Appendix 4D

hipages Group Holdings Limited
ABN 67 644 430 839

Reporting period	The half-year ended 31 December 2022
Previous reporting period	The half-year ended 31 December 2021

Results for announcement to market

		31 December 2022	Change		31 December 2021
		A$'000	A$'000	%	A$'000
Revenue					
Revenue from continuing ordinary activities	**up**	**32,621**	**2,484**	**8%**	30,137

Net loss for the period attributable to members	**up**	**(1,491)**	**(661)**	**(80%)**	(830)

Net Tangible Assets		**$ per share**	**$ per share**	**%**	**$ per share**
Net tangible asset backing per ordinary security[1]	**down**	**(0.048)**	**(0.011)**	**(30%)**	(0.037)

Dividends
No dividend will be paid for the half-year ended 31 December 2022

1. Net tangible assets represents net assets less right-of-use assets, intangible assets and deferred taxes. The calculation is based upon the weighted average number of shares on issue during the period.

Review of Operations

A review of the Group's operations during the half-year ended 31 December 2022 and the results of those operations are included in the 31 December 2022 Directors' Report.

Change in ownership of controlled entities and associates

Effective 20 December 2022, B+A acquired the client book of Properties Under Management (PUM) from its largest competitor Property Safe Maintenance Manager owned by Home Trades Hub Australia (HTHA). In consideration for the PUM acquisition, B+A issued 15% of B+A's total issued capital to HTHA. HTHA also has the right to appoint a director to the B+A Board. The share issue diluted the Company's ownership interest from 25% to 21.25%, however the Company retained a seat on the Board and significant influence of B+A.

There have been no other changes in ownership of controlled entities during the half-year ended 31 December 2022.

Appendix 4D

Dividend reinvestment plans

There are no dividend reinvestment plans in place.

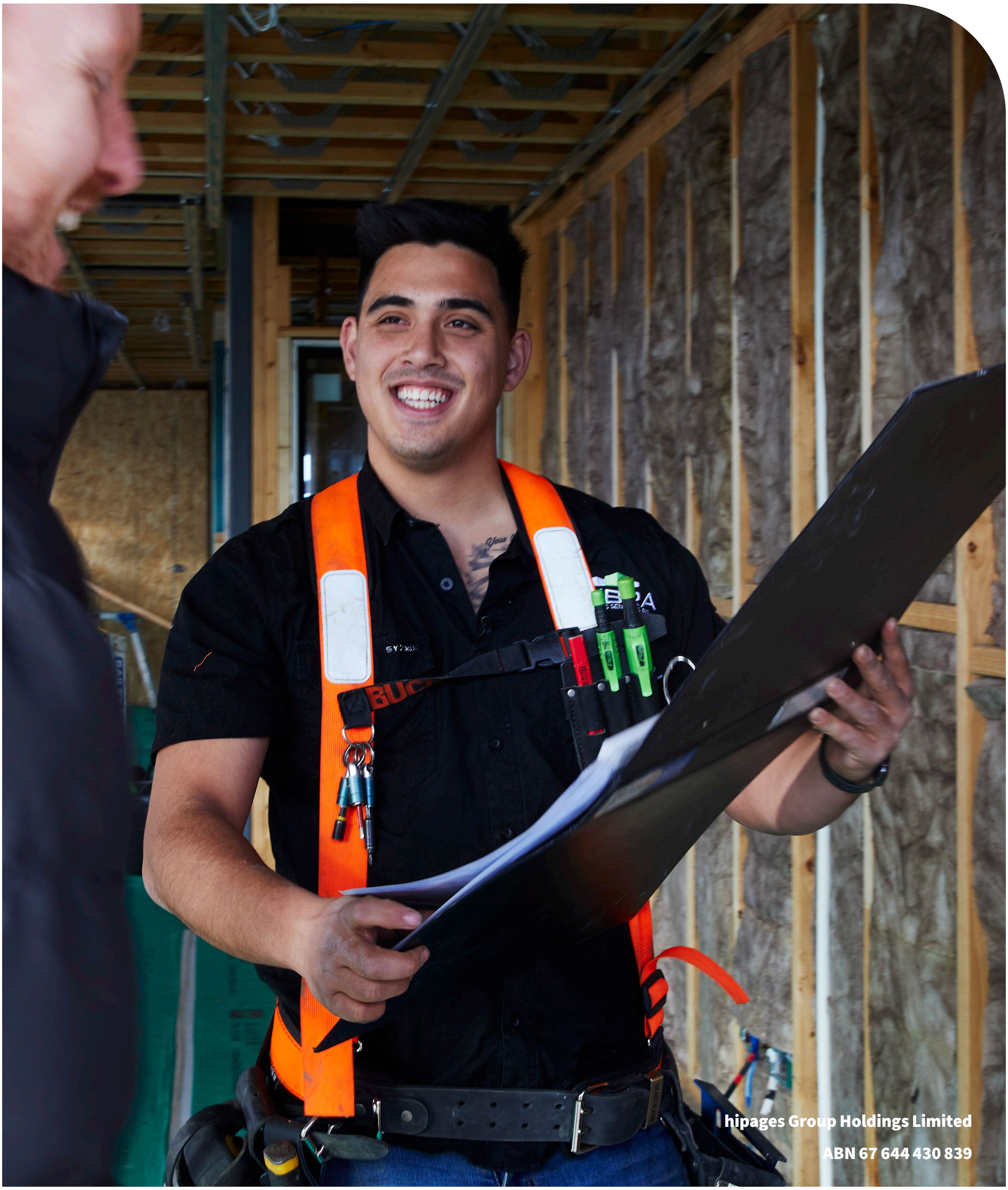
Additional Appendix 4D disclosures

Additional Appendix 4D disclosure can be found in the attached Interim Financial Report and the Directors' Report for the half-year ended 31 December 2022. This report should be read in conjunction with the Annual Report for the year ended 30 June 2022.

This report is based on the Interim Financial Report for the half-year ended 31 December 2022 which has been reviewed by PwC with the independent Auditor's Review Report included in the Interim Financial Report.

Interim Financial Report

for the half-year ended 31 December 2022



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Directors' Report

The Directors of hipages Group Holdings Limited present their report together with the Consolidated Interim Financial Statements of hipages Group Holdings Limited (referred to hereafter as hipages, the Company or the Group) consisting of hipages Group Holdings Limited and the entities it controlled at the end of, or during the half-year ended 31 December 2022 and the Independent Auditor's Report thereon.

Directors

The names of the Directors of hipages Group Holdings Limited in office during the half-year ended 31 December 2022 and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Inese Kingsmill	Chair and Non-Executive Director	Appointed 1 October 2020 (Appointed 25 August 2022 as Chair)
Robert Sharon-Zipser	CEO and Managing Director	Appointed 18 September 2020
Stacey Brown	Non-Executive Director	Appointed 18 September 2020
Nicholas Gray	Non-Executive Director	Appointed 2 October 2020
Chris Knoblanche	Non-Executive Director	Appointed 18 September 2020 (Resigned 25 August 2022 as Chair)
Kate Mills	Non-Executive Director	Appointed 1 December 2022

Company secretary

Kylie Quinlivan	Appointed 28 October 2021
Lucy Thompson	Appointed 22 December 2022

Principal activities

hipages Group creates effortless solutions that help tradies streamline and grow their business and delight their customers. As Australia and New Zealand's largest online tradie marketplace, hipages Group connects tradies with residential and commercial consumers through its platforms, hipages and Builderscrack. The Company helps tradies grow their business by providing job leads from homeowners and organisations looking for qualified professionals, while enabling them to optimise their businesses. To date, over three million Australians and New Zealanders have used hipages Group to change the way they find, hire and manage trusted tradies, providing more work to over 34,200 subscribed trade businesses. Also, part of the hipages Group ecosystem is the workflow management software, Tradiecore, that is designed to ease the burden of everyday administration for tradie businesses. The Company also has a minority ownership stake in Bricks and Agent (B+A), which is a market leading cloud-based property maintenance platform.

Review of operations

Highlights

- Notwithstanding the challenging and ongoing uncertain macroeconomic environment, the Company has grown its revenue 8% vs. pcp to $32.6m
- Recurring revenue up 6% vs. pcp to $30.6m and MRR[1] up 5% to $5.6m
- Continued ability to enhance the value exchange on the platform with ARPU[2] growth of 11% vs. pcp to $1,863 and hipages ARPU in Australia up 12% to $1,978 despite flat subscription tradie count of 34.2k[3]
- Effective expense management in light of the economic environment with effective brand investment delivering marketing efficiencies
- Strong EBITDA[4] margin of 18% vs. 14% pcp and expected to hold through H2
- Release of further functionality in Tradiecore's field service software, with payments solution to be delivered in H2
- Robust balance sheet and increased positive operating cash flow with net cash of $9.7m[5]
- Statutory net loss of $1.5m vs pcp $0.8m driven by amortisation relating to capitalised development of Tradiecore and amortisation arising from the acquisition of Builderscrack.

1. Monthly recurring revenue, including GST.
2. Average Annual Revenue Per Unit (i.e. Tradie ARPU) is the annual operating revenue divided by the average of the opening and closing number of total hipages tradies and paying Builderscrack tradies for the period.
3. Includes 3.3k New Zealand paying tradies.
4. Pro forma EBITDA before significant items (EBITDA: Earnings before Interest, Tax and Depreciation and Amortisation).
5. Including cash on hand of $7.4m and funds on deposit of $2.3m.

Key Financial and Operating Metrics

Key Financial and Operating Metrics

Summary of Group performance	Total 31 December 2022 $'000	Total 31 December 2021 $'000	change %
Sales revenue			
Contracts with customers – continuing operations	**32,073**	29,505	**9%**
Rental income	**548**	632	**(13%)**
Total Revenue	**32,621**	30,137	**8%**
Statutory EBITDA[6] (from continuing operations)	**5,639**	3,809	**48%**
Add back Other items which are one-off in nature:			
Non-recurring remuneration	**130**	367	**(65%)**
Pro forma EBITDA[7] before significant items	**5,769**	4,176	**38%**
Statutory net loss	**(1,491)**	(830)	**(80%)**
Net cash flows from operating activities	**6,022**	4,183	**44%**
Cash	**7,428**	13,121	**(43%)**

Key Operational Metrics	31 December 2022	31 December 2021	change (%)
MRR ($m)	**5.6**	5.3	**5%**
Job volume (m)	**0.7**	0.8	**(8%)**
Subscription tradies (000's)	**34.2**	34.3	**(0%)**
ARPU ($)	**1,863**	1,672	**11%**

In the first half, hipages Group delivered total revenue growth of 8% vs. pcp, during the uncertain macroeconomic environment. Recurring revenue grew by 6% vs. pcp, and MRR increased by 5% to $5.6m.

The revenue growth coupled with prudent expense management has enabled the Company to expand the EBITDA margin to 18% vs. 14% pcp which was in line with expectations.

The Company has continued with its strategy to invest in its technology platform to strengthen and maintain its market leadership position.

The current high interest rate environment has put pressure on consumer sentiment, reflected in a fall in the number of jobs. Subscription tradies have remained flat, driven by the backlog of jobs carried over from the post Covid environment. Notwithstanding the current environment, hipages has demonstrated its ability to monetise the value exchange on the platform as illustrated by the revenue and ARPU growth.

ARPU grew by 11% to $1,863[8] for the Group while hipages in Australia was up 12% to $1,978 as tradies continue to join at higher yields.

6. EBITDA: Earnings before Interest, Tax and Depreciation and Amortisation.
7. hipages Financial Report complies with Australian Accounting Standards and International Financial Reporting Standards. The statutory results have been adjusted for pro forma one-off items on the basis that management believes this reflects a more meaningful measure of the Group's underlying performance. The underlying (non-IFRS) EBITDA before significant items is unaudited but is derived from the financial statements reviewed by PwC for the half-year by removing the impact of one-off certain items.
8. hipages Group ARPU of $1,863 is the blended result of hipages' ARPU of $1,978 and Builderscrack's ARPU of $786.

Executing the strategy

hipages Group is making good progress in its evolution from an online marketplace to a SaaS platform provider, which will allow the Company to deliver long-term benefits by making customers stickier and open a range of growth opportunities.

hipages Group continued to release enhanced functionality for Tradiecore and rolled out accounting integration with Xero, MYOB and Quickbooks during H1. The Company will be rolling out payment acceptance features during H2, which will allow tradies to take payment on the job with their mobile devices via the Tradiecore app.

Builderscrack, New Zealand's leading online tradie marketplace, is progressing well with its roadmap to transition from a transaction based to subscription model. During H1, it has introduced new subscription packages to better support the differing scale of tradespeople who use its services.

During December 2022, B+A acquired the client book of Properties Under Management (PUM) from its largest competitor Property Safe Maintenance Manager owned by Home Trades Hub Australia (HTHA). This will enable B+A to accelerate its growth plans and roll out its technology to more tradies, property managers, homeowners and tenants.

hipages Group is committed to building out its tradie ecosystem through continued investment in the platform and feature releases that enhances the value to tradies and ultimately increases customer retention.

Investing for growth

hipages Group believes continued investment in brand and technology is key to strengthening its market leadership.

Increased brand investment in hipages across both sides of the marketplace in H1 continued to drive exceptionally strong consumer and customer brand awareness of 66% and 64% respectively. Jobs from unpaid channels accounted for 82% of total jobs and 72% of jobs came from repeat customers, further showing the strength of the hipages brand. Consumer advertising was complemented by targeted radio, television and digital advertising activity to reach tradies, which will continue in the second half. Technology development spend increased as the Company continued to invest in its development team and technology architecture to support its growth, with the level of investment to continue in the second half.

To build the capability required of a category winner, the Company continues to partner with global technology leaders, including Stripe for its payment solution and Zuora for its new billing platform to be implemented in H2.

Net Debt

At 31 December 2022, hipages remained in a strong financial position as the Company continues investing in its technology platforms, with cash and funds on deposit of $9.699 million[9] (30 June 2022: $13.178 million[10]) and no debt.

Outlook and opportunities

hipages Group expects the current high interest and inflationary environment to remain throughout H2, however the Company has proven to benefit from demand-side imbalance for trade services in the past due to its countercyclical business model. It is well placed to become a beneficiary of the weaker cyclical conditions due to its ability to effectively source jobs for tradies as the demand for trade services eases.

The growth outlook is set to continue at the current rate as the key operational indicators are starting to turn green and the marketplace returns to balance. Pleasingly, the start of Q3 has already yielded record tradie registration volumes with claims per job at multi year highs as a result of the softer demand for trade services.

Margins are expected to be maintained over H2 before increased operating leverage drives margin expansion in FY24.

9. Comprising cash and cash equivalents of $7.428 million and funds on deposit of $2.271 million.

10. Comprising cash and cash equivalents of $10.907 million and funds on deposit of $2.271 million.

As a technology company, hipages Group is constantly evolving its products, and as part of the next iteration of its product strategy, it is implementing new product features which provide more flexibility and value for its subscription tradie customers. These features are expected to improve retention while maintaining the committed recurring revenue of the subscription product.

As the market leader with a strong brand, large customer base and profitable growth profile, hipages Group is well positioned to withstand any near-term turbulence and capture the significant long-term opportunity in the on-demand tradie economy.

Material business risks

Risk categories	Key business risks and impact	Mitigation and monitoring strategies
Marketplace performance	**Failure to attract new tradies** If hipages is unable to attract new tradies to the platform at the pricing level hipages currently expects, this may adversely impact hipages' financial performance and growth.	• Continue to invest in technology to evolve the hipages platform and consolidate online market leading position in the tradie segment • Expand share of total addressable market (TAM) through inorganic growth (e.g. Builderscrack and B+A) • Look to enhance offering by adding new adjacent services in the tradie ecosystem
	Tradie churn on the platform If significant numbers of tradies churn, this may adversely impact hipages' operations and financial performance.	• Continue to evolve to a SaaS model including the rollout of Tradiecore job management solution and associated expansion services • Roll out enhanced functionality in core product • Look to enhance the offering by adding new adjacent services in the tradie ecosystem
	Material reduction in jobs If hipages has a material reduction in the number of jobs posted by consumers on the platform, including as a result of macroeconomic conditions, then the hipages marketplace may become imbalanced affecting tradies' experience.	• Invest in brand and marketing activities like SEO to drive consumer jobs on the hipages platform • Tactically reallocate performance marketing spend to drive more job volumes when required
	Growth and profitability dependent on active community If either tradies do not renew their subscriptions to the platform, and/or consumers do not post jobs in the quantities that have previously posted, the activity of the marketplace will decline and may adversely impact the Company's financial performance.	• Invest in brand, product and technology on both sides of our marketplace • Roll out hipages 3.0 (the 3-year Strategic Plan), focused on enhancing experience on both sides of marketplace by better understanding consumer intent and more accurately pricing jobs
Technology and data	**Technology** If hipages technology experiences downtime or systems failures for a prolonged period, the Company may not be able to provide its services and this may have an adverse impact to revenue. Further, if hipages does not develop innovative technology, it may lose market share to its competitors.	• Continued investment in technology to enhance the platform for long-term growth

Directors’ Report continued

Risk categories	Key business risks and impact	Mitigation and monitoring strategies
	Cybersecurity and data protection Whilst hipages has systems in place to secure its data, cyberattacks could compromise or breach these safeguards.	• The Company’s security program applies a risk-based approach to tackling current and emerging cyber security threats and vulnerabilities • Regular assessment of cybersecurity controls, monitoring of third-party providers and targeted internal and external penetration testing
Macroeconomic deterioration	**Significant deterioration in macroeconomic conditions** A significant deterioration in macroeconomic conditions may cause softer consumer demand as well as cause tradies to reduce marketing spend, resulting in hipages attracting fewer new tradies and higher tradie churn and less jobs.	• Subscription model provides recurring revenue which helps smooth volatility • Countercyclicality of model means softer consumer demand may balance the marketplace and increases the importance of the platform for tradies to source jobs • Reminding tradies that hipages provides a high ROI channel for tradies to find work in a lower demand environment, making it more attractive

Subsequent events

There have been no events subsequent to the balance date that would have a material effect on the Group’s Interim Consolidated Financial Statements at 31 December 2022.

Dividends

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

Auditor’s independence declaration

A copy of the auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

Rounding of amounts

The company is of a kind referred to ASIC Legislative Instrument 2016/191, relating to the ‘rounding off’. Amounts have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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

Inese Kingsmill
Chair

Robert Sharon-Zipser
CEO and Managing Director

Sydney
23 February 2023

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the review of hipages Group Holdings Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Mark Valerio
Partner
PricewaterhouseCoopers

Sydney
23 February 2023

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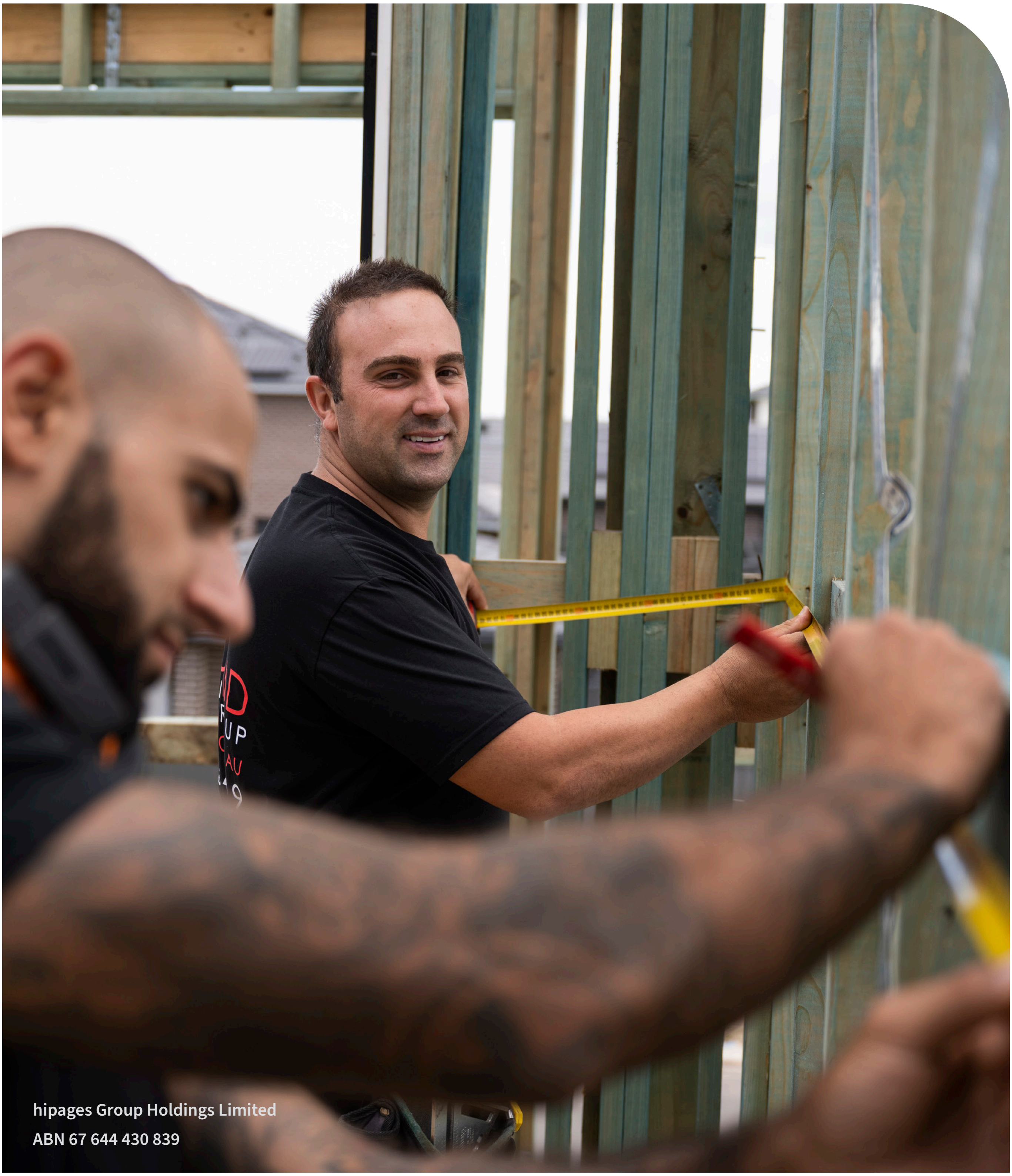
Consolidated Interim Financial Statements

for the half-year ended 31 December 2022



hipages Group Holdings Limited
ABN 67 644 430 839

Consolidated Statement of Profit or Loss

For the half-year ended 31 December 2022

	Notes	31 December 2022 $'000	31 December 2021 $'000
Continuing operations			
Revenue	2.2	**32,621**	30,137
		32,621	30,137
Expenses excluding interest, tax, depreciation and amortisation			
Employee benefits expenses		**(12,438)**	(10,751)
Marketing related expenses		**(8,039)**	(10,265)
Operations and administration expenses		**(5,344)**	(4,324)
Impairment of trade receivables		**(1,157)**	(933)
Net other expenses		**(4)**	(55)
Total expenses excluding interest, tax, depreciation and amortisation		**(26,982)**	(26,328)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**5,639**	3,809
Depreciation and amortisation	2.3	**(6,971)**	(4,496)
Loss before interest and income tax		**(1,332)**	(687)
Finance income		**58**	74
Finance expenses		**(183)**	(124)
Net finance expenses		**(125)**	(50)
Share of loss of equity-accounted investee, net of tax	3.2	**(187)**	(118)
Loss before income tax from continuing operations		**(1,644)**	(855)
Income tax benefit		**153**	25
Loss for the period from continuing operations		**(1,491)**	(830)
Loss for the period, attributable to the members of the Group		**(1,491)**	(830)
		Cents	**Cents**
Earnings per share attributable to the ordinary equity holders of the Group:			
Basic and diluted earnings per share:			
From continuing operations		**(1.14)**	(0.64)

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

Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2022

	31 December 2022 $'000	31 December 2021 $'000
Loss for the period attributable to members of the Company	**(1,491)**	(830)
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Foreign currency translation differences for foreign operations	**369**	(200)
Other comprehensive income/ (loss) net of tax	**369**	(200)
Total comprehensive loss, attributable to owners of hipages Group Holdings Limited	**(1,122)**	(1,030)

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

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	31 December 2022 $'000	30 June 2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	3.1	**7,428**	10,907
Funds on deposit	3.1	**2,271**	2,271
Trade and other receivables		**1,852**	1,861
Other assets		**2,288**	1,864
Total current assets		**13,839**	16,903
Non-current assets			
Other assets		**-**	105
Other investments		**800**	800
Equity-accounted investment	3.2	**6,111**	6,298
Property, plant and equipment		**1,719**	1,731
Right-of-use asset		**11,187**	12,312
Intangible assets	3.3	**32,259**	29,611
Total non-current assets		**52,076**	50,857
Total assets		**65,915**	67,760
LIABILITIES			
Current liabilities			
Trade and other payables		**8,441**	8,419
Contract liabilities		**2,689**	3,004
Provisions		**1,789**	1,912
Lease liabilities		**2,939**	2,324
Current tax liability		**26**	24
Total current liabilities		**15,884**	15,683
Non-current liabilities			
Trade and other payables		**-**	738
Provisions		**581**	588
Lease liabilities		**10,312**	11,526
Deferred tax liability		**1,966**	2,127
Total non-current liabilities		**12,859**	14,979
Total liabilities		**28,743**	30,662
Net assets		**37,172**	37,098
EQUITY			
Issued capital	3.4	**318,099**	317,639
Reserves	3.4	**(218,934)**	(220,039)
Accumulated losses	3.4	**(61,993)**	(60,502)
Total equity		**37,172**	37,098

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

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2022

Attributable to owners of hipages Group Holdings Limited

	Notes	Contributed equity $'000	Capital reorganisation reserve $'000	Share-based payments reserve $'000	Translation and other reserves[1] $'000	Accumulated losses $'000	Total $'000
Balance at 1 July 2021		315,775	(226,612)	7,238	(1,069)	(59,592)	35,740
Loss for the period, attributable to the members of the Group		-	-	-	-	(830)	(830)
Transactions with owners in their capacity as owners:							
Equity settled share-based payment		-	-	1,229	-	-	1,229
Contributions of equity, net of transaction costs		885	-	-	-	-	885
Foreign currency translation differences - foreign operations		-	-	-	(200)	-	(200)
Balance at 31 December 2021		316,660	(226,612)	8,467	(1,269)	(60,422)	36,824
Balance at 1 July 2022		**317,639**	**(226,612)**	**8,291**	**(1,718)**	**(60,502)**	**37,098**
Loss for the period, attributable to the members of the Group		**-**	**-**	**-**	**-**	**(1,491)**	**(1,491)**
Transactions with owners in their capacity as owners:							
Employee share-based payments expense	3.4	**-**	**-**	**900**	**-**	**-**	**900**
New shares issued to existing shareholders	3.4	**91**	**-**	**(91)**	**-**	**-**	**-**
Cash settled share-based payments				**(73)**			**(73)**
Contributions of equity, net of transaction costs	3.4	**369**	**-**	**-**	**-**	**-**	**369**
Foreign currency translation differences	3.4	**-**	**-**	**-**	**369**	**-**	**369**
Balance at 31 December 2022		**318,099**	**(226,612)**	**9,027**	**(1,349)**	**(61,993)**	**37,172**

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

1. Translation and other reserves incorporate foreign exchange movements as well as movements related to fair value assessments related to assets measured at fair value through other comprehensive income.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2022

	Notes	31 December 2022 $'000	31 December 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**34,567**	31,514
Payments to suppliers and employees (inclusive of GST)		**(28,508)**	(27,364)
		6,059	4,150
Interest received		**41**	33
Income taxes paid		**(76)**	-
Interest paid		**(2)**	-
Net cash flows from operating activities		**6,022**	4,183
Cash flows from investing activities			
Payments for purchase of business net of cash acquired		**(414)**	(7,843)
Payments for investments		**-**	(6,747)
Payments for property, plant and equipment		**(771)**	(225)
Payments for intangible assets		**(7,691)**	(5,107)
Proceeds from divestments		**250**	150
Net cash flows used in investing activities		**(8,626)**	(19,772)
Cash flows from financing activities			
Payment of principal portion of lease liabilities		**(1,460)**	(1,584)
Proceeds from reimbursement of office refurbishment costs		**600**	-
Cash settlement of share-based payments		**(42)**	-
Net cash flows used in financing activities		**(902)**	(1,584)
Net decrease in cash and cash equivalents		**(3,506)**	(17,173)
Cash and cash equivalents at the beginning of the period		**10,907**	30,303
Effects of exchange rate changes on cash and cash equivalents		**27**	(9)
Cash and cash equivalents at end of the period	3.1	**7,428**	13,121

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

Notes to the consolidated interim financial statements

For the half-year ended 31 December 2022

1. Basis of preparation

1.1. Reporting entity

These Consolidated Interim Financial Statements are for the Group consisting of hipages Group Holdings Limited (the 'Company' or "parent entity") and its subsidiaries (together referred to as the 'Group' or 'Consolidated Entity' and individually as 'Group Entities') for the half-year ended 31 December 2022 and were authorised for issue in accordance with a resolution of the directors on 23 February 2023.

1.2. Basis of preparation

These Consolidated Interim Financial Statements for the half-year period ended 31 December 2022:

- have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001;
- comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- have been prepared on a going concern basis;
- have been prepared under the historical cost convention except for the revaluation of financial assets and liabilities (including derivative instruments) measured at fair value through other comprehensive income;
- are presented in Australian dollars with amounts rounded off in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 to the nearest thousand dollars, or in certain cases, the nearest dollar.

As at 31 December 2022, the Group had net assets of $37.172 million (30 June 2022: Net assets of $37.098 million).

The Interim Financial Report does not include all the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by hipages Group Holdings Limited during the interim period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Changes in accounting policies are set out in Note 1.4, Changes in significant accounting policies.

1.3. Key accounting estimates

In preparing these Consolidated Interim Financial Statements, the judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Financial Report as at and for the year ended 30 June 2022. These include:

(i) revenue lead credits and lead utilisation;

(ii) estimation of deferred consideration on divested businesses;

(iii) capitalisation of internally generated software;

(iv) estimation of useful lives of assets; and

(v) going concern.

Estimates and underlying assumptions are reviewed on an ongoing basis.

1.4. Changes in significant accounting policies

The accounting policies applied in these Consolidated Interim Financial Statements are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2022.

1.4. Changes in significant accounting policies (continued)

New accounting standards adopted by the Company

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. These include:

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and definition of Accounting Estimates
- AASB 2021-5 Amendments to Australian Accounting Standards –Deferred Tax related to Assets and Liabilities arising from a single transaction.
- AASB 2020 - 2 Amendments to Australian Accounting Standards –Classification of Liabilities as Current and Non-Current.
- AASB 2020 - 6 Amendments to Australian Accounting Standards –Deferral of effective date.

1.5. Going concern

At 31 December 2022 the Group's current liabilities exceeded its current assets by $2.045 million (30 June 2022: current assets exceeded current liabilities by $1.220 million). The current liabilities include unearned income of $2.689 million (30 June 2022: $3.004 million) as well as employee leave liabilities of $1.789 million (30 June 2022: $1.912 million). The Group has continued to grow EBITDA, up 48% pcp to $5.639 million. Furthermore, the Group continued to deliver a strong EBITDA margin of 18% up from 14% pcp. Net operating cash inflow is also up by 44% to $6.022 million.

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

1.6. Rounding

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

Notes to the consolidated interim financial statements (continued)

For the half-year ended 31 December 2022

2. Business performance

2.1. Segment information

Description of segments

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

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

Australia hipages online tradie platform	hipages is Australia's largest online tradie marketplace connecting tradies with residential and commercial consumers across the country. The platform helps tradies grow their business by providing job leads from homeowners and organisations looking for qualified professionals, while enabling them to optimise their business through our platform. To date, over three million Australians have changed the way they find, hire and manage trusted tradies with hipages, ultimately providing more work to the 31,000 trade businesses subscribed to the platform.
New Zealand Builderscrack online tradie platform	Effective 8 December 2021, the Group acquired 100% of the issued share capital of the New Zealand domiciled MyQuote Limited. Builderscrack is New Zealand's leading online tradie platform enabling consumers to connect with trade service providers.

Segment information

Segment revenue

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

Major customers

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

Segment result

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

2.1. Segment information (continued)

Information about reportable segments

	Australia 6 months ended		New Zealand 6 months ended[1]		Total operations 6 months ended[1]	
	31-Dec-22 $'000	31-Dec-21 $'000	**31-Dec-22 $'000**	31-Dec-21 $'000	**31-Dec-22 $'000**	31-Dec-21 $'000
Sales revenue	**31,313**	29,939	**1,308**	198	**32,621**	30,137
Segment EBITDA	**5,262**	3,733	**377**	76	**5,639**	3,809
Depreciation and amortisation	**(6,045)**	(4,331)	**(926)**	(165)	**(6,971)**	(4,496)
Segment loss before interest and tax	**(783)**	(598)	**(549)**	(89)	**(1,332)**	(687)
Net financing expense	**(124)**	(50)	**(1)**	–	**(125)**	(50)
Income tax benefit	**–**	–	**153**	25	**153**	25
Segment loss after tax	**(907)**	(648)	**(397)**	(64)	**(1,304)**	(712)
Share of loss in associate	**–**	–	**–**	–	**(187)**	(118)
Net loss after tax	**(907)**	(648)	**(397)**	(64)	**(1,491)**	(830)
	Balance as at		**Balance as at**		**Balance as at**	
	31-Dec-22 $'000	30-Jun-22 $'000	**31-Dec-22 $'000**	30-Jun-22 $'000	**31-Dec-22 $'000**	30-Jun-22 $'000
Segment assets	**52,656**	53,932	**13,259**	13,828	**65,915**	67,760
Segment liabilities	**25,731**	27,487	**3,012**	3,175	**28,743**	30,662

1. Builderscrack was acquired effective 8 December 2021. The consolidated reported results for the operations for the period ended 31 December 2021 include the Builderscrack reported result for the period from 8 December 2021. The reported result for the period ended 31 December 2022 include Builderscrack reported results for the 6-month period ended 31 December 2022.

2.2. Revenue

Sales revenue	**31 December 2022 $'000**	31 December 2021 $'000
Continuing operations		
Contracts with customers – recurring revenue	**30,601**	28,768
Contracts with customers – transactional revenue	**1,472**	737
Rental income	**548**	632
Total revenue from continuing operations	**32,621**	30,137
Total revenue	**32,621**	30,137

2.3. Depreciation and amortisation expense

	31 December 2022 $'000	31 December 2021 $'000
Depreciation		
Plant and equipment	**134**	180
Leasehold improvements	**297**	266
Right-of-use assets	**1,197**	956
Total depreciation	**1,628**	1,402
Amortisation		
Software and other intangibles	**180**	29
Capitalised development	**5,006**	3,028
Brand & customer contract	**157**	37
Total amortisation	**5,343**	3,094
Total depreciation and amortisation	**6,971**	4,496

3. Capital and financing

3.1. Cash and cash equivalents

	31 December 2022 $'000	30 June 2022 $'000
Cash at bank and in hand	**7,428**	10,907
Funds on deposit (including bank guarantees)	**2,271**	2,271

Committed cash represents cash in term deposits held as bank guarantees for the lease of the Company's Sydney office premises. Further information is set out in Note 4.2, Contingencies.

3.2. Equity-Accounted investees

Bricks and Agent (B+A) is incorporated in Australia and is a leading property management technology platform. At 31 December 2022 the Company held a 21.25% (30 June 2022: 25%) equity interest. The Company has determined it has significant influence over B+A; this is on the basis of its 21.25% equity interest as well as a seat on the Board through the shareholder agreement. On this basis, the Group has determined the application of the equity method of accounting continues to be appropriate.

Effective 20th December 2022, B+A issued additional ordinary share capital to a new investor in exchange for the acquisition of Property Safe Maintenance Manager's book of Properties Under Management (PUM). As a consequence of the introduction of a new investor and issue of additional ordinary share capital, the Group has a deemed disposal of 15% of its equity interest representing 3.75% of the ordinary share capital of B+A.

3.2. Equity-Accounted investees (continued)

The following table summarises the financial information of B+A as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in B+A.

Summarised financial information for associate **Summarised balance sheet**	**31 December 2022** **$'000**	**30 June 2022** **$'000**
Current assets	**2,845**	3,189
Non-current assets	**7,644**	2,610
Current liabilities	**(587)**	(474)
Net assets (100%)	**9,902**	5,325
Group's share in %	**21.25%**	25%
Group's share in $	**2,104**	1,331
Goodwill	**1,994**	2,346
Acquired intangibles	**2,013**	2,621
Carrying amount	**6,111**	6,298

Reconciliation of movement in carrying amount of equity accounted investment		
Opening carrying amount	**6,298**	–
Acquisition of associate at cost	–	6,818
Loss for the period	**(16)**	(183)
Amortisation of fair value uplift on acquisition of associate	**(253)**	(337)
Fair value of property under management attributed by B+A	**986**	–
Divested ownership interest	**(904)**	–
Closing carrying amount	**6,111**	6,298

Summarised statement of comprehensive income	**31 December 2022** **$'000**	**31 December 2021** **$'000**
Revenue	**1,449**	279
Loss from continuing operations	**(68)**	(128)
Group's share in %	**21.25%**	25%
Group's share in $	**(16)**	(32)
Amortisation of fair value uplift on acquisition of associate	**(253)**	(86)
Gain on deemed disposal of equity interest in associate	**82**	–
Loss for the period	**(187)**	(118)
Total comprehensive loss	**(187)**	(118)

Notes to the consolidated interim financial statements (continued)

For the half-year ended 31 December 2022

3.2. *Equity-Accounted investees (continued)*

The Group's share of the loss from continuing operations above represents a share of 25% for the period ended 20th December 2022, the effective date of the deemed disposal of the equity interest in B+A and 21.25% for the period from the date of the deemed disposal up to 31 December 2022. The deemed disposal resulted in a gain of $82,000.

3.3. *Intangible assets*

	31 December 2022 $'000	30 June 2022 $'000
Goodwill	**4,908**	4,768
Brands and customer relationships	**4,499**	4,502
Capitalised development	**21,782**	19,719
Software and other intangibles	**1,070**	622
Closing net book value	**32,259**	29,611

3.4. *Contributed equity*

Issued capital

Ordinary shares	31 December 2022 Number	30 June 2022 Number	31 December 2022 $'000	30 June 2022 $'000
Balance at the beginning of the financial year	**131,005,489**	130,030,702	**317,639**	315,775
New shares issued to existing shareholders[1]	**69,290**	15,949	**91**	60
New issue of shares as part of consideration for an acquisition[2]	**101,310**	243,145	**369**	885
New shares issued to Employee Share Trust	–	715,693	–	919
Balance at the end of the period	**131,176,089**	131,005,489	**318,099**	317,639

1. Issue of shares during the half-year ended 31 December 2022 relates to equity component of non-executive director remuneration and conversion of Rights issued under the Employee Share Scheme to ordinary shares.
2. Issue of shares during the half-year ended 31 December 2022 as part of the contingent consideration for the acquisition of MyQuote Pty Ltd trading as Builderscrack.

3.4. Contributed equity (continued)

Reserves

Capital reorganisation reserve	31 December 2022 $'000	30 June 2022 $'000
Balance at the beginning of the financial year	(226,612)	(226,612)
Balance at the end of the period	(226,612)	(226,612)

Share-based payments reserve	31 December 2022 $'000	30 June 2022 $'000
Balance at the beginning of the financial year	8,291	7,238
Share-based payments expense	900	2,076
Share acquired by the Employee Share Trust	–	(919)
Cash settled employee share rights	(73)	(44)
New shares issued to existing shareholders	(91)	(60)
Balance at the end of the period	9,027	8,291

Translation and other reserves	31 December 2022 $'000	30 June 2022 $'000
Balance at the beginning of the financial year	(1,718)	(1,069)
Foreign currency translation differences	369	(649)
Balance at the end of the period	(1,349)	(1,718)
Total reserves	(218,934)	(220,039)

Accumulated losses

Accumulated losses	31 December 2022 $'000	30 June 2022 $'000
Balance at the beginning of the financial year	(60,502)	(59,592)
Loss after tax for the half-year ended 31 December	(1,491)	(910)
Accumulated losses at the end of the period	(61,993)	(60,502)

Dividends

No dividends were paid during the half-year ended 31 December 2022 (31 December 2021: nil) and no interim dividends have been declared.

4. Other disclosures

4.1. Fair value measurements

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

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

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

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

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

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

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

1. The fair value of the contingent consideration financial instruments relates to the fair value of the contingent consideration payable in respect to the acquisition of Builderscrack.

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

4.1. Fair value measurements (continued)

The fair value of financial instruments that are not traded in an active market, including the investment in the unlisted security is determined using valuation techniques. These valuation techniques maximise the use of observable market data including implied valuations following a recent material strategic investment. A revenue multiple of 2.2 and application of an illiquidity discount has been applied to measure the fair value. Based on the data available, management performed an assessment and concluded the fair value at 31 December 2022 of $0.8 million is appropriate (30 June 2022: $0.8 million).

4.2. Contingencies

The Group had contingent liabilities at 31 December 2022 in respect of:

Claims	The Group has various commercial legal claims common to businesses of its type that constitute contingent liabilities, none of which are deemed material to the Group's financial position.
Guarantees	The Company has provided bank guarantees in place of $2.187 million (30 June 2022: $2.187 million) in relation to the lease of office premises and in respect of a credit card facility. These guarantees give rise to liabilities in the consolidated entity if it does not meet its obligations under the terms of the lease and the facility. Further details are set out in Note 3.1 Cash and cash equivalents.

4.3. Events occurring after the reporting period

There have been no events subsequent to the balance date that would have a material effect on the Group's interim financial statements as at 31 December 2022.

4.4. Related party transactions

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

Parent entity and ultimate controlling entity changes

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

Subsidiaries

There have been no changes in controlled entities during the half-year ended 31 December 2022.

Key management personnel changes

Jaco Jonker was appointed as Chief Financial and Operating Officer effective 23 November 2022 following the resignation of Melissa Fahey.

Kate Mills was appointed as a Non-Executive Director, effective 1 December 2022.

There have been no other changes to key management personnel (KMP) during the half-year ended 31 December 2022.

Loans to/from related parties

There are no loans to or from related parties (30 June 2022: nil).

Other related party transactions

There have been no significant changes in the nature or amount of related party transactions of the Group during the period ended 31 December 2022.

The Company continues to have a website hosting arrangement with Elephant Room, which is a business owned by Adam Sharon-Zipser, the brother of hipages CEO, Robert Sharon-Zipser. The arrangement is on normal commercial terms and conditions. Total fees paid to Elephant Room during the half-year ended 31 December 2022 were $850 (31 December 2021: $730).

The Company paid News Corp $16,246 for advertising services during the half-year ended 31 December 2022 (31 December 2021: Nil). News Corp is a substantial shareholder.

Directors' Declaration

For the half-year ended 31 December 2022

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

(a) the Consolidated Interim Financial Statements and notes of hipages Group Holdings Limited for the half-year ended 31 December 2022 are in accordance with the Corporations Act 2001, including:

(i) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the six-month period ended on that date;

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

This declaration is made in accordance with a resolution of the Directors.

Inese Kingsmill
Chair

Robert Sharon-Zipser
CEO and Managing Director

Sydney
23 February 2023

Independent Auditor’s Report

To the members of hipages Group Holdings Limited

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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of hipages Group Holdings Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Responsibilities of the directors for the half-year financial report

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

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Independent Auditor's Report

To the members of hipages Group Holdings Limited

pwc

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Mark Valerio
Partner

Sydney
23 February 2023

Corporate Directory

CEO and Managing Director

Robert Sharon-Zipser

Non-Executive Directors

Inese Kingsmill
Stacey Brown
Nicholas Gray
Chris Knoblanche
Kate Mills

Chief Finance and Operations Officer

Jaco Jonker

Company Secretary

Kylie Quinlivan
Lucy Thompson

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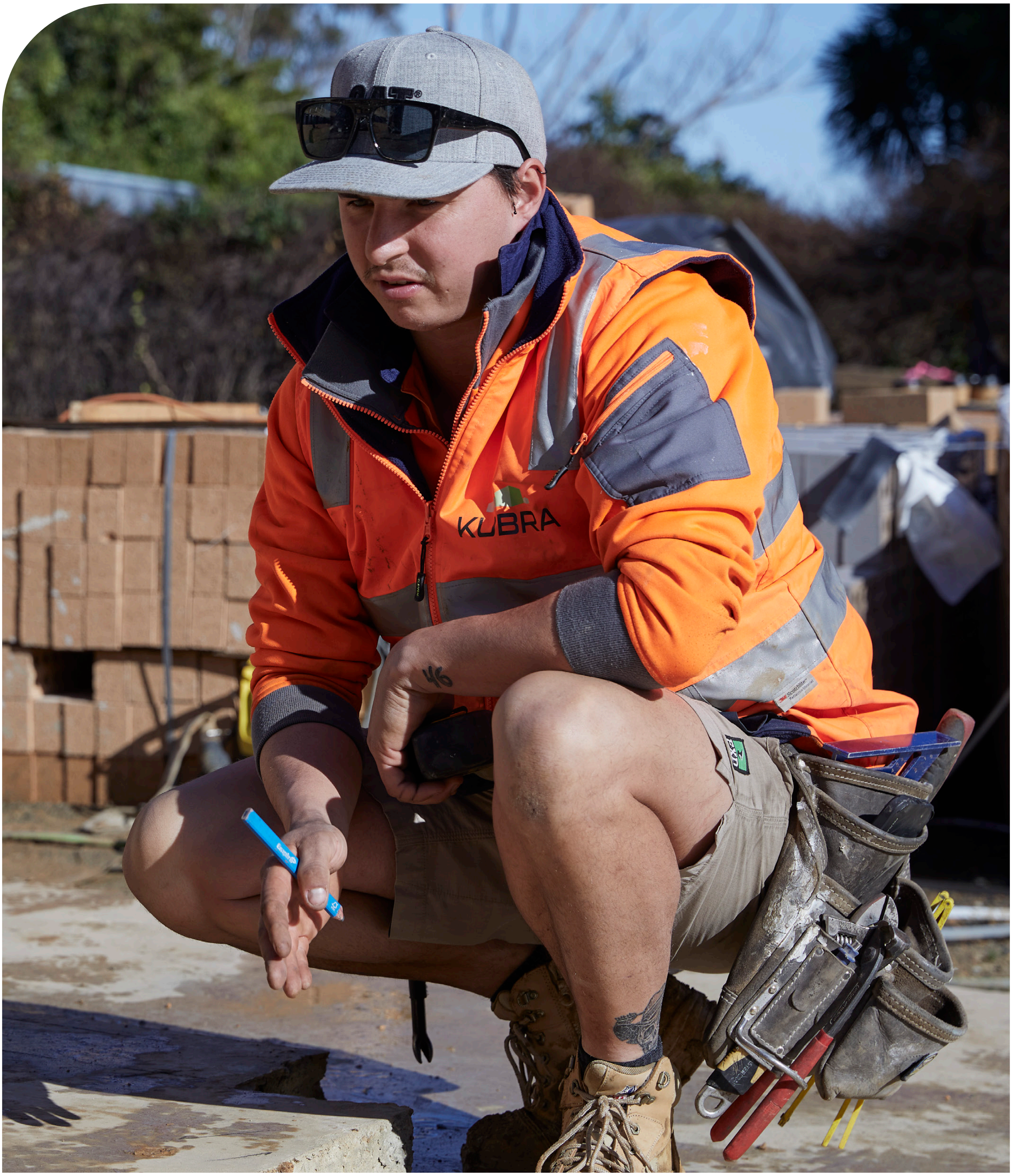
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