



INVESTOR PRESENTATION | 1H FY23

HUBiFY
UNIFYING PEOPLE AND TECHNOLOGY

BUSINESS UPDATE



Presented by

Victor Tsaccounis
CEO

HUBiFY
UNIFYING PEOPLE AND TECHNOLOGY

OUR COMPANY

One hub enabled by partnerships with industry leading companies

The hub for all your business Telco, IT & Technology needs

Unifying people & technology for over 20 years

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.

Managed Services

Business IT **IT Infrastructure**

Business Continuity **Cloud**

Internet & Networks

Managed Routers **NBN Enterprise**

Fibre **Managed WiFi**

Voice

Hosted Voice **Inbound**

Microsoft Teams **SIP & On-Premise**

Mobility

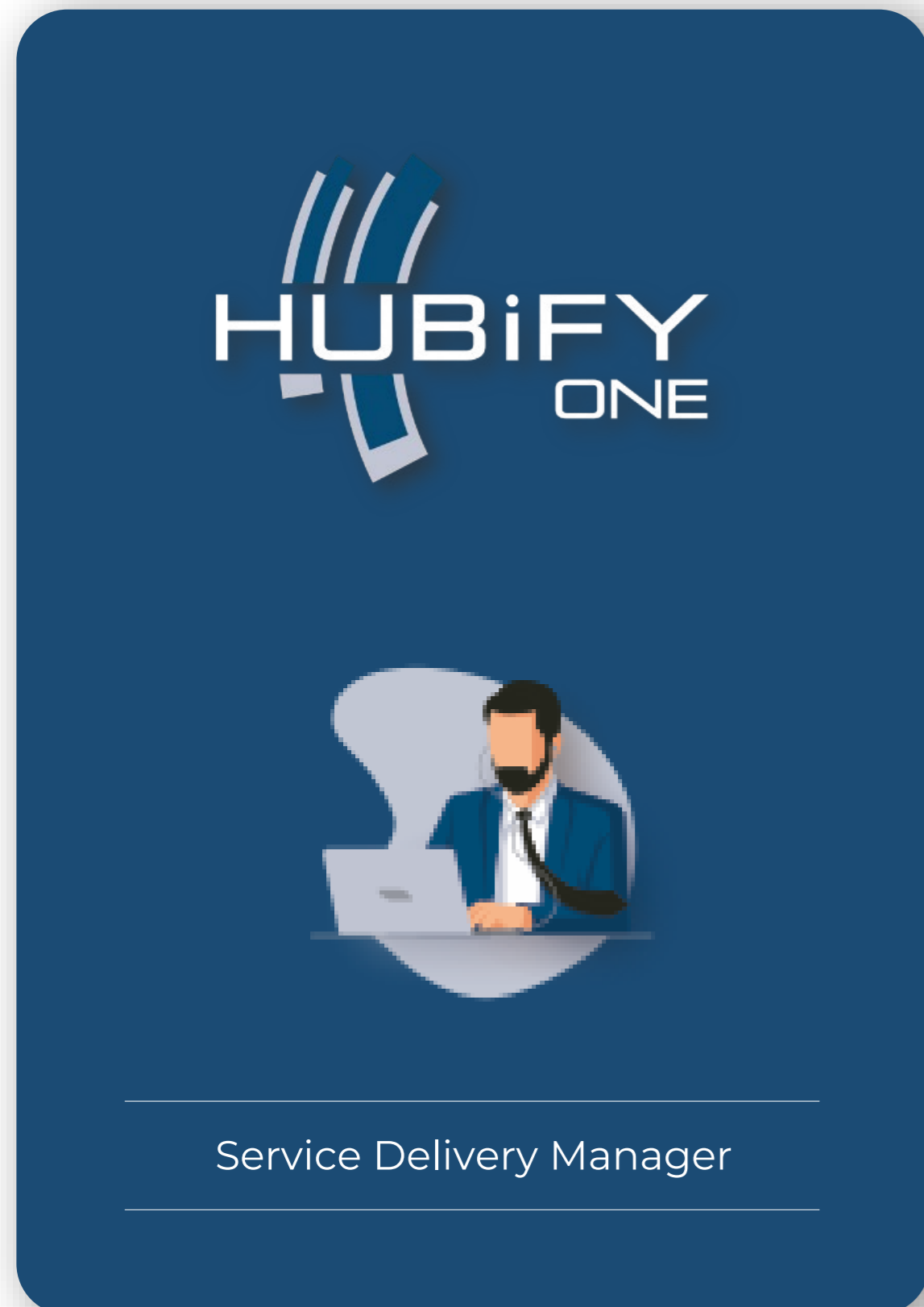
Business Plans **Device Management**

Machine to Machine (IoT) **Global Sim**

HUBIFY ONE

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

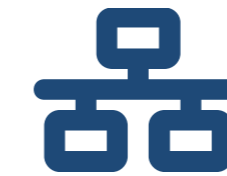
From Quarterly Reporting to Mobile Device Management, Hubify One offers more than just a solution to your IT needs with Strategic Advisory and service delivered from industry experts.



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

WHAT MAKES US UNIQUE?



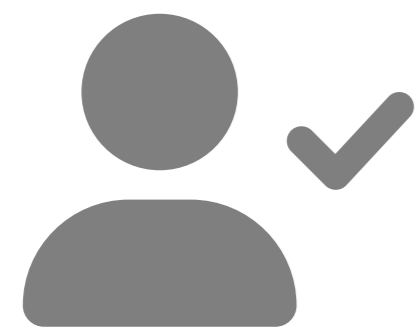
We provide Australian businesses a one stop shop for all their Telco & IT needs

Agile & fit for
purpose solutions

Proactive &
Responsive Customer
Experience

Reliability – We do
what we say we
will do

Our Values



ACCOUNTABILITY

We always do what
we say we will do



THINK BIG

We think big, we challenge,
grow & innovate



PASSION

We are passionate about
helping our customers



ONE TEAM

We collaborate and
achieve as one team

BUSINESS UPDATE 1H FY23



1H FY23 Results

- Revenue from Customers up 9.8% on pcp to \$11.85m
- MSP Division growth of 92.5% on pcp to \$4.48m representing 38% of total customer revenue
- Recurring revenue up 24.3% on pcp to \$9.73m representing 82% of total customer revenue and up 21% on pcp
- EBITDA of \$0.38m including -\$0.54m in restructuring costs and -\$0.12 acquisition costs expensed
- Restructure in November 2022 with expected HoH administration costs savings in 2H FY23 of \$0.97m with annualised savings of \$1.56m effective January 2023
- Revenue in the Mobility Division was down \$1.17m largely due to impacts from the Optus Cyberattack of September 2022 which impacted overall group revenue and profit
- Organic growth of 20% to pcp excluding Mobility division.
- Positive Underlying Operating Cashflow of +\$0.76M and \$2.58m in cash at 31 Dec 2022

1H FY23 Business Execution Activities

- Enhanced Cyber Security offering – New products launched
- Integrating Managed Services acquisitions
- Improving customer experience through enhanced customer onboarding initiatives
- Delivered innovation in Managed Services solutions via the Hubify One managed service package
- Targeted marketing campaigns, building the sales pipeline

1H FY23 Operating Efficiency Activities

- Systems consolidation across all customer support platforms to aid creation of more service capacity
- Development of service expertise in-house to provide clients with specialised solutions in cyber, connectivity and business continuity

FINANCIAL RESULTS



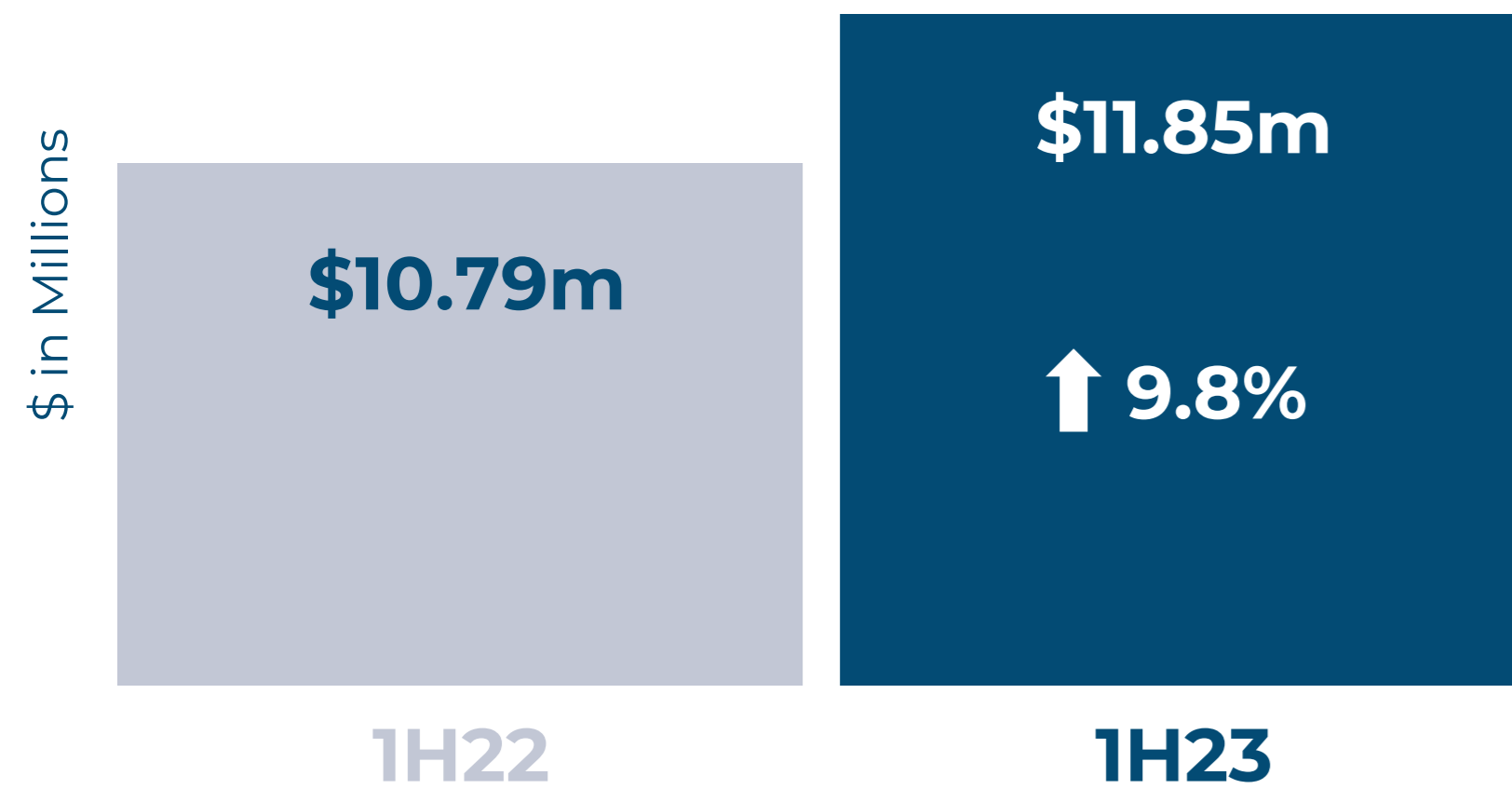
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Nick Fitzgerald
CFO

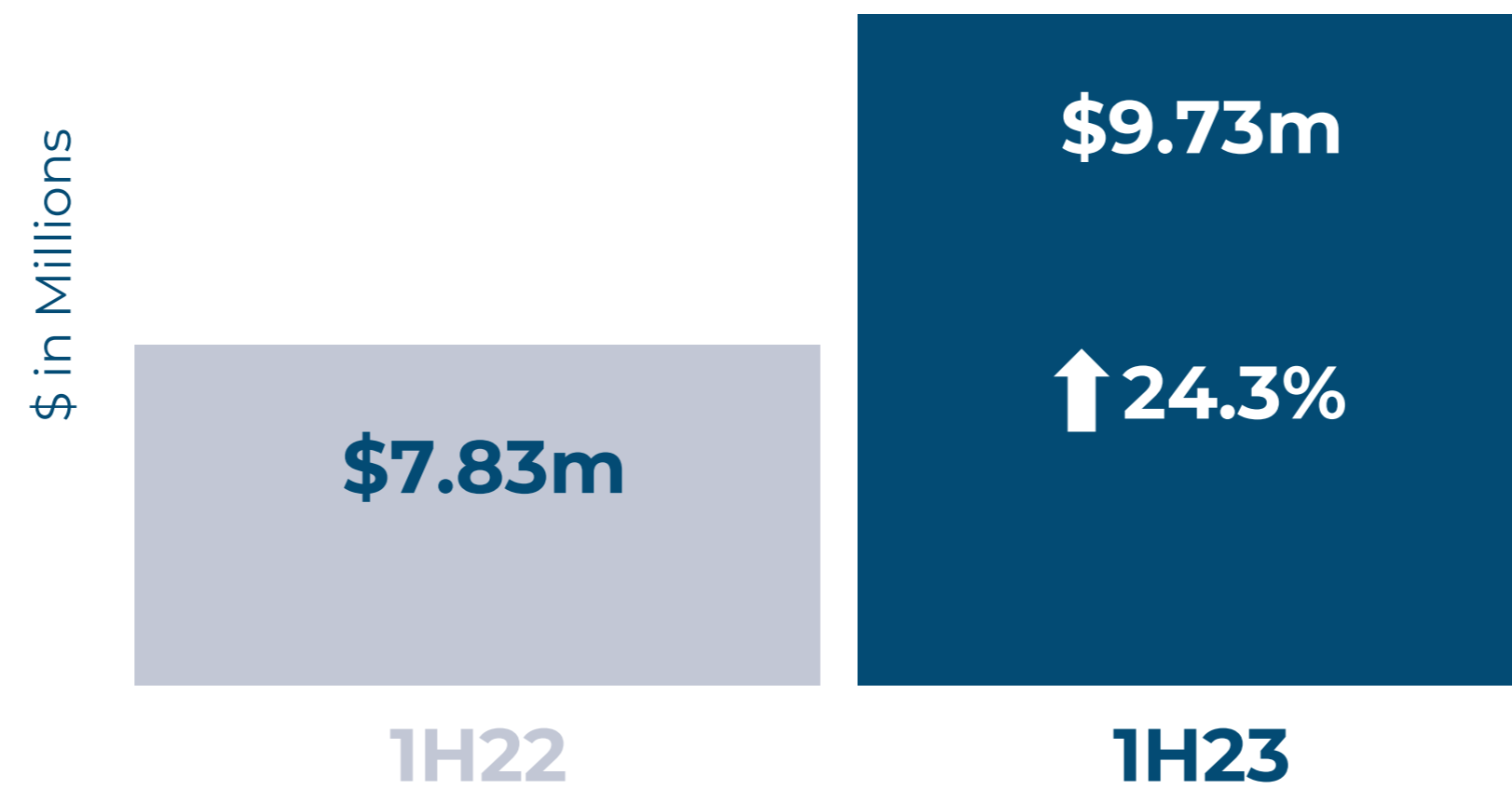
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KEY FINANCIAL INDICATORS 1H23 vs PRIOR PERIOD (PcP)

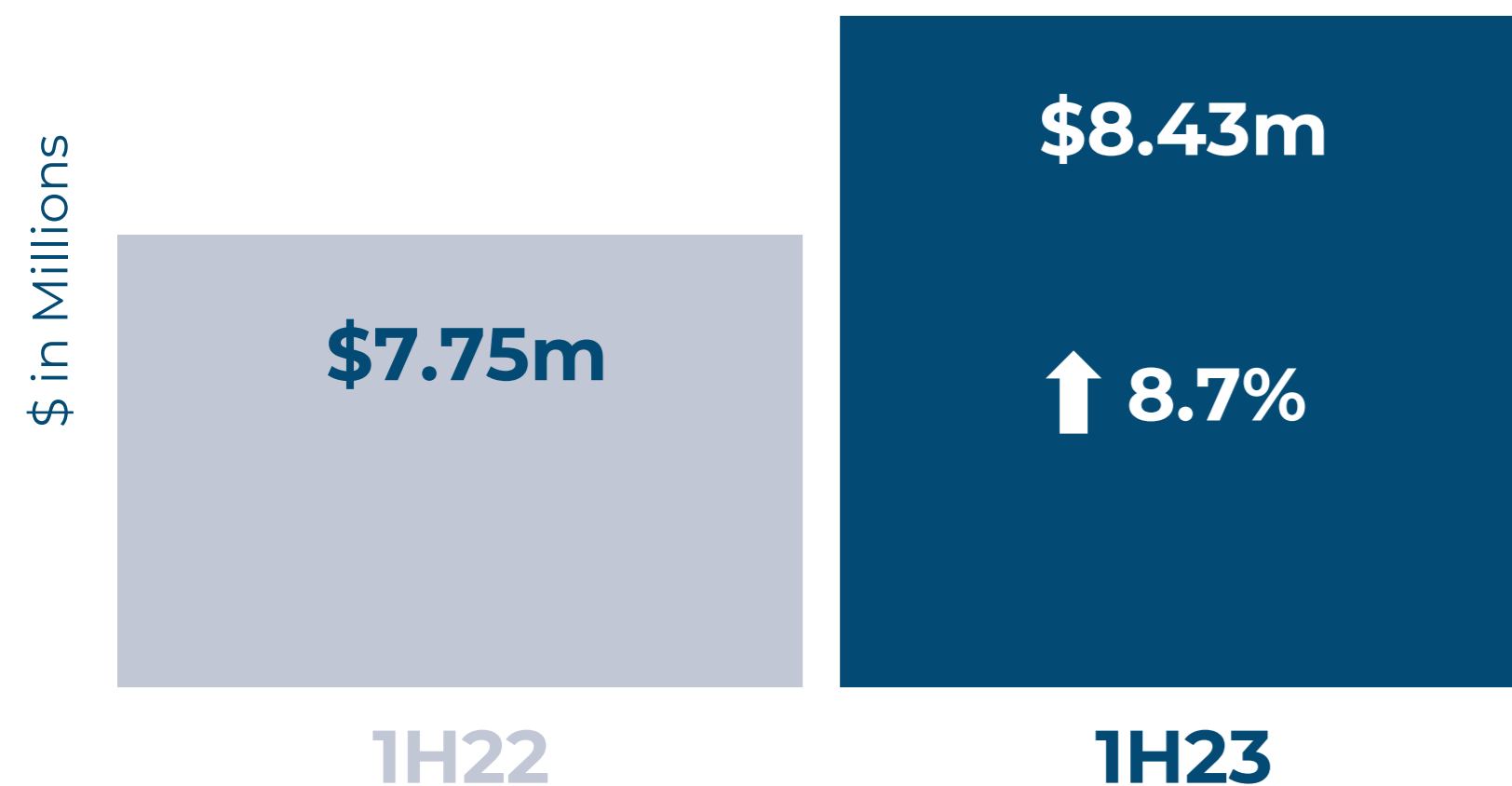
Customer Revenue



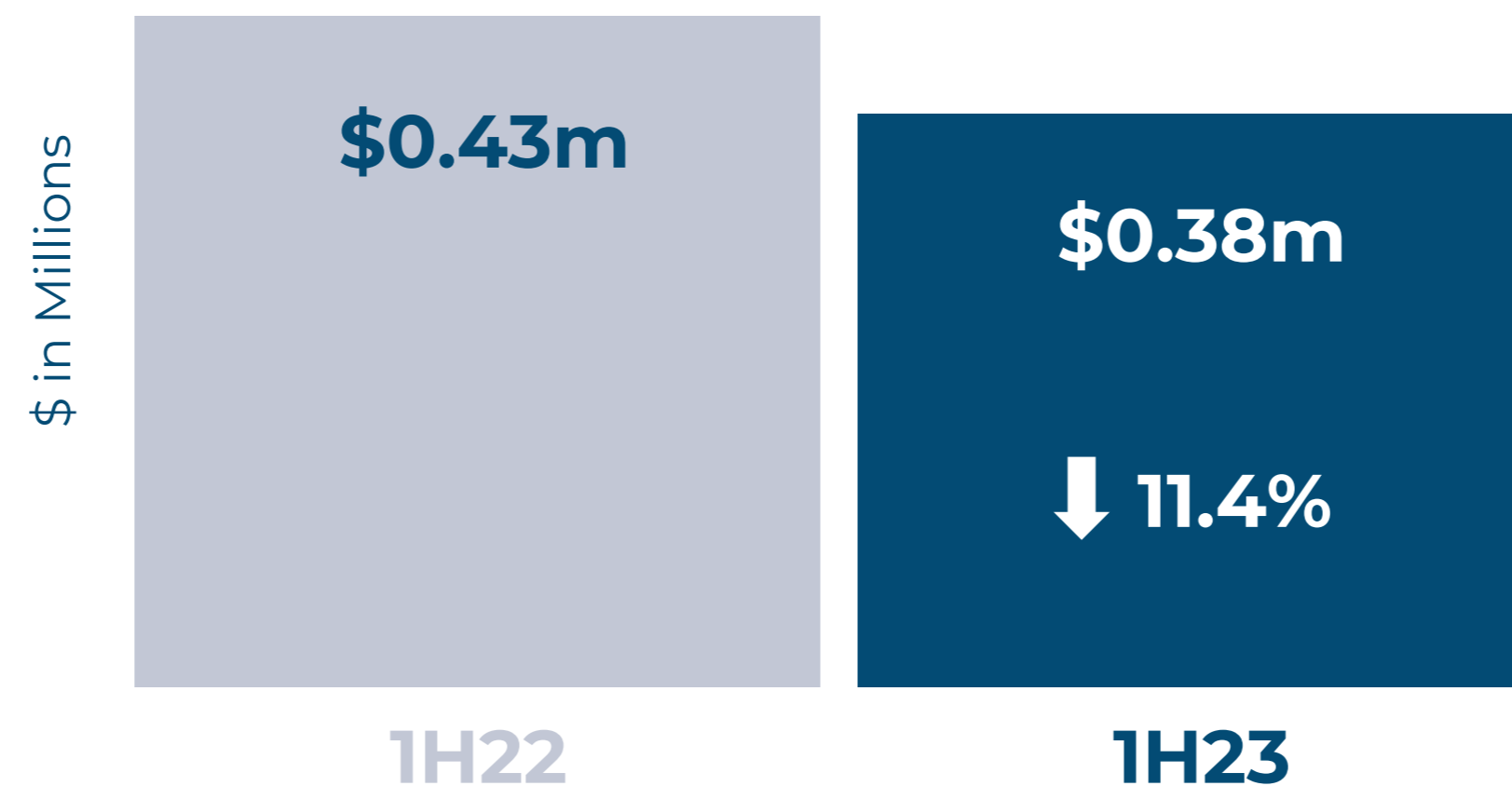
Recurring Revenue



Gross Margin – Customer Revenue



EBITDA



Key Highlights

- Revenue from Customers up 9.8% to \$11.85m with 92.5% increase in Managed Services to \$4.48m
- Organic growth of 20% in core business (excludes Mobility)
- Revenue impacts within the Mobility division due to impacts from Optus Cyberattack
- Recurring Revenue up 24.3% to \$9.73m representing 82.1% of total revenue
- EBITDA of \$0.38m notwithstanding restructuring & acquisition charges of \$0.66m to streamline the sales and operations teams within the Managed Services division

¹ Gross Margin on Customer Revenue is calculated as revenue from contracts with customers less cost of sales

1H FY23 – Financial Performance

	1H 23	1H 22	Variance
Total Revenue	\$11.85m	\$11.55m	2.6% ↑
Revenue from Customers	\$11.85m	\$10.79m	9.8% ↑
Recurring Revenue	\$9.73m	\$7.83m	24.3% ↑
Annualised Recurring Revenue (exit run rate)	\$17.88m	\$16.21m	10.3% ↑
Recurring Revenue vs Total Revenue %	82.1%	67.8%	21.1% ↑
Gross Margin on Revenue from Customers₁	\$8.43m	\$7.75m	8.7% ↑
Gross Margin on Revenue from Customers%₁	71.1%	71.8%	(1)% ↓
EBITDA	\$0.38	\$0.43m	(11.4)% ↓
Profit Before Tax	(\$0.55m)	(\$0.01m)	↓

Key Highlights

- Customer Revenue improvements in MSP divisions drove an increase in total customer revenue of 9.8% on pcp to \$11.85m - includes underperformance in mobility division due to Optus cyberattack
- Recurring Revenue up 24.3% on pcp to \$9.73m now representing 82% of total customer revenue up 24.3% on pcp
- EBITDA of \$0.38m impacted by continued investments in systems consolidation & expanded services capability together with streamlined Sales & Operations to integrate managed services growth.

¹ Gross Margin on Revenue from Customers is calculated as revenue from contracts with customers less cost of sales

BALANCE SHEET & CASHFLOW

	1H 23	1H 22	Variance
Cash & cash Equivalents	2.58	4.68	(47.1)% ↓
Receipts from Customers	14.12	11.16	20.9% ↑
Payments to suppliers & employees	(14.03)	(11.79)	16.0% ↑
Restructuring & Acquisition Costs	0.66	-	
Government Grants		0.76	
Underlying Operating Cashflow	0.76	0.12	84.7% ↑

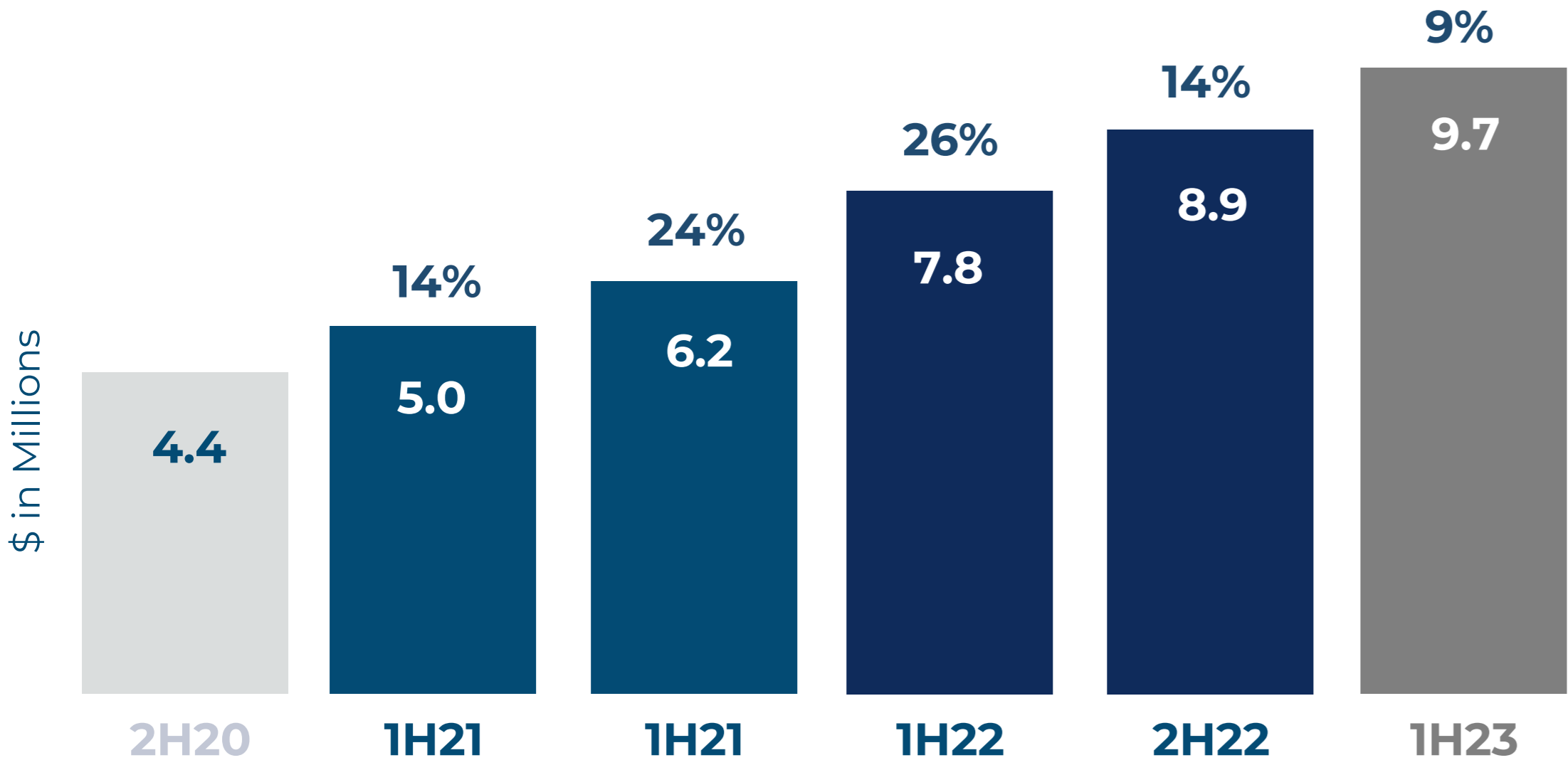
Key Highlights

- \$2.58m cash at 31 December, Debt free together with 84.7% growth in underlying cashflow
- Deployed cash for Managed services acquisition (April 2022 \$1.59m Connected Intelligence) and Smart Data acquisition (July 2022 \$0.125m Sennah P/L) with both adding to accretive earnings
- \$0.76m underlying operating cashflow excluding restructuring costs of \$0.54m and acquisition costs of \$0.12m
- Minimal Capex requirements in delivering a service support business

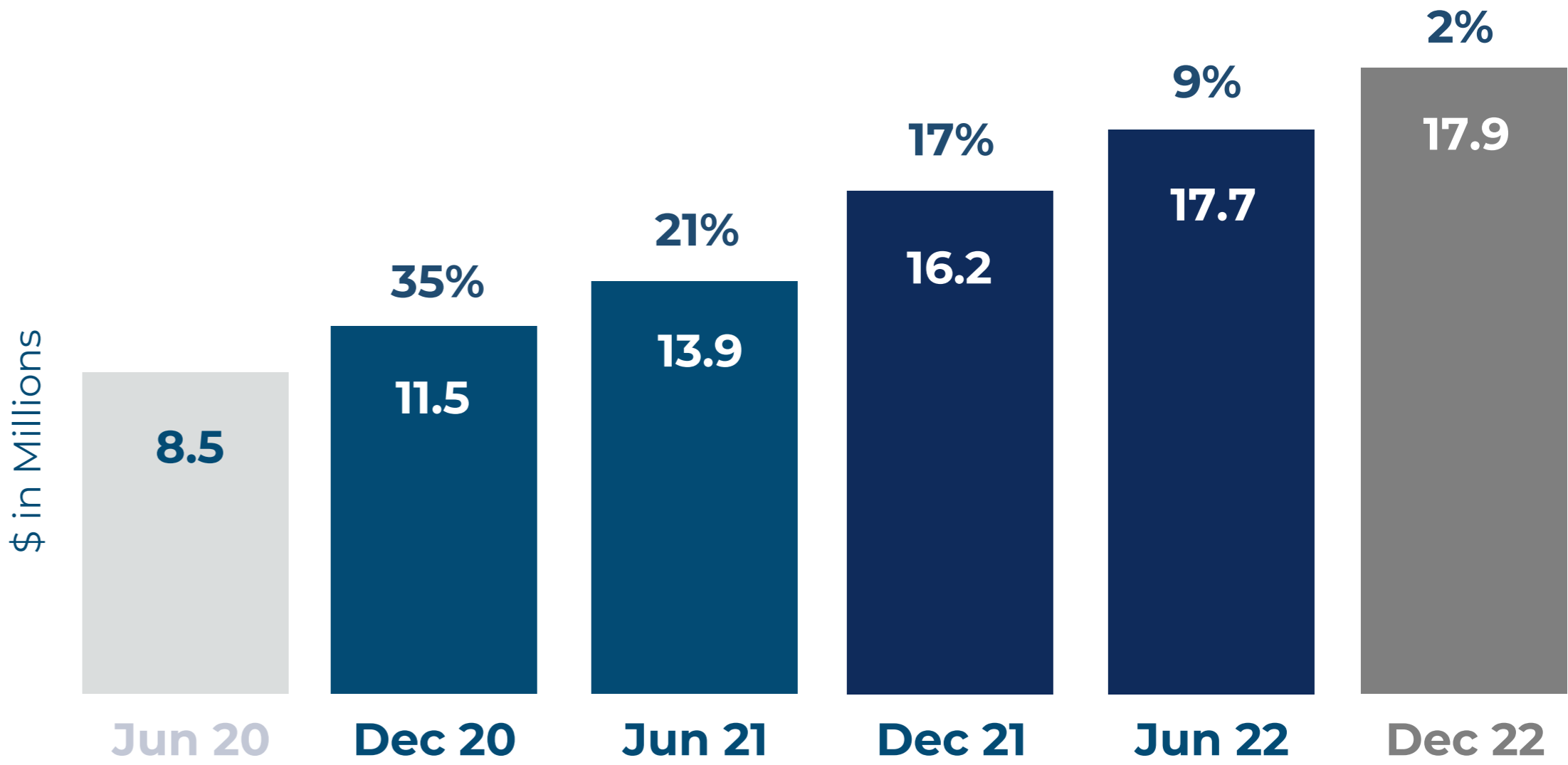
RECURRING REVENUE GAINS DRIVEN BY MSP



Actual Recurring Revenue – Half on Half

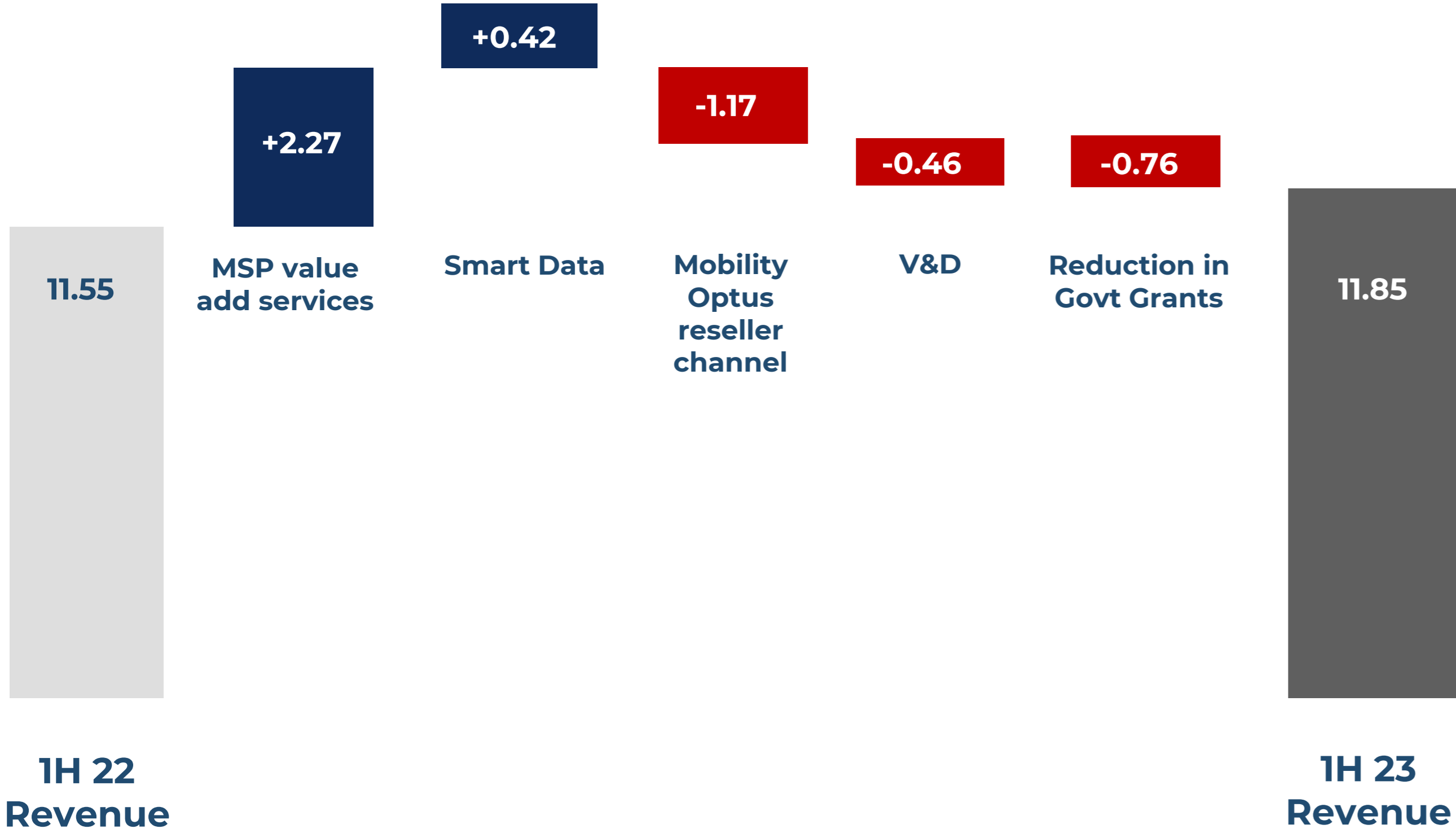


Annualised Recurring Revenue*



* Exit Run Rate annualised at each period

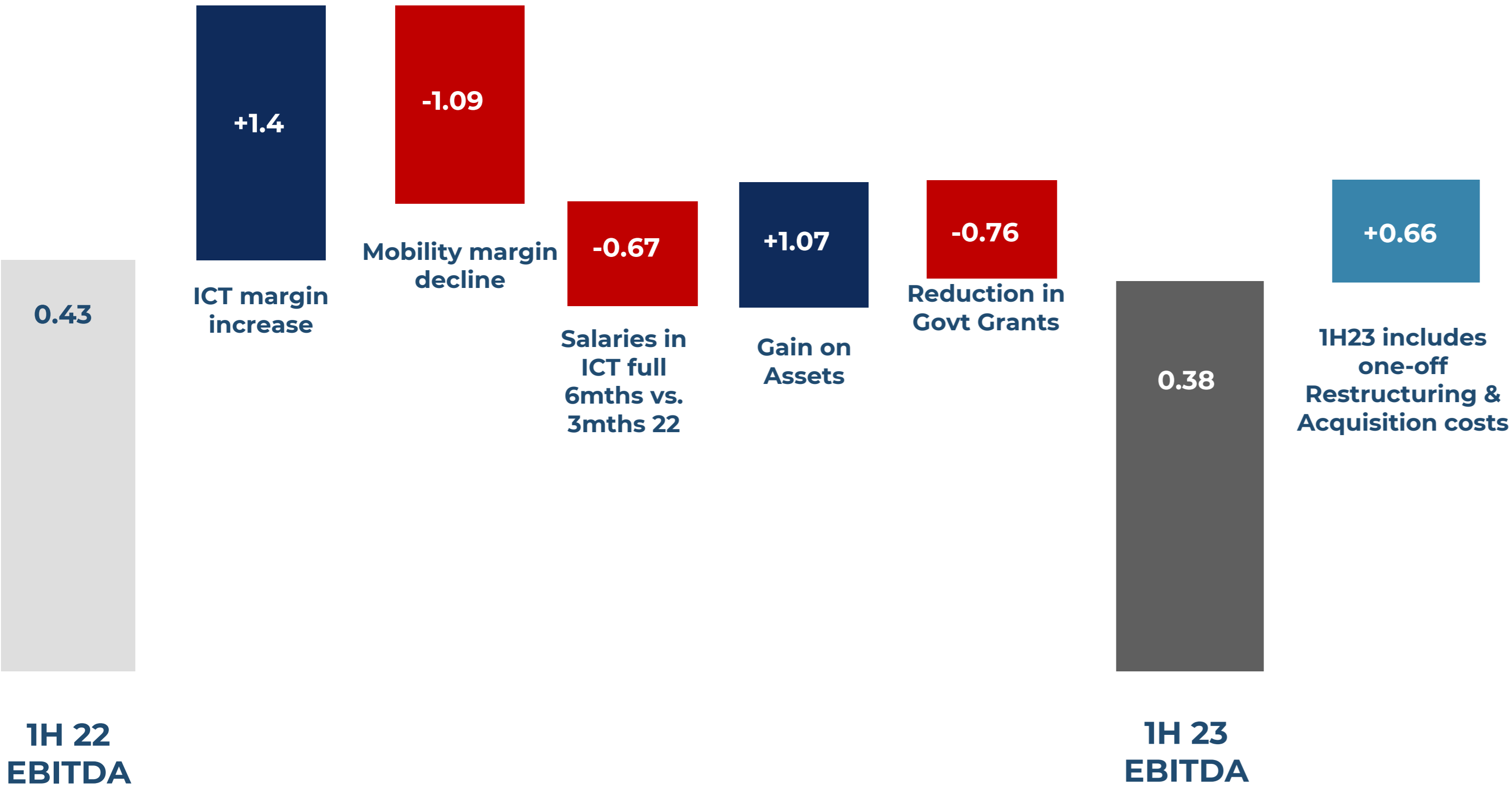
REVENUE WATERFALL 1H23 vs 1H22



Key Highlights

- **Managed Services** is the driver of revenue growth up 92.5% to a \$4.48m total in 1H FY23 with addition of new customers and inclusion of new acquisitions
- **Smart Data** up 57% to \$1.17m driven by the increasing client demands
- **Mobility** down 27.5% to \$3.08m largely due to Optus Cyberattack and impact to sales pipeline with customers delaying investment decisions
- **Voice & Data** revenue flat due to customer migration – with illustrated decline attributed to internal revenue reclassification.
- **Other revenue:** Cessation in Govt grants as \$0.76m received in the prior period to 31 December 2021

EBITDA WATERFALL 1H23 vs 1H22



Key Highlights

- Customer Revenue up 9.8% to \$11.85m and associated gross margin steady at 71% and \$8.43m driven by ICT performance with offsets in deterioration in Mobility performance due to Optus Cyber attack
- Admin costs +\$0.67m in employee charges associated with the expanded MSP business
- Financial assets gain +\$1.07m represents revaluation of external investment in cyber security provider Internet 2.0. Investment now valued at \$1.57m
- Reduction in Government grants - \$0.75m received in 1H 22
- EBITDA 1H 23 result of \$0.38m includes \$0.54m in restructuring costs & \$0.12 acquisition costs expensed

DIVISIONAL **RESULTS**



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Victor Tsaccounis
CEO

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1H FY23 DIVISIONAL PERFORMANCE

CUSTOMER REVENUE & MARGIN

Division	Segment	1H 23	1H 22	Variance	1H 23 Margin %
Managed Services		4.48	2.21	102.8%	61.5%
	MSP	2.47	1.54	61.0%	
	Hardware	0.49	0.516	(4.3%)	
	Licensing	0.64	0.11	483.4%	
(from Voice Division)	Rev Reclassification	0.22			
	Professional Services	0.65	0.05	1324.2%	
Voice		1.44	2.17	(33.5%)	62.9%
	IP Telephony	1.00	1.31	(23.8%)	
	Other	0.87	0.858	(1.8%)	
(to MSP Division)	Managed Services	-0.22			
(to Mobility Division)	Wholesale	-0.21			
Data		1.47	1.42	3.5%	32.0%
	Networks	1.47	1.42	3.5%	
Mobility		3.29	4.25	(22.6%)	95.5%
	Small Medium Business	2.13	3.10	(31.5%)	
	Enterprise	0.95	1.15	(16.8%)	
(from Voice Division)	Wholesale	0.21			
Smart Data		1.17	0.752	56.0%	100%
Total		11.85	10.75	10.2%	71.1%

Key Highlights

- Managed Services revenue growth across all value-added segments with hardware flat. Overall Gross margin of 61.5% led by MSP supported by internal staff with overall margins blended with low margin licensing necessary for customer continuity
- Voice revenue associated with value added management has been transferred to MSP & Mobility and would have revenue otherwise flat. 63% gross margin
- Data revenue represents NBN and Fibre with defined wholesale pricing at 32% margin
- Mobility revenue across Optus Small business and enterprise channel impacted by Optus Cyberattack and serviced by internal staff and systems
- Smart Data increased client demands serviced by internal staff and systems

MANAGED SERVICES

Organic growth of 51% in line with the company's strategy to continue building annuity revenue through value added services to clients

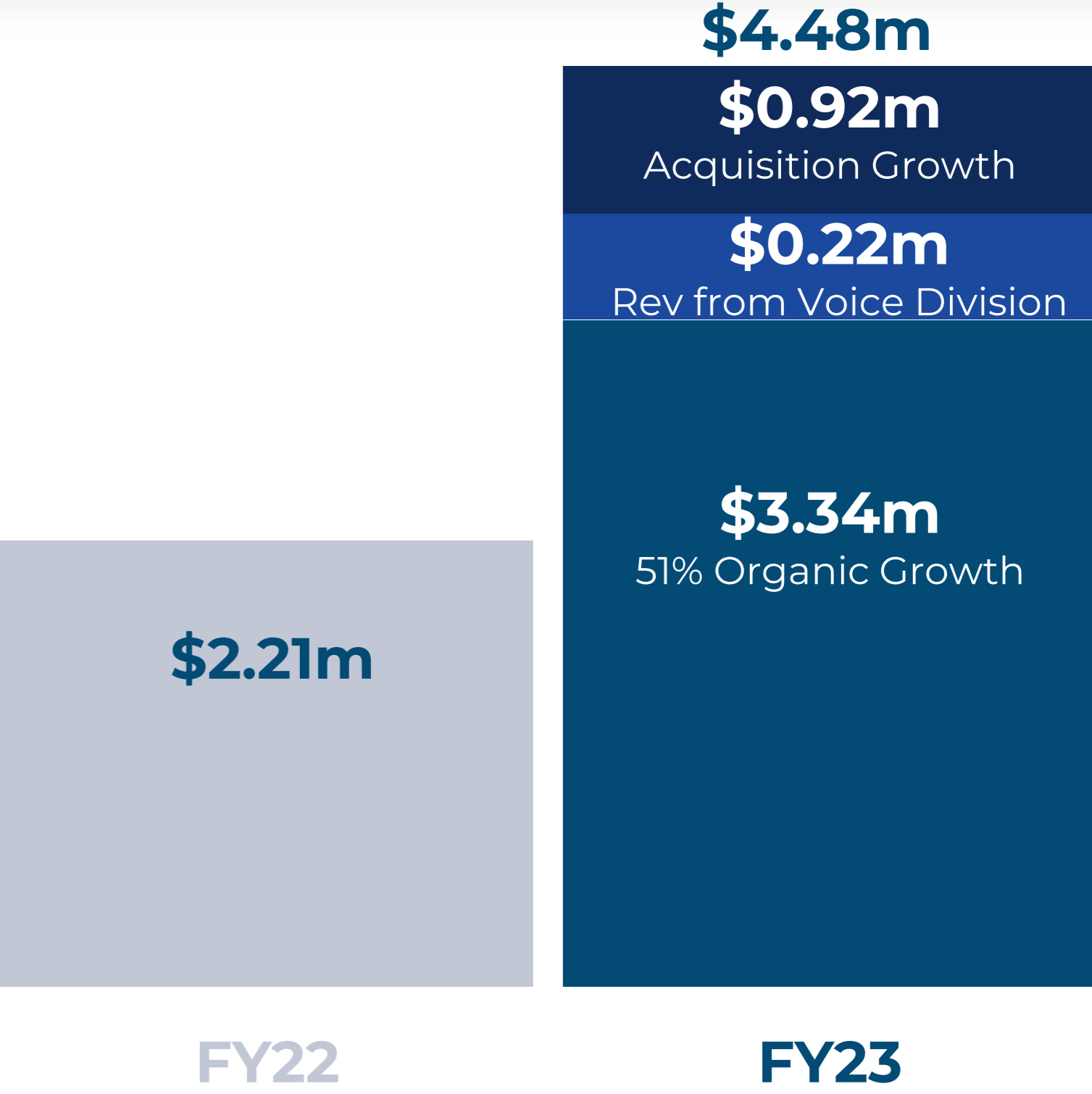


Acquisition growth attributed to the addition of Connected Intelligence and organic growth attributed to the addition of several new Managed Service Customers along with new professional service revenue up \$0.6m on pcp.

	1H 23	1H 22	Variance
MSP Revenue	4.48	2.21	102.7%
MSP excl. Revenue reclassification	4.25	2.21	92.8%
Recurring Revenue	3.88	1.69	130%
Gross Margin ¹	61.5%	64.0%	

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

Our Partners



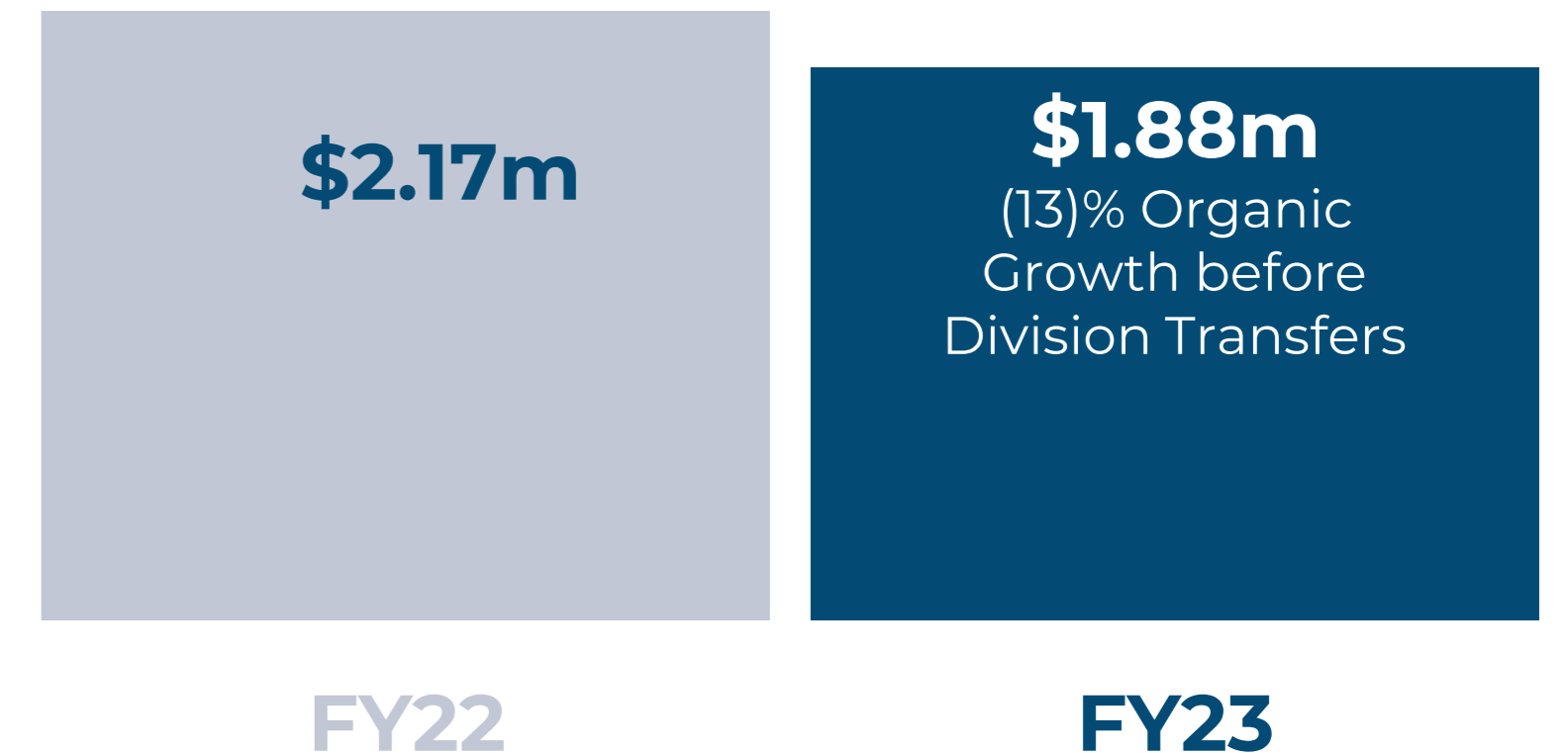
VOICE

13% revenue difference driven by migration of customers to new technology delivering higher margins



The focus in FY23 is to migrate customers on traditional on-prem voice products to MS Teams and 3CX calling. The migration with a reduced cost to serve will extract more profit in this division.

	1H 23	1H 22	Variance
Voice Revenue	1.88	2.17	(13.8%)
After rev reclassification	1.44	2.17	(33.6%)
Recurring Revenue	1.62	1.78	(8.9%)
Gross Margin	62.9%	43.0%	



Our Partners



DATA - Internet & Networks

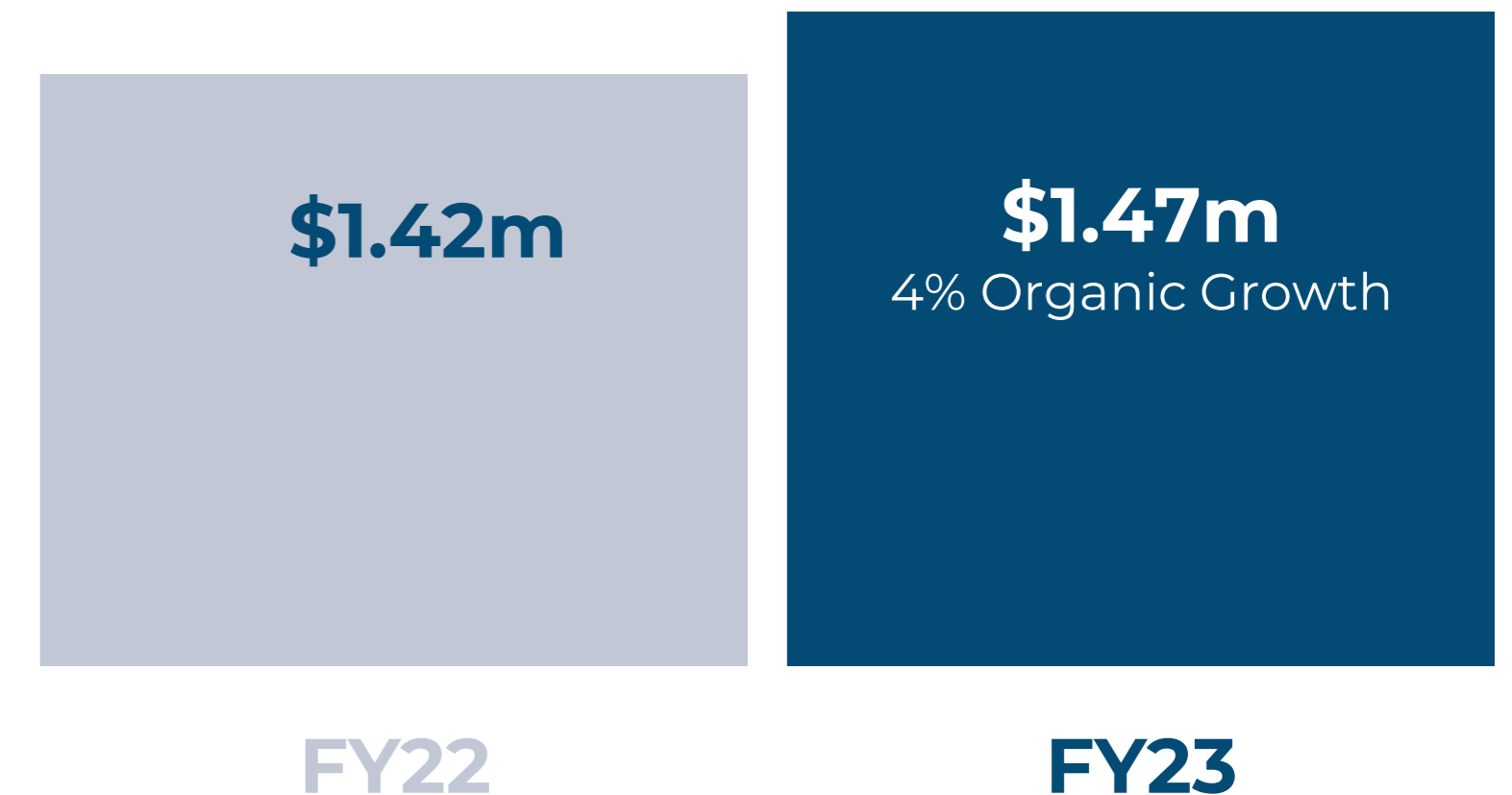
4% organic growth in revenue through added services to MSP solutions



Due to the low margins (particularly in NBN) the company views data as an enabler for Managed Services Growth and there is no specific focus on growth in this product as a stand-alone service. Churn is low and the company expects to continue to grow at rates of between 5%-10% YoY.

	1H 23	1H 22	Variance
Networks Revenue	1.47	1.42	3.5%
Recurring Revenue	1.40	1.42	(1.3%)
Gross Margin	32.0%	30.0%	

Our Partners



MOBILITY

Positive outlook despite the decline in revenue of 27.5% largely due to the Optus Cyberattack of Sep 2022 with prospects deferring decisions to sign new contracts

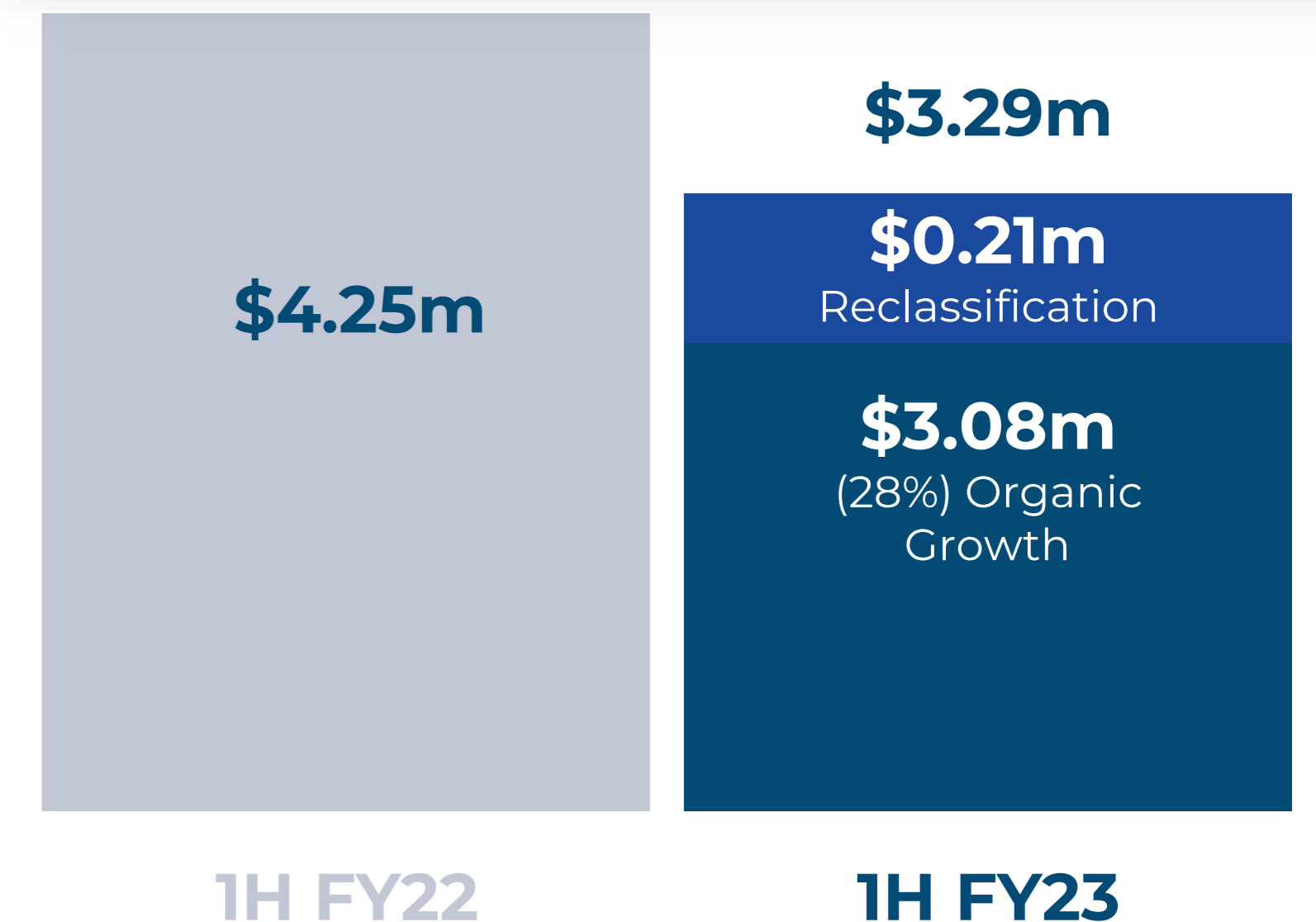


	1H 23	1H 22	Variance
Mobility Revenue	3.29	4.25	(22.6%)
Small Medium Business	2.13	3.10	(31.3%)
Enterprise	0.95	1.15	(17.4%)
Excluding revenue reclassification	3.08	4.25	(27.5%)
Recurring Revenue	1.66	2.09	(20.6%)
Gross Margin	95.5%	97.5%	

Our Partners

OPTUS

Core revenue in the Mobility Division relates to the reseller partnership with Optus. Pipeline is growing post the Optus Cyberattack and early signs point to a stronger second half. Administration costs have been reduced with expected savings of \$0.46m HoH in 2H FY23.



SMART DATA

Solid growth of 56% due to increased customer demand. Demand expected to continue into FY24

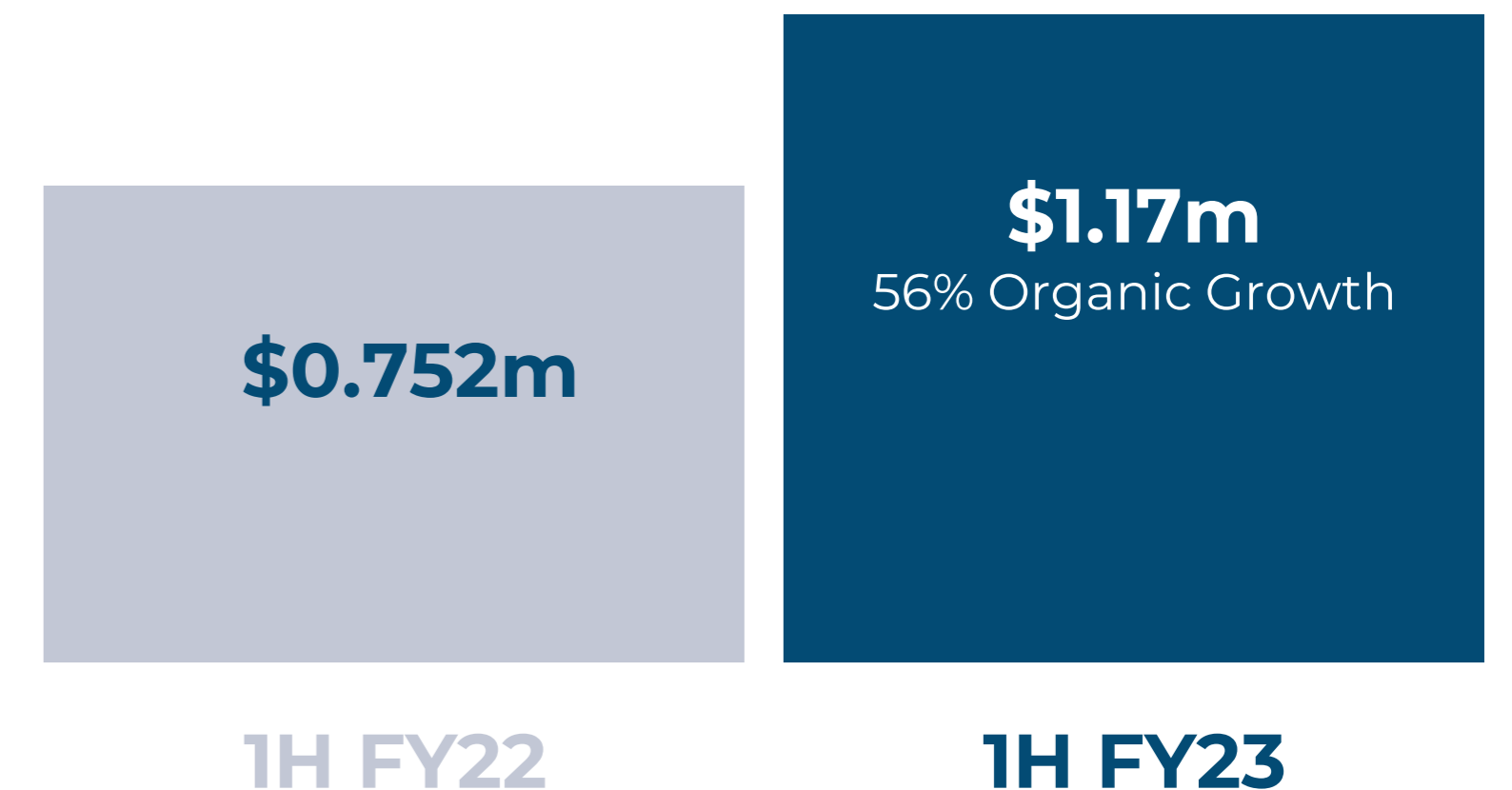


The Smart Data Division comprises of the Sennah Pty Ltd acquisition completed in June 2021 at 1 x EBITDA with expected annual revenue of \$1.7m. This investment is now exceeding expectations and the company is planning further growth in FY24.

	1H 23	1H 22	Variance
Smart Data Revenue	1.17	0.75	56%
Recurring Revenue	1.17	0.75	56%
Gross Margin	100.0%	100.0%	

Key Customer

OPTUS



FY23 STRATEGIC PLAN UPDATE

KEY FOCUS AREAS

Customer Retention

- Key customer relationship management delivered through improved customer experience
- Customer self-service portals with added quality and further value-added features
- Strategic IT advisory providing a roadmap for expanded services that grow with a business' increasing digital requirements

Expanding Services offered

- Cyber Security Services to manage vulnerabilities
- Cloud migration to aid business continuity
- Modern Workplace solutions
- Strategic partnerships with vendors to provide customers best in class innovative solutions

Organisational Capability

- Business operations and systems that deliver to suit customers from 10 to 1000 users
- A skilled and engaged workforce delivering to customer commitments
- Digital marketing delivering direct lead generation



PERFORMANCE SUMMARY 1H FY23



1H FY23 Results

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- Revenue in the Mobility Division was down \$1.17m largely due to impacts from the Optus Cyberattack of September 2022 which impacted overall group revenue and profit
- Organic growth of 20% to pcp excluding Mobility division.
- Positive Underlying Operating Cashflow of +\$0.76M and \$2.58m in cash at 31 Dec 2022

Outlook

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, underpinned by new product offerings.
- A reduction in the overall cost base following the recently completed restructure, with an annualised savings of \$1.56m
- A return to more normal operating conditions in the Mobility Enterprise division

DISCLAIMER – EARNINGS DISCLOSURE



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.

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