Appendix 4D

hipages Group Holdings Limited

ABN 67 644 430 839

Reporting period	The half-year ended 31 December 2023
Previous reporting period	The half-year ended 31 December 2022

Results for announcement to market

		31 December 2023	Change		31 December 2022
		A$'000	A$'000	%	A$'000
Revenue					
Revenue from continuing ordinary activities	up	**36,916**	4,843	15%	32,073
Revenue from other activities	down	**494**	(54)	(10%)	548
Total revenue	up	**37,410**	4,789	15%	32,621
Net profit/(loss) for the period attributable to members	up	**3,705**	5,196	>100%	(1,491)
Net Tangible Assets		**$ per share**	**$ per share**	**%**	**$ per share**
Net tangible asset backing per ordinary security[1]	up	**(0.010)**	0.038	79%	(0.048)
Dividends					
No dividend will be paid for the half-year ended 31 December 2023					

1. Net tangible assets represents net assets less right-of-use assets, intangible assets and deferred tax assets.

Review of operations

A review of the Group's operations during the half-year ended 31 December 2023 and the results of those operations are included in the 31 December 2023 Directors' Report.

Change in ownership of controlled entities and associates

Controlled entities: There have been no changes in ownership of controlled entities during the half-year ended 31 December 2023.

Associated entity: PropTech Labs, an equity accounted investment in which the Group held a 19.53% stake was disposed of in full during November 2023 for cash consideration of $8.400 million.

Dividend reinvestment plans

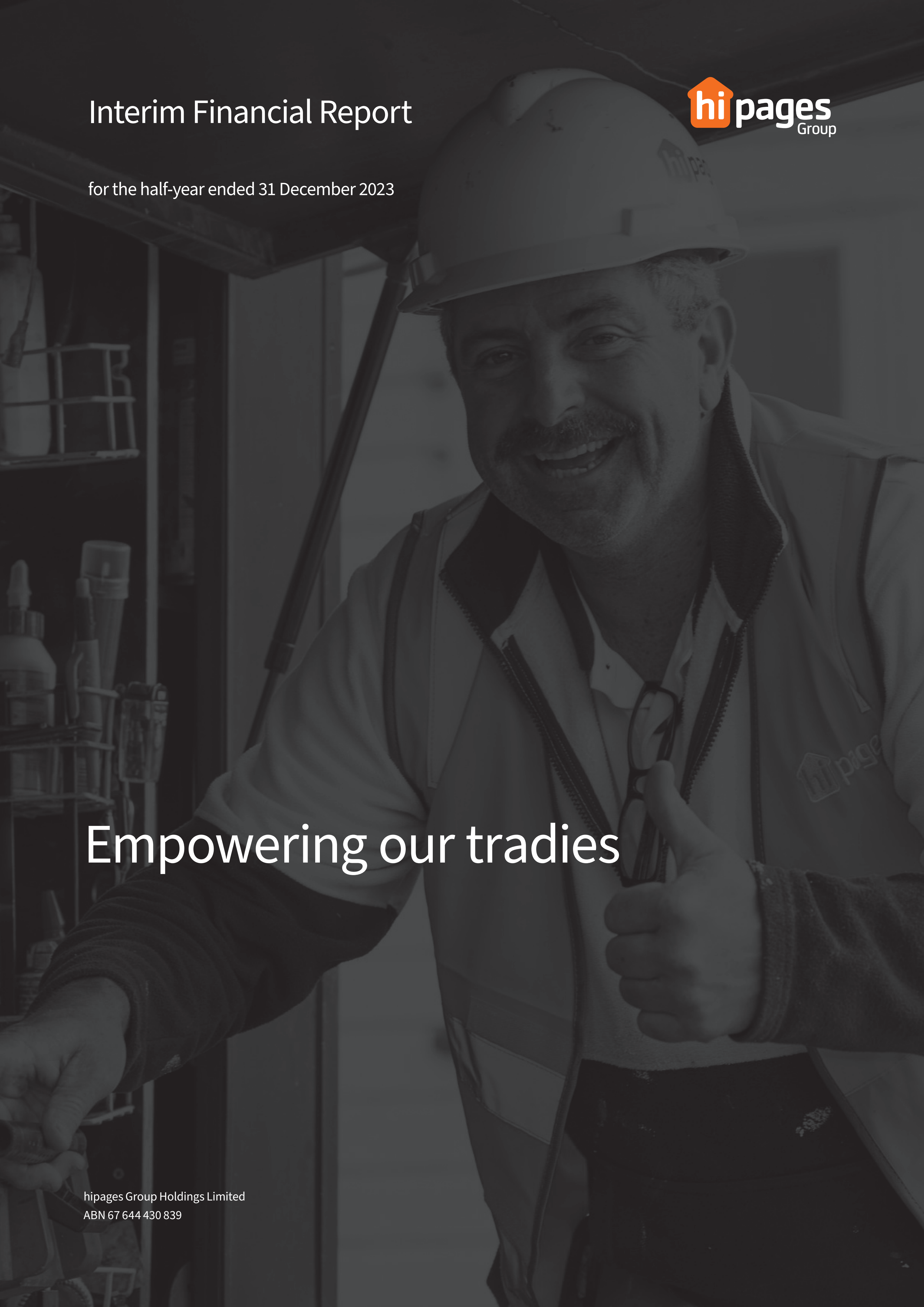
There are no dividend reinvestment plans in place.

Appendix 4D continued

Additional Appendix 4D disclosures

Additional Appendix 4D disclosures can be found in the attached Interim Financial Report and the Directors' Report for the half-year ended 31 December 2023. This report should be read in conjunction with the Annual Report for the year ended 30 June 2023.

This report is based on the Interim Financial Report for the half-year ended 31 December 2023 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 2023

Empowering our tradies

hipages Group Holdings Limited
ABN 67 644 430 839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Contents

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 Group, 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 2023 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 2023 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)
Roby Sharon-Zipser	CEO and Executive Director	Appointed 18 September 2020
Adir Shiffman	Non-Executive Director	Appointed 7 July 2023
Kate Hill	Non-Executive Director	Appointed 25 August 2023
Kate Mills	Non-Executive Director	Appointed 1 December 2022
Nicholas Gray	Non-Executive Director	Appointed 2 October 2020
Chris Knoblanche	Non-Executive Director	Appointed 18 September 2020 (Resigned 25 August 2023)
Stacey Brown	Non-Executive Director	Appointed 18 September 2020 (Resigned 25 August 2023)

Company secretaries

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

Principal activities

hipages Group is Australia and New Zealand's (ANZ's) largest online tradie marketplace and Software-as-a-Service (SaaS) platform, connecting tradies with residential and commercial consumers through its platforms hipages (Australia) and hipages New Zealand (Builderscrack). More than 4.5 million Australians and New Zealanders have used hipages Group to change the way they find, hire and manage trusted tradies, providing work to over 35,400 subscribed trade businesses.

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

Operating and financial review

Result overview

Summary of Group performance	Total 31 December 2023 $'000	Total 31 December 2022 $'000	Change %
Sales revenue			
Revenue from continuing ordinary activities	**36,916**	32,073	**15%**
Revenue from other activities	**494**	548	**(10%)**
Total Revenue	**37,410**	32,621	**15%**
Statutory EBITDA (from continuing operations)	**8,720**	5,639	**55%**
Add back items which are one off in nature:			
Write back of deferred consideration related to historical acquisition of New Zealand subsidiary (Builderscrack)	**(369)**	–	**>100%**
Non-recurring remuneration	–	130	**>100%**
EBITDA before significant items	**8,351**	5,769	**45%**
EBITDA margin	**22%**	18%	**4 ppt**
Statutory net profit/(loss)	**3,705**	(1,491)	**>100%**
Net cash inflows from operating activities	**9,039**	6,022	**50%**
Cash and cash equivalents	**17,918**	7,428	**>100%**
Cash and cash equivalents and funds on deposit	**19,068**	9,699	**97%**

Key Operational Metrics	31 December 2023	31 December 2022	Change (%)
MRR ($m)	**6.6**	5.6	**17%**
Subscription tradies (000's)	**35.4**	34.2	**4%**
ARPU ($)	**2,075**	1,863	**11%**

NOTE: 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 certain one-off items.

Performance overview

Key operational highlights

- The Group has continued its positive momentum, growing revenue 15% vs. pcp to $37.410 million;
- Recurring revenue up 15% vs. pcp to $35.169 million and MRR[1] up 17% to $6.563 million, supported by 4% growth in tradie count to 35.4k[2];
- ARPU[3] growth of 11% vs. pcp to $2,075 and hipages ARPU in Australia up 11% to $2,195 demonstrating the Group's ability to enhance the value exchange on the platform;
- EBITDA[4] margin of 22% vs. 18% pcp, with the business well positioned to deliver strong margins through H2;
- Statutory net profit of $3.705 million as the Group benefitted from the disposal of its equity interest in PropTech Labs;
- Net cash inflows from operating activities up 50% vs. pcp to $9.039 million;
- Inflection point has been reached as operating leverage drives margin expansion and translating into sustainable cash flow generation;
- Total cash and cash equivalents and funds on deposit of $19.068 million[5]; and
- Strategic evolution from marketplace to platform continues, with further enhancements now enabling hipages tradies to claim leads in Tradiecore and take deposits on quotes. Business on track to launch new single tradie platform for new customers in Q4 FY24.

H1 FY24 operational performance

hipages Group experienced a buoyant first half as it benefitted from the ongoing momentum of high tradie demand as tradies compete for fewer jobs, against a backdrop of weaker consumer demand and an uncertain macroeconomic environment. The Group's key metrics and other lead indicators clearly show how the Group benefits from cooling economic activity.

The Group delivered strong H1 revenue of $37.410 million up 15% vs. pcp, with recurring revenue of $35.169 million also up 15% and MRR increasing by 17% to $6.563 million.

The revenue growth coupled with prudent expense management has enabled the Group to expand its EBITDA margin to 22% vs. 18% pcp, which translated into a significant improvement in H1 free cash flow[6] of ($0.063) million vs. ($3.300) million pcp.

The Group has continued with its strategy to invest in its technology platform to strengthen and maintain its market leadership position and will be ready to launch the first phase of its single tradie platform to all new tradies in Q4.

Demand for the Group's services from new and returning customers remained robust with subscription tradies up 4% vs. pcp at 35,414, as tradies continue to join at healthy yields (up 7% on pcp) and ascend to higher-priced packages. December is a seasonal low for tradie activity resulting in subscription tradies marginally lower compared to H2 FY23.

Job volumes for the first half of 0.669 million remained under pressure and 9% down vs. pcp as the high interest rate environment continues to weigh on consumer demand, however pleasingly job connections have remained robust and improved by 3% vs. pcp with 84% of all jobs connected with a tradie. This is a marked improvement over H1 FY23 where 78% of jobs were connected with a tradie, resulting in a now much improved consumer experience. Notwithstanding the current environment, hipages has demonstrated its continued ability to monetise the value exchange on the platform as demonstrated through the revenue and ARPU growth. ARPU grew by 11% to $2,075 for the Group, with hipages in Australia up 11% from $1,978 to $2,195 as tradies continue to join at higher yields.

1. MRR: Monthly Recurring Revenue refers to the committed monthly subscription revenue from tradies (including GST) at the end of the period (i.e. 31 December 2023, H1 FY24). It is calculated as the number of tradie accounts multiplied by their monthly subscription price including GST.
2. Subscription tradies: Refers to hipages tradies committed to a monthly subscription product and hipages New Zealand tradies who generated at least one work invoice over the last 12 months. Subscription tradies includes 3.6k hipages New Zealand paying tradies.
3. ARPU: Average Annual Revenue Per Unit (i.e. Tradie ARPU) is the annual operating revenue (total revenue from ordinary activities) divided by the average of the opening and closing number of total hipages tradies and paying Builderscrack tradies for the period. hipages Group ARPU of $2,075 is the blended result of hipages' ARPU of $2,195 and hipages New Zealand's ARPU of $971.
4. EBITDA: Earnings before Interest, Tax, Depreciation and Amortisation, EBITDA margin represents EBITDA divided by total revenue.
5. Net cash: Including cash and cash equivalents of $17.918 million and funds on deposit of $1.150 million.
6. Free cash flow refers to operating cash flow less lease repayments, less investing cash flow excluding M&A cash flows and bank guarantee release.

Executing the strategy

hipages Group is making good progress in its evolution from online marketplace to a single tradie platform, which will enable it to reduce its exposure to the economic cycle and open new growth opportunities. This evolution from a marketplace to a full-service tradie platform is enabled by Tradiecore, the Group's proprietary SaaS solution and end-to-end platform to help tradies run better businesses.

Tradiecore is expected to deliver enhanced customer retention and lifetime value by offering a range of value-added services. During H1 many new features and functionality have been rolled out in preparation for the single tradie app release including several notable milestones:

- hipages tradies are now able to claim their leads within Tradiecore;
- release of the single bundled package for new customers (also available for existing customers).

The strategic platform evolution will reach a significant milestone during Q4 FY24 with the planned launch of the single tradie platform for all new customers, enabling the full tradie workflow in one single application. Once complete, tradie customers will be able to complete a job end-to-end; from lead claim, scheduling, quotation, invoicing, and payment, as well as the syncing with accounting software within the single app interface, removing any unnecessary friction.

Later in FY25, all existing tradies will be migrated to the new single tradie platform as and when their contracts reach their renewal dates. The single tradie platform will allow the Group to deliver long-term benefits by making customers stickier, thereby reducing churn and opening a range of growth opportunities. Over time, the rich data received from Tradiecore will provide powerful insights to further enhance the user experience for tradies, as well as enabling the development of new consumer products and services to underpin future growth.

Builderscrack, New Zealand's leading online tradie marketplace, is progressing well with its roadmap to transition from a transaction based to a subscription model. Drawing on the experience of hipages in Australia, Builderscrack introduced a new hybrid subscription model during H1 with a view to start migrating to a full subscription model during FY25, which will see the success fee model being phased out.

hipages Group remains 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.

Furthermore, hipages Group believes continued investment in brand is key to strengthening its market leadership. Brand investment across both sides of the marketplace in H1 continued to drive strong tradie and consumer brand awareness of 66% and 62% respectively. Jobs from unpaid channels accounted for 80% of total jobs and 73% of jobs came from repeat customers, 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.

Net cash

The Group reported strong positive statutory operating cash flows of $9.039 million (31 December 2022: $6.022 million). Cash inflow from investing activities was $1.897 million (31 December 2022: ($8.626) million) as the Group benefited from the sale of its 19.53% stake in PropTech Labs, an equity accounted investment, for a cash consideration of $8.400 million.

At 31 December 2023, the Group balance sheet has cash and cash equivalents and funds on deposit of $19.068 million (30 June 2023: $10.727 million) and no debt.

Outlook and opportunities

The Group's outlook for the rest of FY24 remains positive as the business model benefits from softer consumer demand and stronger competition among tradies. It is expected that consumer demand will remain dampened in the context of a prolonged higher interest rate environment, which places the Group well to benefit from the weaker cyclical conditions due to its ability to effectively source jobs for tradies as the demand for trade services remain soft.

The Group's subscription model provides good visibility over future revenues and the team's disciplined focus on managing costs provides confidence in margins.

Pleasingly, the start of Q3 has been very positive and has already yielded strong tradie registration volumes with Group subscription tradies of over 35,700, back at the levels seen at full year with job volumes also returning to year over year growth.

Growth and margins are expected to remain robust for the remainder of the financial year and on track to achieve targeted revenue growth in the low teens, an EBITDA margin of approximately 20% and positive free cash flow.

With the launch of the single tradie platform in Q4 FY24 for all new customers and the planned migration of existing customers in H2 FY25, the Group is well underway to start capturing the benefits of stickier customers during FY25.

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 • Look to enhance offering by adding new adjacent services in the tradie ecosystem
	Tradie churn on the platform If significant numbers of tradies churn, this may adversely impact hipages' operations and financial performance.	• Continue to evolve to a SaaS model through a single tradie platform including Tradiecore job management solution and associated expansion services • Look to enhance the offering by adding new adjacent services in the tradie ecosystem • Roll out enhanced functionality in core product
	Material reduction in jobs If hipages has a material reduction in the number of jobs posted by consumers on the platform, including as a result of macroeconomic conditions, then the hipages marketplace may become imbalanced affecting tradies' experience. Whilst indirect, this may have an adverse impact on hipages' financial performance and growth.	• Invest in brand and marketing activities like SEO to drive consumer jobs on the hipages platform • Tactically reallocate performance marketing spend to drive more job volumes when required
	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

Risk categories	Key business risks and impact	Mitigation and monitoring strategies
Technology and data	**Technology** If hipages technology experiences downtime or system failures for a prolonged period, the Company may not be able to provide its services and this may have an adverse impact to revenue. Further, if hipages does not develop innovative technology, it may lose market share to its competitors.	• Continued investment in technology to enhance the platform for long-term growth • Teams experiment with and incorporate new technology, such as AI, to optimise existing processes
	Cybersecurity and data protection Whilst hipages has systems in place to secure its data, cyberattacks could compromise or breach these safeguards.	• The Company's security program applies a risk-based approach to tackle current and emerging cyber security threats and vulnerabilities • Regular assessment of cybersecurity controls, monitoring of third-party providers, targeted internal and external penetration testing and externally facilitated tabletop exercises
Macroeconomic deterioration	**Significant deterioration in macroeconomic conditions** A significant deterioration in macroeconomic conditions may cause softer consumer demand as well as cause tradies to reduce marketing spend, resulting in hipages attracting fewer new tradies, 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 increase 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

Dividends

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

Subsequent events

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected the Group's operations, results or state of affairs.

Rounding of amounts

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9.

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

Inese Kingsmill
Chair

Roby Sharon-Zipser
CEO and Executive Director

Sydney
22 February 2024

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 2023, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. 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.

Sydney

Partner
PricewaterhouseCoopers

22 February 2024

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Consolidated Interim Financial Statements

for the half-year ended 31 December 2023

hipages Group Holdings Limited
ABN 67 644 430 839

Consolidated Statement of Profit or Loss

For the half-year ended 31 December 2023

	Notes	31 December 2023 $'000	31 December 2022 $'000
Continuing operations			
Revenue		**36,916**	32,073
Other revenue		**494**	548
Total revenue	2.2	**37,410**	32,621
Other income		**369**	–
Expenses excluding interest, tax, depreciation and amortisation			
Employee benefits expenses		**(13,856)**	(12,438)
Marketing related expenses		**(8,087)**	(8,039)
Operations and administration expenses		**(5,531)**	(5,344)
Impairment of trade receivables		**(1,575)**	(1,157)
Net other expenses		**(10)**	(4)
Total expenses excluding interest, tax, depreciation and amortisation		**(29,059)**	(26,982)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**8,720**	5,639
Depreciation and amortisation	2.3	**(8,266)**	(6,971)
Profit/(loss) before interest and income tax		**454**	(1,332)
Finance income		**217**	58
Finance expenses		**(161)**	(183)
Net finance income/(expenses)		**56**	(125)
Share of loss of equity-accounted investment, net of tax	3.2	**(44)**	(187)
Gain on disposal of equity-accounted investment, net of tax	3.2	**3,079**	-
Profit/(loss) before income tax from continuing operations		**3,545**	(1,644)
Income tax benefit		**160**	153
Profit/(loss) for the period from continuing operations		**3,705**	(1,491)
Profit/(loss) for the period, attributable to the members of the Group		**3,705**	(1,491)
		Cents	**Cents**
Earnings per share attributable to the ordinary equity holders of the Group:			
Basic and diluted earnings per share:			
From continuing operations		**2.68**	(1.14)

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 2023

	31 December 2023 $'000	31 December 2022 $'000
Profit/(loss) for the period attributable to members of the Group	**3,705**	(1,491)
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Foreign currency translation differences for foreign operations	**47**	369
Other comprehensive profit net of tax	**47**	369
Total comprehensive profit/(loss), attributable to owners of hipages Group Holdings Limited	**3,752**	(1,122)

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 2023

	Notes	31 December 2023 $'000	30 June 2023 $'000
ASSETS			
Current assets			
Cash and cash equivalents	3.1	**17,918**	8,540
Funds on deposit	3.1	**1,150**	2,187
Trade and other receivables		**1,399**	1,655
Other assets		**1,260**	1,728
Current tax asset		**–**	151
Total current assets		**21,727**	14,261
Non-current assets			
Other investments		**800**	800
Equity-accounted investment	3.2	**–**	5,365
Property, plant and equipment		**1,007**	1,332
Right-of-use asset		**8,940**	9,943
Intangible assets	3.3	**31,048**	30,514
Total non-current assets		**41,795**	47,954
Total assets		**63,522**	62,215
LIABILITIES			
Current liabilities			
Trade and other payables		**6,888**	8,199
Contract liabilities		**3,137**	3,220
Provisions		**2,004**	2,444
Lease liabilities		**1,520**	2,149
Current tax liability		**34**	–
Total current liabilities		**13,583**	16,012
Non-current liabilities			
Provisions		**800**	740
Lease liabilities		**8,938**	9,563
Deferred tax liability		**1,479**	1,700
Total non-current liabilities		**11,217**	12,003
Total liabilities		**24,800**	28,015
Net assets		**38,722**	34,200
EQUITY			
Issued capital	3.4	**319,425**	319,378
Reserves	3.4	**(218,762)**	(219,532)
Accumulated losses	3.4	**(61,941)**	(65,646)
Total equity		**38,722**	34,200

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 2023

Attributable to owners of hipages Group Holdings Limited

	Notes	Contributed equity $'000	Capital reorganisation reserve $'000	Share-based payments reserve $'000	Translation and other reserves[1] $'000	Accumulated losses $'000	Total $'000
Balance at 1 July 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
Balance at 1 July 2023		**319,378**	**(226,612)**	**8,589**	**(1,509)**	**(65,646)**	**34,200**
Profit for the period, attributable to the members of the Group		–	–	–	–	**3,705**	**3,705**
Transactions with owners in their capacity as owners:							
Employee share-based payments expense	3.4	–	–	**770**	–	–	**770**
New shares issued to existing shareholders	3.4	**47**	–	**(47)**	–	–	–
Foreign currency translation differences	3.4	–	–	–	**47**	–	**47**
Balance at 31 December 2023		**319,425**	**(226,612)**	**9,312**	**(1,462)**	**(61,941)**	**38,722**

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.

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

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2023

	Notes	31 December 2023 $'000	31 December 2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**39,965**	34,567
Payments to suppliers and employees (inclusive of GST)		**(31,168)**	(28,508)
		8,797	6,059
Interest received		**139**	41
Income taxes refunded/(paid)		**107**	(76)
Interest paid		**(4)**	(2)
Net cash flows from operating activities		**9,039**	6,022
Cash flows from investing activities			
Payments for purchase of business net of cash acquired		**–**	(414)
Proceeds from disposal of equity interest in associate		**8,400**	–
Payments for property, plant and equipment		**(72)**	(771)
Payments for intangible assets		**(7,468)**	(7,691)
Proceeds from divestments		**–**	250
Release of bank guarantee		**1,037**	–
Net cash flows from/(used in) investing activities		**1,897**	(8,626)
Cash flows from financing activities			
Payment of principal portion of lease liabilities		**(1,562)**	(1,460)
Proceeds from reimbursement of office refurbishment costs		**–**	600
Cash settlement of share-based payments		**–**	(42)
Net cash flows used in financing activities		**(1,562)**	(902)
Net increase/(decrease) in cash and cash equivalents		**9,374**	(3,506)
Cash and cash equivalents at the beginning of the period		**8,540**	10,907
Effects of exchange rate changes on cash and cash equivalents		**4**	27
Cash and cash equivalents at end of the period	3.1	**17,918**	7,428

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 2023

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 2023 and were authorised for issue in accordance with a resolution of the Directors on 22 February 2024.

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

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

1.2. Basis of preparation

These consolidated interim financial statements for the half-year period ended 31 December 2023:

- 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; and
- are presented in Australian dollars with amounts rounded off in accordance with ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191 to the nearest thousand dollars, or in certain cases, the nearest dollar.

As at 31 December 2023, the Group had net assets of $38.722 million (30 June 2023: net assets of $34.200 million).

The Consolidated 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 2023 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 Consolidated Financial Report as at and for the year ended 30 June 2023. These include:

- Revenue lead credits and lead utilisation
- Capitalisation of internally generated software
- Valuation and carrying amount of indefinite and definite intangible assets
- Estimation of useful lives of assets
- Recognition of deferred tax assets

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 2023.

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 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 and Software-as-a-Service (SaaS) platform, connecting tradies with residential and commercial consumers through its platforms hipages. The Australian segment incorporates Tradiecore, which is a proprietary workflow management SaaS platform, which will be key to the Company's strategic evolution from marketplace to platform. Tradiecore helps tradies build better businesses by managing their whole workflow from lead generation through to payment and completion.
New Zealand **Builderscrack online tradie platform**	hipages New Zealand, trading as 'Builderscrack' is New Zealand's leading online tradie marketplace, connecting tradies with residential and commercial consumers through its platform.

2.1. *Segment information* continued

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, Revenue.

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). Further, when assessing performance, the CODM considers the effects of segment non-recurring expenditure where appropriate.

Information about reportable segments

	Australia 6 months ended		New Zealand 6 months ended		Total operations 6 months ended	
	31-Dec-23 $'000	31-Dec-22 $'000	31-Dec-23 $'000	31-Dec-22 $'000	31-Dec-23 $'000	31-Dec-22 $'000
Sales revenue	**35,220**	30,765	**1,696**	1,308	**36,916**	32,073
Other revenue	**494**	548	–	–	**494**	548
Total revenue	**35,714**	31,313	**1,696**	1,308	**37,410**	32,621
Segment EBITDA	**8,218**	5,262	**502**	377	**8,720**	5,639
Depreciation and amortisation[1]	**(7,193)**	**(6,045)**	**(1,073)**	**(926)**	**(8,266)**	**(6,971)**
Segment profit/(loss) before interest and tax	**1,025**	(783)	**(571)**	(549)	**454**	(1,332)
Net financing benefit/(expense)	**59**	(124)	**(3)**	(1)	**56**	(125)
Income tax benefit	–	–	**160**	153	**160**	153
Segment profit/(loss) after tax	**1,084**	(907)	**(414)**	(397)	**670**	(1,304)
Share of loss of equity-accounted investment, net of tax	**(44)**	**(187)**	–	–	**(44)**	**(187)**
Gain on disposal of equity-accounted investment, net of tax	**3,079**	–	–	–	**3,079**	–
Net profit/(loss) after tax	**4,119**	(1,094)	**(414)**	(397)	**3,705**	(1,491)

	Balance as at		Balance as at		Balance as at	
	31-Dec-23 $'000	30-Jun-23 $'000	31-Dec-23 $'000	30-Jun-23 $'000	31-Dec-23 $'000	30-Jun-23 $'000
Segment assets	**54,875**	53,018	**8,647**	9,197	**63,522**	62,215
Segment liabilities	**22,142**	25,174	**2,658**	2,841	**24,800**	28,015

1. For the New Zealand segment, depreciation and amortisation includes $0.834 million (31 December 2022: $0.818 million) in respect of acquired identifiable intangible assets.

2.2. Revenue

Revenue	31 December 2023 $'000	31 December 2022 $'000
Ordinary activities		
Contracts with customers – recurring revenue	**35,169**	30,601
Contracts with customers – transactional revenue	**1,747**	1,472
Total revenue from ordinary activities	**36,916**	32,073
Other activities		
Rental income	**494**	548
Total revenue from other activities	**494**	548
Total revenue	**37,410**	32,621

Recurring revenue is subscription-based revenue and is recognised over time as performance obligations are satisfied. Transactional revenue is recognised at a point in time when the performance obligations are satisfied.

2.3. Depreciation and amortisation expense

	31 December 2023 $'000	31 December 2022 $'000
Depreciation		
Plant and equipment	**136**	134
Leasehold improvements	**269**	297
Right-of-use assets	**1,174**	1,197
Total depreciation	**1,579**	1,628
Amortisation		
Software and other intangibles	**271**	180
Capitalised development intangibles	**6,256**	5,006
Brand and customer contract	**160**	157
Total amortisation	**6,687**	5,343
Total depreciation and amortisation	**8,266**	6,971

3. Capital and Financing

3.1. Cash and cash equivalents and funds on deposit

	31 December 2023 $'000	30 June 2023 $'000
Cash at bank	**8,480**	8,540
Term deposits (short-term)	**9,438**	-
Total cash and cash equivalents	**17,918**	8,540
Funds on deposit (bank guarantees)	**1,150**	2,187
Total cash and cash equivalents and funds on deposit	**19,068**	10,727

Total cash and cash equivalents include money held on short-term (less than 12 months) term deposits.

Funds on deposit (bank guarantees) include $1.030 million (31 December 2022: $2.067 million) held as bank guarantees in respect of the lease of the Company's Sydney office premises. During the half year ended 31 December 2023 a bank guarantee of $1.037 million (31 December 2022: nil) was released. Further information is set out in Note 4.2, Contingencies.

3.2. Equity-Accounted investment

During the period the Group disposed in entirety its 19.53% investment in PropTech Labs (previously known as Bricks and Agent) for $8.400 million. The gain on the disposal of the equity accounted investment was $3.079 million.

	Note	31 December 2023 $'000	30 June 2023 $'000
Reconciliation of movement in carrying amount of equity accounted investment			
Opening carrying amount		**5,365**	6,298
Profit/(loss) for the period		**88**	(271)
Amortisation of fair value uplift on acquisition of associate		**(132)**	(459)
Fair value of asset contribution for new shares issued/new capital contribution		–	1,182
Disposal		**(5,321)**	(1,385)
Closing carrying amount		–	5,365

3.2. *Equity-Accounted investees* continued

Summarised statement of comprehensive income	For the period ended on the date of disposal $'000	31 December 2022 $'000
Revenue	**2,724**	1,449
Profit/(loss) from continuing operations	**450**	(68)
Group's share in %	**19.53%**	21.25%
Group's share in $	**88**	(16)
Amortisation of fair value uplift on acquisition of associate	**(132)**	(253)
Gain on disposal of equity interest in associate	**3,079**	82
Profit/(loss) for the period	**3,035**	(187)
Total comprehensive profit/(loss)	**3,035**	(187)

The comprehensive profit/(loss) from the Associate is for the period 1 July 2023 up to the date of disposal during November 2023.

Disposal of Equity Interest in Associate	6 months ended 31 December 2023	12 months ended 30 June 2023
Ownership interest – opening	**19.53%**	25.00%
Dilution following share issue	–	(3.75%)
Dilution following exercise of option	–	(1.25%)
Dilution following non-participation in capital raise	–	(0.47%)
Equity interest disposed	**(19.53%)**	–
Closing equity interest	–	19.53%

3.3. *Intangible assets*

	31 December 2023 $'000	30 June 2023 $'000
Goodwill	**1,735**	1,743
Brands and customer relationships	**4,153**	4,269
Capitalised development	**23,992**	23,115
Software and other intangibles	**1,168**	1,387
Closing net book value	**31,048**	30,514

Notes to the Consolidated Interim Financial Statements continued

For the half-year ended 31 December 2023

3.4. Contributed equity

Issued capital

Ordinary shares	31 December 2023 Number	30 June 2023 Number	31 December 2023 $'000	30 June 2023 $'000
Balance at the beginning of the financial year	**133,110,322**	131,005,489	**319,378**	317,639
New shares issued to existing shareholders[1]	–	69,290	–	91
New issue of shares as part of consideration for an acquisition[2]	–	101,310	–	369
New shares issued to Employee Share Trust[3]	**65,777**	1,934,233	**47**	1,279
Balance at the end of the period	**133,176,099**	133,110,322	**319,425**	319,378

Reserves

Capital reorganisation reserve	31 December 2023 $'000	30 June 2023 $'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		
Balance at the beginning of the financial year	**8,589**	8,291
Share-based payments expense	**770**	1,741
Shares acquired by the Employee Share Trust	**(47)**	(1,279)
Cash settled employee share rights	–	(73)
New shares issued to existing shareholders	–	(91)
Balance at the end of the period	**9,312**	8,589
Translation and other reserves		
Balance at the beginning of the financial year	**(1,509)**	(1,718)
Foreign currency translation differences	**47**	209
Balance at the end of the period	**(1,462)**	(1,509)
Total reserves	**(218,762)**	(219,532)

1. Issue of shares during the financial year ended 30 June 2023 relates to the 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 financial year ended 30 June 2023, as part of the consideration for the acquisition of My Quote Pty Ltd trading as Builderscrack.
3. Issue of shares to be held on trust for participants under an employee incentive scheme.

3.4. Contributed equity *continued*

Accumulated losses

Accumulated losses	31 December 2023 $'000	30 June 2023 $'000
Balance at the beginning of the financial year	**(65,646)**	(60,502)
Profit/(loss) after tax for the half-year ended 31 December	**3,705**	(5,144)
Accumulated losses at the end of the period	**(61,941)**	(65,646)

Dividends

No dividends were paid during the half-year ended 31 December 2023 (31 December 2022: 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 financial assets and financial liabilities at fair value are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2023				
Assets				
Financial assets at fair value through OCI (unlisted securities)	**–**	**–**	**800**	**800**
Liabilities				
Current – Contingent consideration	**–**	**–**	**–**	**–**
30 June 2023				
Assets				
Financial assets at fair value through OCI (unlisted securities)	–	–	800	800
Liabilities				
Current – Contingent consideration	–	–	(369)	(369)

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

The fair value of financial instruments that are not traded in an active market, 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.

The contingent consideration financial instrument related to the fair value of the contingent consideration payable in respect to the acquisition of Builderscrack. During the half year ended 31 December 2023 the conditions associated with this liability were not met, the Group therefore has no further deferred consideration liability.

4.2. Contingencies

The Group had contingent liabilities at 31 December 2023 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 individually or in aggregate to the Group's financial position.
Guarantees	The Company has provided bank guarantees of $1.150 million (30 June 2023: $2.187 million) in relation to the lease of office premises and in respect of a credit card facility. These guarantees are in place in respect of the Group's obligations under the terms of its office space lease agreement and the credit card facility. During the half year a bank guarantee of $1.037 million held in respect of leased office space was released. Further details are set out in Note 3.1, Cash and cash equivalents and funds on deposit.

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 2023.

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 and associated entities

Subsidiaries: There have been no changes in controlled entities during the half-year ended 31 December 2023.

Associate entity: PropTech Labs, an equity accounted investment in which the Group held a 19.53% stake was disposed of in full during November 2023 for cash consideration of $8.400 million.

Key management personnel changes

During the half year there have been Director KMP changes as follows:

- Adir Shiffman was appointed as Non-Executive Director, effective 7 July 2023.
- Kate Hill was appointed as a Non-Executive Director, effective 25 August 2023.
- Chris Knoblanche resigned as a Non-Executive Director, effective 25 August 2023.
- Stacey Brown resigned as a Non-Executive Director, effective 25 August 2023.

There have been no other changes to key management personnel (KMP) during the half-year ended 31 December 2023.

Loans to/from related parties

There are no loans to or from related parties (30 June 2023: nil).

4.4. Related party transactions continued

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 2023.

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, Roby Sharon-Zipser. The arrangement is on normal commercial terms and conditions. No payment was made to Elephant Room during the half-year ended 31 December 2023 (31 December 2022: $850).

News Corp is a substantial shareholder. The Company made no payment to News Corp for advertising services during the half-year ended 31 December 2023 (31 December 2022: $16,246).

News Corp has not charged a fee for Director services provided by Nicholas Gray, a News Corp appointed Non-Independent Director, (31 December 2022: nil). This amount has been accrued in full.

Directors' Declaration

For the half-year ended 31 December 2023

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 2023 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 2023 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

Roby Sharon-Zipser
CEO and Executive Director

Sydney
22 February 2024

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

Report on the interim financial report

Conclusion

We have reviewed the interim 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 2023, the consolidated statement of comprehensive income, consolidated statement of profit or loss, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected 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 interim 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 2023 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 interim 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.

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Responsibilities of the directors for the interim financial report

The directors of the Company are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the interim financial report

Our responsibility is to express a conclusion on the interim 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 interim 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 2023 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 interim 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
22 February 2024

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Corporate Directory

CEO and Executive Director

Roby Sharon-Zipser

Non-Executive Directors

Inese Kingsmill
Adir Shiffman
Kate Hill
Kate Mills
Nicholas Gray

Chief Finance and Operations Officer

Jaco Jonker

Company Secretaries

Kylie Quinlivan
Lucy Thompson

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