

26th February 2024

Hubify (ASX:HFY) 1H FY23 Results

Managed Services Revenue Up 30% Post Divestment in Mobility

Hubify Limited (ASX:HFY) ("Hubify", or the "Company"), a leading provider of ICT Managed Services and Cyber Security to Australian businesses, today announced its financial results for the half year to December 2023.

- **Managed Services Revenue up 30% on pcp, 25% representing clients in the NDIS and NFP industries.**
- **Managed Services Recurring Revenue of 81% up 19% on pcp**
- **\$3.5m reduction in annualised salary and wages effective February 1st, 2024, compared to 1H FY24**
- **Re-Launch of Global E-Sim product in December 2023**
- **Connected Intelligence Acquisition settled with share consideration of \$0.45m to be issued at \$0.03 per share.**

The Company is pleased to advise that in line with its strategy to grow contracted managed services revenue, 30% growth was achieved in the Managed Services Division. Managed services Recurring Revenue also continued to improve and was 81% up 19% on the pcp.

The Company's cash position at the end of the period was \$3.2m with no bank debt, after the remittance of \$0.7m representing the final cash amount payable to the vendor of Connected Intelligence, a business that was acquired in 2022. The non-cash consideration of \$0.45m on this transaction will be issued in HFY shares at **\$0.03 per share** as per a recently agreed deed of settlement.

Operating performance was impacted by knock on effects on the Optus brand due to the Optus Network Outage in November 2023, with revenue impacts in the Mobility and Smart Data divisions. This segment has now stabilised, and the Company has since reduced administration costs and exposure to this market segment.

Based on a February 2024 run rate, annualised salary and wages costs are now \$7.62m, reflecting a \$3.5m decrease on the annualised salary and wages costs within the half to December 31, 2023, a significant saving for the Company to take into 2H FY24.

Overall customer revenues of \$10.17m reflect:

- Growth in Managed Services
- Planned divestment/exit from the Optus Small Business Program in April 2023
- The major Optus network outage on November 8, 2023, which impacted both the Mobility and Smart Data Divisions.

The Company was pleased to re-launch its Global e-sim (travel sim product) during the period with marketing commencing to its established customer base in 2H FY24.

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Outlook Commentary

The Company's Managed Service Division continues to grow strongly as the major pillar of the business, with the expansion of Enterprise customer offerings in Business IT, Cloud services, IT Infrastructure and more recently the launch of Cybify.

The company continues to leverage its experience in providing solutions to the NDIS sector and in specialist security projects within Retail & Warehousing.

The Company's enhanced product offerings along with sales and marketing efforts are driving a growing pipeline of new clients within these industries which will improve annual recurring revenue in the company's Managed Services and Cyber Security divisions.

With the recent reductions in administration costs and reduced reliance on the Optus partnership, the Company's underlying cashflow will remain stable during H2 FY24.

Hubify Limited CEO (Chief Executive Officer) Victor Tsaccounis said:

"These half-yearly results reinforce the Company's strategy to control its own destiny by focusing on Managed Services, with reseller carriage services acting more as an enabler and a value-added service. Historically, the Company's Mobility Division has performed well, but for the Company to scale and reach its growth potential the focus has shifted to Managed Services. All efforts from the Company's management and staff are centred around delivering double digit organic growth and double-digit net profit in our Managed Services and Cyber Security Divisions, targets that are well within reach.

The closing cash position with no bank debt sees the company in a great position to continue investing in capability to execute on its organic growth goals and to explore accretive acquisition opportunities in what is a fragmented market.

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

For further details please contact:

Victor Tsaccounis CEO

Email: vtsaccounis@hubify.com.au

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About Hubify

Hubify Limited (ASX:HFY) ("Hubify", or the "Company"), is a leading provider of Telco, IT Technology & Managed Services to Australian businesses. Our customers are organisations with 10 to 1,000 employees who value personalised service, reliability and forward-thinking solutions that allow them to focus on their core business.

Cybyfy by Hubify provides cybersecurity solutions for SMEs and its suit of products includes;

- Backup & Disaster Recovery
- Cybersecurity Audits
- Cyber Governance
- Proactive Cybersecurity defence
- Security Event Management
- Penetration testing

In addition to the suite of Cyber products, Hubify offers to a wide range of industries a targeted suite of products and service solutions;

- Business IT
- Professional services
- NBN Enterprise
- Hosted Voice
- Machine to Machine (IoT)
- SIP & On-Premises
- IT Infrastructure
- Unified Communications
- Fibre & Managed Wifi
- Workspace & End User computing
- Global SIM
- Mobility Device Management

Solutions for our target market include products such as Hubify One, a single IT services solution for SME from end point management to strategic direction at one fixed cost. Hubify provides Australian businesses a one stop shop for all their Telco & IT needs.

Follow our developments through our website and social media channels



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 to make an informed assessment of the Company's prospects.



Hubify 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 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

	31 Dec 2023	31 Dec 2022	Change	Change
	\$	\$	\$	%
Revenue from ordinary activities	10,169,675	11,848,940	(1,679,265)	(14%)
Revenue from contracts with customers	10,169,675	11,848,940	(1,679,265)	(14%)
Earnings Before Interest and Tax (EBIT)	(2,854,528)	(546,132)	(2,308,396)	423%
Loss before income tax	(2,875,563)	(554,136)	(2,321,427)	419%
Loss for the year attributable to the members of Hubify Limited	(2,281,478)	(1,259,990)	(1,021,488)	81%
Cash and cash equivalents	3,192,091	2,578,786	613,305	24%
Net Tangible Assets per ordinary security	0.62 cents	0.32 cents	0.3 cents	94.7%

Comments

HFY incurred a loss before income tax of \$2.9m and an EBITDA of (\$2.0m) for 31 December 2023 half-year. This loss was generated on revenue of \$10.2m, a 14% decrease compared to the prior half-year. The final cash position at the end of the half-year was \$3.2m.

	31 Dec 2023	31 Dec 2022
	\$	\$
<i>Reconciliation of loss before income tax to adjusted EBITDA (unaudited):</i>		
Loss before income tax	(2,875,563)	(554,136)
Finance costs	58,163	11,127
Interest revenue	(37,128)	(3,123)
Depreciation	193,200	213,158
Amortisation	650,133	714,971
EBITDA	<u>(2,011,195)</u>	<u>381,997</u>

EBITDA is a non-IFRS earnings measure which does not have any standardised meaning prescribed by IFRS and therefore may not be comparable to EBITDA presented by other companies. This measure, which is unaudited, is important to management as an additional way to evaluate the consolidated entity's performance.

3. Net tangible assets

	31 Dec 2023	30 June 2023
	Cents	Cents
Net tangible assets per ordinary security	<u>0.62</u>	<u>0.86</u>

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4. Loss of control over entities

Not applicable.

5. Dividends

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

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 2023 is attached.

11. Signed

Signed



Date: 26th February 2024

Victor Tsaccounis
Director
Sydney

Hubify Limited

ABN 60 607 921 246

Interim Report - 31 December 2023

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**Hubify Limited
Corporate directory
31 December 2023**

Directors	Anthony Ghattas - Chairman Victor Tsaccounis - Chief Executive Officer Charbel Nader
Company secretary	Nick Fitzgerald
Registered office and principal place of business	Suite 1.01, Level 1 65 Epping 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	In.Corp Audit & Assurance Pty Ltd (formerly Rothsay Audit & Assurance Pty Ltd) Level 1, 6 O'Connell Street Sydney NSW 2000
Solicitors	HWL Ebsworth Lawyers Level 14 – Australia Square 264-278 George Street Sydney NSW 2000
Bankers	National Australia Bank 85-95 Marrickville Rd Marrickville NSW 2204
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/

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Hubify Limited
Directors' report
31 December 2023

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 2023.

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
- managing technology products and services for customers
- maintenance of IT and telecommunications systems
- internet based selling of hardware and software products

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

HFY recorded a statutory net loss before tax of \$(2.88)m in the six months to 31 December 2023 (loss of \$0.55 million on the prior corresponding period to 31 December 2022) from revenues from customer contracts of \$10.17 million (down 14% on the prior corresponding period to 31 December 2022). EBITDA was \$(2.01) million (down from \$0.38 million on the prior corresponding period to 31 December 2022), and the final cash position at the end of the period was \$3.2 million.

During the period HFY recorded a 30% increase in Managed services to \$5.84 million following the addition of new customers. The mobility division revenue decline of 69% reflects the Company's exit from the Optus Small business program in April 2023. The HFY mobility division continues to operate as a reseller for Optus enterprise for a number of clients. Included within the period is \$0.4m of goodwill impairment related to the acquisition of Sennah Pty Ltd. The company provided Smart data and lead generation services to Optus and from 1 April 2024 this contract with Optus will cease. Accordingly, management have assessed that the associated goodwill balance related to this entity should be fully impaired as at 31 December 2023.

The cash position at the end of the period was \$3.2m after the remittance of \$0.7m representing the final cash amounts payable to the vendor of Connected Intelligence associated with the 2022 acquisition. Contingent non-cash consideration of \$0.5m was remaining on the transaction as at 31 December 2023.

Reconciliation of loss before income tax to adjusted EBITDA (unaudited):

	31 Dec 2023	31 Dec 2022
	\$	\$
Loss before income tax	(2,875,563)	(554,136)
Finance costs	58,163	11,127
Interest revenue	(37,128)	(3,123)
Depreciation and amortisation expense	843,333	928,129
EBITDA	<u>(2,011,195)</u>	<u>381,997</u>

EBITDA is a non-IFRS earnings measure which does not have any standardised meaning prescribed by IFRS and therefore may not be comparable to EBITDA presented by other companies. This measure, which is unaudited, is important to management as an additional way to evaluate the consolidated entity's performance.

Significant changes in the state of affairs

On 21 October 2023, 2,000,000 share options expired without exercise or conversion.

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**Hubify Limited
Directors' report
31 December 2023**

On 31 October 2023, 13,012,500 of the performance rights previously granted to the company's Directors and the Chief Financial Officer were cancelled and re-issued under new terms with each of the holders due to changes in the company strategy and the subsequent exit from the Optus mobility small business market.

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 2023 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.

Material business risks

Hubify Limited operates within a highly competitive, technology based industry and is exposed to a range of risks that have the potential to impact on the financial, operational, and strategic performance of the business. Members of the Executive are responsible for implementing risk management within their business and operational units and report regularly to the Chief Executive Officer and Board of Directors. It is not possible to identify every risk that could affect the business and the actions taken to mitigate these risks cannot provide absolute assurance that a risk will not materialise. Material business risks that could impact the consolidated entity's performance are described below.

Industry, Market and Customer Demand change Due to the nature of the technology industry and its ever changing environment, there may be external environmental changes which affect the business' core offering. These can be changes in industry standards, competitor offerings, changes to popular technology/software and a shift in customer demands.

Hubify identifies the threats posed to its business through external risks such as changes in the industry, market, and customer demand. A flexible scalable business model has been developed which facilitates changes to current and future products to accommodate changes in technology trends.

Supplier and Vendor Relationship Hubify relies on key supplier relationships in certain parts of its business. The loss or impairment of a key relationship could impact Hubify's business.

A dedicated procurement team together with executive sponsored account management reviews with key suppliers maintains and develops productive partnerships.

Loss of Key Enterprise Partners Hubify generates a substantial portion of its revenue from Key Enterprise Partners and the loss of business would impact Hubify's business and financial results.

Hubify has dedicated relationship managers engaged with key enterprise partners and perform regular reporting against annual objectives to shape these partnerships.

Cyber Threats Hubify relies on the availability of its websites, hosting servers and the websites and systems of various third-party partners to provide services to existing and new clients. Such websites, servers and systems could be subject to data theft, disruption, or denial of service (DoS) attacks and unauthorised access from hackers.

Hubify has a core capability in providing to customers a full-service Cyber SaaS including Firewalls, intrusion detection & prevention and monitoring of a customer's full technology stack. This includes working with our key partners who are equipped to provide cyber threat intelligence and these measures are employed within the Hubify network to safeguard our systems and ensure we address the security of our customers' data.

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**Hubify Limited
Directors' report
31 December 2023**

Reputation The success of Hubify's business depends on the maintenance of good client relationships and its reputation for providing high quality products and services. Hubify's reputation could be significantly damaged if Hubify does not meet customer expectations; it is involved in litigation claims relating to its product performance or customer service; or it is subject to negative media coverage.

Hubify currently tracks key performance metrics that include Customer analytics and measures on customer satisfaction, which identifies and highlights the ways in which we can improve. Hubify on-boards all staff to ensure they adhere to the code of conduct and conducts regular compliance updates with staff. This includes regular updates to the Corporate Governance statement, customer engagement policies and Privacy law training to ensure that the Hubify business ethics employed are of a standard exceeding customer expectations.

Reliance on Key Personnel Hubify relies on the experience and knowledge of its management team and the loss of key personnel which Hubify is unable to replace with suitable staff or within a reasonable timeframe could have a materially adverse effect on Hubify's business and its operations.

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

26th February 2024
Sydney

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**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 2023 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.

In.Corp Audit & Assurance Pty Ltd



Graham Webb
Director

Sydney, 26 February 2024

In.Corp Audit & Assurance Pty Ltd
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Hubify Limited
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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 1.01, Level 1
65 Epping 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 26th February 2024.

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Hubify Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
Revenue	3	10,169,675	11,848,940
Net fair value gain on financial assets at fair value through profit or loss		-	1,073,323
Interest revenue		37,128	3,123
Gain on disposal of plant and equipment		6,000	-
Expenses			
Cost of sales		(4,515,541)	(3,424,347)
Marketing		(148,118)	(228,932)
Occupancy		(145,647)	(277,579)
Administration		(6,830,352)	(8,229,918)
Net fair value loss on financial assets at fair value through profit or loss		(500)	-
Impairment of goodwill		(421,827)	-
Other expenses		(968,218)	(1,307,619)
Finance costs		(58,163)	(11,127)
Total expenses		<u>(13,088,366)</u>	<u>(13,479,522)</u>
Loss before income tax benefit/(expense)		(2,875,563)	(554,136)
Income tax benefit/(expense)		594,085	(705,854)
Loss after income tax benefit/(expense) for the half-year attributable to the owners of Hubify Limited		(2,281,478)	(1,259,990)
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>(2,281,478)</u>	<u>(1,259,990)</u>
		Cents	Cents
Basic earnings per share	10	(0.5)	(0.3)
Diluted earnings per share	10	(0.5)	(0.3)

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

Hubify Limited
Consolidated statement of financial position
As at 31 December 2023

Note 31 Dec 2023 30 Jun 2023
\$ \$

Assets

Current assets

Cash and cash equivalents		3,192,091	5,612,606
Trade and other receivables		1,814,950	1,768,006
Contract assets		491,621	516,084
Inventories		75,007	123,792
Financial assets at fair value through profit or loss		1,159,617	1,160,117
Other		207,221	188,360
Total current assets		6,940,507	9,368,965

Non-current assets

Trade and other receivables		39,342	39,342
Plant and equipment	4	1,273,908	1,532,977
Intangibles	5	6,469,925	7,532,634
Deferred tax assets		1,639,993	1,254,306
Other		216,351	395,617
Total non-current assets		9,639,519	10,754,876

Total assets

16,580,026 20,123,841

Liabilities

Current liabilities

Trade and other payables	6	3,211,819	2,601,215
Contract liabilities		129,690	203,855
Borrowings		43,315	41,402
Lease liabilities		222,574	243,388
Income tax		-	3,379
Provisions	7	839,889	2,179,609
Total current liabilities		4,447,287	5,272,848

Non-current liabilities

Borrowings		151,554	173,708
Lease liabilities		905,840	1,089,155
Deferred tax liabilities		1,590,612	1,798,810
Provisions	7	111,922	147,914
Total non-current liabilities		2,759,928	3,209,587

Total liabilities

7,207,215 8,482,435

Net assets

9,372,811 11,641,406

Equity

Issued capital		8,303,280	8,303,280
Reserves		128,853	135,970
Retained profits		940,678	3,202,156

Total equity

9,372,811 11,641,406

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

Hubify Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2023

	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2022	8,123,280	58,272	2,689,834	10,871,386
Loss after income tax expense for the half-year	-	-	(1,259,990)	(1,259,990)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,259,990)	(1,259,990)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	180,000	-	-	180,000
Share-based payments	-	36,589	-	36,589
Balance at 31 December 2022	<u>8,303,280</u>	<u>94,861</u>	<u>1,429,844</u>	<u>9,827,985</u>
	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2023	8,303,280	135,970	3,202,156	11,641,406
Loss after income tax benefit for the half-year	-	-	(2,281,478)	(2,281,478)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,281,478)	(2,281,478)
Transfer between reserves and retained profits for expired options	-	(20,000)	20,000	-
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 11)	-	12,883	-	12,883
Balance at 31 December 2023	<u>8,303,280</u>	<u>128,853</u>	<u>940,678</u>	<u>9,372,811</u>

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

Hubify Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2023

	Note	31 Dec 2023	31 Dec 2022
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		11,114,358	14,148,198
Payments to suppliers and employees (inclusive of GST)		<u>(12,743,757)</u>	<u>(14,060,038)</u>
		(1,629,399)	88,160
Interest received		37,128	3,123
Interest and other finance costs paid		(58,163)	(11,127)
Income taxes refunded/(paid)		<u>(40,679)</u>	<u>18,845</u>
Net cash (used in)/from operating activities		<u>(1,691,113)</u>	<u>99,001</u>
Cash flows from investing activities			
Payment for purchase of business	6	(753,408)	(125,000)
Payments for plant and equipment	4	(19,909)	(40,156)
Payments for intangibles	5	(9,251)	(49,500)
Proceeds from disposal of plant and equipment		6,000	-
Proceeds from release of security deposits		<u>179,266</u>	<u>5,374</u>
Net cash used in investing activities		<u>(597,302)</u>	<u>(209,282)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	239,348
Repayment of borrowings		(20,241)	(49,095)
Repayment of lease liabilities		<u>(111,859)</u>	<u>(182,203)</u>
Net cash (used in)/from financing activities		<u>(132,100)</u>	<u>8,050</u>
Net decrease in cash and cash equivalents		(2,420,515)	(102,231)
Cash and cash equivalents at the beginning of the financial half-year		<u>5,612,606</u>	<u>2,681,017</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>3,192,091</u></u>	<u><u>2,578,786</u></u>

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

Hubify Limited
Notes to the consolidated financial statements
31 December 2023

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 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 2023 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 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.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the consolidated entity. These standards are not expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

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.

Note 3. Revenue

	31 Dec 2023	31 Dec 2022
	\$	\$
Sale of goods	1,340,709	667,923
Services	<u>8,828,966</u>	<u>11,181,017</u>
Revenue	<u><u>10,169,675</u></u>	<u><u>11,848,940</u></u>

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Hubify Limited
Notes to the consolidated financial statements
31 December 2023

Note 3. Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	31 Dec 2023	31 Dec 2022
	\$	\$
<i>Major streams</i>		
Mobility	1,007,225	3,081,680
Voice & Data	2,566,449	3,115,828
Managed services	5,838,242	4,477,647
Other	757,759	1,173,785
	<u>10,169,675</u>	<u>11,848,940</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	1,340,709	816,845
Services transferred over time	7,532,845	2,634,323
Services transferred at a point in time	1,296,121	8,397,772
	<u>10,169,675</u>	<u>11,848,940</u>

Note 4. Plant and equipment

	31 Dec 2023	30 Jun 2023
	\$	\$
<i>Non-current assets</i>		
Leasehold improvements - at cost	148,294	148,294
Less: Accumulated depreciation	(24,824)	(9,913)
	<u>123,470</u>	<u>138,381</u>
Plant and equipment - at cost	84,173	82,276
Less: Accumulated depreciation	(64,847)	(61,170)
	<u>19,326</u>	<u>21,106</u>
Furniture, fixtures and fittings - at cost	123,041	131,578
Less: Accumulated depreciation	(77,479)	(79,700)
	<u>45,562</u>	<u>51,878</u>
Motor vehicles - at cost	-	70,376
Less: Accumulated depreciation	-	(70,376)
	<u>-</u>	<u>-</u>
Computer equipment - at cost	441,082	424,508
Less: Accumulated depreciation	(308,058)	(267,571)
	<u>133,024</u>	<u>156,937</u>
Right-of-use assets - property leases	1,149,343	1,409,790
Less: Accumulated depreciation	(196,817)	(245,115)
	<u>952,526</u>	<u>1,164,675</u>
	<u>1,273,908</u>	<u>1,532,977</u>

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Hubify Limited
Notes to the consolidated financial statements
31 December 2023

Note 4. Plant and equipment (continued)

Reconciliations

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

	Leasehold improvements \$	Plant and equipment \$	Furniture, fixtures and fittings \$	Computer equipment \$	Right-of-use assets - property leases \$	Total \$
Balance at 1 July 2023	138,381	21,106	51,878	156,937	1,164,675	1,532,977
Additions	-	1,897	1,438	16,574	-	19,909
Disposals	-	-	-	-	(85,778)	(85,778)
Depreciation expense	(14,911)	(3,677)	(7,754)	(40,487)	(126,371)	(193,200)
Balance at 31 December 2023	<u>123,470</u>	<u>19,326</u>	<u>45,562</u>	<u>133,024</u>	<u>952,526</u>	<u>1,273,908</u>

Note 5. Intangibles

	31 Dec 2023 \$	30 Jun 2023 \$
<i>Non-current assets</i>		
Goodwill - at cost	2,440,691	2,440,691
Less: Accumulated impairment	(421,827)	-
	<u>2,018,864</u>	<u>2,440,691</u>
Patents, trademarks and other rights - at cost	<u>8,073</u>	<u>8,073</u>
Web development - at cost	1,266,980	1,257,729
Less: Accumulated amortisation	(1,169,383)	(1,140,013)
	<u>97,597</u>	<u>117,716</u>
Customer lists - at cost	7,187,520	7,187,520
Less: Accumulated amortisation	(2,849,487)	(2,228,961)
	<u>4,338,033</u>	<u>4,958,559</u>
Software - at cost	2,729,801	2,729,801
Less: Accumulated amortisation	(2,722,443)	(2,722,206)
	<u>7,358</u>	<u>7,595</u>
	<u>6,469,925</u>	<u>7,532,634</u>

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Hubify Limited
Notes to the consolidated financial statements
31 December 2023

Note 5. Intangibles (continued)

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 \$
Balance at 1 July 2023	2,440,691	8,073	117,716	4,958,559	7,595	7,532,634
Additions	-	-	9,251	-	-	9,251
Impairment	(421,827)	-	-	-	-	(421,827)
Amortisation expense	-	-	(29,370)	(620,526)	(237)	(650,133)
Balance at 31 December 2023	<u>2,018,864</u>	<u>8,073</u>	<u>97,597</u>	<u>4,338,033</u>	<u>7,358</u>	<u>6,469,925</u>

During the half-year ended 31 December 2023, \$421,827 of goodwill was impaired. This goodwill related to the acquisition of Sennah Pty Ltd. The company has been informed by Optus that they will not be renewing their contract with Sennah Pty Ltd from 1 April 2024 and accordingly management have assessed that the associated goodwill balance should be fully impaired as at 31 December 2023.

Note 6. Trade and other payables

	31 Dec 2023 \$	30 Jun 2023 \$
<i>Current liabilities</i>		
Trade payables	1,346,159	895,331
Accruals	441,780	543,283
Amounts payable to the vendor of Connected Intelligence*	546,592	-
GST payable	193,716	482,237
Other payables	683,572	680,364
	<u>3,211,819</u>	<u>2,601,215</u>

* The contingent consideration on the Connected Intelligence acquisition was \$1,300,000, to be settled 24 months from completion. \$753,408 cash was remitted in the half-year ended 31 December 2023, therefore contingent non-cash consideration of \$546,592 was remaining as at 31 December 2023.

Following satisfactory resolution to mediation with the vendor in the period, the balance is expected to be settled by way of shares in the company. This balance has been reclassified as trade and other payables as at 31 December 2023.

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Hubify Limited
Notes to the consolidated financial statements
31 December 2023

Note 7. Provisions

	31 Dec 2023	30 Jun 2023
	\$	\$
<i>Current liabilities</i>		
Annual leave	572,012	623,785
Long service leave	267,877	255,824
Contingent consideration*	-	1,300,000
	<u>839,889</u>	<u>2,179,609</u>
<i>Non-current liabilities</i>		
Long service leave	<u>111,922</u>	<u>147,914</u>
	<u><u>951,811</u></u>	<u><u>2,327,523</u></u>

Note 8. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31 Dec 2023				
<i>Assets</i>				
Equity securities	2,983	-	1,156,634	1,159,617
Total assets	<u>2,983</u>	<u>-</u>	<u>1,156,634</u>	<u>1,159,617</u>
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 Jun 2023				
<i>Assets</i>				
Equity securities	3,483	-	1,156,634	1,160,117
Total assets	<u>3,483</u>	<u>-</u>	<u>1,156,634</u>	<u>1,160,117</u>
<i>Liabilities</i>				
Contingent consideration	-	-	1,300,000	1,300,000
Total liabilities	<u>-</u>	<u>-</u>	<u>1,300,000</u>	<u>1,300,000</u>

There were no transfers between levels during the financial half-year.

Equity securities:

Level 3

The balance in equity securities represents shares held in Internet 2.0 Pty Ltd (an unlisted entity). Hubify Limited currently holds 3.7% of the issued capital of Internet 2.0. The fair value of \$6.22 per share was determined by reference to recent capital raisings undertaken by Internet 2.0 and its net asset backing at 31 December 2023.

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Hubify Limited
Notes to the consolidated financial statements
31 December 2023

Note 9. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 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 10. Earnings per share

	31 Dec 2023	31 Dec 2022
	\$	\$
Loss after income tax attributable to the owners of Hubify Limited	<u>(2,281,478)</u>	<u>(1,259,990)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>496,136,295</u>	<u>495,670,750</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>496,136,295</u>	<u>495,670,750</u>
	Cents	Cents
Basic earnings per share	(0.5)	(0.3)
Diluted earnings per share	(0.5)	(0.3)

Performance rights are considered to be potential ordinary shares but were anti-dilutive in nature and were not included in the calculation of diluted earnings per share. These performance rights could potentially dilute basic earnings per share in the future.

Note 11. Share-based payments

Share options

On 21 October 2020, the Board granted 2,000,000 options to the advisor in relation to the company's share placement. The options were granted as more than \$4 million was raised in the placement. The options vested on 21 October 2020 and expired on 21 October 2023 without being exercised.

Performance rights

On 31 October 2023, 13,012,500 of the performance rights previously granted to the company's Directors and the Chief Financial Officer were cancelled and re-issued under new terms with each of the holders due to changes in the company strategy and the subsequent exit from the Optus mobility small business market.

The performance criteria for the performance rights granted on 31 October 2023 will be tested based on the:

- Company achieving a cumulative operating profit adding back amortisation of \$6,000,000 across the 3 year period converted back to an earnings per share measure of 1.2 cents per share based on the current number of shares on issue. The measurement period commenced on 1 July 2023 and ends on 30 June 2026.
- Share price of the company increasing to \$0.05 measured on the 60 day VWAP of the company's shares during the performance period between 1 July 2025 and ending on 30 June 2026.

In addition to meeting the above performance criteria, each Director must remain a Director or employee of the company as at the vesting date for the performance rights to vest.

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Hubify Limited
Notes to the consolidated financial statements
31 December 2023

Note 11. Share-based payments (continued)

Victor Tsaccountis (Chief Executive Officer) was granted a limited recourse interest-free loan for \$46,875 to purchase 4,687,500 performance rights on 31 October 2023. The loan will only become repayable once the performance rights have vested, and the underlying shares have been sold. If the performance rights do not vest, the loan amount will be forgiven. The loan receivable will only be recognised when it is considered probable that the loan will be repaid, and as a result, no loan receivable has been recognised in the statement of financial position at 31 December 2023. Management have assessed that the point in time that it is probable that the loan will be repaid is when the performance criteria are met.

Set out below are summaries of performance rights granted under the plan:

31 Dec 2023

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
15/11/2021	30/06/2024	\$0.000	13,012,500	-	-	(13,012,500)	-
31/03/2022	30/06/2024	\$0.000	25,956,349	-	-	(14,436,264)	11,520,085
01/07/2022	01/07/2024	\$0.000	2,326,336	-	-	(840,000)	1,486,336
31/10/2023	30/06/2026	\$0.000	-	13,012,500	-	-	13,012,500
			<u>41,295,185</u>	<u>13,012,500</u>	<u>-</u>	<u>(28,288,764)</u>	<u>26,018,921</u>

For the performance rights granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
31/10/2023	30/06/2026	\$0.021	\$0.050	100.00%	-	4.35%	\$0.009

Share-based payments expense

The total share based payments expense for the half-year was \$12,883 (2022: \$91,589).

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Hubify Limited
Directors' declaration
31 December 2023

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 2023 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 Tsaccountis
Director

26th February 2024
Sydney

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HUBIFY LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Hubify Limited

Conclusion

We have reviewed the accompanying half-year financial report of Hubify Limited, which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements including a summary of significant accounting policies, other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the 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 2023 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

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

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HUBIFY LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2023 and its performance for the half year ended on that date, and complying with AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

In.Corp Audit & Assurance Pty Ltd



Graham Webb
Director

Sydney, 26 February 2024

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