Homely Group Pty Ltd ACN 612 419 584

General Purpose Financial Statements

For the year ending 30 June 2022

CONTENTS

DIRECTORS' REPORT

Your Directors present their report on Homely Group Pty Ltd (the "Company" or "Homely") for the financial year ended 30 June 2022.

Directors

The names of the Directors in office at any time during or since the end of the year are:

- Mr Vernon Spencer (Non-Executive Chairman)
- Mr Adam Spencer (Joint Chief Executive Officer)
- Mr Jason Spencer (Joint Chief Executive Officer)
- Mr Scott Spencer (Non-Executive Director)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of operations and financial results

A review of the operations of the Company during the financial year and the results of those operations showed that the impacts of Coronavirus ("COVID-19") on market demand in the real estate markets in Melbourne and Sydney led to periods of reduced revenue, especially in Victoria from July 2021 until November 2021 under lockdown restrictions. As governments changed the way they managed COVID-19, the market was able to confidently recover and businesses and the wider economy bounced back, leading to sales for the Company increasing year-on-year to $6,338,490 (2021: $4,803,478).

The loss of the Company for the financial year after providing for income tax (nil) amounted to $3,786,306 (2021:$4,861,244). Increases in salaries expense this financial year represents significant expenditure in the further development and growth of highly-experienced sales account managers throughout key territories in Victoria, New South Wales and Queensland, as well as substantial expenditures in television and radio advertising, and digital channels for brand- building initiatives.

Significant changes in state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Principal activities

The principal activities of the Company during the financial year were:

- Online advertising of residential properties for sale and rent
- Provision of online advertising services for real estate agents

There have been no significant changes in the nature of these activities during the year.

Events arising since the end of the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Future development, prospects and business strategies

Homely was born from widespread community dissatisfaction with the cost of advertising property listings between the then-existing major property portals. Homely provides a cost-effective alternative for real estate agents to offer its vendor and landlord clients a competitive opportunity to promote properties for sale or rent to reach buyers and renters across all of Australia.

Vendor advertising provides the majority of the Company's income for the property portals and their content – the property listings. As a company with significant real estate agent ownership, Homely is uniquely positioned to continue to offer an industry-supported alternative to the two incumbent portals. Agents are able to proactively support the Homely portal and create valuable competitive long-term advantages for both themselves and Homely, with their invaluable database of property listings, local content, technology partnerships, and marketing programs.

For consumers, Homely is an internationally-awarded portal that continues to attract buyers and rentals because of its ease of use, unique local content, and low-cost marketing options. To accelerate growth in both Homely's audience and its revenues, the company will be implementing strategies that will include:

- Further innovation with its web portal and applications;
- Further expansion of distribution networks, with additional investments from within the real estate industry;
- National marketing campaigns with radio, television, print and digital channels;
- Growth in the sales and account manager teams; and
- Partnering with a major lender to offer highly-competitive home loan finance to Homely clients.

DIRECTORS' REPORT

Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Dividends paid or recommended

No dividends have been paid or declared since the start of the financial year.

Options

Executive Directors of the business have options over issuable shares or interests in the Company when certain conditions and thresholds are met. At the end of the financial year, no options were granted and no shares were vested to the Directors.

Indemnities given to, and insurance premiums paid for, officers of the Company

During the year, Homely paid a premium to insure officers of the Company. The officers of the Company covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.

Details of the amount of the premiums paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the policies.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Company against a liability incurred as such by an officer.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors.

Jason Spencer

Director

19 December 2022

Adam Spencer

Director

19 December 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 30 June 2022

	NOTE	30 JUNE 2022 $	30 JUNE 2021 $
Revenue from contracts with customers	2(A)	5,847,928	3,726,332
Other revenue and income	2(B)	490,562	1,077,146
Total revenue and income		**6,338,490**	**4,803,478**
Expenses from operations excluding impairment, depreciation, amortisation and finance costs	3(A)	(5,489,434)	(5,054,331)
Impairment	4	-	-
Finance costs	3(C)	(24,815)	(904)
Total expenses excluding depreciation and amortisation		**(5,514,249)**	**(5,055,235)**
Earnings before interest, tax, depreciation and amortisation		**824,241**	**(251,757)**
Depreciation and amortisation	3(B)	**(4,610,547)**	**(4,609,487)**
Income tax expense	14	-	-
Net (loss) from operations after income tax expense		**(3,786,306)**	**(4,861,244)**
Other comprehensive (loss)/income for the period		-	-
Total comprehensive (loss)/income for the period		**(3,786,306)**	**(4,861,244)**

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying Notes.

STATEMENT OF FINANCIAL POSITION
for the period ended 30 June 2022

	NOTE	30 JUNE 2022 $	30 JUNE 2021 $
Current assets			
Cash and cash equivalents	15	1,105,606	1,154,673
Trade and other receivables	5	2,456,708	2,629,084
Total current assets		**3,562,314**	**3,783,757**
Non-current assets			
Receivables		15,804,198	7,716,214
Property, plant and equipment	8	266,111	257,295
Intangible assets	4	52,382,450	52,256,474
Total non-current assets		**68,452,759**	**60,229,983**
Total assets		**72,015,073**	**64,013,740**
Current liabilities			
Payables	6	314,346	519,733
Provisions	7	420,742	298,688
Current tax liabilities		-	-
Total current liabilities		**735,088**	**818,421**
Non-current liabilities			
Provisions	7	614,063	457,191
Deferred tax liabilities		-	-
Total non-current liabilities		**614,063**	**457,191**
Total liabilities		**1,349,151**	**1,275,612**
Net assets		**70,665,922**	**62,738,128**
Equity			
Contributed equity	10	92,655,891	80,354,782
Equity pending issuance		419,642	1,006,650
Retained (losses)/profits		(22,409,611)	(18,623,304)
Total equity		**70,665,992**	**62,738,128**

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

STATEMENT OF CASH FLOWS
for the period ended 30 June 2022

	NOTE	30 JUNE 2022 $	30 JUNE 2021 $
Cash flows from operating activities			
Receipts from customers		5,767,069	2,247,565
Payments to suppliers and employees		(4,757,849)	(504,036)
Interest received		28,058	4,667
Other revenue		-	650,668
Finance costs paid		(23,200)	-
Income tax paid		-	-
Net cash inflow/(outflow) from operating activities		**1,014,078**	**2,398,864**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(8,109)	-
Proceeds from sale of investments		-	-
Purchase of investments		-	-
Payment for intangibles		-	-
Net cash inflow/(outflow) from investing activities		**(8,109)**	**-**
Cash flows from financing activities			
Related party transactions		(12,773,594)	(13,258,465)
Dividends paid		-	-
Proceeds from issue of new share capital		11,718,558	11,608,159
Net cash inflow/(outflow) from financing activities		**(1,055,036)**	**(1,650,306)**
Net (decrease)/increase in cash and cash equivalents held		**(49,067)**	**748,558**
Cash and cash equivalents at the beginning of the financial period		1,154,673	406,115
Cash and cash equivalents at the end of the financial period		**1,105,606**	**1,154,673**

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

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2022

	CONTRIBUTED EQUITY $	EQUITY NOT YET ISSUED $	RETAINED EARNINGS $	TOTAL $
Balance at 1 July 2020	**69,461,273**	**676,000**	**(13,762,060)**	**56,375,213**
Profit/(loss) for the year	-	-	(4,861,244)	(4,861,244)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the year	**-**	**-**	**(4,861,244)**	**(4,861,244)**
Transactions with owners of the Company:				
Issue of share capital	10,893,509	-	-	10,893,509
Capital received pending issue	-	330,650	-	330,650
Dividends paid shareholders	-	-	-	-
Total transactions with owners	**10,893,509**	**330,650**	**-**	**11,224,159**
Balance at 30 June 2021	**80,354,782**	**1,006,650**	**(18,623,304)**	**62,738,128**
Balance at 1 July 2021	**80,354,782**	**1,006,650**	**(18,623,304)**	**62,738,128**
Profit/(loss) for the year	-	-	(3,786,306)	(3,786,306)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the year	**-**	**-**	**(3,786,306)**	**(3,786,306)**
Transactions with owners of the Company:				
Issue of share capital	12,301,109	-	-	12,301,109
Capital received pending issue	-	(587,008)	-	(587,008)
Dividends paid to shareholders	-	-	-	-
Total transactions with owners	**12,301,109**	**(587,008)**	**-**	**11,714,101**
Balance at 30 June 2022	**92,655,891**	**419,642**	**(22,409,611)**	**70,665,922**

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

1. Summary of Significant Accounting Policies

A. Corporate information

Homely Group Pty Ltd ("Homely Group" or the "Company") is a for-profit, privately-held company limited by shares incorporated and domiciled in Australia-

The Company is principally engaged in the provision of digital real estate classified advertising services. The Company's principal place of business is Melbourne, Australia. Further information on the nature of the operations and principal activities of the Company is provided in the Directors' Report. Information on related party relationships of the Company is provided in Note 13.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

B. Basis of Preparation

This financial report is for the period 1 July 2021 to 30 June 2022 (2021: 1 July 2020 to 30 June 2021). Reference in this report to 'period' is to the financial year in Australia running 1 July to 30 June.

The financial report is a general purpose financial report and has been prepared:

- in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board
- the financial report also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board;
- in accordance with the going concern basis of accounting; and
- on a historical cost basis.

i. Currency of presentation

All amounts are expressed in Australian dollars, which is the Company's presentation and functional currency.

ii. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, whose meaning is understood per the A New Tax System (Goods and Services Tax) Act 1999, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST, where applicable.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

C. Significant Judgements and Estimates

The carrying amounts of certain assets and liabilities are determined based on estimates and assumptions of future events. The key estimates and assumptions which are most significant to the financial report are found in the following notes:

- Note 4: Intangible assets
- Note 7: Provisions
- Note 7(i): Employee benefits
- Note 14: Taxation

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 June 2022

2. Revenues

	NOTE	30 JUNE 2022 $	30 JUNE 2021 $
A. REVENUE FROM CONTRACTS WITH CUSTOMERS			
Residential		5,847,928	3,726,332
Total revenue from contracts with customers[(i)]		**5,847,928**	**3,726,332**

(i) In accordance with the disclosure requirements of *AASB 15* there is no requirement to include disaggregated revenue data for the prior period.

		30 JUNE 2022 $	30 JUNE 2021 $
B. OTHER REVENUE AND INCOME			
Interest income		470,800	296,537
Other		19,762	780,609
Total other revenue income		**490,562**	**1,077,146**
Total revenue and income		**6,338,490**	**4,803,478**

Accounting Policy

Revenue from contracts with customers is recognised either over time (digital products and services) or when control of the good has been transferred (publication date), regardless of when payment is received. Amounts disclosed as revenue are net of commissions and discounts.

Advertising and Listing services

The provision of listing services is accounted for as a single performance obligation, the provision of a listing being a distinct service. Revenue is recognised at the end of the invoiced period (being one month). Where products are discounted the net revenue is recognised at the end of the invoiced period (being one month).

Bundling of products and services

Where products and/or services are sold as a bundled product, each product and service is treated as a separate performance obligation. In bundling products and services, these are priced at a discount to the standalone selling price. These discounts are applied proportionately to each separately identifiable performance obligation within the bundle.

Other income

Interest income is recognised on a cash basis as received and accrued based on the effective yield of the financial asset at the end of the financial period (30 June).

3. Expenses

	NOTE	30 JUNE 2022 $	30 JUNE 2021 $
A. EXPENSES FROM OPERATIONS EXCLUDING IMPAIRMENT, DEPRECIATION, AMORTISATION AND FINANCE COSTS			
Staff and employee related costs		1,926,443	2,200,828
Sales, marketing and distribution costs		2,403,872	996,067
Technology and development costs		223,468	403,604
Rent and outgoings		286,691	208,896
IT and communications costs		242,860	363,369
Fringe benefits tax, travel and entertainment		226,785	197,423
Other		204,130	684,144
Total expenses from operations excluding impairment, depreciation, amortisation and finance costs		**5,514,249**	**5,054,331**
B. DEPRECIATION AND AMORTISATION			
Depreciation of plant and equipment	8	49,361	48,301
Amortisation of intangible assets	4	4,561,186	4,561,186
Total depreciation and amortisation		**4,610,547**	**4,609,487**
C. FINANCE COSTS			
Interest paid to external parties		24,815	904
Total finance costs		**24,815**	**904**

4. Intangible Assets

	30 JUNE 2022 $	30 JUNE 2021 $
Homely.com.au program development costs (“Development costs”)	22,805,929	22,805,929
Software	40,428,000	40,428,000
Accumulated amortisation	(15,538,641)	(10,977,455)
Accumulated impairment	-	-
Total intangible assets	**47,695,288**	**52,256,474**

Reconciliations

Reconciliations of the carrying amount of each class of intangible at the beginning and end of the current financial period are set out below:

	NOTE	DEVELOPMENT COSTS $	SOFTWARE $	TOTAL $
30 June 2022				
Balance at the beginning of the financial period		22,805,929	40,428,000	63,233,929
Additions		4,687,162	-	4,687,162
Impairment		-	-	-
Disposals		-	-	-
Amortisation		(4,561,186)	-	(4,561,186)
At 30 June 2022, net of accumulated amortisation and impairment		**22,931,905**	**40,428,000**	**63,359,905**
At 30 June 2022				
At cost		27,493,091	40,428,000	67,921,091
Accumulated amortisation and impairment		(15,538,641)	-	(15,538,641)
Net carrying amount		**11,954,450**	**40,428,000**	**52,382,450**

	NOTE	DEVELOPMENT COSTS $	SOFTWARE $	TOTAL $
30 June 2021				
Balance at the beginning of the financial period		17,639,898	40,428,000	58,067,898
Additions		5,166,031	-	5,166,031
Impairment		-	-	-
Disposals		-	-	-
Amortisation		(4,561,186)	-	(4,561,186)
At 30 June 2021, net of accumulated amortisation and impairment		**18,244,743**	**40,428,000**	**58,672,743**
At 30 June 2021				
At cost		22,805,929	40,428,000	63,233,929
Accumulated amortisation and impairment		(10,977,455)	-	(10,977,455)
Net carrying amount		**11,828,474**	**40,428,000**	**52,256,474**

Accounting Policy

Development costs

The Company's development costs relate to technological development of the Homely.com.au platform and website. The Directors have determined that development costs have definite useful lives as the Company matures and costs incurred on the platform are mainly expected to relate to maintenance of the platform.

Impairment of Assets

Intangibles are tested for impairment where there is an indication that the asset may be impaired. Goodwill and other indefinite life assets are further tested at least annually in June each year. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Assets that suffered an impairment are reviewed for possible reversal of the impairment at least annually whenever there is an indication of a potential reversal.

5. Receivables

	30 JUNE 2022 $	30 JUNE 2021 $
Current		
Trade debtors	960,162	784,518
Provision for doubtful debts	(21,822)	(27,458)
	938,340	757,060
Prepayments	17,836	16,208
Other	1,500,532	1,855,816
Total current receivables	**2,456,708**	**2,629,084**

Impaired Trade Debtors

Homely Group's trade receivables represent balances from a large number of small clients. The trade receivables are non-interest bearing and are generally on 30 day terms. As there is no significant financing component, the provision for doubtful debts is accordingly measured at an amount equal to 'lifetime expected credit losses'.

Homely Group has used a provision matrix to determine expected credit losses (ECLs) on the receivables. The provision matrix is based on historical loss rates, adjusted if necessary for forward looking information.

	CURRENT	31-60 DAYS	61-90 DAYS	91-120 DAYS	120+ DAYS
ECL rate % at 30 June 2022	2.50	2.50	2.50	2.50	2.50
Expected credit loss, $	14,344	4,146	627	490	2,215

An analysis of trade debtors that are not considered impaired is as follows:

	30 JUNE 2022 $	30 JUNE 2021 $
Neither past due nor impaired	631,157	423,323
Past due 0 – 30 days	182,441	204,689
Past due 31 – 60 days	27,573	35,725
Past 60 days	118,991	120,781
	960,162	**784,518**

Movements in the provision for doubtful debts are as follows:

	30 JUNE 2022 $	30 JUNE 2021 $
Balance at the beginning of the period	27,458	40,983
Additional provisions	35,173	116,980
Receivables written as uncollectible	(40,809)	(130,505)
Balance at the end of the period	**21,822**	**27,458**

Accounting policy

Trade receivables are initially recognised at cost less the lifetime expected credit loss (ECL) calculated based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment. Homely Group's trade receivables book is very short dated, being non-interest bearing and generally on 30 day terms. As such, the forecast horizon is limited to a short period after year end. Given the short-term nature of the trade receivables, the effect of forward looking information is not material as at 30 June 2022.

6. Payables

	30 JUNE 2022 $	30 JUNE 2021 $
Trade and other payables	314,346	519,733
Total current payables	**314,346**	**519,733**

Accounting policy

i. Trade and other payables

Liabilities for trade creditors and other amounts are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received. Trade payables are non-interest bearing and are generally on 30 day terms.

7. Provisions

	30 JUNE 2022 $	30 JUNE 2021 $
Current		
Employee benefits	420,742	298,688
Total current provisions	**420,742**	**298,688**
Non-current		
Employee benefits	614,063	457,191
Total non-current provisions	**614,063**	**457,191**

Accounting Policy

Provisions are recognised when the Company has a legal or constructive obligation to make a future sacrifice of economic benefits to others as a result of past transactions or events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government or corporate bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before reporting date.

i. Employee benefits

Current liabilities for wages and salaries, holiday pay, annual leave and long service leave are recognised in the provision for employee benefits and measured at the amounts expected to be paid when the liabilities are settled.

The employee benefit liability expected to be settled within twelve months from reporting date is recognised in current liabilities. The non-current provision relates to entitlements, including long service leave, which are expected to be payable after twelve months from reporting date and, where material, are measured as the present value of expected future payments to be made in respect of services, employee departures and periods of service. Expected future payments are discounted using market yields at reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

8. Property, Plant and Equipment

	30 JUNE 2022 $	30 JUNE 2021 $
Plant and equipment		
At cost	445,379	387,202
Accumulated depreciation and impairment	(179,268)	(129,907)
Total plant and equipment	**266,111**	**257,295**
Total property, plant and equipment	**266,111**	**257,295**

Reconciliations

Reconciliations of the carrying amount of each class of property, plant and equipment during the financial period are set out below:

	NOTE	PLANT AND EQUIPMENT $	TOTAL $
Period ended 30 June 2022			
Balance at beginning of financial period		387,202	387,202
Additions		58,177	58,177
Disposals		-	-
Depreciation		(49,361)	(49,361)
At 30 June 2022, net of accumulated depreciation and impairment		**396,018**	**396,018**
At 30 June 2022			
At cost		445,379	445,379
Accumulated depreciation and impairment		(179,268)	(179,268)
Net carrying amount		**266,111**	**266,111**

	NOTE	PLANT AND EQUIPMENT $	TOTAL $
Period ended 30 June 2021			
Balance at beginning of financial period		319,790	319,790
Additions		67,412	67,412
Disposals		-	-
Depreciation		(48,301)	(48,301)
At 30 June 2021, net of accumulated depreciation and impairment		**338,901**	**338,901**
At 30 June 2021			
At cost		387,202	387,202
Accumulated depreciation and impairment		(129,907)	(129,907)
Net carrying amount		**257,295**	**257,295**

Accounting Policy

Property, plant and equipment is recorded at cost less accumulated depreciation and any accumulated impairment losses.

Directly attributable costs arising from the acquisition or construction of fixed assets, including internal labour and interest, are also capitalised as part of the cost.

Recoverable amount

All items of property, plant and equipment are reviewed annually to ensure carrying values are not in excess of recoverable amounts. Recoverable amounts are the higher of value in use or fair value less costs of disposal.

Depreciation and amortisation

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Plant and equipment - up to 8 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

9. Financial and Capital Risk Management

Financial Risk Management

The Company's principal financial instruments comprise of cash and related party advances (Note 13). The main purpose of these financial instruments is to manage liquidity and to raise finance for the Company's operations. The Company has various other financial instruments, such as trade and other receivables and trade and other payables, which arise directly from its operations. The Company's risk management activities for interest rate are carried out centrally by the Board of Directors.

Capital Risk Management

The Company manages the capital structure to ensure:

- sufficient finance capacity for the business is maintained at a reasonable cost; and
- sufficient funds are available for the business to implement its capital expenditure.

Risk factors

The key financial risk factors, including market risk, that arise from the Company's activities, including the Group's policies for managing these risks are outlined below.

A. INTEREST RATE RISK

Interest rate risk refers to the risks that the value of a financial instrument or future cash flows associated with the instrument will fluctuate due to movements in market interest rates.

Interest rate risk arises from interest bearing financial assets that the Company utilises. The Company does not utilise interest-bearing liabilities. Interest bearing assets are predominantly short term liquid assets.

The Company's risk management policy for interest rate risk seeks to reduce the effects of interest rate movements on its asset and liability portfolio.

A reasonably possible change in interest rates would not have a material impact on the finance costs incurred by the Company.

Interest Rate Risk Measurement and Reporting

The Company does not any into transactions to provide protection against fluctuations in short term interest rates. The primary balances affected by interest rate variability are short term liquid assets and the Company does not rely on interest-bearing assets as a significant source of revenue in its operations.

Measurement of Interest Rate Risk

The Company does not measure interest rate risk due to the minimal impact of short term interest rates on the Company's operations.

	FLOATING RATE $	FIXED RATE $	NON-INTEREST BEARING $	TOTAL $
As at 30 June 2022				
Cash and cash equivalents	1,011,272	-	94,334	1,105,606
Trade and other receivables*	-	-	2,456,708	2,456,708
Receivables – related parties	15,804,198-	-	-	15,804,198
Total financial assets	**16,385,470**	**-**	**2,551,042**	**19,366,512**
Payables*	-	-	735,088	735,088
Total financial liabilities	**-**	**-**	**735,088**	**735,088**
Net exposure to cash flow interest rate risk	**16,815,470**	**-**	**1,815,954**	**18,631,424**
As at 30 June 2021				
Cash and cash equivalents	1,089,042	-	65,631	1,154,673
Trade and other receivables*	-	-	2,629,084	2,629,084
Receivables – related parties	7,716,214	-	-	7,716,214
Total financial assets	**8,805,256**	**-**	**2,694,715**	**11,499,971**
Payables*	-	-	818,421	818,421
Total financial liabilities	**-**	**-**	**818,421**	**818,421**
Net exposure to cash flow interest rate risk	**1,089,042**	**-**	**11,720,508**	**12,809,550**

* Trade and other receivables and payables all mature in less than one year.

B. CREDIT RISK

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause the Company to make a financial loss. The Company has exposure to credit risk on all financial assets included in the Company's Statement of Financial Position. To help manage this risk, the Company:

- has a policy for establishing credit limits for the entities it deals with; and
- manages exposures to individual entities it transacts with (through a system of credit limits).

Financial institutions and cash deposits

The Company has policies that limit the amount of credit exposure to any financial institution. Cash transactions are limited to financial institutions that meet minimum credit rating criteria in accordance with the Company's policy requirements. At 30 June 2022 counterparty credit risk was limited to financial institutions with S&P credit ratings ranging from "AA–" to "A".

Trade receivables

The Company's credit risk is mainly concentrated across a number of customers. The Company does not have any significant credit risk exposure to a single or group of customers. The Company recognises trade receivables at cost less the lifetime expected credit loss (ECL) calculated based on its historical credit loss experience, adjusted for forward-looking factors specific to the Group's customers and the economic environment in which the Group operates.

Refer to Note 9 for an ageing analysis of trade receivables and the movement in the allowance for credit loss. All other financial assets are not impaired and are not past due. Based on the credit history of these classes, it is expected that these amounts will be received when due.

C. LIQUIDITY RISK

Liquidity risk is the risk that the Group cannot meet its financial commitments as and when they fall due.

To help reduce this risk the Group:

- has readily accessible funding arrangements in place; and
- staggers maturities of financial instruments.

D. FAIR VALUE

The carrying amounts and fair values of financial assets and liabilities at the reporting date are materially the same.

10. Equity

	30 JUNE 2022 $	30 JUNE 2021 $
Ordinary		
76,089,504 ordinary shares authorised and fully paid (2021: 70,886,205)	92,655,891	80,354,782
Total at end of the financial period	**92,655,891**	**80,354,782**

Reconciliations

Movements for each class of contributed equity, by number of shares and dollar value, are set out below:

ORDINARY SHARES	30 JUNE 2022 NO. OF SHARES	30 JUNE 2021 NO. OF SHARES	30 JUNE 2022 $	30 JUNE 2021 $
Balance at beginning of the financial period	70,886,205	65,243,459	80,354,782	69,461,273
Shares issued to shareholders	5,203,299	5,642,746	12,301,109	10,893,509
Balance at end of the financial period	**76,089,504**	**70,886,205**	**92,655,891**	**80,354,782**

Accounting Policy

i. Ordinary shares

Ordinary shares are classified as equity and entitle the holder to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person, or by proxy, at a meeting of the Company.

11. Events Subsequent to Reporting Date

There were no events that have occurred after the end of the period that would materially affect the reported results or would require disclosure in this report.

12. Related Parties and Entities

A. Key Management Personnel

Compensation of key management personnel of the Company	30 JUNE 2022 $	30 JUNE 2021 $
Short-term benefits	434,500	223,200
Long-term benefits	-	-
Total compensation paid to key management personnel	**434,500**	**223,200**

The amounts disclosed in the table are the amounts recognised as an expense and/or capitalised during the reporting period related to key management personnel.

13. Taxation

Income tax expense is reconciled to prima facie income tax payable as follows:

	30 JUNE 2022 $	30 JUNE 2021 $
Net profit before income tax expense	(3,786,306)	(4,861,244)
Prima facie income tax at 30% (2021: 30%)	-	-
Tax effect of differences:		
Adjustments in respect of current income tax of previous years	-	-
Non-assessable income	-	-
Non-deductible expenditure	-	-
Income tax expense	-	-
The major components of income tax expense in the income statement are:		
Current income tax expense	-	-
Deferred income tax (benefit)	-	-
Income tax expense in the income statement	-	-

Accounting Policy

Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate for Australia adjusted by changes in deferred tax assets and liabilities attributed to temporary differences and to unused tax losses. Deferred tax assets and liabilities are recognised for temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity. Deferred tax items that are recognised outside the profit and loss are recognised in relation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable group and the same taxation authority.

14. Cash and cash equivalents

A. RECONCILIATION OF NET PROFIT AFTER INCOME TAX EXPENSE TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	30 JUNE 2022 $	30 JUNE 2021 $
Net (loss)/profit for the period	(3,786,606)	(4,861,244)
Non-cash items		
Depreciation and amortisation	49,361	48,301
Impairment of intangibles and investments	4,561,186	4,561,186
Invoices in net profit charged to related parties	1,857,569	1,092,773
Net amounts relating to the Company's operations, paid by related parties	2,773,513	2,148,446
Other non-operating (expenses)/income	-	-
Decrease/(increase) in operating assets and liabilities		
Trade receivables	(181,280)	21,626
Other receivables	353,658	105,434
Payables	(205,388)	(247,599)
Provisions	278,928	(470,059)
Net cash inflow from operating activities	**5,700,941**	**2,398,864**

B. RECONCILIATION OF CASH AND CASH EQUIVALENTS

Reconciliation of cash at end of the financial period (as shown in the Cash Flow Statement) to the related items in the financial statements is as follows:

Cash on hand and at bank	1,105,606	1,154,673
Total cash at end of the financial period	**1,105,606**	**1,154,673**

Accounting Policy

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term investments with original maturities of three months or less that are readily convertible to cash and subject to insignificant risk of changes in value.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Homely Group Pty Ltd (the Company), we state that:

1) In the opinion of the Directors:

   a) the financial statements and notes of the Company, as set out on pages 3 to 20, are in accordance with the *Corporations Act 2001* (Cth) including:

      i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the period ended on that date; and

      ii) where appropriate, complying with Australian Accounting Standards and the *Corporations Regulations 2001* (Cth);

   b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1;

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

   d) as at the date of this declaration, there are reasonable grounds to believe that the Company will be able to meet any obligations or liabilities to which they are or may become subject to.

On behalf of the Board

Jason Spencer	**Adam Spencer**
Director	Director
19 December 2022	19 December 2022

COMPILATION REPORT

To: **HOMELY GROUP PTY LTD**

We have compiled the accompanying general purpose financial statements of Homely Group Pty Ltd ("the Company"), which comprise the statement of financial position as at 30 June 2022, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the general purpose financial statements have been prepared is to comply with a request from the Directors of the Company to provide them with a set of financial statements complying generally and where appropriate with Australian Accounting Standards.

The Responsibility of Senior Executives

The Senior Executives of Homely Group Pty Ltd are solely responsible for the information contained in the general purpose financial statements, the reliability, accuracy and completeness of the information and for the determination that the basis of accounting used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of information provided by the Senior Executives we have compiled the accompanying general purpose financial statements in accordance with the basis of accounting as described in Note 1 to the financial statements and APES 315 *Compilation of Financial Information*. We have applied our expertise in accounting and financial reporting to compile these financial statements in accordance with the basis of accounting as described in Note 1 to the financial statements. We have complied with the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants*.

Assurance Disclaimer

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements. The general purpose financial statements were compiled exclusively for the benefit of the Directors of the Company and the Senior Executives who are responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept any responsibility for the contents of the general purpose financial statements.

Independence

We are not independent of Homely Group Pty Ltd because we have a substantial ultimate beneficial interest in the assets and undertaking of the Company.

R V Spencer FCA

Chartered Accountant

20 December 2022