

Hubify Limited
(Formerly known as United Networks Limited)
Appendix 4D
Half-year report

1. Company details

Name of entity:	Hubify Limited
ABN:	60 607 921 246
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	23.6% to	8,966,986
Profit before interest, tax, depreciation and amortisation (EBITDA)	up	78.3% to	1,215,957
Profit before income tax	up	125.3% to	775,905
Profit after income tax (attributable to ordinary equity holders) – normalised*	up	160.9% to	651,564
Profit after income tax (attributable to ordinary equity holders) – statutory*	down	67.5% to	651,564
Cash and cash equivalents	up	136.2% to	6,847,171

Comments

*The statutory profit **after tax** for the half-year ended 31 December 2020 is down 67.5% when compared to the statutory profit **after tax** for the half-year ended 31 December 2019 due to the recognition of a one-off deferred tax credit of \$1,756,797 at 31 December 2019. The one-off deferred tax credit resulted from the recognition of a previously unrecognised deferred tax asset which the Directors have assessed will be recovered by future taxable profits. The normalised profit after income tax excludes the deferred tax adjustment in the prior period.

Dividends

There were no dividends paid, recommended or declared during the current financial period.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.68	0.60

4. Loss of control over entities

Not applicable.

5. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period by Hubify Limited. However, dividends were paid to shareholders of Broadland Solutions Pty Limited (accounting acquirer) prior to its acquisition by Hubify Limited.

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Previous period

There were no dividends paid, recommended or declared during the previous financial period by Hubify Limited. However, dividends were paid to shareholders of Broadland Solutions Pty Limited (accounting acquirer) prior to its acquisition by Hubify Limited.

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

10. Attachments

Details of attachments (if any):

The Interim Report of Hubify Limited for the half-year ended 31 December 2020 is attached.

11. Signed

Signed 

Victor Tsaccounis
Director
Sydney

Date: 12 February 2021

Hubify Limited

(Formerly known as United Networks Limited)

ABN 60 607 921 246

Interim Report - 31 December 2020

Hubify Limited
(Formerly known as United Networks Limited)
Corporate directory
31 December 2020

Directors	Anthony Ghattas - Chairman Victor Tsaccounis - Chief Executive Officer Charbel Nader
Company secretary	Michael Potts
Registered office and principal place of business	Suite 1.03, Level 1 6-10 Talavera Road Macquarie Park NSW 2113 Phone:(02) 9003 9573
Share register	Advanced Share Registry Services 110 Stirling Highway Nedlands WA 6009 Phone: (08) 9389 8033
Auditor	Rothsay Chartered Accountants Level 1, 12 O'Connell Street Sydney NSW 2000
Solicitors	Sekel Grindberg Lawyers Level 8 - Currency House 23 Hunter Street Sydney NSW 2000
Bankers	National Australia Bank 85-95 Marrickville Rd Marrickville NSW 2204 Westpac Banking Corporation 425 Victoria Ave Chatswood NSW 2067 St George Bank Level 3 1 Chifley Square Sydney NSW 2000
Stock exchange listing	Hubify Limited shares are listed on the Australian Securities Exchange (ASX code: HFY)
Website	www.hubify.com.au
Corporate Governance Statement	www.hubify.com.au/investor-centre/governance/

Hubify Limited
(Formerly known as United Networks Limited)
Directors' report
31 December 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Hubify Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

At the Annual General Meeting held on 26 October 2020, a resolution to change the name of the company to Hubify Limited was approved by shareholders.

Directors

The following persons were directors of Hubify Limited during the whole of the financial half-year and up to the date of this report:

Anthony Ghattas
Victor Tsaccounis
Charbel Nader

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- sale, customisation and integration of IT and telecommunications systems
- maintenance of IT and telecommunications systems
- internet based selling of hardware and software products

Dividends

Dividends paid/payable during the financial half-year were as follows:

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Dividends paid/payable to shareholders of Hubify Limited	-	-

Review of operations

Hubify Limited (HFY) achieved a statutory net profit before tax of \$0.78 million in the six months to 31 December 2020 (up 125% from \$0.34 on the prior corresponding period to 31 December 2019) from revenues of \$8.97 million. The EBITDA before acquisition and capital raising cost of \$1.26 million (up 46% from \$0.86 million in the prior corresponding period to 31 December 2019). The final cash position at the end of the period was \$6.8 million.

In 1H FY21 HFY has completed a \$5 million capital raising to fund growth and acquisitions and successfully finalised a further three accretive acquisitions, C3 Innovations August 2020, Red Telecom September 2020 and Ripe Communications October 2020. The current annualised recurring revenues as at December 2020 are in excess of \$11.5 million per annum representing a 46% increase on the FY20 recurring revenue.

The business remains focused on extracting synergies from the completed acquisitions and ongoing continued organic sales growth.

Reconciliation of profit before income tax to EBITDA and Adjusted EBITDA (unaudited):

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Profit before income tax expense/benefit	775,905	344,436
Finance costs	19,851	37,170
Interest revenue	1,263	(1,174)
Depreciation and amortisation expense	418,938	301,439
EBITDA	<u>1,215,957</u>	<u>681,871</u>
Acquisition costs	43,283	180,417
Adjusted EBITDA	<u><u>1,259,240</u></u>	<u><u>862,288</u></u>

Hubify Limited
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Directors' report
31 December 2020

EBITDA and adjusted EBITDA are non-IFRS earnings measures which do not have any standardised meaning prescribed by IFRS and therefore may not be comparable to EBITDA presented by other companies. These measures, which are unaudited, are important to management as an additional way to evaluate the consolidated entity's performance.

Significant changes in the state of affairs

On 21 October 2020, Hubify Limited placed 79,365,079 new ordinary shares with institutional and sophisticated investors at an issue price of \$0.063 per share. The funds raised through the placement (\$5,000,000) will be used to pursue potential acquisition opportunities in the telco and IT/managed services sector, while also accelerating organic growth opportunities.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Victor Tsaccounis
Director

12 February 2021
Sydney

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the Directors of Hubify Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2020 there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in relation to Hubify Limited and the entities it controlled during the half-year.

Rothsay Chartered Accountants



Frank Vrachas

Partner

Sydney, 12 February 2021

Hubify Limited
(Formerly known as United Networks Limited)
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31 December 2020

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General information

The financial statements cover Hubify Limited as a consolidated entity consisting of Hubify Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Hubify Limited's functional and presentation currency.

Hubify Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 1.03, Level 1
6-10 Talavera Road
Macquarie Park
NSW 2113

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 February 2021.

Hubify Limited
(Formerly known as United Networks Limited)
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

		Consolidated	
	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Revenue	3	8,965,723	7,251,537
Share of profits of associates accounted for using the equity method		-	53,400
Other income		-	1,369
Interest revenue		1,263	1,174
Gain from deemed disposal of associate shareholding		-	145,968
Expenses			
Cost of sales		(2,824,893)	(2,147,274)
Depreciation and amortisation		(418,938)	(301,439)
Marketing		(333,030)	(794,929)
Occupancy		(124,378)	(71,784)
Administration		(4,373,449)	(3,534,990)
Acquisition costs		(43,283)	(180,417)
Other expenses		(53,259)	(41,009)
Finance costs		(19,851)	(37,170)
Total expenses		(8,191,081)	(7,109,012)
Profit before income tax (expense)/benefit		775,905	344,436
Income tax (expense)/benefit	4	(124,341)	1,662,077
Profit after income tax (expense)/benefit for the half-year attributable to the owners of Hubify Limited	18	651,564	2,006,513
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Hubify Limited		<u>651,564</u>	<u>2,006,513</u>
		Cents	Cents
Basic earnings per share	23	0.15	0.66
Diluted earnings per share	23	0.15	0.66

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Hubify Limited
(Formerly known as United Networks Limited)
Statement of financial position
As at 31 December 2020

		Consolidated	
	Note	31 Dec 2020	30 June 2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	5	6,847,171	2,899,313
Trade and other receivables	6	1,337,125	1,461,357
Contract assets	7	237,215	-
Inventories		22,788	23,333
Financial assets at fair value through profit or loss		13,384	13,384
Current tax receivable		82,187	-
Other	8	45,120	93,658
Total current assets		<u>8,584,990</u>	<u>4,491,045</u>
Non-current assets			
Plant and equipment	9	723,302	819,194
Intangibles	10	3,154,232	2,042,714
Deferred tax		1,468,982	1,752,024
Other	8	271,015	102,497
Total non-current assets		<u>5,617,531</u>	<u>4,716,429</u>
Total assets		<u>14,202,521</u>	<u>9,207,474</u>
Liabilities			
Current liabilities			
Trade and other payables	11	1,463,727	1,847,760
Borrowings	12	63,921	127,841
Lease liabilities	13	275,165	252,653
Provisions	14	624,154	756,104
Other	15	40,000	160,000
Total current liabilities		<u>2,466,967</u>	<u>3,144,358</u>
Non-current liabilities			
Contract liabilities		-	20,000
Lease liabilities	13	385,492	475,713
Deferred tax		89,728	125,098
Provisions	14	118,911	101,447
Total non-current liabilities		<u>594,131</u>	<u>722,258</u>
Total liabilities		<u>3,061,098</u>	<u>3,866,616</u>
Net assets		<u>11,141,423</u>	<u>5,340,858</u>
Equity			
Issued capital	16	7,462,050	2,333,049
Reserves	17	20,000	-
Retained profits	18	3,659,373	3,007,809
Total equity		<u>11,141,423</u>	<u>5,340,858</u>

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

Hubify Limited
(Formerly known as United Networks Limited)
Statement of changes in equity
For the half-year ended 31 December 2020

Consolidated

	Issued capital \$	Retained profits \$	Total equity \$
Balance at 1 July 2019	435,000	961,644	1,396,644
Profit after income tax benefit for the half-year	-	2,006,513	2,006,513
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	2,006,513	2,006,513
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs	1,898,050	-	1,898,050
Dividends paid (note 19)	-	(580,000)	(580,000)
Balance at 31 December 2019	<u>2,333,050</u>	<u>2,388,157</u>	<u>4,721,207</u>

Consolidated

	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2020	2,333,049	-	3,007,809	5,340,858
Profit after income tax expense for the half-year	-	-	651,564	651,564
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	651,564	651,564
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 16)	5,129,001	-	-	5,129,001
Share-based payments	-	20,000	-	20,000
Balance at 31 December 2020	<u>7,462,050</u>	<u>20,000</u>	<u>3,659,373</u>	<u>11,141,423</u>

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

Hubify Limited
(Formerly known as United Networks Limited)
Statement of cash flows
For the half-year ended 31 December 2020

		Consolidated	
	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		8,758,612	7,662,151
Payments to suppliers and employees (inclusive of GST)		(8,897,747)	(8,283,859)
Interest received		1,263	1,174
Government grants		942,001	-
Interest and other finance costs paid		(19,851)	(4,872)
Income taxes refunded		41,144	-
Net cash from/(used in) operating activities		825,422	(625,406)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	20	(900,000)	863,854
Acquisition costs		(43,283)	-
Payments for plant and equipment	9	(58,070)	-
Payments for intangibles		(131,494)	(41,224)
Payments for deposits		(168,518)	-
Payment for deferred consideration		(120,000)	-
Net proceeds from loans to associate and related parties		-	160,669
Net cash from/(used in) investing activities		(1,421,365)	983,299
Cash flows from financing activities			
Proceeds from issue of shares	16	5,000,000	-
Repayment of promissory note		(63,920)	(6,544)
Repayment of lease liabilities		(67,709)	(65,608)
Share issue transaction costs		(195,999)	(19,043)
Dividends paid	14	(128,571)	(280,000)
Net cash from/(used in) financing activities		4,543,801	(371,195)
Net increase/(decrease) in cash and cash equivalents		3,947,858	(13,302)
Cash and cash equivalents at the beginning of the financial half-year		2,899,313	2,304,451
Cash and cash equivalents at the end of the financial half-year	5	<u>6,847,171</u>	<u>2,291,149</u>

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

Hubify Limited
(Formerly known as United Networks Limited)
Notes to the financial statements
31 December 2020

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Operating segments

Identification of reportable operating segments

Operating segments are identified based on separate financial information which is regularly reviewed by the Board of Directors, representing the consolidated entity's Chief Operating Decision Makers (CODM), in assessing performance and determining the allocation of resources.

The consolidated entity operates in primarily one geographical segment, namely Australia. The primary business segment is telecommunications namely voice, data and value added services. As the consolidated entity operates in only one segment, the consolidated results are also its segment results.

Revenue from overseas customers is not material to the consolidated entity.

Note 3. Revenue

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
<i>Revenue from contracts with customers</i>		
Sale of goods	504,677	849,477
Services	7,330,379	6,169,703
	<u>7,835,056</u>	<u>7,019,180</u>
<i>Other revenue</i>		
Government grants	1,077,150	-
Other revenue	53,517	232,357
	<u>1,130,667</u>	<u>232,357</u>
Revenue	<u><u>8,965,723</u></u>	<u><u>7,251,537</u></u>

Note 4. Income tax expense

The income tax benefit for the half year ended 31 December 2019 is due to a deferred tax credit resulting from the recognition of a previously unrecognised deferred tax asset which the Directors have assessed will be recovered by future taxable profits.

Hubify Limited
(Formerly known as United Networks Limited)
Notes to the financial statements
31 December 2020

Note 5. Cash and cash equivalents

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Current assets</i>		
Cash on hand	100	100
Cash at bank	6,847,071	2,898,213
Paypal	-	1,000
	<u>6,847,171</u>	<u>2,899,313</u>

Note 6. Trade and other receivables

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Current assets</i>		
Trade receivables	1,225,326	1,327,068
Less: Allowance for expected credit losses	(94,202)	(56,849)
	<u>1,131,124</u>	<u>1,270,219</u>
Other receivables	27,351	10,137
Government grants	178,650	181,001
	<u>206,001</u>	<u>191,138</u>
	<u>1,337,125</u>	<u>1,461,357</u>

Note 7. Contract assets

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Current assets</i>		
Accrued revenue	237,215	-
	<u>237,215</u>	<u>-</u>

Note 8. Other

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Current assets</i>		
Prepayments	45,120	93,658
<i>Non-current assets</i>		
Security deposits	34,406	102,497
Other non-current assets	236,609	-
	<u>271,015</u>	<u>102,497</u>
	<u>316,135</u>	<u>196,155</u>

Hubify Limited
(Formerly known as United Networks Limited)
Notes to the financial statements
31 December 2020

Note 9. Plant and equipment

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Non-current assets</i>		
Leasehold improvements - at cost	-	77,157
Less: Accumulated depreciation	-	(77,157)
	-	-
Plant and equipment - at cost	54,032	53,084
Less: Accumulated depreciation	(29,255)	(25,957)
	24,777	27,127
Furniture, fixtures and fittings - at cost	55,986	167,419
Less: Accumulated depreciation	(46,428)	(162,601)
	9,558	4,818
Computer equipment - at cost	137,780	86,008
Less: Accumulated depreciation	(80,325)	(70,558)
	57,455	15,450
Right-of-use assets - property leases	841,721	841,721
Less: Accumulated depreciation	(210,209)	(69,922)
	631,512	771,799
	<u>723,302</u>	<u>819,194</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Plant and equipment \$	Furniture, fixtures and fittings \$	Computer equipment \$	Right-of-use assets - property leases \$	Total \$
Consolidated					
Balance at 1 July 2020	27,127	4,818	15,450	771,799	819,194
Additions	948	5,350	51,772	-	58,070
Depreciation expense	(3,298)	(610)	(9,767)	(140,287)	(153,962)
Balance at 31 December 2020	<u>24,777</u>	<u>9,558</u>	<u>57,455</u>	<u>631,512</u>	<u>723,302</u>

Hubify Limited
(Formerly known as United Networks Limited)
Notes to the financial statements
31 December 2020

Note 10. Intangibles

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Non-current assets</i>		
Goodwill - at cost	917,203	917,203
Patents, trademarks and other rights - at cost	164,303	12,643
Web development - at cost	1,132,941	1,033,107
Less: Accumulated amortisation	(839,402)	(742,432)
	293,539	290,675
Customer lists - at cost	1,451,406	326,406
Software - at cost	2,729,801	2,729,801
Less: Accumulated amortisation	(2,402,020)	(2,234,014)
	327,781	495,787
	<u>3,154,232</u>	<u>2,042,714</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Goodwill	Patents, trademarks and other rights	Web development costs	Customer lists	Software	Total
Consolidated	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	917,203	12,643	290,675	326,406	495,787	2,042,714
Additions	-	151,660	99,834	-	-	251,494
Additions through business combinations (note 20)	-	-	-	1,125,000	-	1,125,000
Amortisation expense	-	-	(96,970)	-	(168,006)	(264,976)
Balance at 31 December 2020	<u>917,203</u>	<u>164,303</u>	<u>293,539</u>	<u>1,451,406</u>	<u>327,781</u>	<u>3,154,232</u>

Note 11. Trade and other payables

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Current liabilities</i>		
Trade payables	586,899	659,165
Accruals	271,233	244,264
GST payable	161,215	463,107
Other payables	444,380	481,224
	<u>1,463,727</u>	<u>1,847,760</u>

Hubify Limited
(Formerly known as United Networks Limited)
Notes to the financial statements
31 December 2020

Note 12. Borrowings

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$

Current liabilities

Promissory note - related party

	63,921	127,841
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Note 13. Lease liabilities

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$

Current liabilities

Lease liability

	275,165	252,653
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Non-current liabilities

Lease liability

	385,492	475,713
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	660,657	728,366
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Note 14. Provisions

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$

Current liabilities

Annual leave

	397,823	377,374
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Long service leave

	97,759	121,587
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Dividends payable to former shareholders

	128,572	257,143
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	624,154	756,104
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Non-current liabilities

Long service leave

	118,911	101,447
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	743,065	857,551
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The dividends balance represents amounts payable to shareholders of Broadland Solutions Pty Limited prior to its acquisition by Hubify Limited on 13 September 2019. During the half-year ended 31 December 2020, \$128,571 of the outstanding balance was paid.

Note 15. Other

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$

Current liabilities

Deferred purchase consideration

	40,000	160,000
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The deferred purchase consideration is in connection with the acquisition of Hubify Communications Pty Ltd (formerly Symmetry Networks Pty Ltd).

Hubify Limited
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Notes to the financial statements
31 December 2020

Note 16. Issued capital

	Consolidated			
	31 Dec 2020	30 June 2020	31 Dec 2020	30 June 2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>478,378,815</u>	<u>392,379,382</u>	<u>7,462,050</u>	<u>2,333,049</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	392,379,382		2,333,049
Shares issued to acquire the assets of C3 Innovations Pty Ltd (note 20)	4 August 2020	3,750,000	\$0.060	225,000
Share placement	21 October 2020	79,365,079	\$0.063	5,000,000
Shares issued to share placement advisor	21 October 2020	1,428,571	\$0.063	90,000
Shares issued to acquire intangible assets	18 December 2020	1,455,783	\$0.082	120,000
Share issue costs		-	\$0.000	(305,999)
Balance	31 December 2020	<u>478,378,815</u>		<u>7,462,050</u>

Share placement and shares issued to advisor

On 21 October 2020, Hubify Limited placed 79,365,079 new ordinary shares with institutional and sophisticated investors at an issue price of \$0.063 per share. The funds raised through the placement will be used to pursue potential acquisition opportunities in the telco and IT/managed services sector, while also accelerating organic growth opportunities.

The company issued 1,428,571 ordinary shares to the advisor assisting with the placement for services rendered. The advisor also received 2,000,000 options with an exercise price of \$0.15 and an expiry date of 3 years from the date of the issue. The options were conditional on a minimum of \$4 million being raised in the placement.

Note 17. Reserves

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
Share-based payments reserve	<u>20,000</u>	<u>-</u>

Note 18. Retained profits

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
Retained profits at the beginning of the financial half-year	3,007,809	961,647
Profit after income tax (expense)/benefit for the half-year	651,564	2,626,162
Dividends paid (note 19)	-	(580,000)
Retained profits at the end of the financial half-year	<u>3,659,373</u>	<u>3,007,809</u>

Hubify Limited
(Formerly known as United Networks Limited)
Notes to the financial statements
31 December 2020

Note 19. Dividends paid/payable

Dividends paid/payable during the financial half-year were as follows:

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Dividends payable to shareholders of Broadland Solutions Pty Limited (accounting acquirer) prior to its acquisition by Hubify Limited	-	580,000

Note 20. Business combinations

Acquisition of Ripe Communications

On 1 October 2020, Broadland Solutions Pty Ltd (BLS) acquired the business of Ripe Communications Pty Ltd (Ripe). The acquired business is an Optus Business Centre located in Perth WA. The acquisition allows the consolidated entity to achieve further efficiencies across its service provider business.

The total consideration for the acquisition was a cash payment of \$150,000.

In accordance with accounting standards, the acquisition has been completed on a provisional basis and finalisation of the assessment of fair values of the identifiable assets and liabilities acquired may result in adjustments to the amounts in the table below.

Acquisition of C3 Innovations

On 3 August 2020, United Lifestyle Group Networks Pty Ltd (ULGN) acquired the assets and database of C3 Innovations Pty Ltd. C3 Innovations Pty Ltd is a specialised service provider of unified communications, and hosted and managed data solutions to companies. The acquisition allows the consolidated entity to achieve further efficiencies across its service provider business and will open up cross-selling opportunities.

The total consideration for the acquisition was \$505,000 consisting of a cash settlement of \$280,000 and 3,750,000 ordinary shares in Hubify Limited valued at \$225,000.

In accordance with accounting standards, the acquisition has been completed on a provisional basis and finalisation of the assessment of fair values of the identifiable assets and liabilities acquired may result in adjustments to the amounts in the table below.

Acquisition of Red Telecom

On 30 September 2020, United Lifestyle Group Networks Pty Ltd (ULGN) acquired 100% of the business and assets of Red Telecom Pty Ltd. Red Telecom Pty Ltd provides voice and data services to 500 small to medium businesses across Australia. The acquisition allows the consolidated entity to achieve further efficiencies across its service provider business and will open up cross-selling opportunities.

The total consideration for the acquisition was a cash payment of \$470,000.

In accordance with accounting standards, the acquisition has been completed on a provisional basis and finalisation of the assessment of fair values of the identifiable assets and liabilities acquired may result in adjustments to the amounts in the table below.

Hubify Limited
(Formerly known as United Networks Limited)
Notes to the financial statements
31 December 2020

Note 20. Business combinations (continued)

Details of the acquisitions are as follows:

	Ripe Fair value \$	C3 Innovations Fair value \$	Red Telecom Fair value \$	Total \$
Customer lists	150,000	505,000	470,000	1,125,000
Net assets acquired	150,000	505,000	470,000	1,125,000
Goodwill	-	-	-	-
Acquisition-date fair value of the total consideration transferred	150,000	505,000	470,000	1,125,000
Representing:				
Cash paid or payable to vendor	150,000	280,000	470,000	900,000
Hubify Limited shares issued to vendor	-	225,000	-	225,000
	150,000	505,000	470,000	1,125,000
Cash used to acquire business, net of cash acquired:				
Acquisition-date fair value of the total consideration transferred	150,000	505,000	470,000	1,125,000
Less: shares issued by company as part of consideration	-	(225,000)	-	(225,000)
Net cash used	150,000	280,000	470,000	900,000

Summary of acquisition - finalisation of provisional accounting

On 4 December 2019, Hubify Limited acquired 100% of the ordinary shares of Hubify Communications Pty Ltd (formerly Symmetry Networks Pty Ltd) for the total fair value consideration transferred of \$300,000.

For 30 June 2020, this business combination had initially been accounted for on a provisional basis in accordance with AASB 3 *Business combinations*. Therefore the fair value of assets acquired and liabilities assumed were initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and therefore may have an impact on the assets and liabilities, depreciation and amortisation reported.

The consolidated entity has finalised the accounting for this business combination and in doing so has now recognised a customer list intangible asset and reduced the goodwill by the same amount. As noted above the finalisation accounting is retrospective and therefore the adjustment impacts the statement of financial position at 30 June 2020. This adjustment had no impact on the 31 December 2019 statement of profit or loss and other comprehensive income.

Details of the fair value of the net assets acquired as recorded on a provisional basis and the final position as impacting the fair value of net assets acquired as at 30 June 2020, are as follows:

	Provisional fair value \$	Movement \$	Final fair value \$
Customer list	-	300,000	300,000
Goodwill	300,000	(300,000)	-
Net assets acquired	300,000	-	300,000

Hubify Limited
(Formerly known as United Networks Limited)
Notes to the financial statements
31 December 2020

Note 21. Interests in subsidiaries

Hubify Limited is the legal parent entity of the group and Broadland Solutions Pty Limited is the accounting parent entity.

Legal subsidiaries: Name of entity	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2020 %	30 June 2020 %
United Lifestyle Group Networks Pty Limited	Australia	100%	100%
United Global Sim Limited	Hong Kong	100%	-
Broadland Victoria Pty Limited	Australia	100%	100%
Broadland Solutions Pty Limited	Australia	100%	100%
Hubify Communications Pty Limited (formerly Vokal Pty Limited)	Australia	100%	100%

Note 22. Events after the reporting period

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 23. Earnings per share

	Consolidated	
	31 Dec 2020 \$	31 Dec 2019 \$
Profit after income tax attributable to the owners of Hubify Limited	651,564	2,006,513
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	427,162,120	302,981,031
Weighted average number of ordinary shares used in calculating diluted earnings per share	427,162,120	302,981,031
	Cents	Cents
Basic earnings per share	0.15	0.66
Diluted earnings per share	0.15	0.66

Hubify Limited
(Formerly known as United Networks Limited)
Directors' declaration
31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Victor Tsaccounis
Director

12 February 2021
Sydney

HUBIFY LIMITED INDEPENDENT REVIEWER'S REPORT

To the members of Hubify Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year consolidated financial report of Hubify Limited, which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity (or "Group") comprising Hubify Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2020 and 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*. As the auditor of Hubify Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



HUBIFY LIMITED
INDEPENDENT REVIEWER'S REPORT

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Hubify Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hubify Limited is not in accordance with the *Corporations Act 2001* including:

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

Rothsay Chartered Accountants

Frank Vrachas

Partner

Sydney, 12 February 2021