefit of the dividend to another person.

Investors should obtain their own tax advice to determine if these requirements have been satisfied.

Dividend washing rules can apply such that no tax offset is available (nor is an amount required to be included in your assessable income) for a dividend received. Investors should consider the impact of these rules having regard to their own personal circumstances.

#### 9.12.2. Disposal of Shares

The disposal of a Share by an investor will be a capital gains tax (“CGT”) event. A capital gain will arise where the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus any transaction costs). In the case of an arm’s length on-market sale, the capital proceeds will generally be the cash proceeds from the sale.

A CGT discount may be applied against the capital gain (after reduction of total capital gains by capital losses) where (i) the investor is an individual, complying superannuation entity or trustee; (ii) the Shares have been held for more than 12 months; and (iii) certain other requirements have been met. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

Where the investor is the trustee of a trust that has held the Shares for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Investors that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss should be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the investor in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

#### 9.12.3. Goods and Services Tax (GST)

Investors should not be liable for GST in respect of their investment in Shares. Investors may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by investors in this respect.

#### 9.12.4. Stamp duty

Investors should not be liable for stamp duty in respect of their initial acquisition of Shares, unless they acquire, either alone with an associated/related person, an interest of 90% or more in the Company. Under current stamp duty legislation, no stamp duty should ordinarily be payable by investors on any subsequent transfer of Shares.

Investors should seek their own advice as to the impact of stamp duty in their own particular circumstances.

## Additional Information

### 9.12.5. Tax file numbers (TFN)

Resident investors may, if they choose, notify the Company of their TFN, Australian Business Number or a relevant exemption from withholding tax with respect to dividends. In the event the Company is not so notified, tax will automatically be deducted as the highest marginal rate, including where relevant, the Medicare Levy, from certain dividends and/or distributions.

Resident investors may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

## 9.13. Selling Restrictions

### 9.13.1 International Offer Restrictions

This document does not constitute an offer of new ordinary shares (“**New Shares**”) of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia or New Zealand except to the extent permitted below.

#### 9.13.1.1. Hong Kong

Warning: The New Shares may not be offered or sold in Hong Kong by means of any document other than (i) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (“SFO”) and any rules made thereunder or (ii) in circumstances that do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) (“CO”) or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the CO. This document has not been, and will not be, registered as a “prospectus” within the meaning of the CO, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the SFO. No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it.

No advertisement, invitation or document relating to the New Shares may be issued or may be in the possession of any person for the purpose of being issued (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if otherwise permitted to do so under the laws of Hong Kong), other than with respect to the New Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made thereunder. No person allotted the New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed nor endorsed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the New Shares. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This document may not be reproduced in whole or in part nor may it be passed by you to any other person and the New Shares in it are not capable of acceptance by any person other than the named addressee.

### 9.13.2. Singapore

This Prospectus and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Prospectus has been given to you on the basis that you are an (i) “institutional investor” (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (iii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and where (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. In the event that you are not

an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Note:

Where the New Shares are subscribed or purchased under section 275 by a relevant person which is:

- (a) a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the New Shares pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

### 9.13.3. Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as “professional clients” (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

### 9.13.4. European Economic Area and United Kingdom

In relation to each relevant Member State of the European Economic Area and the United Kingdom (each a “Relevant State”), an offer to the public of any New Shares may not be made in that Relevant State prior to the publication of a prospectus in relation to the New Shares which has been approved by the competent authority in that Relevant State, or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation (Regulation 2017/1129 as amended) (the “Prospectus Regulation”), except that an offer to the public in that Relevant State of any New Shares may be made at any time under the following exemptions under the Prospectus Regulation:

- (a) to any legal entity which is a qualified investor (as defined under the Prospectus Regulation) (“Qualified Investor”);
- (b) to fewer than 150 natural or legal persons (other than Qualified Investors); or
- (c) in any circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the New Shares shall result in a requirement for the Company to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any New Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Underwriter and the Company that it is a Qualified Investor.

## Additional Information

For the purposes of this provision, the expression an “offer to the public” in relation to the New Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Offer and any New Shares to be offered so as to enable an investor to decide to purchase any New Shares.

In the case of any New Shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each financial intermediary will also be deemed to have represented, warranted and agreed that the New Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to offering those New Shares to the public, other than their offer or resale in a Relevant State to Qualified Investors or in circumstances in which the prior consent of the Underwriter has been obtained to each such proposed offer or resale.

The Company, the Underwriter and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements. Notwithstanding the above, a person who is not a Qualified Investor, and who has notified the Underwriter of such fact in writing, may, with the consent of the Underwriter, be permitted to purchase New Shares in the Offer.

In addition, in the United Kingdom, the Offer is addressed to, and directed only at, Qualified Investors who are (i) persons who have professional experience in matters relating to investments and who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”), (ii) persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) other persons to whom this Prospectus may otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”). This Prospectus must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. Any investment or investment activity to which this Prospectus relates is available only to relevant persons in the United Kingdom and will be engaged in only with such persons.

### 9.14. Costs of the Offer

\$7.5 million (including advisory, legal, accounting, tax and duty, listing and administrative fees, the Underwriter’s management and underwriting fees, Prospectus design and printing, advertising, marketing, Share Registry and other expenses). These costs have been, or will be, borne by the Company from the proceeds of the Offer.

### 9.15. Governing Law

This Prospectus and the contracts that arise from the acceptance of the Applications under this Prospectus are governed by the laws applicable in New South Wales, Australia and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

### 9.16. Statement of Directors

This Prospectus has been authorised by each Director of the Company who has consented to its lodgement with ASIC and its issue and has not withdrawn that consent.

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# Significant Accounting Policies

# A





## Significant Accounting Policies

The principal accounting policies adopted in the preparation of the Financial Information included in Section 4 are set out below.

### Historical cost convention

The Financial Information has been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

### New standards and interpretations not adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by hipages. hipages' assessment of the impact of these new standards and interpretations is set out below. 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.

### New and amended standards adopted by hipages

hipages has applied the following standards and amendments for the first time in the annual reporting period commencing 1 July 2019:

- AASB 2017-6 Amendments to Australian Accounting Standards – *Prepayment Features with Negative Compensation*
- AASB 2017-7 Amendments to Australian Accounting Standards – *Long-term Interests in Associates and Joint Ventures*
- AASB 2018-1 Amendments to Australian Accounting Standards – *Annual Improvements 2015- 2017 Cycle*
- AASB 2018-2 Amendments to Australian Accounting Standards – *Plan Amendment, Curtailment or Settlement*
- Interpretation 23 *Uncertainty over Income Tax Treatments*.

hipages also elected to adopt the following amendment early:

- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*.

hipages had to change its accounting policies as a result of adopting AASB 16. hipages elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2018 as the first-time adopter of Tier 1 General Purpose Reporting. The other 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

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of hipages as of 30 June 2020 and the results of all subsidiaries for the FY2018, FY2019, FY2020 financial years. hipages and its subsidiaries together are also referred to below as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

## Revenue recognition

The consolidated entity recognises revenue as follows:

### Revenue from contracts with customers

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. Under the previous accounting standard AASB 118 *Revenue*, revenue was recognised when the risks and rewards of ownership transferred to the customer.

Upon application of the AASB 15, the service provided by hipages is deemed to be two revenue streams:

- (a) the right for customers to access potential leads/jobs; and
- (b) the right to respond to these leads.

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.

There was no change in the ultimate revenue recognition under AASB 15, and so it did not have any impact on the consolidated statement of comprehensive income, and consolidated statement of financial position.

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.

### Interest

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.

### 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:

## Significant Accounting Policies

- 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 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.

### Current and non-current classification

Assets and liabilities are presented in the consolidated balance sheet based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### Cash and cash equivalents

Cash and cash equivalents includes 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 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.

### Trade and other receivables

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 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.

### Investments and other financial assets

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

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

#### Financial assets at fair value through profit or loss

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

#### Financial assets at fair value through other comprehensive income

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

#### 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.

### 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 statement 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 assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The depreciation rate for each class of assets is:

- Equipment 25%
- Leasehold improvement 25% or over the lease term

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 comprehensive income statement. When revalued assets are sold, it is entity policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

## Significant Accounting Policies

### Trade and other payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of financial year which are unpaid. The amounts are unsecured.

These amounts represent liabilities for goods and services provided to the consolidated entity 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.

### 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.

### 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 of non-financial assets

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.

### 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 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.

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.'

## Leases

hipages utilised the modified retrospective approach with a transition date of 1 July 2018, which is a requirement for Tier 1 first time adopters. Under AASB 1.1.D9B, the hipages adopted AASB 16 as follows:

- Prior year comparative will be restated to reflect adoption of AASB 16 as of 1 July 2018;
- Calculate the Lease liability on initial application and record on balance sheet with the corresponding entry to ROU Asset with the transition date of 1 July 2018 as per para D9B(a) and D9B(b)(ii) of AASB 16;
- Low value asset pool and short-term leases exemption will be applied. This is available to a first-time adopter as per AASB 16; and
- Disclosure requirements of the new standard.

AASB 16 replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

When adopting AASB 16 from 1 July 2018, the consolidated entity has applied the following practical expedients:

- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as of 1 July 2018 as short-term leases. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

### Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of 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. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

## Significant Accounting Policies

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

hipages determines the lease term as the non-cancellable period of the lease, together with:

- (a) periods covered by an option to extend the lease if it is reasonably certain hipages will exercise that option; and
- (b) periods covered by an option to terminate the lease if it is reasonably certain that hipages will not exercise that option.

### Sublease

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

- (a) if the head 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
- (b) 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 derecognised the right-of-use asset on the head lease at the sublease commencement date and accounted for the original lease liability in accordance with the lessee accounting model. hipages recognised a net investment in the sublease and will evaluate it for impairment.

### Right-of-use assets

hipages recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, 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.

### Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### Provisions

Provisions are recognised when hipages has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity 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.

### 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.

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 consolidated entity 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 consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity 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.

**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.

## Significant Accounting Policies

### 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.

### Dividends

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

### 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 consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity 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.

### Goods and Services Tax ("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 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.

## Operating Segment

Hipages' key strategic managers, consisting of the Chief Executive Officer and the Chief Finance & Operations Officer, examine hipages' performance from a service of operations perspective and have identified one reportable segment for its business which is:

- (a) 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.

The key strategic managers primarily use a measure of EBITDA, operating cashflow, and revenue to assess the performance of the operating segment.

# Glossary

## B



## Glossary

<b>Term</b>	<b>Description</b>
<b>AAS</b>	Australian Accounting Standards
<b>AASB</b>	Australian Accounting Standards Board
<b>AASB 16</b>	AASB 16 <i>Leases</i>
<b>AASB 117</b>	AASB 117 <i>Leases</i>
<b>ABN</b>	Australian Business Number
<b>ACN</b>	Australian Company Number
<b>AGM</b>	Annual General Meeting
<b>Applicant</b>	A person who submits an Application
<b>Application</b>	An application made to subscribe for Shares offered under this Prospectus
<b>Application Form</b>	The Application Form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility)
<b>Application Monies</b>	The amount accompanying an Application Form submitted by an Applicant
<b>ASIC</b>	Australian Securities and Investment Commission
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or, as the case requires, the Australian Securities Exchange (being the financial market operated by it)
<b>ASX Listing Rules</b>	The listing rules of ASX
<b>ASX Recommendations</b>	The fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
<b>ASX Settlement Operating Rules</b>	The operating rules of ASX Settlement Pty Limited (ACN 008 504 532)
<b>ATO</b>	Australian Taxation Office
<b>AUD, A\$, \$, or Australian Dollar</b>	Australian dollar, the official currency of Australia
<b>ARPU</b>	Average revenue per user
<b>AWS</b>	Amazon Web Services
<b>Banking Facility</b>	Senior Secured Loan from Marshall Investments Finance Pty Ltd as trustee for the Marshall Growth Fund Unit Trust
<b>Board</b>	The board of Directors of the Company

<b>Term</b>	<b>Description</b>
<b>BPO</b>	Business Process Outsourcing
<b>Broker</b>	Any ASX participating organisation selected by the Lead Managers to participate in the Broker Firm Offer
<b>Broker Firm Offer</b>	The offer of Shares under this Prospectus to Australian and New Zealand resident retail clients of Brokers who have received a firm allocation of Shares
<b>CAGR</b>	Compound annual growth rate
<b>CEO</b>	Chief Executive Officer
<b>CFOO</b>	Chief Finance & Operations Officer
<b>CGT</b>	Capital Gains Tax
<b>CHESS</b>	Clearing House Electronic Subregister System operated in accordance with the ASX Listing Rules and ASX Settlement Operating Rules
<b>Company</b>	hipages Group Holdings Limited
<b>Completion or Completion of the Offer</b>	The Completion of the Offer, being the date on which Shares are issued to Successful Applicants in accordance with the terms of the Offer
<b>Constitution</b>	The Constitution of hipages Group Holdings Limited
<b>Consumer</b>	A homeowner, small business owner, or other individual or entity that uses the hipages platform to source a tradie
<b>Convertible Notes</b>	Convertible Notes 1 and Convertible Notes 2 issued by the Company, which will be converted into Shares or redeemed prior to Completion
<b>Convertible Notes 1</b>	The Convertible Notes issued on the 1 <sup>st</sup> September 2019
<b>Convertible Notes 2</b>	The Convertible Notes issued on the 21 <sup>st</sup> July 2020
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>CoS</b>	Call of Service, a field service software solutions business
<b>Customer</b>	A tradie who subscribes to the hipages platform
<b>COVID-19</b>	The virus formally known as severe acute respiratory syndrome coronavirus 2
<b>CPA</b>	Cost per acquisition
<b>Debt Facilities</b>	A combination of the Banking Facility and the Convertible Notes
<b>DevOps</b>	Refers to a set of practices for the automation and integration of the software development lifestyle, complementary with Agile software development



## Glossary

Term	Description
Director	A member of the Board
The Divested and Discontinued Businesses	Collectively refers to NTP, Start Local and Pet Pages
E4G	The Efficiency 4 Growth program undertaken by hipages, which commenced in January 2019 and was completed in June 2020.
EBIT	Earnings before interest, and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
ERP	Enterprise Resource Planning
Escrowed Shares	Shares held by Escrowed Shareholders at Completion (other than Shares acquired under the Offer at the Offer Price)
Existing Shareholders	Persons owning Shares in hipages Group prior to Completion
Existing Shares	Ordinary shares held by all Existing Shareholders immediately prior to Completion
Expiry Date	The date which is 13 months after the Prospectus Date
Exposure Period	The period specified in section 727(3) of the Corporations Act, being a minimum period of seven days after the Prospectus Date, during which an Application must not be accepted. ASIC may extend this period to no more than 14 days after the Prospectus Date
FATA	<i>The Foreign Acquisitions and Takeovers Act 1975</i> (Cth)
Financial Information	Together, the Historical Financial Information and the Forecast Financial Information
Forecast Financial Information	Together, the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information
FTA TV	Free-to-air television
IFRS	International Financial Reporting Standards
FY	Financial year
FY2018	The 12-month period ended 30 June 2018
FY2019	The 12-month period ended 30 June 2019
FY2020	The 12-month period ended 30 June 2020
FY2021	The 12-month period ended 30 June 2021

Term	Description
<b>Group</b>	<p>means the entities within the “hipages group” prior to the IPO, being:</p> <ul style="list-style-type: none"> <li>• hipages Group Pty Ltd;</li> <li>• hipages Pty Ltd;</li> <li>• Pet Pages Pty Ltd;</li> <li>• Tradie Business Solutions Pty Ltd;</li> <li>• Home Improvement Pages Pty Ltd;</li> <li>• hipay Pty Ltd;</li> <li>• hipages ESP Pty Ltd;</li> <li>• hipages Personnel Pty Ltd;</li> <li>• Startlocal Pty Ltd;</li> <li>• hipages Philippines Pty Ltd; and</li> <li>• Ninety Nine Pty Ltd.</li> </ul>
<b>GST</b>	Goods and Services Tax
<b>HEEP</b>	The Hipages Employee Equity Plan described in Section 6.4.3.4
<b>hipages</b>	<p>means:</p> <ul style="list-style-type: none"> <li>• prior to Completion, the Group; and</li> <li>• post Completion, the Company and its subsidiaries,</li> </ul> <p>and where the context requires, the business conducted by those entities.</p>
<b>hipages Group</b>	hipages Group Pty Ltd
<b>Historical Financial Information</b>	Together, the Statutory Historical Financial Information and the Pro Forma Historical Financial Information
<b>HMEP</b>	The Hipages Management Equity Plan described in Section 6.4.3.3
<b>IASB</b>	International Accounting Standards Board
<b>Industry Data</b>	Relating to markets, market sizes, market shares, market segments, market positions, and other industry data pertaining to hipages’ business and markets
<b>Information Line</b>	1300 824 174 (within Australia) or +61 2 8072 1480 (outside Australia) between 8.30am and 5.30pm (Sydney Time), Monday to Friday
<b>Institutional Investor</b>	<p>Investors who are:</p> <ul style="list-style-type: none"> <li>• persons in Australia who are wholesale clients under section 761G of the Corporations Act and either ‘professional investors’ or ‘sophisticated investors’ under sections 708(11) and 708(8) of the Corporations Act, respectively; or</li> <li>• institutional investors in certain other jurisdictions, as agreed by the Company and the Lead Manager to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any government agency (except one with which the Company is willing in its discretion to comply); and</li> <li>• provided that in each case such investors are not in the United States.</li> </ul>

## Glossary

Term	Description
<b>Institutional Offer</b>	The invitation to Institutional Investors under this Prospectus to acquire Shares, as described in Section 7.9.
<b>IPO</b>	Initial public offering
<b>IT</b>	Information technology
<b>ITAA 1936</b>	<i>Income Tax Assessment Act 1936</i> (Cth)
<b>ITAA 1997</b>	Income Tax Assessment Act 1997 (Cth)
<b>Lead Manager</b>	Goldman Sachs Australia Pty Ltd ACN 006 797 897
<b>Legacy Equity Plans</b>	The hipages legacy equity plans described in Section 6.4.3.5
<b>Listing</b>	Admission of the Company to the Official List and quotation of the Shares on ASX
<b>LTS</b>	An online platform formed in partnership between the New South Wales Department of Education and hipages for the purpose of helping local trades people engage with government to bid for maintenance work at schools in local communities
<b>MRR</b>	Monthly recurring revenue
<b>Mutual Recognition Regime</b>	The mutual recognition regime established under subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 of New Zealand and Part 9 of the Financial Markets Conduct Regulations 2014 of New Zealand.
<b>NTP</b>	Natural Therapy Pages and subsidiaries UK Pages Pty Ltd, Natural Therapy Pages Limited, NZ Pages Pty Ltd and Natural Therapy Pages Limited
<b>Non-Executive Director</b>	A member of the Board who does not form part of the Company's management
<b>Non-Statutory Information</b>	Certain financial information, measures and ratios to manage and report on performance which are prepared on a basis that is not recognised under AAS or IFRS
<b>NPAT</b>	Net profit/(loss) after taxation
<b>Offer</b>	The offer of Shares under this Prospectus
<b>Offer Period</b>	The period from Thursday, 29 October to Wednesday, 4 November
<b>Offer Price</b>	\$2.45 per share
<b>Official List</b>	The official list of ASX, of entities which have been admitted to, and not removed from, listing
<b>Options</b>	As the term is used in Section 6.4 means an option over a Share
<b>PCI DSS</b>	Payment Card Industry Data Security Standard

<b>Term</b>	<b>Description</b>
<b>Pet Pages</b>	Pet Pages Pty Ltd
<b>Plan Rules</b>	The plan rules for the HMEP and the HEEP described in Section 6.4.3.2
<b>Privacy Act</b>	<i>Privacy Act 1988</i> (Cth)
<b>Pro Forma Forecast Financial Information</b>	The pro forma forecast consolidated income statement for FY2021 and the pro forma forecast consolidated cash flows for FY2021
<b>Pro Forma Historical Financial Information</b>	The pro forma historical consolidated balance sheet as at 30 June 2020, the pro forma historical consolidated income statement for FY2018, FY2019 and FY2020 and the pro forma historical consolidated cash flows for FY2018, FY2019 and FY2020
<b>Prospectus</b>	This documented (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document
<b>Prospectus Date</b>	The date on which a copy of this Prospectus was lodged with ASIC, being Wednesday, 21 October
<b>PwCS</b>	PricewaterhouseCoopers Securities Ltd
<b>PwC</b>	PricewaterhouseCoopers
<b>Related Bodies Corporate</b>	Where a body corporate is: (a) a holding company of another body corporate; or (b) a subsidiary of another body corporate; or (c) a subsidiary of a holding company of another body corporate; the first-mentioned body and the other body are related to each other.
<b>Restructure</b>	The restructure process in Section 9.4.
<b>Rights</b>	As the term is used in Section 6.4 means a right over a Share.
<b>ROI</b>	Return on Investment
<b>ROU</b>	Right of use
<b>SaaS</b>	Software-as-a-service
<b>SEM</b>	Refers to the practice of marketing the product or service of a business in a search engine, primarily through paid advertising
<b>Settlement</b>	The Settlement in respect of the Shares which are the subject of the Offer occurring under the Underwriting Agreement
<b>Share Registry</b>	Automic Pty Ltd
<b>Shareholder</b>	The registered holder of one or more Shares
<b>Shares</b>	Fully paid ordinary shares in the capital of the Company

## Glossary

Term	Description
Start Local	Start Local Pty Ltd, an Australian business directory
Statutory Forecast Financial Information	The statutory forecast consolidated income statement for FY2021 and the statutory forecast consolidated cash flows for FY2021.
Statutory Historical Financial Information	The statutory historical consolidated balance sheet as at 30 June 2020, statutory historical consolidated income statements for FY2018, FY2019 and FY2020 and statutory historical consolidated cash flows for FY2018, FY2019 and FY2020.
Subscription Tradie ARPU	Average annual revenue per subscriber, calculated as the annual subscription revenue divided by the average number of the opening and closing number of Subscription tradies for the period
Successful Applicants	Applicants who submit a successful Application
Tax Law	The ITAA 1936, ITAA 1997 and the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth)
TFN	Tax file number
Total Tradie ARPU	<b>Average annual revenue per tradie, calculated as the annual operating revenue divided by the average number of the opening and closing number of total tradies for the period</b>
Total Tradie ARPU	Average annual revenue per tradie, calculated as the annual operating revenue divided by the average number of the opening and closing number of total tradies for the period
tradie	A tradesperson, typically a sole-trader or a small business owner, who operates in the home improvement sector, offering a range of services
Transactional Tradie ARPU	Average annual revenue per Transactional tradie, calculated as the upfront annual listing fee within recurring revenue as well as the pay per lead revenue component within transactional revenue, divided by the average of the opening and closing number of Transactional tradies for the period. Lead pack revenue within transactional revenue has not been included.
Underwriting Agreement	The underwriting agreement (as amended or supplemented) entered into between the Lead Manager, hipages Group, and the Company dated on the Prospectus Date
US Securities Act	United States Securities Act of 1933
Year 1 Director Equity Entitlement	The director equity entitlement described in Section 6.4.1
Year 2 Director Equity Entitlement	The director equity entitlement described in Section 6.4.1
YOY	Year-on-year, reflecting the change compared to the same corresponding period in the last financial year

# Corporate Directory

## Issuer's Registered Office

### hipages Group Holdings Ltd

Level 10  
255 Pitt St  
Sydney NSW 2000

## Lead Manager and Underwriter

### Goldman Sachs Australia Pty Ltd

Level 46, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

## Legal Advisor

### Ashurst Australia

Level 11  
5 Martin Place  
Sydney NSW 2000

## Share Registry

### Automic Pty Ltd

Level 5  
126 Phillip St  
Sydney NSW 2000

## Investigating Accountant

### PricewaterhouseCoopers Securities Ltd

One International Towers Sydney,  
Watermans Quay  
Barangaroo NSW 2000

## Independent Auditor

### PricewaterhouseCoopers

One International Towers Sydney,  
Watermans Quay  
Barangaroo NSW 2000

## Company Website

[www.hipages.com.au](http://www.hipages.com.au)

## Corporate Website

[www.hipagesgroup.com.au](http://www.hipagesgroup.com.au)







## CORRECT FORMS OF REGISTRABLE TITLE

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual	Mr John Richard Sample	J R Sample
Joint Holdings	Mr John Richard Sample & Mrs Anne Sample	John Richard & Anne Sample
Company	ABC Pty Ltd	ABC P/L or ABC Co
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Company
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample <Health Club A/C>	Health Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

## INSTRUCTIONS FOR COMPLETING THE FORM

### YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

This is an Application Form for Shares in hipages Group Holdings Limited ACN 644 430 839 (the "Company") made under the terms set out in the Prospectus dated 21 October 2020.

Capitalised terms not otherwise defined in this document have the meaning given to them in the Prospectus. The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus and any supplementary Prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary Prospectus (if applicable) and an Application Form, on request and without charge.

- Shares Applied For & Payment Amount** - Enter the number of Shares you wish to apply for. You must apply for a minimum of \$2,000 of Shares (being equal to 817 Shares in aggregate at the Offer Price) and in multiples of \$1,000 of Shares (being equal to 408 Shares in aggregate at the Offer Price) thereafter. There is no maximum application amount.
- Applicant Name(s) and Postal Address** - ONLY legal persons or entities can hold Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person. Refer to the table above for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Next, enter your postal address for the registration of your holding and all correspondence. Only one address can be recorded against a holding.
- Contact Details** - Please provide your contact details for us to contact you between 9:00am and 5:00pm (Sydney Time) should we need to speak to you about your application. In providing your email address you elect to receive electronic communications. You can change your communication preferences at any time by logging in to the Investor Portal accessible at <https://investor.automic.com.au/home>
- CHESSE Holders** - If you are sponsored by a stockbroker or other participant and you wish to hold Shares allotted to you under this Application on the CHESSE subregister, enter your CHESSE HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" ('SRN') will be allocated to you.
- TFN/ABN/Exemption** - If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application.
- Payment** - Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section 1.

If you receive a firm allocation of Shares from your Broker make your cheque payable to your Broker in accordance with their instructions.

## DECLARATIONS

### BY SUBMITTING THIS APPLICATION FORM WITH THE APPLICATION MONIES, I/WE DECLARE THAT I/WE:

- Have received a copy of the Prospectus, either in printed or electronic form and have read the Prospectus in full;
- Have completed this Application Form in accordance with the instructions on the form and in the Prospectus;
- Declare that the Application Form and all details and statements made by me/us are complete and accurate;
- I/we agree to provide further information or personal details, including information related to tax-related requirements, and acknowledge that processing of my/our application may be delayed, or my/our application may be rejected if such required information has not been provided;
- Agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus;
- Where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- Acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- Apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus)
- Acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- Authorise the Company and their agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated;
- Am/are over 18 years of ages;
- Agree to be bound by the Constitution of the Company;
- Acknowledge that neither the Company nor any person or entity guarantees any particular rate of return of the Shares, nor do they guarantee the repayment of capital; and
- Give the acknowledgements, representations and warranties set out at Section 7.9 of the Prospectus.

## LODGEMENT INSTRUCTIONS

You must return your Application, so it is received by your Broker by the deadline set out in their offer to you.

