ASX Release: Hubify (HFY)
30 August 2022

Hubify FY22 Results – Revenue up 36.3%, recurring revenue up 49.6%

- **Customer revenues[1] of $23.8m, up 36.3% on previous corresponding period (pcp) with 33.6% organic growth**
- **Overall group Gross margin improved to 70.7%**
- **Recurring Revenue of $16.8m, up 49.6% on pcp, which now represents 68% of Total Revenue**
- **Annualised Recurring Revenue (June 2022 exit run rate) of $17.7m, up 27.4% on pcp**
- **Advanced pipeline of $3.6m in ARR of which $0.5m across 10 customers is signed to be delivered in FY23 (in addition $0.5m in ARR signed for deployment in FY24)**
- **Investment in IT services (MSP) capability with 50+ employees driving organic growth and taking total company headcount to over 140 people**
- **Positive Underlying EBITDA[2] of $1m, factoring in the MSP investment to accommodate a rapidly expanding customer base**

Hubify Limited (ASX:HFY) ("Hubify", or the "Company"), a leading provider of Telco and IT/ Managed Services to Australian businesses, today announced its financial results for the FY ended June 2022. Customer revenues grew by 36% to $23.8m with gross margins improving to 71%. Recurring revenues increased by 50% to $16.8m and now represent 68% of total revenue.

While revenue growth remains very strong, the positive Underlying EBITDA number of $1m factors in the Company's recent focus on organic growth in the managed services division, with additional capability and headcount added to support new enterprise customer contracts and the growing sales pipeline. Total organic revenue growth was 33.6% on the pcp, driven by continued growth across all divisions except for Mobility, which has faced a challenging environment within the small business area during the period.

In line with the Company's medium term growth strategy outlined over the past 12 months, the Managed Service business continues to grow strongly, with the expansion of Enterprise customer offerings in Business IT, Cloud services and IT infrastructure, fuelling a pipeline of telco voice and data opportunities for the Company. As noted at the 1H22 result, during the period additional costs were incurred associated with onboarding staff to support new customer contracts and the necessary building of expertise in the Enterprise managed services space, which were predominately the result of a full period attribution of costs from businesses acquired in prior periods. However, with the divisional cost base normalising post this result, and strong revenue growth in this division, as well as the accelerating sales pipeline looking into FY23 and beyond, we remain highly confident on this continuing to be a strong growth pillar for the Company going forward.

Notwithstanding an increasingly strong sales pipeline in all divisions (excluding Mobility), largely COVID related backlogs and industry-wide labour shortages also impacted revenue recognition during the period across several areas from the provisioning and billing of clients, sales calls to customer prospects, and new client on-boarding. In addition, the Company continued to support staff throughout difficult labour market conditions, even with reduced assistance from government, which, in addition to the above, impacted profitability during the period.

Outlook Commentary

Importantly, in summary, the Company remains confident in continuing its strong organic revenue growth trajectory and realising the operating leverage in the Hubify business model/strategy and accelerating earnings near term based on:

- Continued organic growth in key business units as well as additional cross-sell opportunities.
- A normalisation / flattening in the overall cost base following rapid expansion and investment during FY22 to establish a new key offering in the management services space; and
- A return to more normal operating conditions in the SMB/Enterprise space post COVID, thereby alleviating customer on-boarding backlogs as well as further increasing sales & marketing activities.

Hubify Limited CEO Victor Tsaccounis said:

"FY22 was a transformational year for the company with the establishment of our Managed Services practice. The successful integration of our new highly skilled technical and project management team supports our strategy to be the trusted partner across IT and Telco Solutions for Australian businesses

"Our investment in systems and product development will see new bundled products launched in Q2 FY23 that will further fulfil the needs of our customers at margins that deliver accretive earnings for the company. Whilst focusing on the development in capability of the organization to meet strong customer demand, we continue to work through our acquisition pipeline of Telco and MSP targets"

This announcement is authorised for release to the market by Hubify Chief Executive Officer, Victor Tsaccounis.

[1] Customer Revenue refers Revenue from contracts with customers
[2] EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation, interest, and tax. Underlying EBITDA excluded costs related to the integration and restructure from acquisitions and assignment of customer base.

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This update may contain forward-looking statements. Whilst Hubify Limited has no reason to believe that any such statements are either false, misleading or incorrect. It cannot and does not warrant or guarantee that through either the passage of time or actions beyond the control of Hubify Limited they will not become so. Investors are cautioned that any forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in any forward-looking statements made. Nothing contained in this presentation constitutes investment, legal, tax or other advice. This overview of Hubify Limited does not purport to be all inclusive or to contain all information which its recipients may require in order to make an informed assessment of the Company's prospects.

Any financial data pertaining to FY21 contained in this update are unaudited as at the date of this presentation.

HUBIFY

Hubify Limited - ASX : HFY

FY22 Results

30th August 2022

Victor Tsaccounis – CEO

Nick Fitzgerald – CFO

Providing Australian Business a one stop shop for their Telco and IT needs

Disclaimer – Earnings Disclosure

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Hubify Performance Highlights FY22

- ✓ Customer Revenue improved across managed services, internet & networks and voice divisions – up 36.3% to $23.8m
- ✓ Recurring Revenue has shown strong growth up 49.6% to $16.8m. now 68% of total revenue. June 2022 Annualised Recuring Revenue at $17.77m up 27.4%
- ✓ The company exited FY22 with an advanced pipeline of $3.6m in ARR of which $0.5m across 10 customers is signed to be delivered in FY23 (in additional $0.5m in ARR is signed for deployment in FY24).
- ✓ Solid Divisional Growth across Recurring Revenues with Internet & Networks up 14%, Voice up 3% and transformational growth in MSP contributing to over 1/3 of total company revenue.
- ✓ Gross Margin continues to improve to 70.7% up from 69.6% associated as Managed Services business becomes an increasing proportion of revenue
- ✓ Substantial investments were made in staff recruitment and systems consolidation related to the expansion of customer service capability to drive future accretive growth
- ✓ Underlying EBITDA [1] of $1.0m has been delivered notwithstanding investments in the deployment of headcount and systems consolidation within the MSP team
- ✓ Cash balances at $2.6M with positive underlying cashflow and debt free

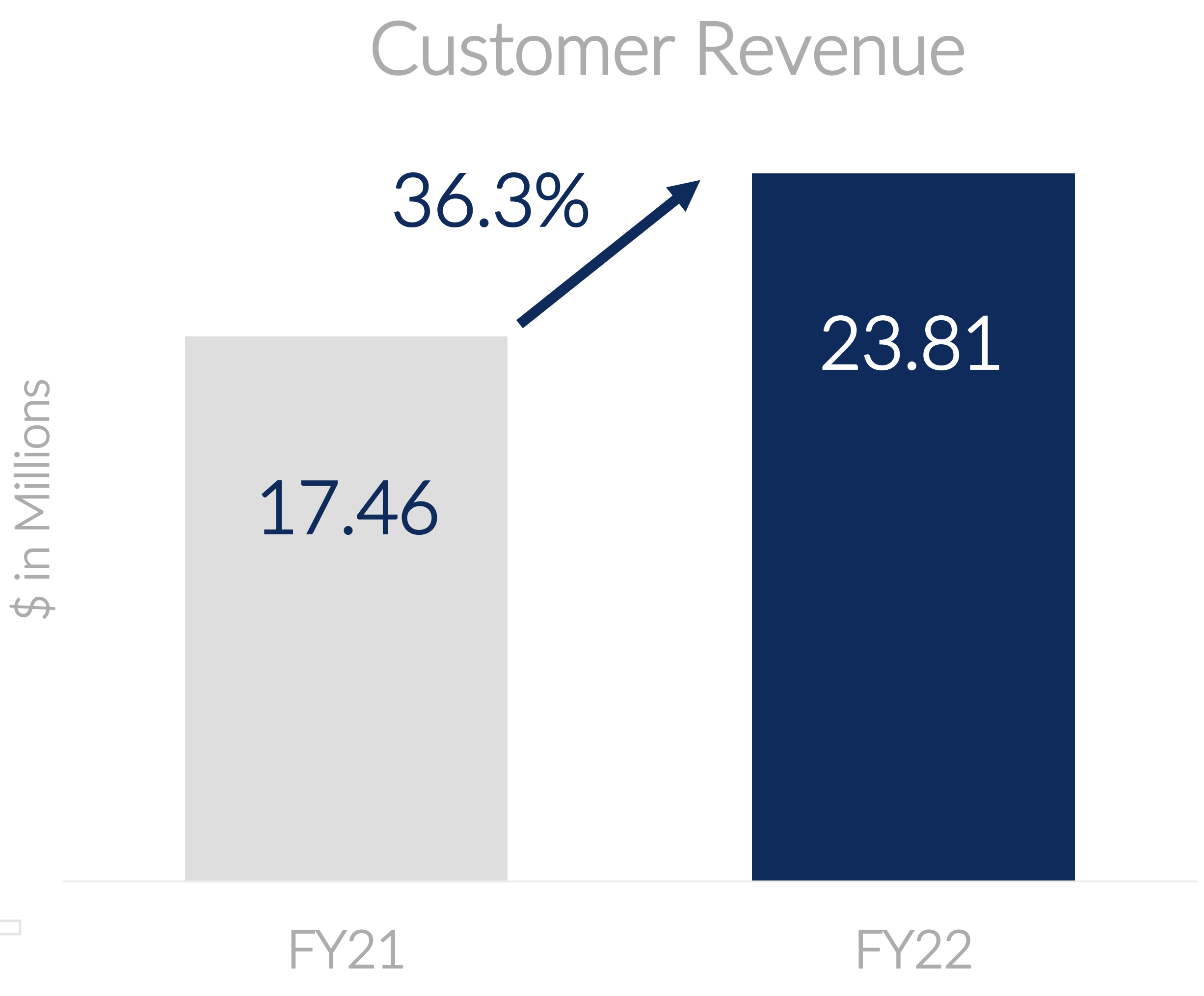
1 Underlying EBITDA excludes costs associated with the integration and restructure from acquisitions and assignment of customer base

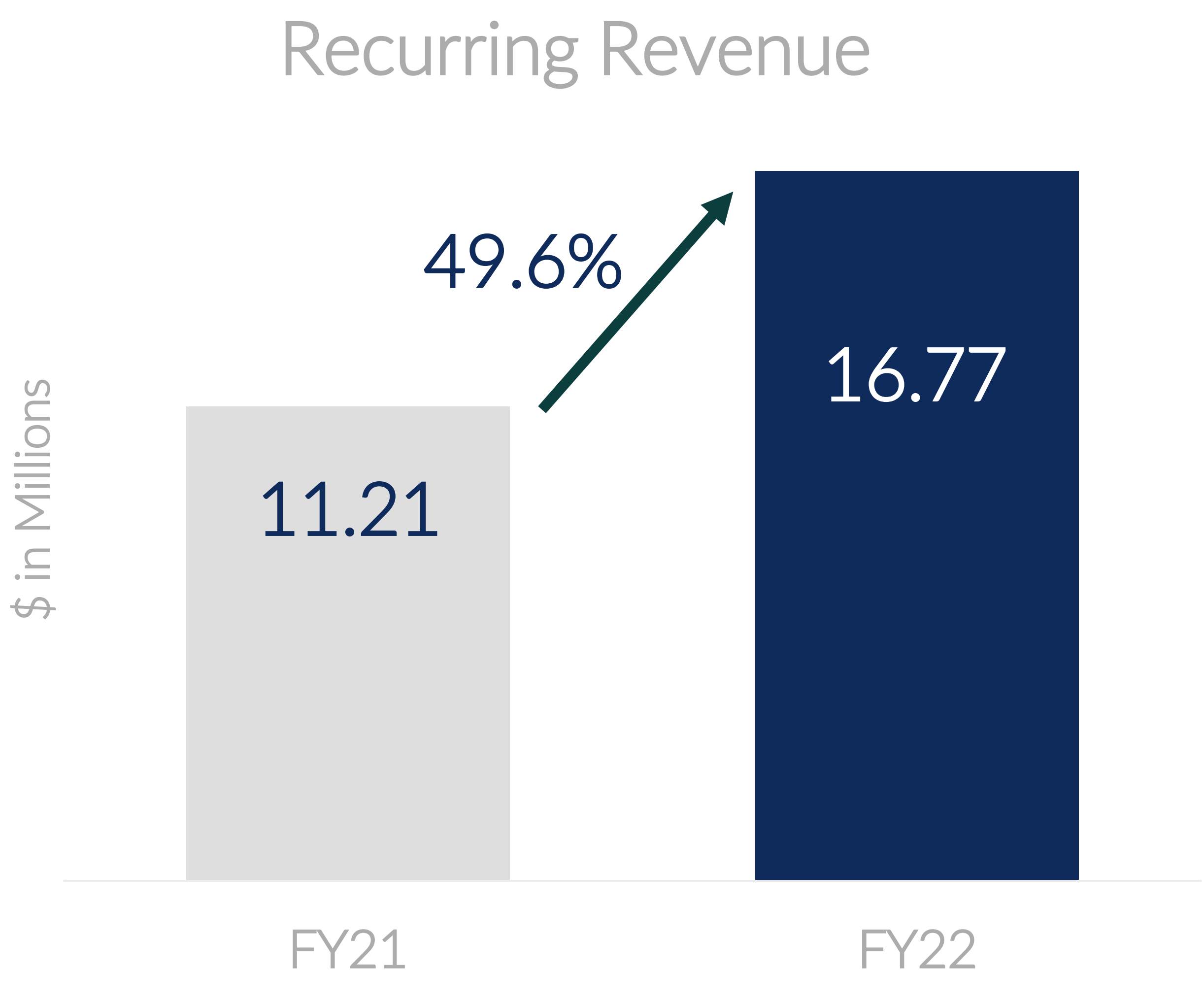
FY22 - Financial Performance

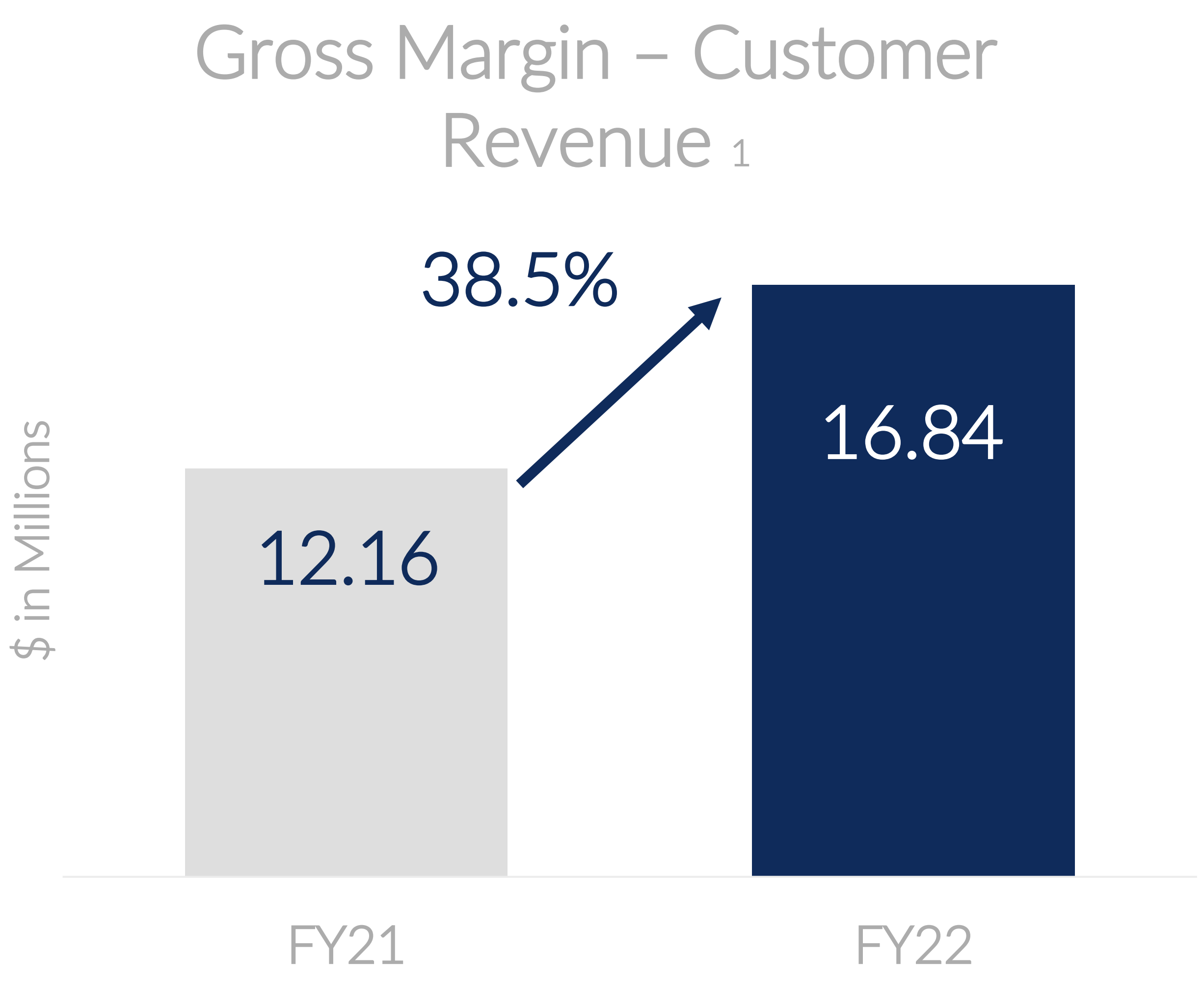
	FY22	FY21	Variance
Total Revenue	$24.61m	$18.76m	31.2% ⬆
Revenue from Customers	$23.80m	$17.46m	36.3% ⬆
Recurring Revenue	$16.77m	$11.21m	49.6% ⬆
Annualised Recurring Revenue (exit run rate)	$17.71m	$13.90m	27.4% ⬆
Recurring Revenue vs Total Revenue %	68.2%	59.8%	13.9% ⬆
Gross Margin on Revenue from Customers [1]	$16.84m	$12.16m	38.5% ⬆
Gross Margin on Revenue from Customers % [1]	70.7%	69.6%	1.5% ⬆
EBITDA	$0.34	$2.06m	(83.8)% ⬇
Underlying EBITDA [2]	$1.0m	$2.1m	(52.9)% ⬇
Profit After Tax	($1.93m)	$0.92m	(310)% ⬇
Cash & cash Equivalents [2]	$2.7m	$5.1m	(47.1)% ⬇

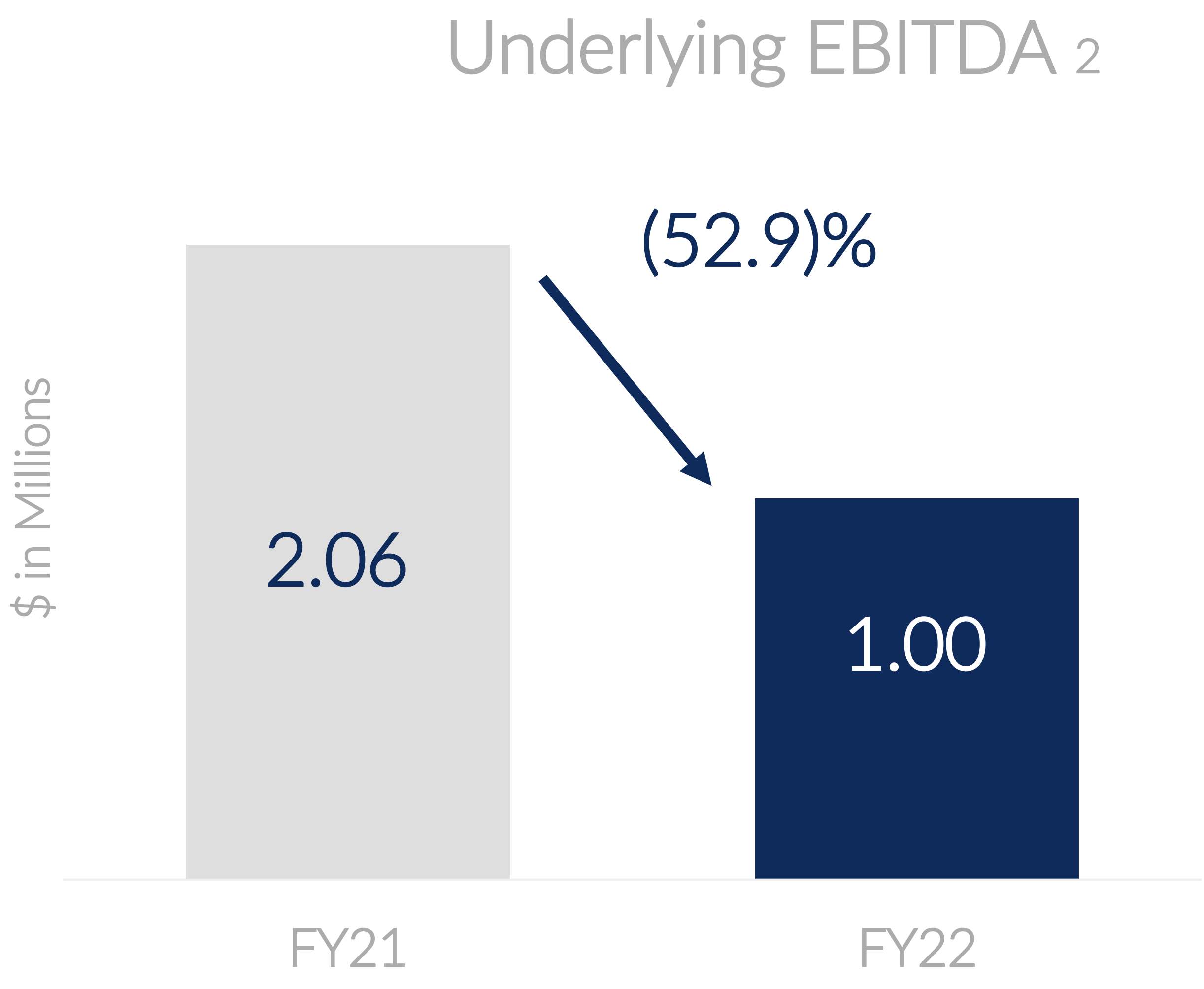
1 Gross Margin on Revenue from Customers is calculated as revenue from contracts with customers less cost of sales
2 Underlying EBITDA excludes costs associated with the integration and restructure from acquisitions and assignment of customer base
3 Hubify made no use of debt facilities in H122

Key Financial Indicators FY22









FY22 Highlights

- Revenue from Customers up 36.3% to $23.81m with 33.6% organic growth
- Recurring Revenue up 49.6% to $16.77m representing 68.2% of total revenue
- Gross Margin on Revenue from Customers up 38.5% largely driven by the additional MSP business
- Underlying EBITDA of $1.0m due to investment in MSP capability and additional headcount to support growth

1 Gross Margin on Customer Revenue is calculated as revenue from contracts with customers less cost of sales
2 Underlying EBITDA excludes costs associated with the integration and restructure from acquisitions and assignment of customer base

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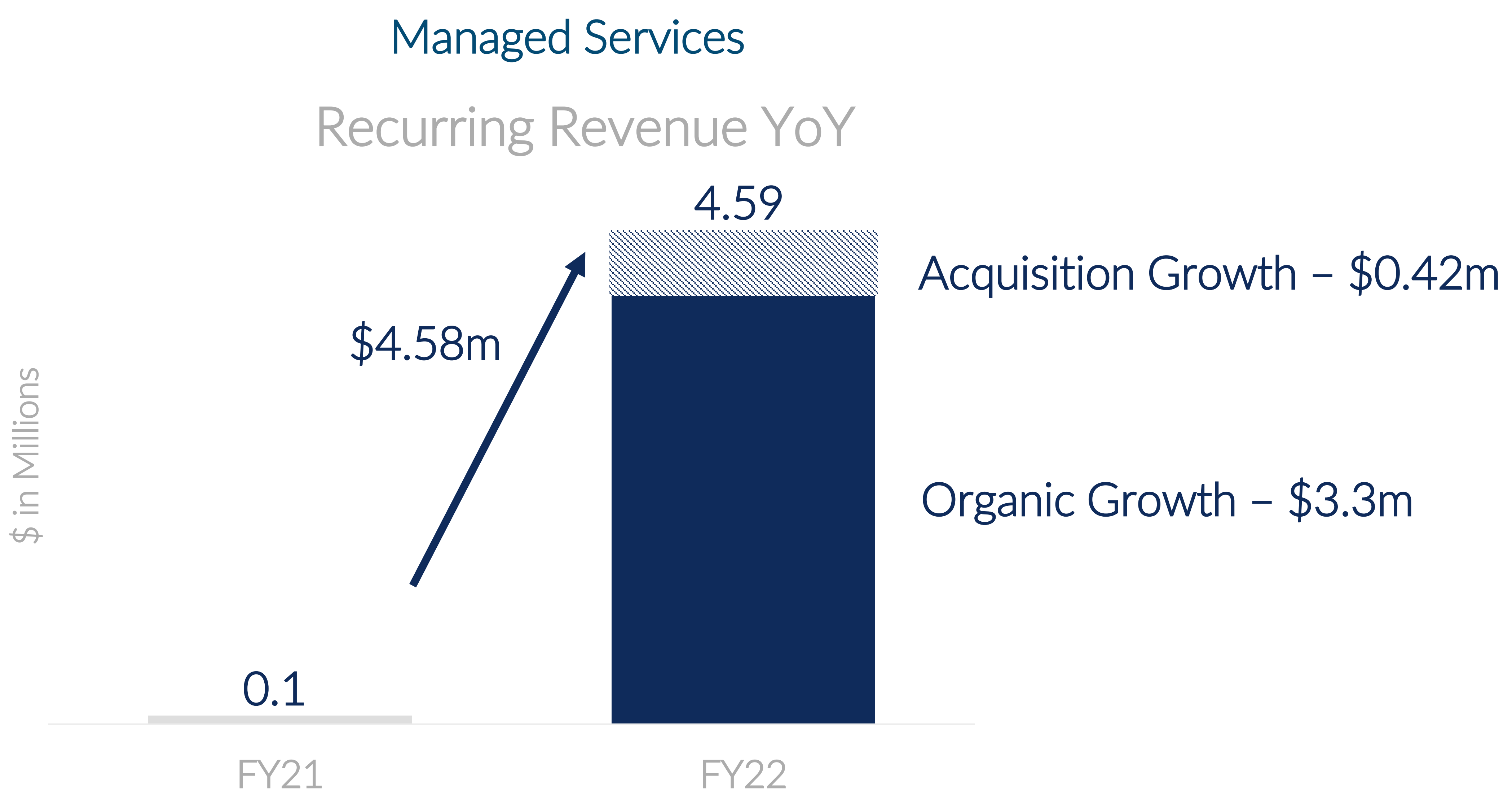
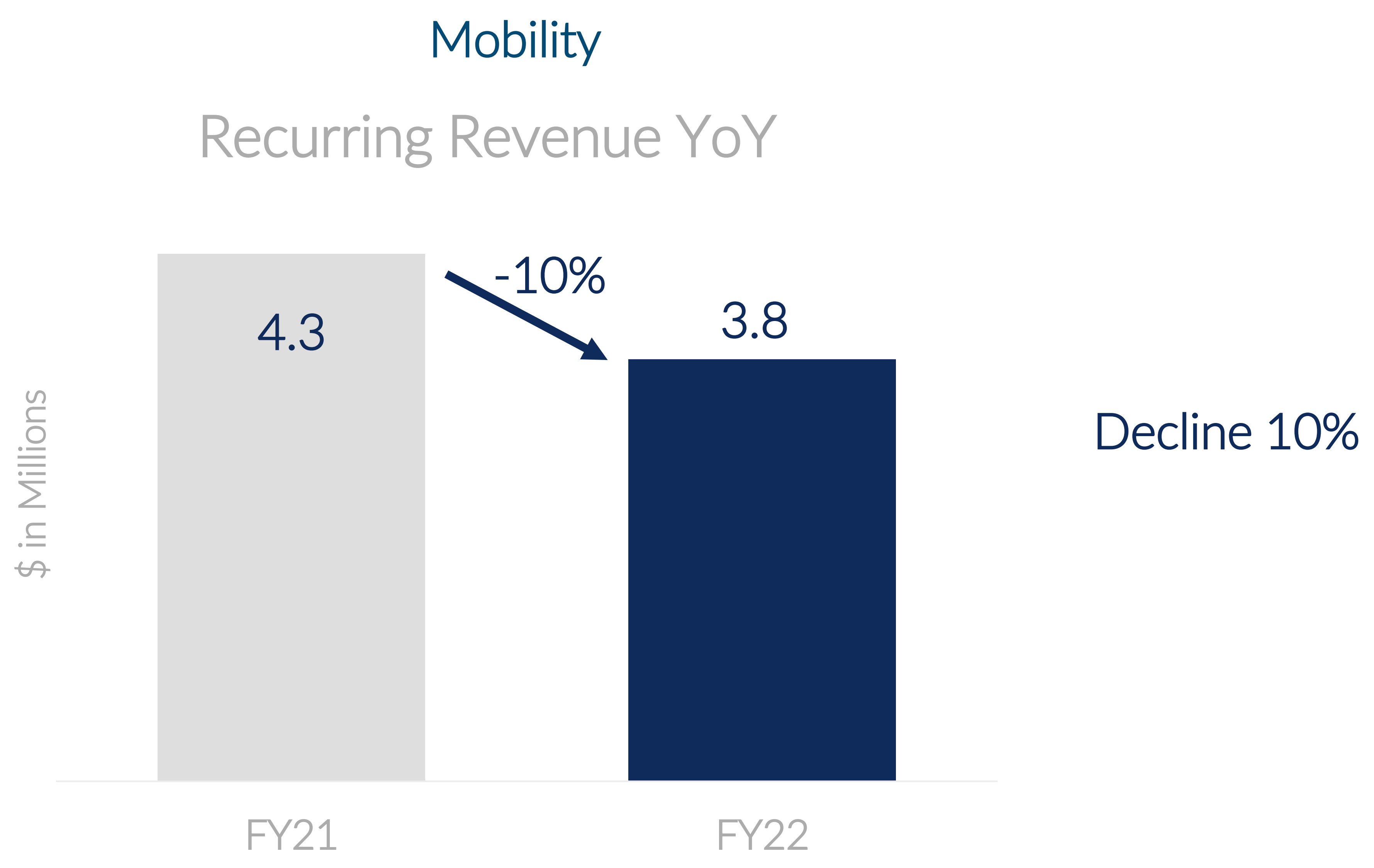
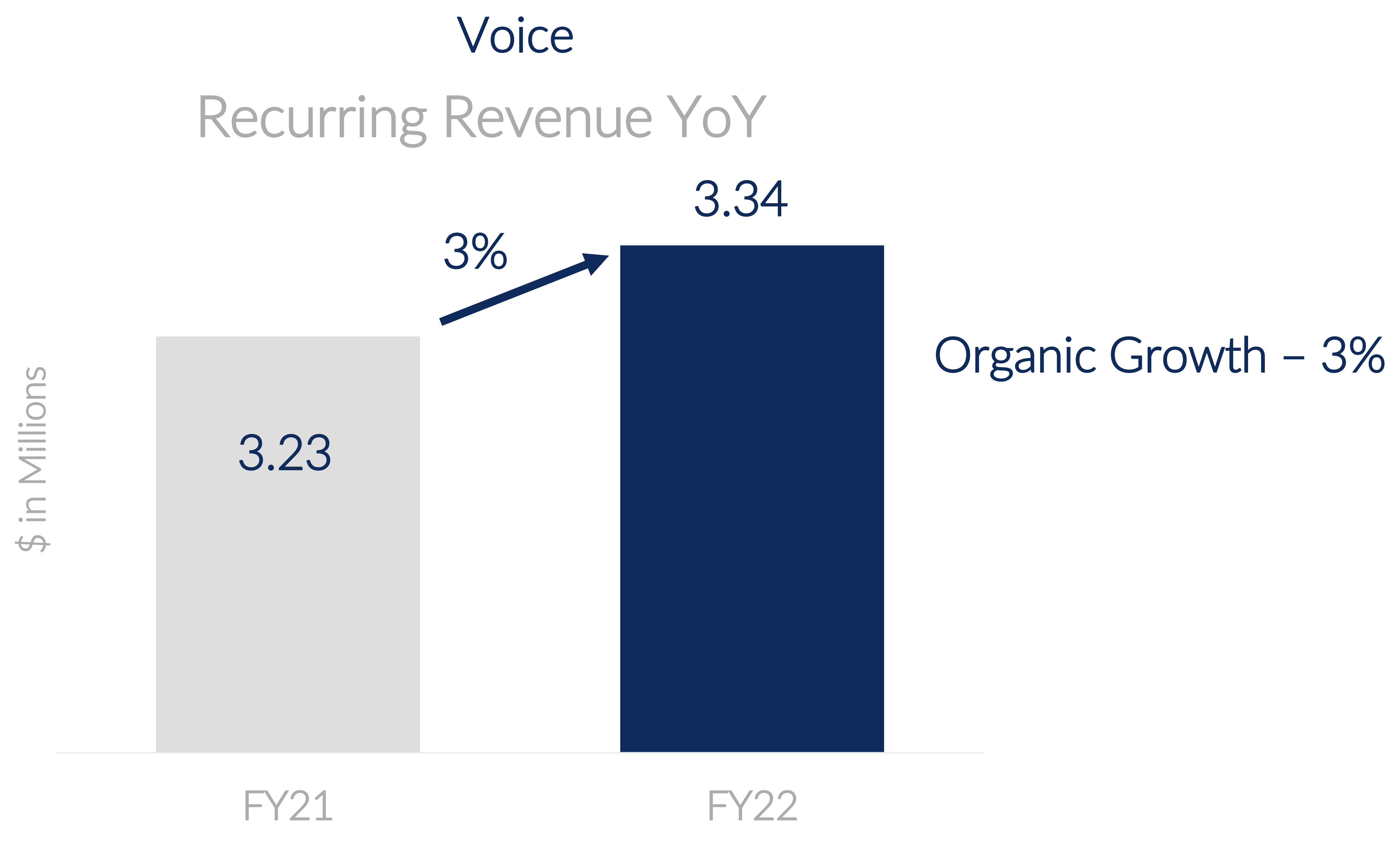
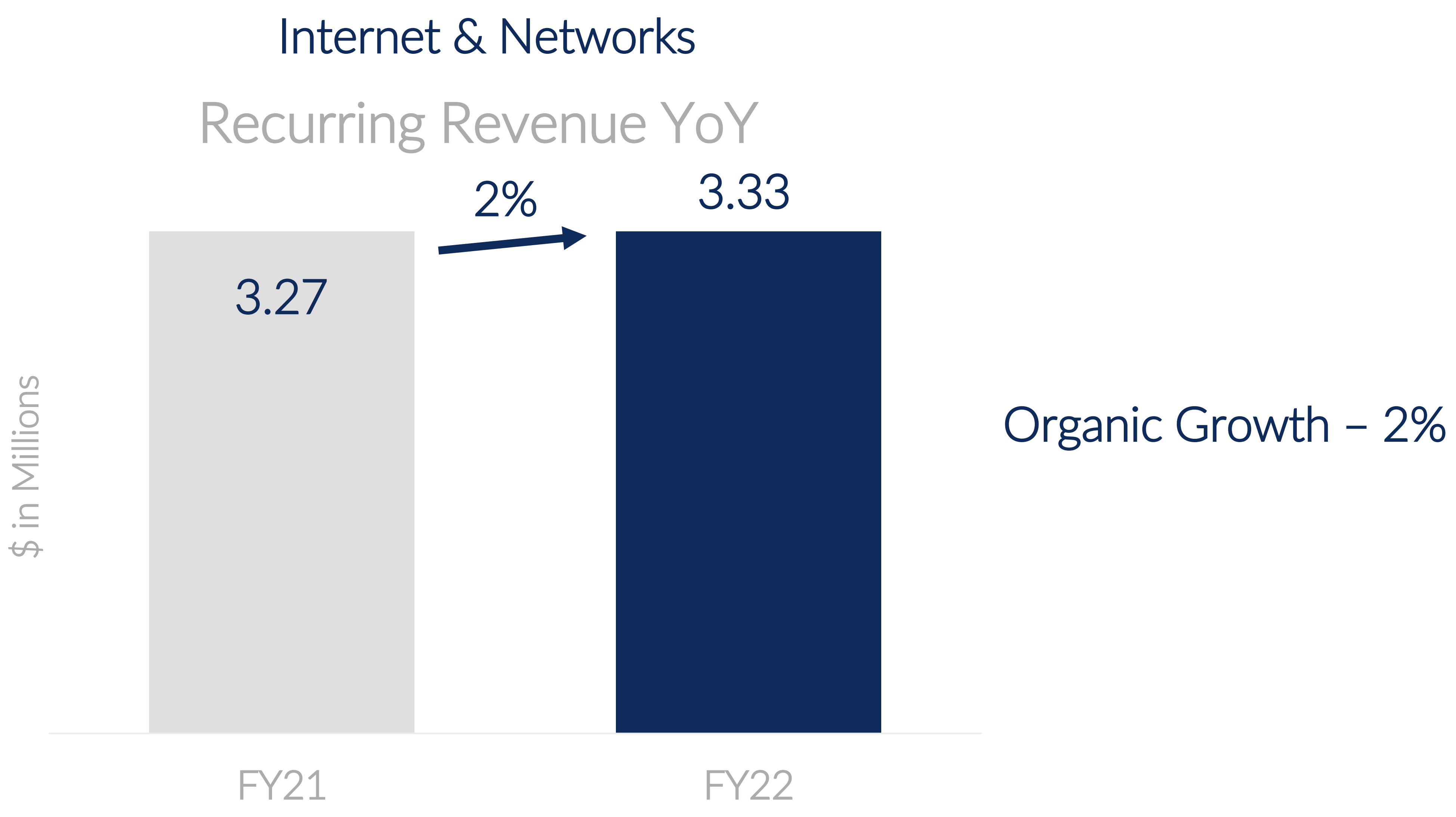
FY22 Divisional Performance

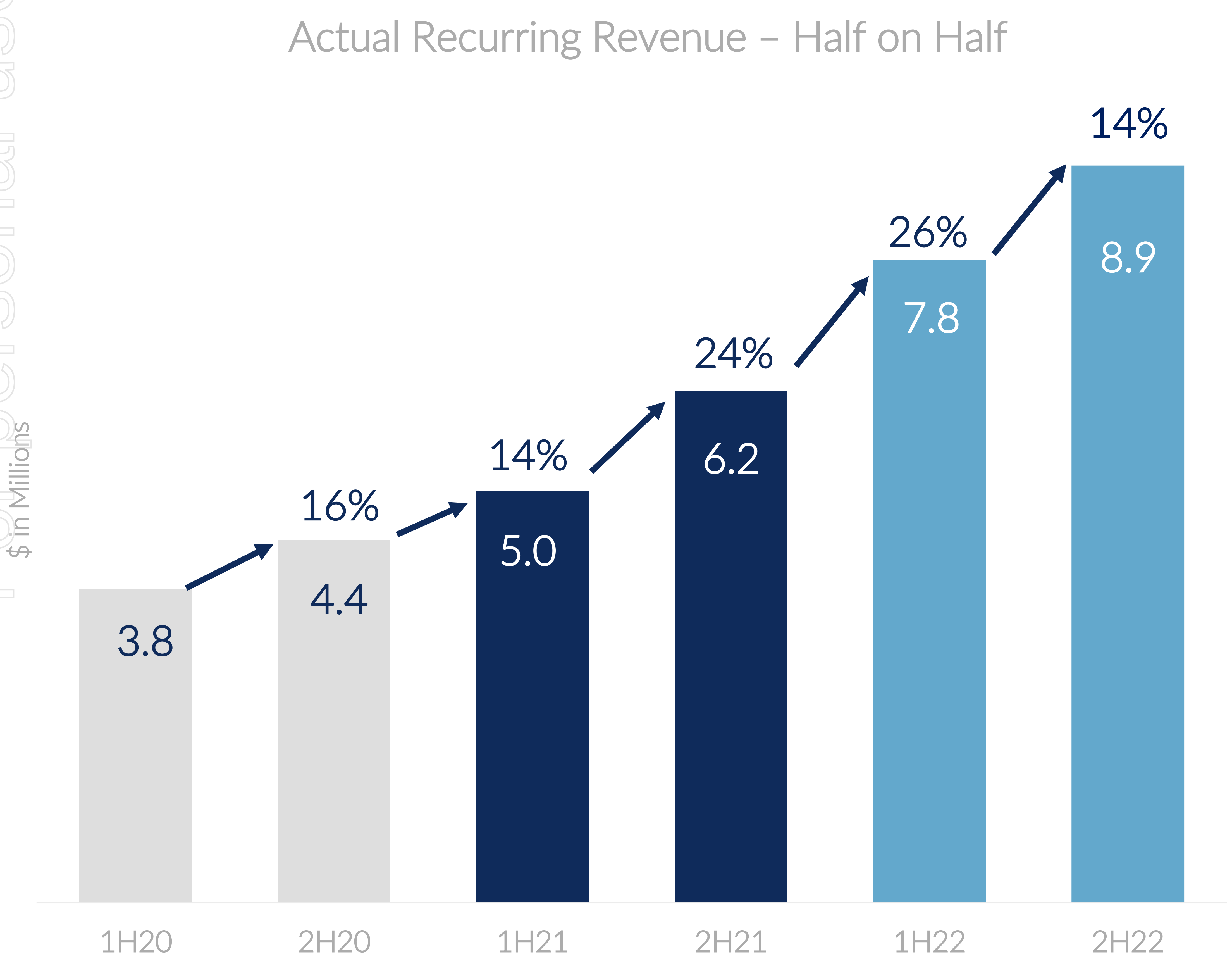


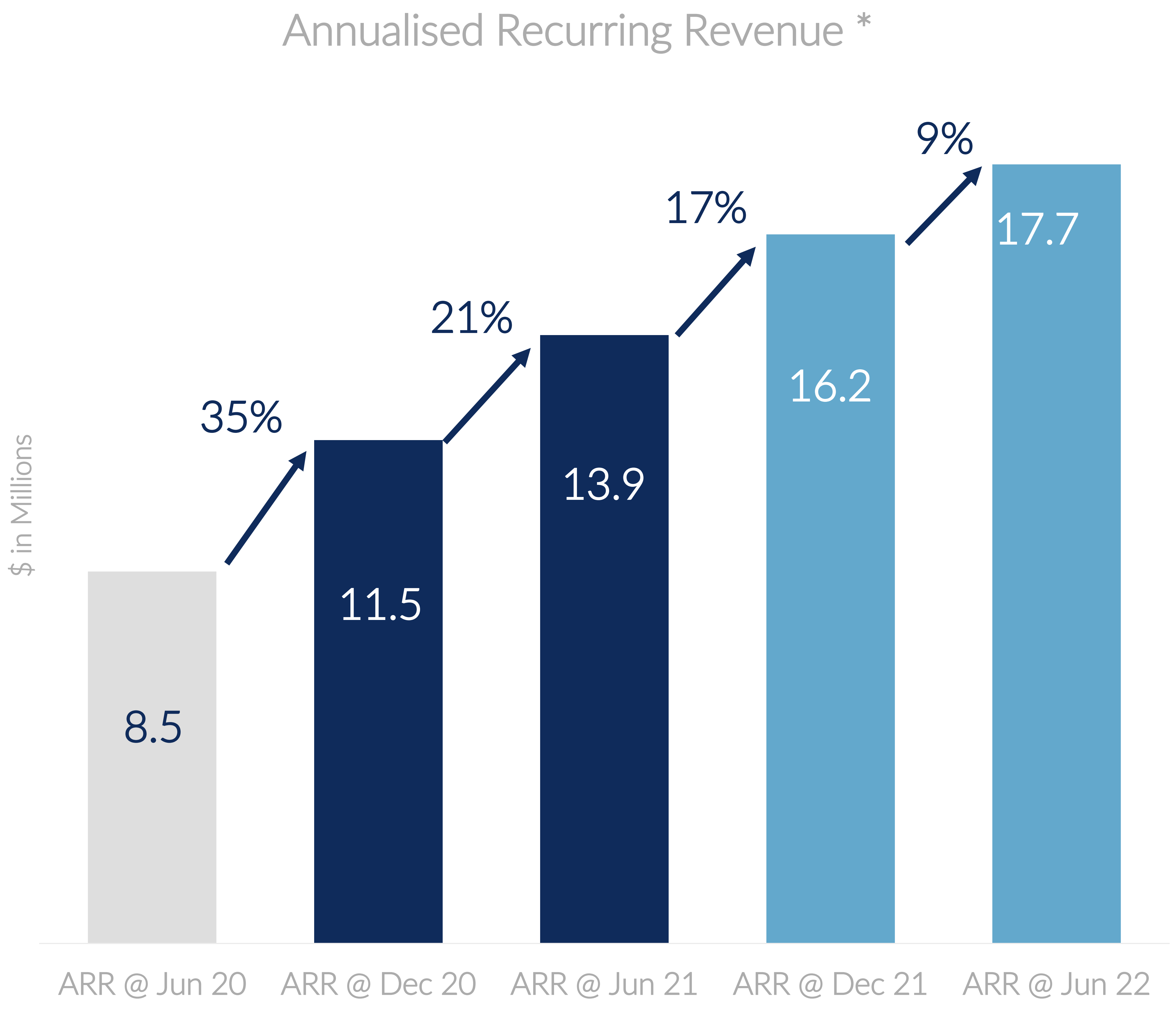






Recurring Revenue continues to Accelerate





* Exit Run Rate annualised at each period

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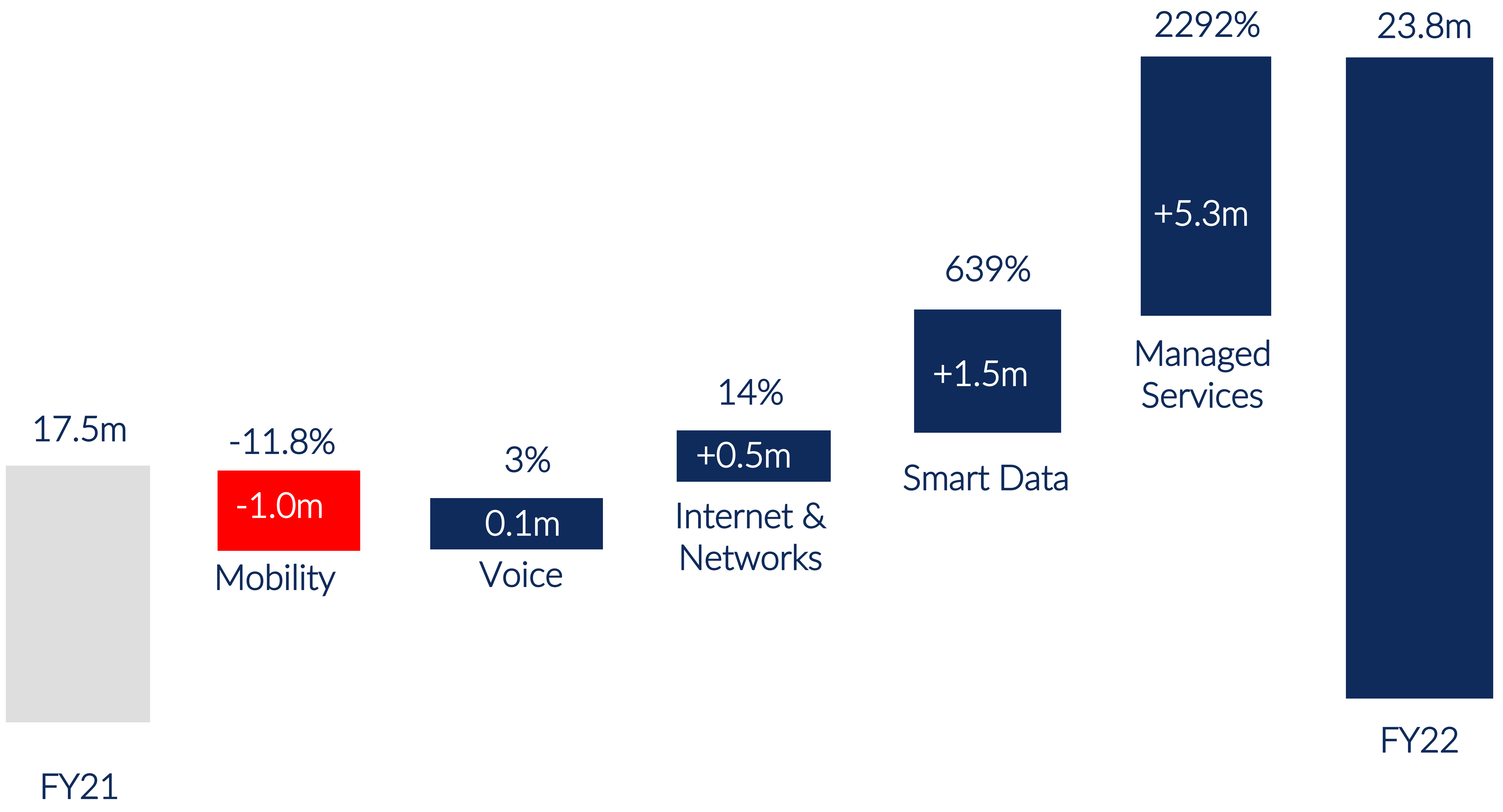
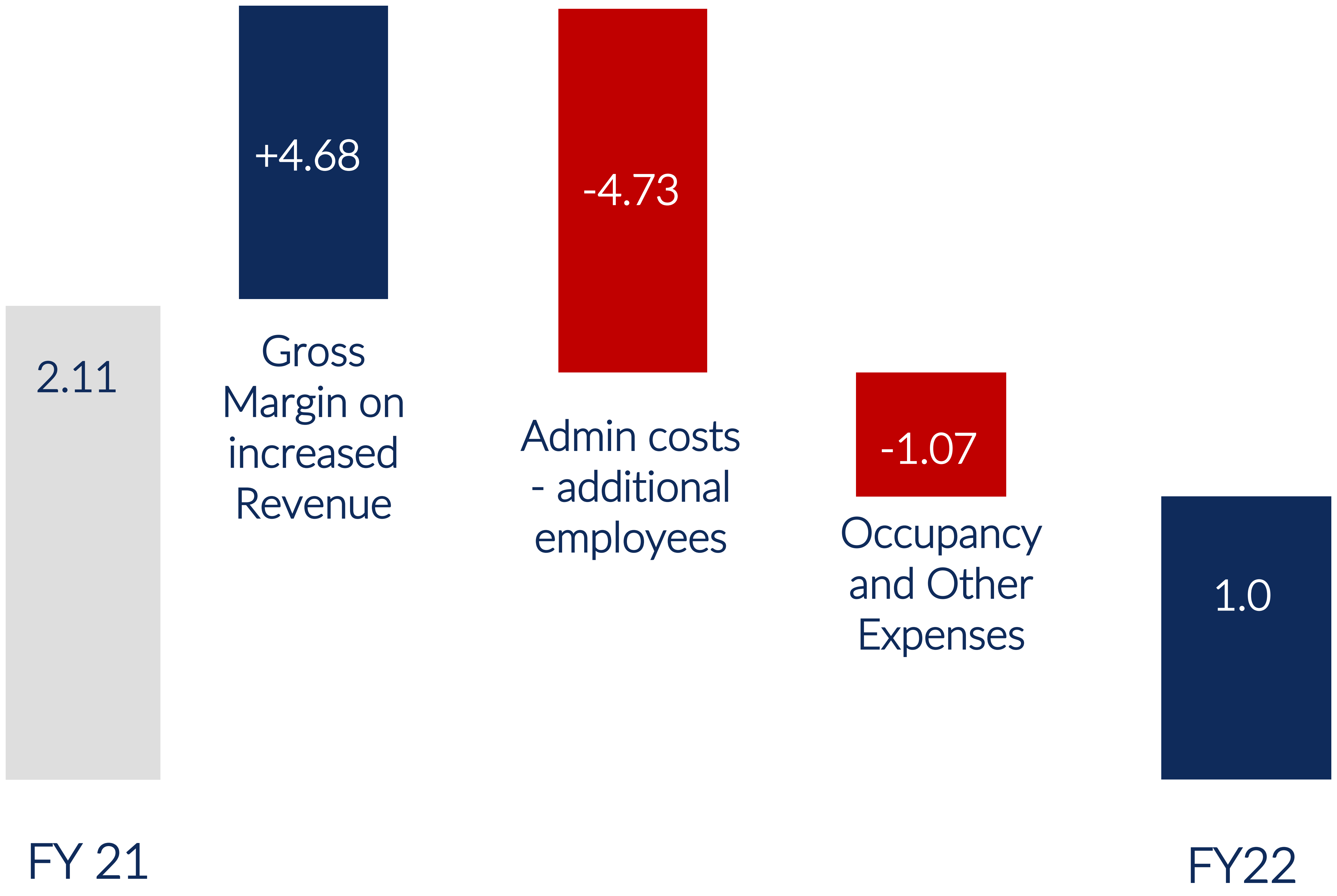
Revenue Waterfall FY22 vs. FY21

Continued organic growth across all divisions except for Mobility that has faced a challenging environment within the small business division



- MSP revenue growth following investments in business capability & assignment and retention of major customer contract
- Smart Data is the data and lead sourcing business acquired in FY21
- Voice and Internet & networks have continued organic growth despite COVID headwinds within the sales environment
- Mobility division challenges continue within small business customers with the opportunity to accelerate enterprise contracts

Underlying EBITDA [1] Waterfall FY22 vs. FY21



- Customer Revenue up 36.3% to $23.81m and associated gross margin up 38.5% to $16.84m. Total gross margin +$4.18m or 31.1%
- Admin costs +$4.73m in additional headcount and capability to manage growth to resource the expanding MSP business
- Additional Occupancy & associated employee expenses +$1.07m
- Acquisition Costs associated from the integration of MSP business are excluded and have been borne within existing resources
- EBITDA FY22 $1.0m is 52.1% down on FY21 due to investment in MSP capability and associated headcount to support growth

1 Underlying Earnings Before EBITDA excludes costs associated with the integration and restructure from acquisitions and assignment of customer base

FY23 Enterprise Customer Pipeline

Enterprise Customer Growth FY22/FY23

- ✓ 25 New MSP Enterprise Customers onboarded across FY22 contributing to Net Annualised Recurring revenues of $3.81m
- ✓ New contracts to the value of $0.5m of Enterprise ARR are signed to be delivered in FY23 across 10 customers
- ✓ An additional contract for $0.5m of Enterprise ARR is signed to be delivered in FY24
- ✓ A further developed pipeline of $3m in Enterprise contracts

New Customers in FY22

HammondCare
benevolent SOCIETY
Presbyterian church australia
Presbyterian Aged Care
AUSTCOR
integricare
CRANBROOK SCHOOL EST. 1918
Bisley WORKWEAR
MOVIGO GROUP
THOMPSON HEALTH CARE
JSG John Sample Group
Right2Drive

Managed Services

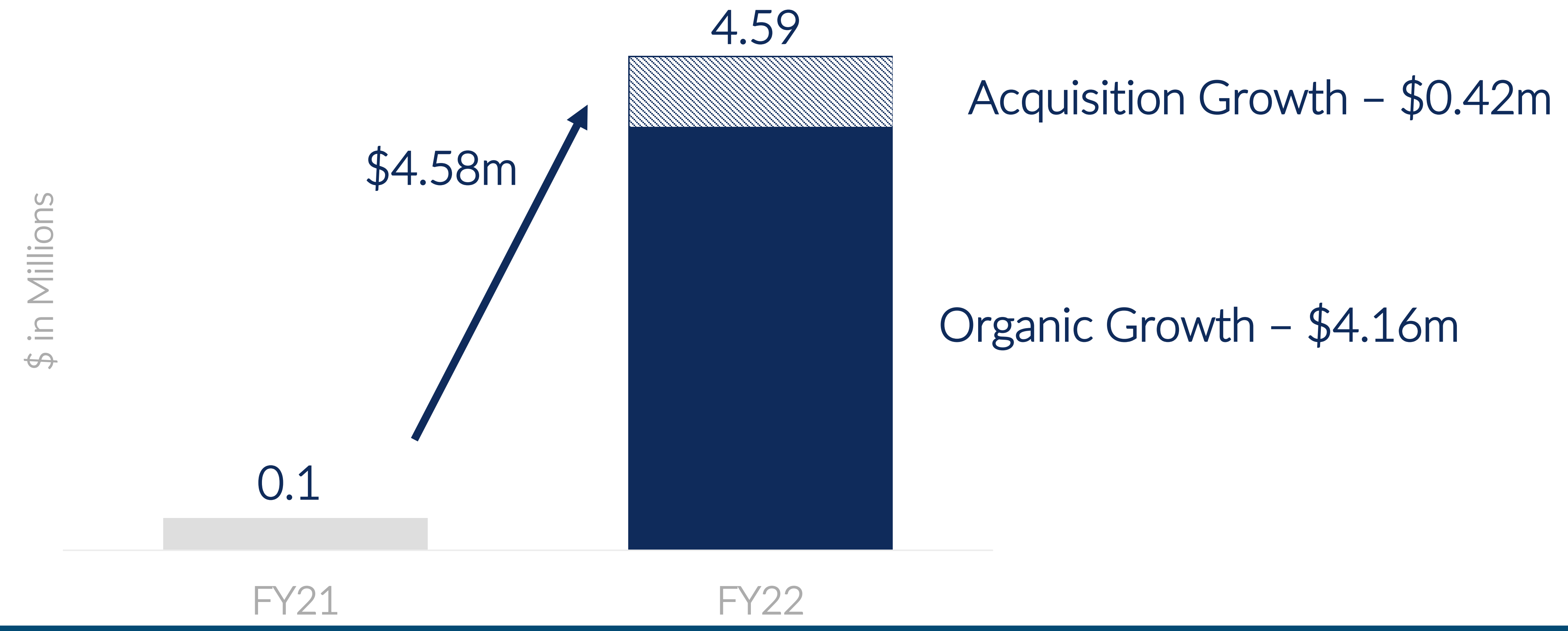
Continually managing technology environments

- ✓ Business IT
- ✓ IT infrastructure
- ✓ Communications
- ✓ Cloud

	FY22	FY21	Variance
Revenue	6.43	.23	2673% ↑
Recurring Revenue	4.59	.08	5554% ↑
Gross Margin [1]	62.2%	46.0%	

1 Gross Margin on MSP includes cost of sales on customer services, professional services and licencing

Recurring Revenue YoY



Managed Service Partners

Internet 2.0, Fortinet, Microsoft, Cisco

Hubify One

Delivering a single solution for SMB that manages their IT services from end point management to strategic direction at a fixed cost

From Quarterly Reporting to Mobile Device Management, Hubify One offers more than just a solution to your IT needs with Strategic Advisory and service delivered from industry experts.

HUBiFY ONE

Service Delivery Manager

24/7 Service Desk

Service Delivery Manager

Mobile Device Management

Quarterly Reporting

Strategic Advisory

Endpoint DR / Management

WiFi / Firewall Management

Modern Workplace

Annual Vulnerability Scan

Backup Office 365

IT Procurement

Domain & DNS Management

End-User Support

Desktop Patch Management

Desktop Anti-Virus

Mobility

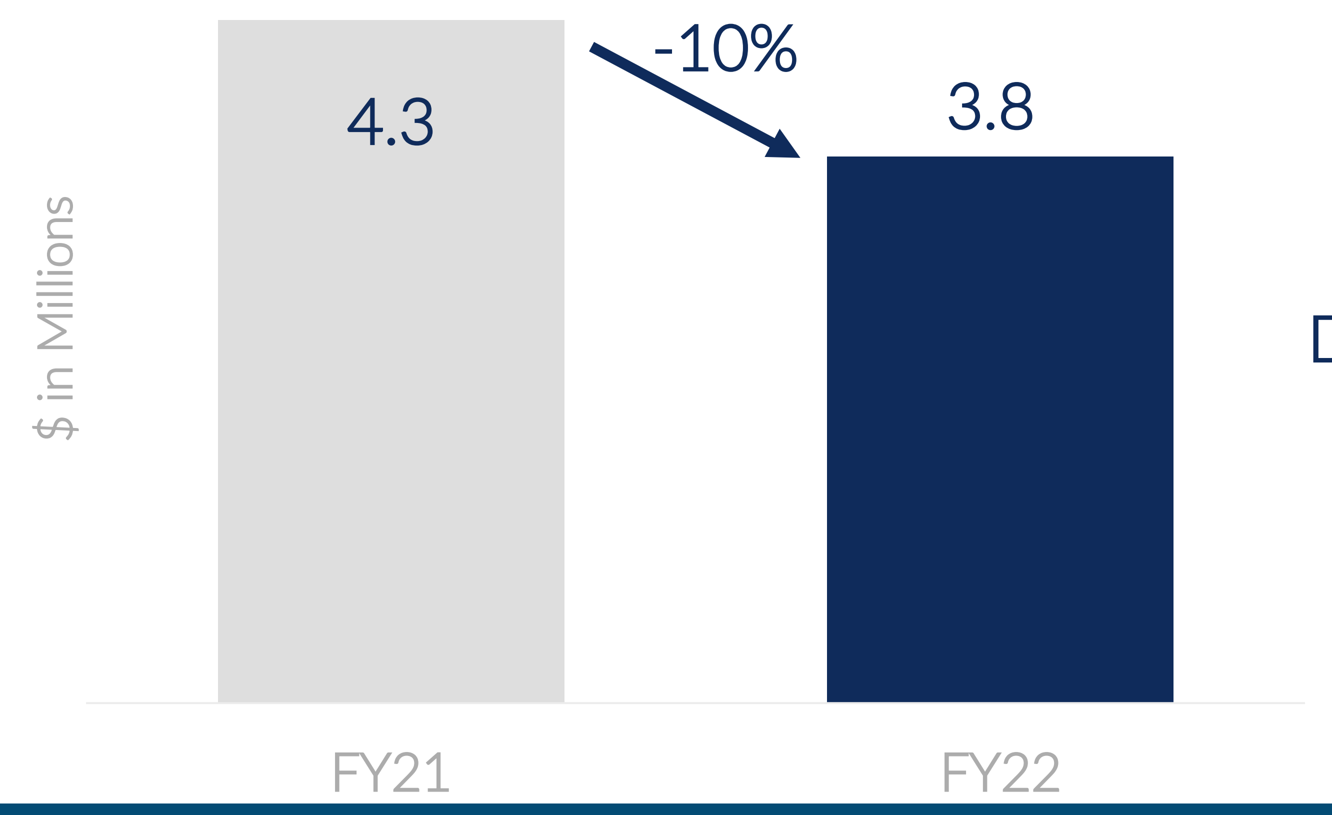
Mobile solutions for Australian Businesses

- ✓ Business Plans (Optus Network)
- ✓ Global SIM (Hubify Network)
- ✓ Mobile Device Management
- ✓ Machine to Machine
- ✓ IoT Solutions

	FY22	FY21	Variance
Revenue	7.88	8.92	-11.8% ⬇
Recurring Revenue	3.83	4.26	-10.1% ⬇
Gross Margin [1]	100%	97%	

1 Gross Margin on mobile include network charges held with the mobile provider. Selling & Commission costs supporting this business unit are included in Hubify administration costs

Recurring Revenue YoY



Decline - 10%

Mobility Partners

OPTUS yes

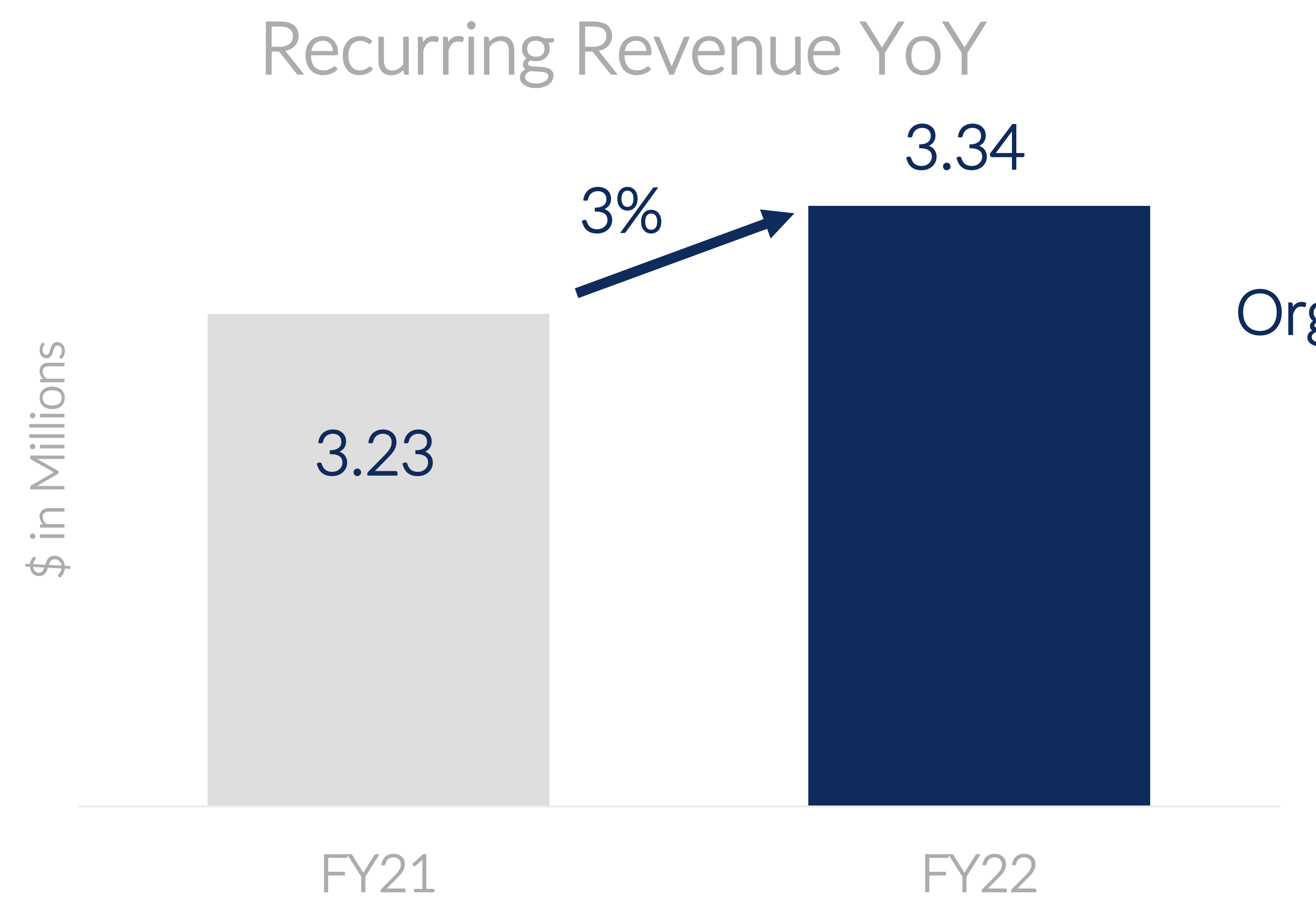
Voice

Cloud access for phone systems – enabling innovative features and functionality

- ✓ Hosted Voice
- ✓ Inbound
- ✓ Microsoft Teams
- ✓ SIP
- ✓ On Premise

	FY22	FY21	Variance
Revenue	**4.93**	**4.81**	**+3%** ⬆
Recurring Revenue	**3.34**	**3.23**	**3%** ⬆
Gross Margin [1]	**57%**	**43%** [2]	

1 Gross Margin the Voice business unit and is calculated on underlying revenue from contracts with customers less cost of sales
2 Gross Margin in FY21 was aggregated across the Voice, and Internet & Network business segments



Organic Growth – 3%

Voice Partners

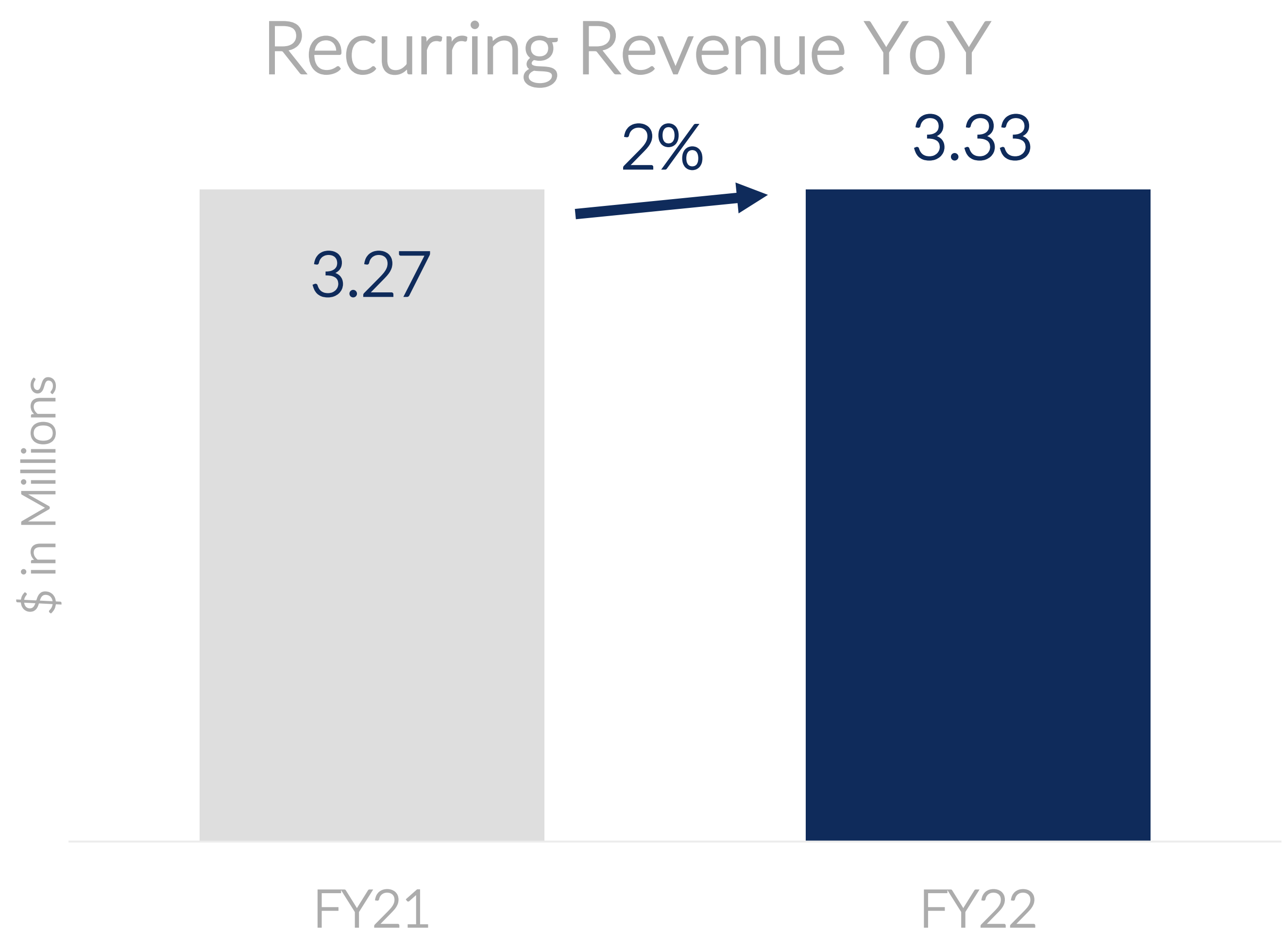
Internet & Networks

Offering reliable, high-speed Fibre and NBN solutions to business

- ✓ NBN Enterprise
- ✓ Fibre
- ✓ Managed Routers
- ✓ WiFi solutions

	FY22	FY21	Variance
Revenue	3.7	3.27	14.3% ⬆
Recurring Revenue	3.33	3.27	1.8% ⬆
Gross Margin [1]	26%	43% [2]	

1 Gross Margin is the internet networks business unit and is calculated on underlying revenue from contracts with customers less cost of sales
2 Gross Margin in FY21 was aggregated across the Voice, and Internet & Network business segments



Organic Growth – 2%

Internet & Networks Partners

AAPT symbio
VOCUS OPTUS yes

FY22 Performance Summary

- ✓ FY22 performance was transformational for the business with the growth and retention of MSP customers delivering customer revenue growth of 36.3% to $23.8m
- ✓ Continued organic growth across all divisions (except Mobility) with 33.6% organic growth
- ✓ Advanced pipeline of over $4m in ARR with $1m signed
- ✓ The company has experienced rapid expansion in FY22 with expectations that costs will normalise during FY23
- ✓ The company has been focused on customer retention and growth whilst developing and consolidating systems to leverage the MSP investments and drive accretive earnings
- ✓ Cash reserves remain strong at $2.6m and zero debt with positive underlying cashflow
- ✓ Continuing to develop organizational capability across business systems and processes that enhance the capacity of our people to perform develop for scale

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