HUBiFY

UNIFYING PEOPLE AND TECHNOLOGY

30 June 2021

Annual Report

ASX:HFY

Contents

FY21 Highlights

Record sales revenue was delivered as Australian businesses navigated business connectivity and IT services during COVID. We continued to deliver on strategic acquisitions and build our organisational scale to support customers seeking guidance and solutions in navigating mobile, data, voice and cloud solutions.

Building Value and Organisational Scale

Operational improvement
Commencing a major process transformation and systems upgrade and integration to improve agility and an even better customer experience.

Strong growth across all financial metrics

Strong balance sheet with $5m cash and zero debt.

Group Revenue	↑ 15.4%
Recurring Revenue	↑ 36.8%
ARR[1]	↑ 63.5%
EBITDA[2]	↑ 18.6%

Successful execution of strategic acquisitions

Six acquisitions
With significant expansion into managed services that delivers against the medium growth strategy.

Accretive acquisitons
Complementary accretive acquisitions within voice and data customers that have been integrated seamlessly and are performing above expectations.

Merging of Telco & IT
Value base acquisitions that afford cross selling opportunities across the continued merging of Telco and IT.

Building organic sales and recurring revenue

Recurring Revenue up 24% to $13.9M

Recurring revenue
Annualised recurring revenue at June 2021 at $13.9M up 24% fuelled by recent acquisitions and organic growth success.

Cross selling opportunity
Recent acquistions provide cross selling opportunities across business divisions.

Brand awareness
Strengthened awareness of the Hubify brand across Australian business.

[1] Annualised Recurring Revenue
[2] Earnings Before Interest Tax Depreciation and Amortisation

Unifying people and technology

Holistic solution
A single supplier for Australian SMBs for all of their Telco and IT needs.

Customer experience
Delivering a consistent customer experience that is foundational to being recognised as experts in the SMB market.

Trusted advisor
Operating as a trusted advisor to customers to navigate the complexities of evolving technologies in the market.

Thriving People

Developing and growing our people
Instilling organisational behaviours that demonstrate to our customers what it means to be a trusted advisor in providing IT and telco solutions.

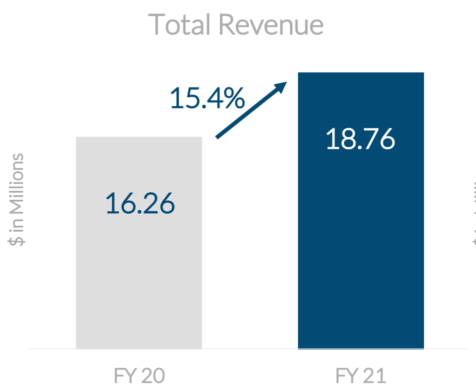
Growing employee engagement
Increased focus on organisational culture and demonstration of Hubify values

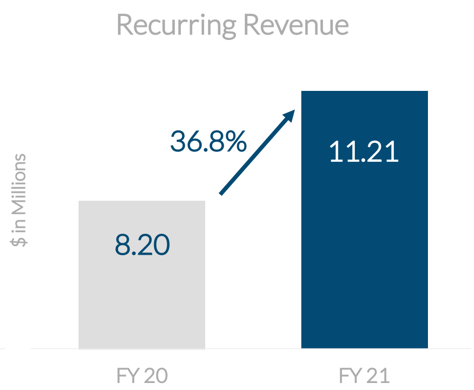
- Accountability and owning customer outcomes
- Driven to achieve growth
- Desire to serve
- Fun and enjoying what we do

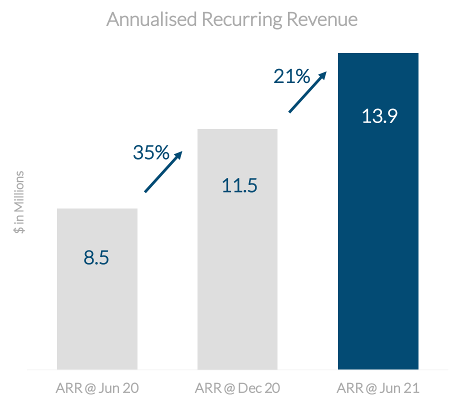
Broadening incentives to benefit more employees
Introducing an employee equity plan to broaden employee ownership of Hubify.
Over 67% of Hubify shareholders continue to work as employees in the business.

FY21 Financial Performance Results

Strong Balance Sheet with **$5m cash and zero debt**, leaving the Company well positioned to pursure further earnings accretive acquisition opportunities







Recurring revenue accounts for 60% of overall revenue, up from 50% in FY20

ARR[1] grew by 63.5%	$8.5m to $13.9m (on an exit run-rate basis)
Recurring revenue grew by 36.8%	$8.2m to $11.2m
Group revenue grew by 15.4%	$16.3m to $18.8m
Gross profit grew by 32.0%	$9.2m to $12.2m
Gross margin increased by 6%	70.7% to 76.7%
EBITDA[2] grew by 18.6%	$1.7m to $2.1m
NPBT grew by 24.7%	$1.0m to $1.24m

[1] Annualised Recurring Revenue
[2] Earnings Before Interest Tax Depreciation and Amortisation

Director's Review

Anthony Ghattas
Chairman

Victor Tsaccounis
Chief Executive Officer

Letter to Shareholders

We are delighted to present the Hubify Limited Annual Report for the Financial Year 2021.

We've had another progressive year of growth as we continue to execute our strategic plan to deliver shareholder value by growing the business both organically and through new acquisitions. We're pleased to report that we've ended the year with growth in revenue, profit and a positive cash position.

We're very pleased with our achievements in FY21 despite the headwinds with strong organic growth in our Voice and Networks divisions. This resulted in 36.8% grow in recurring revenue, a trend that continues into the new year. This platform underpinned our efforts to rapidly scale the business.

In November 2020 we launched our new brand 'Hubify' which was key to communicating our service offering to be a one-stop-shop to Australian Businesses for all their IT and Telco needs. Under our new brand our strategic priorities continued to build on promising organic sales and recurring revenue growth. This included strengthened awareness of the Hubify brand and making use of cross selling opportunities across the various business divisions which we continue to do successfully.

During the year we successfully executed six acquisitions across Voice, Data and Managed Services together with a Data management and lead development group to aid in driving strategic and organic growth across all product and service lines.

Revenue up
15%
to $18,761,542

EBITDA up
18.6%
to $2,063,681

Closing cash balance up
75%
to $5,073,672

Amongst the acquisitions we highlight two significant investments. The first is acquisition of managed service (MSP) company ICNE which anchors our foundations in MSP. The second was our investment in defence grade cyber security solutions for our customers through a partnership with Internet 2.0, resulting in the creation of our new Cyber Security brand Cybify. These investments play a key role in continued organic growth in the future, and we are already starting to see gains from these investments.

Our balance sheet remains strong with a solid cash position, zero debt and material growth in tangible assets throughout the Financial Year 2021. This puts us in a great position to take advantage of opportunities to scale Telco and IT catered to Australian business into the future.

Like most businesses we faced challenges during the year. It's a testament to our great team that we were able to overcome these challenges and leverage the opportunities they presented to continue to grow our recurring revenues organically and through acquisitions.

As a board we continue to see solid growth in this coming year through a combination of both organic growth and synergies from the acquisitions. The company also remains committed to continue strategic acquisitions in each of our strategic pillars.

We'd like to thank our customers, team and shareholders for their continued support, and we look forward to another great year of growth and success at Hubify.

Anthony Ghattas
Chairman

Victor Tsaccounis
Chief Executive Officer

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Our Company

With a heritage of over 20 years in mobility solutions for Australian businesses Hubify seeks to continue to unify people and technology.

Our purpose is to help business and people perform and live better through technology. This is achieved by providing Australian businesses with a one stop shop for all their telco and IT needs

What makes Hubify unique?

A focus on how we deliver to our customers

1. The right solutions for each business delivered with agility, and fit for purpose to ensure businesses of all size can compete within their industry
2. A proactive and responsive customer service
3. Telco and IT experience in caring for customers
4. Reliability and doing what we say we will do

Target Market

Hubify's target market is small to medium Australian businesses located in metropolitan cities and regional areas who value personal service and solutions across voice, data, mobile, cloud and IT services. Providing technology solutions allows them to focus on their business.

Market Opportunity

Hubify is well positioned as an industry challenger in rapidly growing key market segments.

- The Australian internet access market in 2020 was $30.1B
- $92B was spent by Australians on IT in 2020
- Mobile data usage is forecast to grow at 28% per annum between 2020 and 2030.
- $5.6B was spent on cyber security in 2020 and this is forecast to rise to $7.6B by 2024

Strategic priorities

Hubify strategic priorities continue to build on promising organic sales and recurring revenue growth. This includes strengthened awareness of the Hubify brand and making use of cross selling opportunities across the various business divisions. Emphasis is focused to quickly scale the managed services customer offer and to leverage cyber security solutions with new customers. We expect to realise these benefits in the short term in both recurring revenue and margin growth together with EBITDA increases over the medium term.

Internal Hubify priorities include delivering a consistent customer experience via the "Hubify Way" that becomes foundational to being recognised as SMB market experts. A consistent sales strategy, operating as a trusted advisor in navigating the complexities of the evolving technologies within the Telco and IT market, will complement the "Hubify Way". The market values personal service and our response is to develop and grow the talent of our people.

Strategic acquisitions & investments

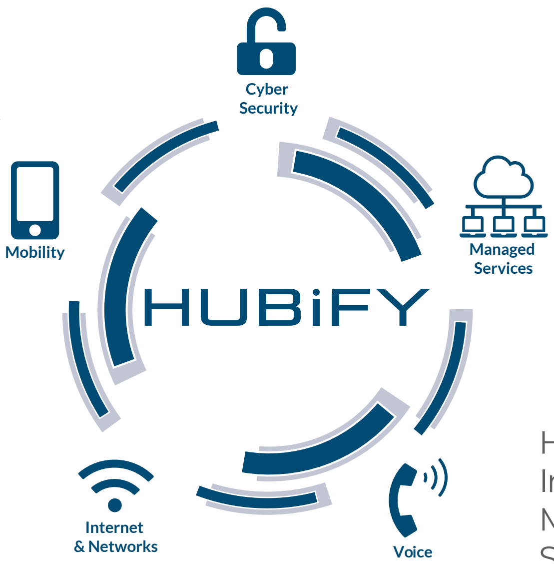
Hubify executed six acquisitions in FY21 across Voice, Data and Managed Services together with a telemarketing group that drives organic growth across all product and service lines. A defined disciplined criteria is applied in assessing potential acquisitions, together with the complementary fit within the existing customer offer and ability to cross sell and drive accretive earnings. Hubify retains a strong balance sheet with strong cash reserves, zero debt and is well placed to take advantage of opportunities to scale Telco and IT catered to Australian businesses.

Business Division Summaries

Managed Security
Cyber Consulting
Cyber Compliance
Firewalls

Business Plans
Global SIM
Mobile Device Management
Machine to Machine
Global IoT Solutions

Business IT
IT Infrastructure
Managed Devices
Cloud



NBN Enterprise
Fibre
Managed Routers
WiFi solutions

Hosted Voice
Inbound
Microsoft Teams
SIP
On-Premise PABX

Mobility

Mobility

Hubify is an Optus Business & Optus Enterprise Partner and is contracted by Optus to acquire and manage Optus Mobility customers.

Partner contract with Optus renewed in April 2021 for 5 years

Hubify's Global Mobility division provides a complete white label solution for travel businesses and enterprises. Our full-service platform with app, web and back-end support lends assistance to the management of people and assets on an international scale.

Hubify's Global Mobile Network spans over 600 mobile carriers globally, coupled with the world's largest Wi-Fi network consisting of 50+ million hotspots in 180 countries. We continuously strive to evolve and invest in research and development, ensuring our services are supported by innovative and reliable technology.

Due to Covid-19 and the cessation of international travel the Global Mobility Division has not contributed to the Company's revenues in 2021.

1. Business Plans through Optus network
2. Global SIM
3. Mobile Device Management
4. Machine to Machine
5. Global IoT Solutions

211
Enterprise customers

26,979
SMB Customers

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Voice

Voice

Hubify aims to deliver to SMB customers a unified communications solution.

Customers have an average contracted revenue of 36 months

A number of long standing customers since inception of over 10 years.

Hubify's range of voice solutions provide business customers different options in the way they want communicate with their staff and customers.

This includes physical hardware at the customer's premises or a hosted voice solution in the cloud. The customer can choose to supply handsets to their staff or work from their desktop from a soft phone. Hubify also supplies inbound services like 13/1300 numbers for businesses at competitive rates and unlimited plans for outbound calling. With remote working in high demand Hubify assists it's clients with an open platform full-featured PBX phone system that includes call queues, built in video calls and web conferencing with user access anywhere in the world.

1. Hosted Voice
2. Inbound
3. Microsoft Teams
4. SIP
5. On-Premise PABX

$286
Monthly average revenue per user

69%
Cross sell rate for customers across to Internet & Networks

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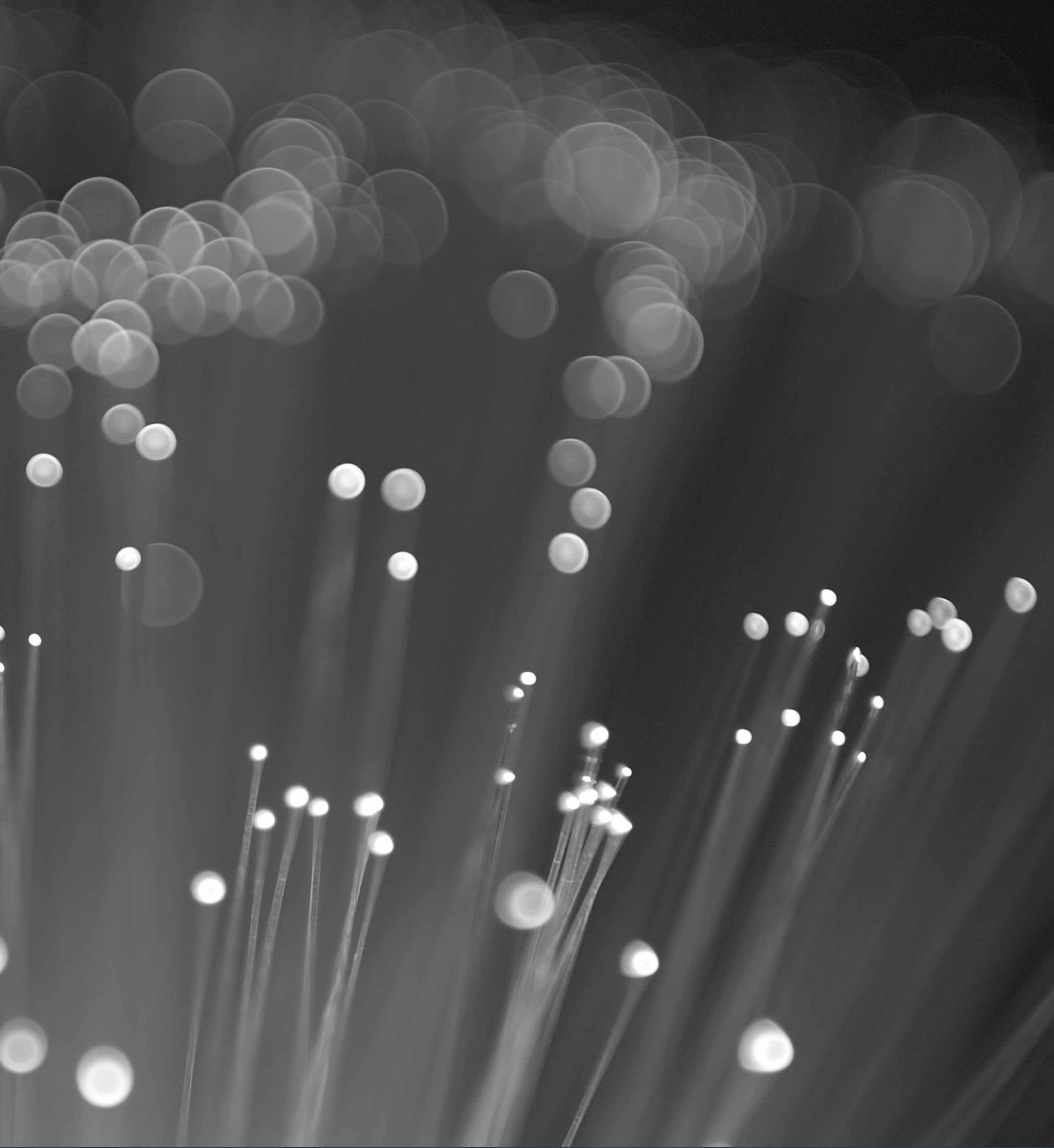

Internet & Networks

Internet & Networks

Hubify provides to its customers the full range of enterprise grade connectivity solutions.

Customers have an average contracted revenue of 37 months

A number of long standing customers since inception of over 7 years.

Hubify's Internet & Networks Service provides customers the full range of Internet Services including WANs, Direct Internet NBN and Fibre services.

Hubify's business only network powers the diverse range of traffic requirements that range from mission critical uploads, downloads, voice, inter-site connectivity and traffic exchange with data centers.

1. NBN Enterprise
2. Fibre
3. Managed Routers
4. WiFi solutions

$382
Monthly average revenue per user

85%
Cross sell rate for customers across to Voice

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Managed Services

Managed Services

Managed Services is a new division for Hubify and with the acquisition of ICNE and its management team, Hubify is well positioned to achieve high rates of organic growth.

Top 20 customers with an average annual revenue of $186,000

Multi-site SMB customers across a variety of industries including education, professional services, retail, NFP, and hospitality.

We support our Managed Service Customers by collaborating with them to optimise their return on IT investment. We help them build an integrated IT infrastructure that they can strategically leverage to grow their business.

1. Business IT
2. IT Infrastructure
3. Managed Devices
4. Cloud

$22, 500
Average annual spend per customer

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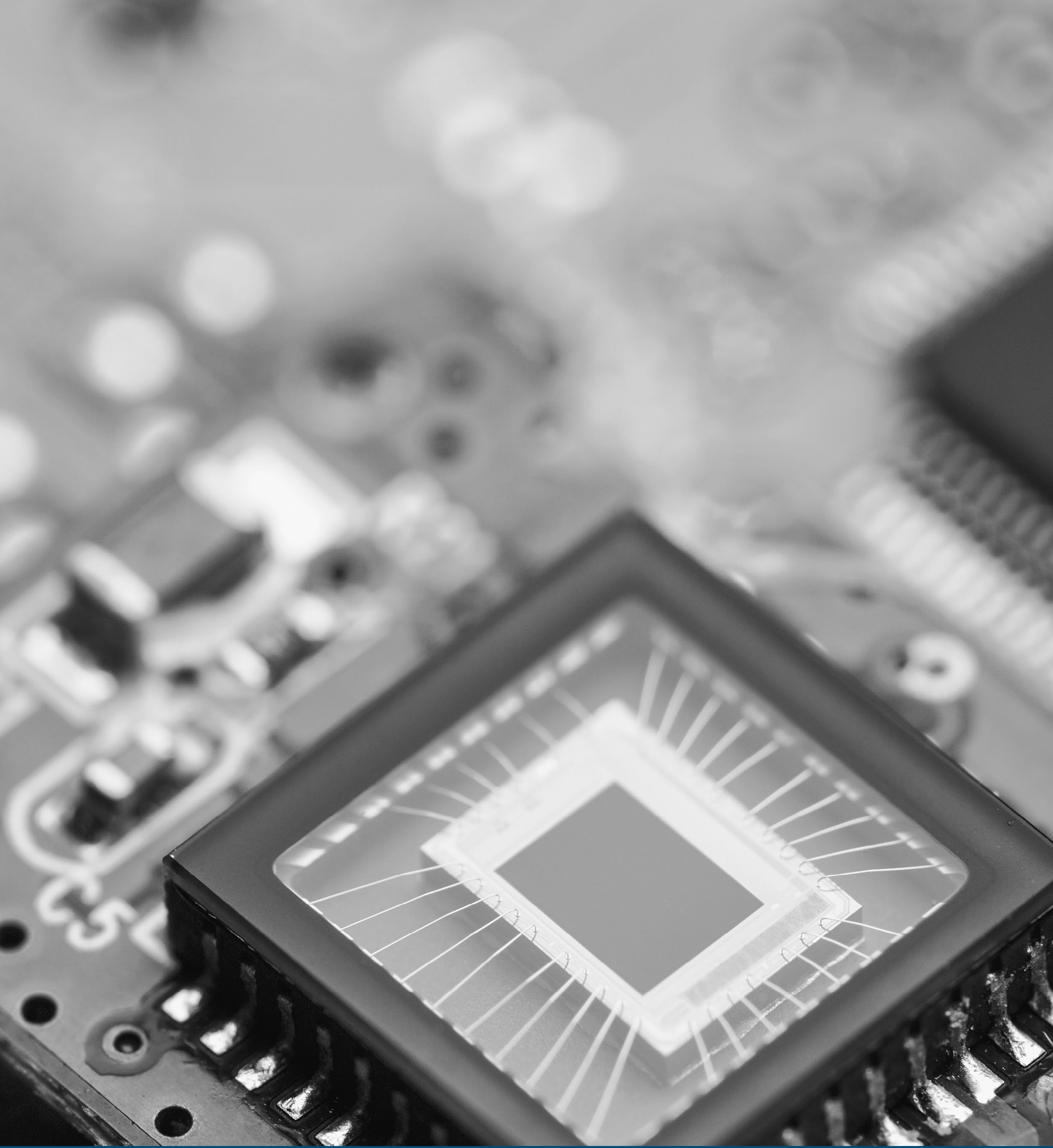

Cyber Security

Cyber Security

Cyber Security is a recent addition to the Hubify Product offering to SMB and represents an attractive cross selling opportunity to the existing Hubify customer base across a variety of personalised solutions.

Holistic cyber security solution for exisiting customer base & SMBs

Hubify has recently partnered with Cyber Security experts at Internet 2.0 and will go to market with a new SMB solution in Q2 FY22. Hubify's Managed Services and Internet & Networks divisions already provide Cyber Security hardware solutions which are included in the company's reported revenue.

Solutions include:

- Cyber SaaS for SMBs
- Firewall
- Intrusion detecion & prevention
- Monitoring, threat hunting and Cyber threat intelligence

1. Managed Security
2. Cyber Consulting
3. Cyber Compliance
4. Firewalls

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Our Leadership

Board of Directors

Anthony Ghattas

Non-Executive Chairman

Anthony is the former CEO of ASX listed, digital and mobile content development company HWW Limited. Anthony is the Founder and Managing Director of United Lifestyle Group, he has extensive experiences in direct to customer marketing in Australia and overseas which retails consumer direct wines under multiple brands in Australia and New Zealand. Over the last 17 years, Anthony has overseen to the growth of United Lifestyle Group acess multiple continents.

Charbel Nader

Non-Executive Director

Charbel is an investment banker with extensive experience in corporate finance, strategic advisory roles, and mergers & acquisitions. He is a founding member of Metro Media Publishing Pty Ltd, and is a Director of Madman Entertainment Pty Ltd and a Director of New Talisman Gold Mines Limited (ASX : NTL).

Victor Tsaccounis

CEO & Executive Director

Victor is a high achieving Company Executive Officer with experience in mergers and acquisitions as well as working in senior leadership roles for Tier 1 Telecommunications companies. Prior to this role Victor was CEO of the Broadland Group and previously Head of Business at Vodafone Hutchison Australia where he integrated the sales organisations from both the 3 Mobile and Vodafone teams during their merger. Victor has been instrumental in Hubify's transformation over the last 2 years which included record year on year growth, completion of several acquisitions and a capital raise which has seen the value of the company triple in the last 2 years.

Executive Team

Executive Governance Structure

Our CEO, Victor Tsaccounis, and Hubify's executive team is responsible for the efficient and effective operation of Hubify and for developing strategies to grow the customer base and expansion of the customer product offer that meets their Telco and IT needs.

Nick Fitzgerald

CFO & Head of Strategy

Nick joined Hubify in March 2021 as the CFO and Strategy lead. He has worked in the healthcare industry for a number of years predominantly at J&J, in both Finance and Customer roles. He served as CFO of Consumer Products division across ANZ and led the establishment of the Customer Excellence Division at Janssen Pharmaceuticals. He has consulted to Healthcare and Telecommunications industries on finance and customer go to market strategies. Nick has a Bachelor of Commerce, is a member of Chartered Accountants ANZ and is a Graduate member of the Australian Institute of Company Directors. Nick is responsible for the leadership of Finance, Strategy, Marketing & Procurement.

Nicholas Ghattas

COO

Nicholas has over 20 years of experience in the telecommunications industry as trusted partner to his Enterprise clients. Nicholas holds a Bachelor of Commerce Degree from the University of New South Wales and previously held a position as Corporate Financial Accountant at Coopers & Lybrand (PWC). Over the last 10 years Nicholas has built Hubify's Global Mobility Division and more recently has led the company's mergers and acquisitions division where he successfully completed 6 acquisitions in 2021.

Jonathan Perrin

CRO

Jonathan is a Senior Executive with 20 years of experience in the telecommunications industry. He has been the Sales Director across the SMB and Enterprise Divisions within the Broadland Group for the last 17 years. He has been instrumental in building the company's recurring revenues to date. His key experience and expertise is in vendor and partner relations, operations, sales management and strategy, contract negotiations, and company culture.

One Stop Shop

Hubify's customers & partners include industry leading Australian companies and businesses.

Selection of Key Customers

More than 8 years as a Hubify customer

- Mobility
- Voice
- Internet & Networks

Hubify initially supplied Co.As.It with a mobile fleet solution and is now the trusted Telco & IT Partner.

Mobile fleet of 140 sims
2 Voice Carriage locations
Unified Communications & Remote Working solution
Fibre & NBN Internet Services
Strategic IT Consultancy

More than 2 years as a Hubify customer

- Mobility
- Voice
- Internet & Networks
- Managed Services

Hubify initially supplied BVLGARI with their mobile fleet solution and is now the trusted Telco & IT Partner.

Mobile fleet of 40 sims
5 Voice Carriage locations
Unified Communications & Remote Working solution
Fibre Internet Services
IT hardware supply
Device management

Nearly 4 years as a Hubify customer

- Mobility
- Managed Services

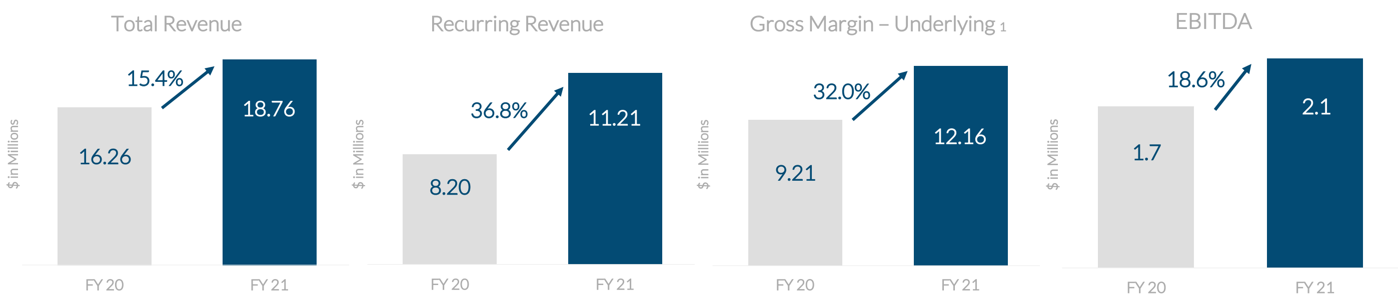
Hubify initially ran a specialised project for Harris Farm in their logistics area and are now mandated to support Harris Farm with their store expansion across Australia.

Mobile fleet of 200 sims
Professional services and project management of in store technology deployment
IT support

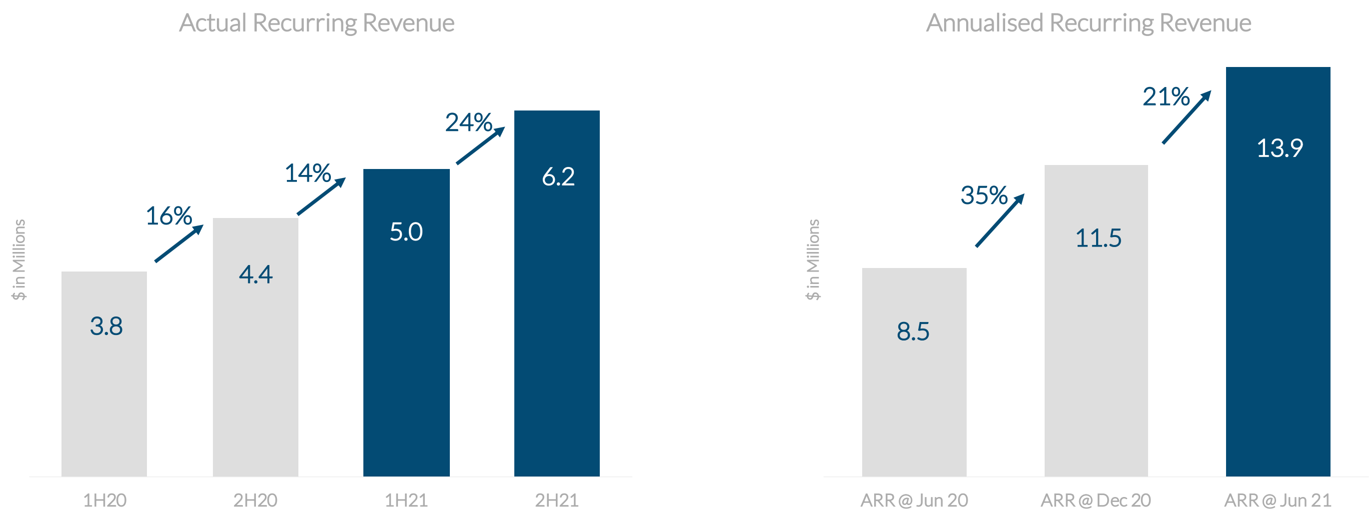
Our Key Partners

Financial History

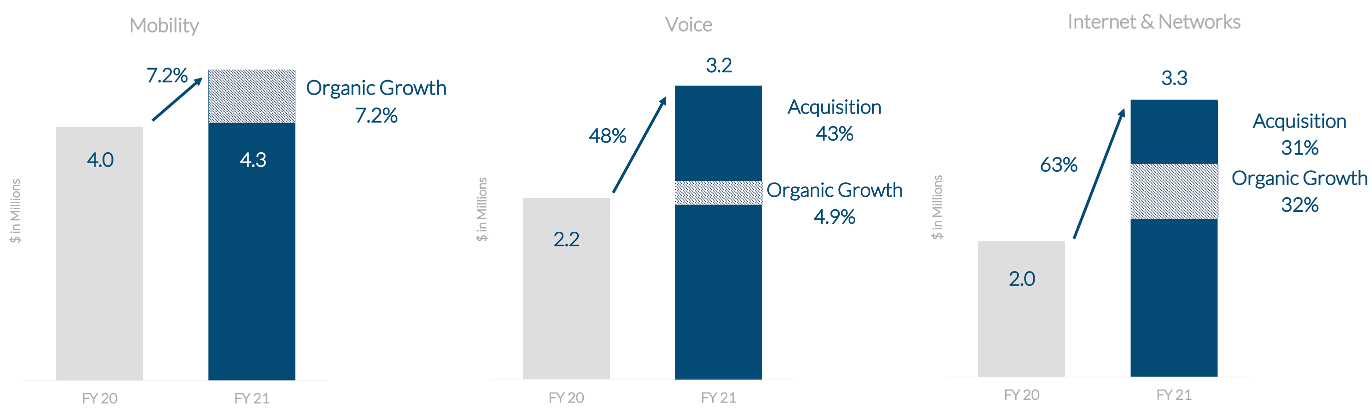
During FY21, Hubify continued to achieve growth across all financial metrics. Importantly, the business continued to realise strong growth in recurring revenue, with an increase of 36% from FY20 to FY21.



Accelerating Growth in Recurring Revenues



Recurring Revenue Growth - Divisions



Risks

Risk management

The company 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. In executing the company's strategy, risk management is an integral factor in considering the best way to create shareholder value.

Board Responsiblity

The Board is responsible for establishing the level of risk which it expects the management of the company to operate within. This responsibility extends to ensuring an appropriate risk management framework is in place.

The Company has policies and procedures in place which are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. Management designs, implements and maintains risk management and internal control systems to manage the Company's material business risks. As part of regular reporting procedure, management report to the Board confirming that those risks are being managed effectively. The majority of the Board currently consist of independent directors and the Board believes it has the depth of knowledge, skills and experience to effectively ensure the transparency, focus & independent judgement needed to oversee the audit, reporting and risk management functions.

Management reporting to & with oversight of the Board details operation of risk management which is to:

- Create a structure of review and authorisation designed to ensure the integrity of the company's financial reporting;
- Review and monitor the independence and effectiveness of the external auditors and internal controls; and
- Review the effectiveness of the company's compliance and risk management functions.

Risk management framework

The Hubify Risk Management Framework enables the company to establish clear processes & structures to identify, assess & monitor various risks. The key elements of the framework include:

- The Board and CEO who provide ultimate oversight and accountability for risk management and defining the risk parameters. The board has identified the material business risks and agreed to the strategy in managing each risk.
- Management, who work within the agreed risk parameters.

Key Risks

Hubify continues to execute on it's business strategy to grow the business and deliver value to shareholders. There are a number of risks associated with an investment in the Company, which may affect its financial performance, financial position, cash flows, distribution, growth prospects and share price. Some of the key areas of risk identified for Hubify are:

- Changes in Industry, Market and Customer Demand
- Supplier and Vendor Relationships
- Loss of Key Enterprise Partners
- Cyber Threats
- Growth Prospects and Acquisitions
- Reputation
- Regulatory
- New revenue and market
- Reliance on key personnel

Risk	Mitigation Strategy
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. Management are constantly engaged with partners to identify and understand change in trends. Hubify have developed a flexible and scalable solution which facilitates changes to current and future products to accommodate change in trends.
Supplier & Vender Relationship Hubify relies on various key supplier relationships in certain parts of its business. The loss or impairment of any of these relationships could impact Hubify's business.	Hubify employs a procurement officer and has regular account management reviews with key suppliers to maintain and develop a productive partnership with key suppliers.
Loss of Key Enterprise Partners A substantial portion of Hubify's revenues is generated from its Key Enterprise Partners. The loss of any Key Enterprise Partner or the loss of business from Key Enterprise Partners would adversely 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.

Risk	Mitigation Strategy
Cyber Threats Hubify relies on the availability of its websites, hosting servers and the websites and systems of various third-party providers to provide services to clients and to attract 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 customers 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.
Growth Prospects and Acquisitions Hubify's growth prospects are dependent upon a number of factors, including customer take-up and successful execution of expansion plans. If Hubify fails to execute any expansion plans, its financial performance is likely to be negatively affected.	As part of its expansion strategy, the Company continues to pursue acquisitions of, or significant investments in, complementary companies, services, technologies and/or products to create new revenue streams. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies.
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.

Risk

Mitigation Strategy

Hubify's Regulatory Position

At the date of this report, the telecommunications services provided by Hubify do not require a special license or permit in the jurisdictions they are offered.

However, changes to the regulatory regime, legislation, or government policies in any such jurisdiction, or in the nature of the services or operations of Hubify may require the acquisition of a license or permit, or may impose other obligations upon Hubify.

A failure / delay in complying with changes or the time and costs required to comply could have an adverse impact on Hubify.

Hubify has specific individuals responsible for meeting legislative and policy requirements and uses external partners for independent oversight of programs that address the regulatory framework and minimise potential disruption to operations.

New Revenue and Market

Some of Hubify's business opportunities should be viewed as speculative as they may be based on new business models, or involve nontraditional telecommunications companies and new revenue potential that cannot be guaranteed.

There is an inherent risk associated with setting up new operations or partnering with new companies which, if unsuccessful, costly to implement, or costly to maintain can adversely affect Hubify's operations, revenue and profits.

Hubify's strategy is to work with its global partners to collaboratively enter new markets in which they operate. With this strategy Hubify is able to ensure distribution from day one with a local affiliation.

Reliance on Key Personnel

Hubify relies on the experience and knowledge of its management team. Hubify is also dependent on its ability to recruit and retain suitably qualified personnel.

The loss of key personnel which Hubify is unable to replace with suitable staff or within reasonable time, could have a materially adverse effect on Hubify's business and its operations.

Hubify has strengthened its leadership and management team with a number of external recruitments including the appointment of a Chief Financial Officer, Chief Revenue Officer and a Chief People Officer. These roles are tasked with further systemization of processes and development of Hubify employees that will enable the company to continue to scale its operations to respond to customer growth.

Corporate Directory

Corporate Directory

For the Year ended 30 June 2021

Company secretary	Nick Fitzgerald
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	HWL Ebsworth Lawyers Level 14 – Australia Square 264-278 George Street Sydney NSW 2000 Sekel Grinberg 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/

Director’s Report

Director's Report

For the Year ended 30 June 2021

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 year ended 30 June 2021.

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 year and up to the date of this report, unless otherwise stated:

Anthony Ghattas
Victor Tsaccounis
Charbel Nader

Principal activities
During the financial 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 year were as follows:

	2021 $	2020 $
Dividends paid/payable to shareholders of Hubify Limited	-	-

There were no dividends paid, recommended, or declared during the current financial period by Hubify Limited. The amounts paid represent pre-acquisition dividends payable to the shareholders of Broadland Solutions Pty Limited and to the shareholders of ICNE Pty Limited relating to the period prior to their acquisition by Hubify Limited.

Review of operations
HFY achieved an EBITDA of $2.1m for FY21 with an annual statutory net profit after tax of $0.9m. This profit was generated on revenue of $18.8 million, a 15.4% increase compared to the prior year. Final cash position at the end of the year was $5.1m.

In the year ended 30 June 2020 HFY recognised a one-off deferred tax credit of $1,756,757 and as a consequence the statutory profit after tax for the year ended 30 June 2021 is down 65.0% when compared to the statutory profit after tax for the year ended 30 June 2020. 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.

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

	2021 $	2020 $
Profit before income tax expense	1,245,631	999,239
Finance costs	19,293	48,785
Interest revenue	(1,765)	(4,970)
Depreciation expense	326,220	122,085
Amortisation expense	474,302	574,262
EBITDA	2,063,681	1,739,401
Acquisition costs	43,313	180,417
Adjusted EBITDA	2,106,994	1,919,818

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.

Acquisitions completed in the last 12 months

- C3 Innovations (Voice & Internet/Networks)
- Red Telecom Pty Ltd (Voice & Internet/Networks)
- Ripe Communications Pty Ltd (Mobility)
- Nethoster (Voice & Internet/Networks)
- ICNE Pty Ltd (Managed Services - MSP)
- Sennah Pty Ltd (Smart Data & Lead Generation)

Investments completed in the last 12 months

- Internet 2.0 provides defence grade cyber security proprietary technology and managed services

Business transformation achievements FY2021

- Company name change and brand awareness campaign
- Managed Service Division Expansion

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 year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2021 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.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Anthony Ghattas
Title:	Non-executive Chairman
Qualifications:	None
Experience and expertise:	Anthony Ghattas is the former CEO of ASX listed, digital and mobile content development company HWW Limited. Anthony is the Founder and Managing Director of United Lifestyle Group, he has extensive experiences in direct to customer marketing in Australia and overseas which retails consumer direct wines under multiple brands in Australia and New Zealand. Over the last 16 years, Anthony has seen to the growth of United Lifestyle Group across multiple continents.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman
Interests in shares:	38,238,124
Interests in options:	Nil

Name:	Victor Tsaccounis
Title:	Director and Chief Executive Officer
Qualifications:	None
Experience and expertise:	Victor Tsaccounis has over 20 years' experience in the telecommunications industry. He has held senior roles including Head of Business at Vodafone where he successfully integrated his 2 business units during the merger of 3 Mobile and Vodafone in Australia.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chief Executive Officer
Interests in shares:	72,383,316
Interests in options:	Nil

Name:	Charbel Nader
Title:	Non-executive Director
Qualifications:	BCom (University of Melbourne), Master of Applied Finance (University of Melbourne)
Experience and expertise:	Charbel Nader is an investment banker with extensive experience in corporate finance and strategic advisory roles, including experience in mergers and acquisitions. Charbel was the Founding Chairman of Metro Media Publishing Pty Ltd. Charbel is a Director of Madman Entertainment Pty Ltd and Chairman of New Talisman Gold Mines Limited.
Other current directorships:	Chairman - New Talisman Gold Mines Limited (since 24 August 2016)
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	90,000
Interests in options:	Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
The company secretary is Nick Fitzgerald, who was appointed to the position on 1 March 2021. Nick brings a breadth of senior leadership experience gained across complex organisations including demonstrated capability on strategy development, financial stewardship and business growth across sales and marketing organisations. Nick holds a Bachelor of Commerce, is a member of Chartered Accountants Australia & New Zealand and is a Graduate Member of the Australian Institute of Company Directors. The former Company Secretary was Michael Potts.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Anthony Ghattas	12	12
Victor Tsaccounis	12	12
Charbel Nader	12	12

Held: represents the number of meetings held during the time the director held office.

A Remuneration Committee has been formed but did not meet during the year to 30 June 2021. There are no other separate Board committees.

Remuneration Report

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors are entitled to receive share options under the Employee Share Option Plan.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The approval of a maximum annual aggregate remuneration for non-executive directors will be tabled at a general meeting of the company. The amount paid to non-executive directors of the parent entity (Hubify Limited) during the year to 30 June 2021 was $161,676.

Executive remuneration
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

(i) Fixed remuneration
Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

(ii) Short-term incentives
Chief Executive Officer
The Chief Executive Officer is eligible for short-term incentive (STI) cash bonus payments based on the achievement of the KPIs specified in his executive service agreement. The KPIs for bonus purposes are determined for each financial year of the term of his service agreement. The aim of the STI is to link the achievement of the consolidated entity's annual and/or immediate financial and broader operational targets with the remuneration received by the Chief Executive Officer. The total potential STI is set at a level so as to provide sufficient incentive to achieve the operational targets and at a cost to the consolidated entity that is reasonable in the circumstances. Actual STI payments awarded to the Chief Executive Officer depend on the extent to which specific targets prescribed in the performance agreement for a financial year are met and is limited to a maximum of $75,000 (2020: $97,500). The total cash bonus is $75,000 if the key performance indicators are achieved. For the 2020 financial year only, if the actual results were at least 10% over budget, 20% or 30% over budget, an additional $7,500 was payable for the achievement of each level.

The Chief Executive Officer was entitled to a bonus of $37,500 in respect of the 30 June 2021 financial year (30 June 2020 financial year: $90,000). The bonus was paid during the 2021 financial year.

The target for the financial year ended 30 June 2021 was an EBITDA of $2.1m - weighting: 100% (2020: EBITDA of $1.5m - weighting: 100%). The use of EBITDA is considered an appropriate measure as it is a reliable indicator of core operating performance that can be easily determined and benchmarked and reflects improvements in both revenue and cost control.

(iii) Long-term incentives
The long-term incentives include share-based payments. Options to acquire shares may be awarded to executives. There were no options granted in the 2021 financial year.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

Use of remuneration consultants
The company did not engage remuneration consultants during the financial year ended 30 June 2021.

Voting and comments made at the company's 26 October 2020 Annual General Meeting ('AGM')
At the 26 October 2020 AGM, 99.9% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration
Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Hubify Limited:
- Anthony Ghattas - Non-executive Chairman
- Victor Tsaccounis - Director and Chief Executive Officer
- Charbel Nader - Non-executive Director

And the following persons:
- Nick Fitzgerald - Chief Finance Officer (appointed 1 March 2021)
- Michael Potts - former Chief Finance Officer (resigned 1 March 2021)

The following information includes the historical information for Hubify Limited for the period but does not include the information for Broadland Solutions Pty Ltd prior to the reverse acquisition in October 2019.

2021	**Cash Salary and fees $**	**Bonus $**	**Other benefits $**	**Ann. leave accrual (ii) $**	**Superannuation $**	**Long Service leave (ii) $**	**Termination $**	**Total $**
Non-Executive Directors:								
Anthony Ghattas	96,000	-	1,996	-	9,120	-	-	107,116
Charbel Nader	48,000	-	2,000	-	4,560	-	-	54,560
Executive Director:								
Victor Tsaccounis	200,000	37,500	2,000	2,191	22,751	13,171	-	277,613
Other Key Management Personnel:								
Nick Fitzgerald (i)	100,000	-	-	3,076	9,500	-	-	112,576
Michael Potts (i)	195,186	-	-	(14,315)	12,166	(1,325)	34,000	225,712
	639,186	**37,500**	**5,996**	**(9,048)**	**58,097**	**11,846**	**34,000**	**777,577**

(i) Michael Potts resigned on 1 March 2021 and Nick Fitzgerald was appointed on the same date.
(ii) Represents the net movement in the leave entitlement balances.

2020	Cash Salary and fees $	Bonus $	Other benefits $	Ann. leave accrual (ii) $	Superannuation $	Long Service leave (ii) $	Total $
Non-Executive Directors:							
Anthony Ghattas	96,000	-	-	-	9,120	-	105,120
Charbel Nader	48,000	-	-	-	4,560	-	52,560
Executive Director:							
Victor Tsaccounis	133,331	90,000	-	(1,374)	11,147	3,933	237,037
Other Key Management Personnel:							
Nicholas Ghattas (ii)	244,879	58,750	76,648	(50,741)	14,410	(15,733)	328,213
Michael Potts	181,784	-	10,200	(8,154)	17,266	695	201,791
	703,994	**148,750**	**86,848**	**(60,269)**	**56,503**	**(11,105)**	**924,721**

(i) Victor Tsaccounis was appointed a Director on 22 October 2019.
(ii) Nicholas Ghattas resigned as a Director on 22 October 2019 and was appointed Chief Operating Officer on the same date. With effect from 1 July 2020, Nicholas Ghattas was no longer considered a key management person.
(iii) Other benefits include an encashment of annual leave and long service leave entitlements.
(iv) Represents the net movement in the leave entitlement balances.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - STI	
Name	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Non-Executive Directors:						
Anthony Ghattas	100%	100%	-	-	-	-
Charbel Nader	100%	100%	-	-	-	-
Executive Director:						
Victor Tsaccounis	86%	62%	14%	38%	-	-
Other Key Management Personnel:						
Nicholas Ghattas	-	82%	-	18%	-	-
Nick Fitzgerald	100%	-	-	-	-	-
Michael Potts	100%	100%	-	-	-	-

The proportion of the cash bonus paid/payable or forfeited is as follows:

	Cash bonus paid/payable		Cash bonus forfeited	
Name	**2021**	**2020**	**2021**	**2020**
Executive Directors:				
Victor Tsaccounis	50%	92%	50%	8%
Other Key Management Personnel:				
Nicholas Ghattas	-	60%	-	40%

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Victor Tsaccounis
Title:	Chief Executive Officer
Agreement commenced:	22 October 2019
Term of agreement:	On-going
Details:	Base salary of $200,000 per annum to be reviewed annually by the Board and an annual cash bonus of up to $97,500. The cash bonus is dependent on the achievement of KPI's. The contract may be terminated by the company giving 12 months' notice and the CEO giving the greater of 4 weeks and the notice required under the Fair Work Act. There is no provision in the contract for a payout on termination other than accrued pay, leave entitlements or other statutory payments.

Name:	Nick Fitzgerald
Title:	Chief Finance Officer
Agreement commenced:	1 March 2021
Term of agreement:	On-going
Details:	Base salary of $300,000 per annum. The contract may be terminated by either party giving to the other party notice in accordance with an applicable Industrial Instrument of the Fair Work Act. There is no provision in the contract for a payout on termination other than accrued pay, leave entitlements or other statutory payments.

Name:	Michael Potts
Title:	Chief Finance Officer
Agreement commenced:	31 August 2015
Term of agreement:	Resigned 1 March 2021
Details:	Base salary of $176,800 per annum. The contract could be terminated by either party giving to the other party notice in accordance with an applicable Industrial Instrument of the Fair Work Act. There was no provision in the contract for a payout on termination other than accrued pay, leave entitlements or other statutory payments.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021 (2020: nil).

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant data	Vesting date and exercisable date	Expiry date	Exercise Price	Fair value per option at grant date
Anthony Ghattas	5,250,000	01/07/2016	01/07/2018	01/07/2021	$0.300	$0.000
Nicholas Ghattas	5,250,000	01/07/2016	01/07/2018	01/07/2021	$0.300	$0.000
Charbel Nader	3,500,000	01/07/2016	01/07/2018	01/07/2021	$0.300	$0.000

Options granted carry no dividend or voting rights.

The options granted to Directors were in terms of the Employee Share Option Plan and were granted over unissued fully paid ordinary shares in the company. Options vest based on the provision of service over the vesting period whereby the Director becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

There were no options that were exercised, forfeited or lapsed during the year.

Additional information
The following data for the 2019 and prior financial years, relates to Hubify Limited and its controlled entities (HFY) only and does not include any data from Broadland Solutions Pty Ltd (BLS). The 2020 data represents the results of BLS for period from 1 July 2019 to 30 June 2020 and the results of HFY and for the period 21 October 2019 to 30 June 2020.

The earnings of the consolidated entity for the five years to 30 June 2021 are summarised below:

	2021 $	2020 $	2019 $	2018 $	2017 $
Sales revenue	16,667,014	14,469,167	2,335,694	2,617,734	5,142,500
EBITDA	2,063,681	1,739,401	(71,988)	(17,865,504)	(309,067)
EBIT	1,263,159	1,043,054	(1,115,980)	(18,840,274)	(1,050,522)
Profit/(loss) after income tax	918,913	2,626,165	(1,132,092)	(19,268,609)	(1,037,177)

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Ordinary shares	**Balance at the start of the year**	**Received as part of remuneration**	**Additions**	**Disposals/ other***	**Balance at the end of the year**
Anthony Ghattas	38,238,124	-	-	-	38,238,124
Victor Tsaccounis	72,383,316	-	-	-	72,383,316
Charbel Nader	90,000	-	-	-	90,000
Nicholas Ghattas	38,208,124	-	-	(38,208,124)	-
Nick Fitzgerald	-	-	420,000	-	420,000
Michael Potts	25,000	-	-	(25,000)	-
	148,944,564	-	420,000	(38,233,124)	111,131,440

* Includes shareholding at the date of resignation or appointment or when the person was no longer considered to be to part of key management.

Option holding
The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other*	Balance at the end of the year
Options over ordinary shares					
Anthony Ghattas	5,250,000	-	-	-	5,250,000
Nicholas Ghattas	5,250,000	-	-	(5,250,000)	-
Charbel Nader	3,500,000	-	-	-	3,500,000
	14,000,000	-	-	(5,250,000)	8,750,000

* Includes shareholding at the date of resignation or appointment or when the person was no longer considered to be to part of key management.

On 1 July 2021, all of the above options lapsed.

Loans to key management personnel and their related parties
There were no loans owing by key management personnel of the group, including their close family members and entities related to them, at 30 June 2021 and 30 June 2020.

Other transactions with key management personnel and their related parties
The consolidated entity sold telephone and internet services during the year in the sum of $68,819 (2020: $48,565) to 1 entity (2020: 1 entity) in which Mr Anthony Ghattas is a director and a controlling shareholder. The contracts were based on normal commercial terms and conditions.

The consolidated entity purchased goods and services (rent, parking, shared office services and amenities and HR services) during the year in the sum of $6,345 (2020: $228,024) from 1 entity (2020: 3 entities) in which Mr Anthony Ghattas is a director and a controlling shareholder. The contracts were based on normal commercial terms and conditions.

Included in current borrowings at 30 June 2020 was a promissory note due to a director-related entity of $127,841. The promissory note was secured under a General Security Agreement and interest charged at the average bid rate for bills plus a margin of 3%. The promissory note was repaid during the 30 June 2021 financial year.

Aggregate amounts of each of the above types of other transactions with key management personnel and their related entities:

Amounts recognised as revenue
Services: $68,819 (2020: $48,565)

Amounts recognised as expenses
Administration: $6,345 (2020: $228,024)
Interest paid: $2,304 (2020: $5,522)

Amounts recognised as trade and other receivables
Trade receivables: $nil (2020: $12,794)

Amounts recognised as borrowings
Promissory note: $nil (2020: $127,841)

There were no other transactions with key management personnel of the group, including their close family members and entities related to them, during the financial year ended 30 June 2021.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Hubify Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
2 November 2016*	2 November 2021	$0.300	1,000,000
11 November 2016**	11 November 2021	$0.300	1,000,000
			2,000,000

* Options granted to the Lead Manager in relation to the company's initial public offer of shares
** Options granted to the Corporate Adviser in consideration for consultancy services in relation to the company's initial public offer of shares

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

No options were granted to the directors or any of the five highest remunerated officers of the company since the end of the financial year.

Shares issued on the exercise of options
There were no ordinary shares of Hubify Limited issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 29 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 29 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

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 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Victor Tsaccounis
Director

29 September 2021
Sydney

Auditor's Independence Declaration

ROTHSAY
CHARTERED ACCOUNTANTS

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

To the Directors of Hubify Limited

As lead auditor of Hubify Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Hubify Limited and the entities it controlled during the year.

Rothsay Chartered Accountants

Frank Vrachas
Partner
Sydney, 29 September 2021

A Level 1/12 O'Connell Street Sydney NSW 2000
GPO Box 542 Sydney NSW 2001
P 02 8815 5400 F 02 8815 5401
E info@rothsay.com.au W www.rothsay.com.au

Financial Statements for the Year ended 30 June 2021

Financial Statements

For the Year ended 30 June 2021

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 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 29 September 2021. The directors have the power to amend and reissue the financial statements.

Statement of profit or loss and other comprehensive income

For the Year ended 30 June 2021

	Note	2021 $	2020 $
Revenue	4	18,759,777	16,256,779
Share of profits of associates accounted for using the equity method		-	53,400
Other income	5	50,000	1,369
Interest revenue		1,765	4,970
Gain from deemed disposal of associate shareholding		-	145,968
Expenses			
Cost of sales		(5,302,412)	(5,705,534)
Marketing		(950,523)	(1,089,951)
Occupancy		(445,492)	(266,382)
Administration		(9,833,542)	(7,464,850)
Acquisition costs	33	(43,313)	(180,417)
Other expenses		(971,336)	(707,328)
Finance costs	6	(19,293)	(48,785)
Profit before income tax (expense)/benefit		**1,245,631**	**999,239**
Income tax (expense)/benefit	7	(326,718)	1,626,926
Profit after income tax (expense)/benefit for the year attributable to the owners of Hubify Limited	24	**918,913**	**2,626,165**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Hubify Limited		918,913	2,626,165
		Cents	**Cents**
Basic earnings per share	37	0.20	0.76
Diluted earnings per share	37	0.20	0.76

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

Statement of financial position

For the Year ended 30 June 2021

	Note	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	8	5,067,489	2,899,313
Trade and other receivables	9	1,867,402	1,461,357
Contract assets	10	208,089	-
Inventories	11	104,816	23,333
Financial assets at fair value through profit or loss	12	6,183	13,384
Income tax refund due	7	123,469	-
Other	13	52,993	93,658
Total current assets		7,430,441	4,491,045
Non-current assets			
Financial assets at fair value through profit or loss	12	500,000	-
Plant and equipment	14	861,195	819,194
Intangibles	15	6,267,075	2,042,714
Deferred tax	7	1,187,431	1,752,024
Other	13	199,603	102,497
Total non-current assets		9,015,304	4,716,429
Total assets		16,445,745	9,207,474
Liabilities			
Current liabilities			
Trade and other payables	16	1,978,079	1,847,760
Borrowings	18	-	127,841
Lease liabilities	19	360,374	252,653
Provisions	20	1,238,350	756,104
Other current liabilities	21	-	160,000
Total current liabilities		3,576,803	3,144,358
Non-current liabilities			
Contract liabilities	17	-	20,000
Borrowings	18	183,711	-
Lease liabilities	19	392,872	475,713
Deferred tax	7	66,842	125,098
Provisions	20	155,515	101,447
Total non-current liabilities		798,940	722,258
Total liabilities		4,375,743	3,866,616
Net assets		12,070,002	5,340,858
Equity			
Issued capital	22	8,123,280	2,333,049
Reserves	23	20,000	-
Retained profits	24	3,926,722	3,007,809
Total equity		12,070,002	5,340,858

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

Statement of changes in equity

For the Year ended 30 June 2021

	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2019	435,000	-	961,644	1,396,644
Profit after income tax benefit for the year	-	-	2,626,165	2,626,165
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	2,626,165	2,626,165
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 22)	1,898,049	-	-	1,898,049
Dividends paid (note 25)	-	-	(580,000)	(580,000)
Balance at 30 June 2020	2,333,049	-	3,007,809	5,340,858

	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 year	-	-	918,913	918,913
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	918,913	918,913
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 22)	5,790,231	-	-	5,790,231
Share-based payments (note 23)	-	20,000	-	20,000
Balance at 30 June 2021	8,123,280	20,000	3,926,722	12,070,002

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

Statement of cash flows

For the Year ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		19,205,019	16,605,822
Payments to suppliers and employees (inclusive of GST)		(18,853,325)	(17,157,742)
		351,694	(551,920)
Interest received		1,765	4,970
Government grants		1,207,859	963,432
Interest and other finance costs paid		(2,831)	(48,785)
Income taxes paid		(5,191)	(109,866)
Net cash from operating activities	36	1,553,296	257,831
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	33	(2,154,859)	863,854
Payments for investment and deferred consideration		(660,000)	(120,000)
Payments for plant and equipment		(163,385)	(19,928)
Payments for intangibles		(170,624)	(47,651)
Payments for security deposits		(95,072)	(10,000)
Payments for other assets		-	(26,406)
Loans repaid by other entities		184,896	200,000
Proceeds from disposal of investments		50,000	7,795
Net cash from/(used in) investing activities		(3,009,044)	847,664
Cash flows from financing activities			
Proceeds from issue of shares	22	5,000,000	-
Repayment of leases	36	(210,573)	(111,343)
Repayment of promissory note	36	(127,841)	(27,851)
Share issue costs		(554,769)	(48,582)
Dividends paid	36	(482,143)	(322,857)
Other loan repayment	36	(750)	-
Net cash from/(used in) financing activities		3,623,924	(510,633)
Net increase in cash and cash equivalents		2,168,176	594,862
Cash and cash equivalents at the beginning of the financial year		2,899,313	2,304,451
Cash and cash equivalents at the end of the financial year	8	5,067,489	2,899,313

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

Notes to the Financial Statements

For the Year ended 30 June 2021

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, 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. None of the new standards and amendments to standards affected any of the amounts recognised in the current period or any prior period.

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

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 32.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Hubify Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Hubify Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Note 1. Significant accounting policies (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Associates
Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Note 1. Significant accounting policies (continued)

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Investments
Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the consolidated entity has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Leases
A lease is a contract or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. All leases that the company enters into as lessee, except for short-term leases (leases of 12 months or less) and leases of low-value assets, are recognised in the statement of financial position.

For leases that are recognised in the statement of financial position, a right-of-use asset and a lease liability are measured as the present value of the unavoidable future lease payments to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or if that rate cannot be readily determined, the company's incremental borrowing rate. After the initial recognition of the lease liability, the lease liability is remeasured to reflect changes to the lease payments and the amount of the remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset.

The company accounts for a lease modification as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

Note 1. Significant accounting policies (continued)

A depreciation charge for the leased asset (included in 'other expenses') and an interest expense on the recognised lease liability (included in 'finance costs') is recognised. If the lease transfers ownership of the underlying asset to the company by the end of the lease term or if the cost of the right-of-use asset reflects that the company will exercise a purchase option, the company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

For short-term leases or leases for which the underlying asset is of low value, the lease payments associated with those leases are recognised as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the company's benefit.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. Based on the preliminary analysis performed, the consolidated entity does not expect that any of these standards and interpretations will have a material impact on the consolidated entity's financial report.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill impairment
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 3. 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.

The consolidated entity operates in one geographical segment being Australia. Revenue from overseas customers is not material to the consolidated entity.

Major customers

All revenue of the consolidated entity is from external customers. During the current and prior financial periods, there were no transactions with a single external customer that amounted to 10 per cent or more of the consolidated entity's revenues.

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 4. Revenue

	2021 $	2020 $
Revenue from contracts with customers		
Sale of goods	1,502,883	1,632,217
Services	15,960,354	13,285,787
	17,463,237	14,918,004
Other revenue		
Government grants - Jobkeeper and Cash Flow Boost	702,150	670,500
Government grants - R&D incentive, Export Market Development Grant and other	505,709	665,915
Other revenue	88,681	2,360
	1,296,540	1,338,775
Revenue	18,759,777	16,256,779

Accounting policy for revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Note 4. Revenue (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods (telecommunications hardware)
Revenue from the sale of goods is recognised when control of the products has transferred to the customer. This will usually occur on delivery of the goods. Amounts disclosed as revenue are net of sales returns and trade discounts.

Rendering of services
The consolidated entity generates revenues from after-sales service and maintenance provided as well as construction contracts for telecommunication solutions. Consideration received for those services is initially deferred, included in other liabilities and is recognised as revenue in the period when the service is performed. In recognising after-sales service and maintenance revenues, the consolidated entity considers the nature of the service and the customer's use of the related products, based on historical experience.

Contracts for telecommunication solutions
Construction contracts for telecommunication systems specify a fixed price for the development and installation of IT and telecommunication systems. When the outcome can be assessed reliably, contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. When the consolidated entity cannot measure the outcome of a contract reliably, revenue is recognised only to the extent of contract costs that have been incurred and are recoverable. Contract costs are recognised in the period in which they are incurred. In either situation, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in profit or loss.

Government grants
Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as revenue over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 5. Other income

	2021 $	2020 $
Net fair value gain on investments	50,000	1,369

Note 6. Expenses

	2021 $	2020 $
Profit before income tax includes the following specific expenses:		
Aggregate employee benefits expense		
Defined contribution superannuation expense	626,838	550,515
Other employee benefits expenses	7,151,168	5,860,692
	7,778,006	6,411,207
Depreciation		
Leasehold improvements	-	42,120
Plant and equipment	6,817	4,489
Furniture, fixtures and fittings	1,327	72
Computer equipment	28,863	5,482
Right-of-use assets - property leases	289,213	69,922
Total depreciation	326,220	122,085
Amortisation		
Web development	182,756	229,901
Software	291,546	344,361
Total amortisation	474,302	574,262
Finance costs		
Interest on lease liabilities	19,022	12,229
Interest on other borrowings	271	36,556
Finance costs expensed	19,293	48,785

Note 7. Income tax

	2021 $	2020 $
Income tax expense/(benefit)		
Deferred tax - origination and reversal of temporary differences	506,337	(1,626,926)
Adjustment recognised for prior periods	(179,619)	-
Aggregate income tax expense/(benefit)	326,718	(1,626,926)
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets	564,593	(1,752,024)
Increase/(decrease) in deferred tax liabilities	(58,256)	125,098
Deferred tax - origination and reversal of temporary differences	506,337	(1,626,926)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit before income tax (expense)/benefit	1,245,631	999,239
Tax at the statutory tax rate of 26% (2020: 27.5%)	323,864	274,791
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax effect on research & development	(7,984)	(138,967)
Other	(1,923)	(33,142)
	313,957	102,682
Prior year temporary differences not recognised now recognised	12,761	(1,729,608)
Income tax expense/(benefit)	326,718	(1,626,926)

	2021 $	2020 $
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	909,224	1,475,097
Employee benefits	185,509	185,478
Accrued expenses	48,058	75,416
Other	44,640	16,033
Deferred tax asset	1,187,431	1,752,024
Movements:		
Opening balance	1,752,024	-
Credited/(charged) to profit or loss	(564,593)	1,752,024
Closing balance	1,187,431	1,752,024

Note 7. Income tax (continued)

	2021 $	2020 $
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Plant and equipment, and Intangibles	66,842	125,098
Deferred tax liability	66,842	125,098
Movements:		
Opening balance	125,098	-
Charged/(credited) to profit or loss	(58,256)	125,098
Closing balance	66,842	125,098

	2021 $	2020 $
Income tax refund due		
Income tax refund due	123,469	-

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 7. Income tax (continued)

Hubify Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 8. Cash and cash equivalents

	2021 $	2020 $
Current assets		
Cash on hand	-	100
Cash at bank	5,067,489	2,898,213
PayPal	-	1,000
	5,067,489	2,899,313

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 9. Trade and other receivables

	2021 $	2020 $
Current assets		
Trade receivables	1,898,036	1,327,068
Less: Allowance for expected credit losses	(64,629)	(56,849)
	1,833,407	1,270,219
Other receivables	33,995	10,137
Government grants	-	181,001
	33,995	191,138
	1,867,402	1,461,357

Allowance for expected credit losses
The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	2021 $	2020 $
Past due 60+ days	64,629	56,849

Note 9. Trade and other receivables (continued)
Movements in the allowance for expected credit losses are as follows:

	2021 $	2020 $
Opening balance	56,849	156,035
Additional provisions recognised	233,837	30,590
Additions through business combinations	-	9,380
Receivables written off during the year as uncollectable	(131,535)	(82,500)
Unused amounts reversed	(94,522)	(56,656)
Closing balance	64,629	56,849

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 10. Contract assets

	2021 $	2020 $
Current assets		
Contract assets	208,089	-

Accounting policy for contract assets
Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Note 11. Inventories

	2021 $	2020 $
Current assets		
Stock on hand - at cost	104,816	23,333

Accounting policy for inventories
Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 12. Financial assets at fair value through profit or loss

	2021 $	2020 $
Current assets		
Investment in listed equity securities - held for trading	6,183	13,384
Non-current assets		
Investment in unlisted entity	500,000	-
	506,183	13,384

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2021 $	2020 $
Opening fair value	13,384	19,810
Additions	500,000	-
Disposals	-	(7,795)
Revaluation increments	-	1,369
Revaluation decrements	(7,201)	-
Closing fair value	506,183	13,384

Refer to note 27 for further information on fair value measurement.

Note 13. Other

	2021 $	2020 $
Current assets		
Prepayments	52,993	93,658
Non-current assets		
Security deposits	199,603	102,497
	252,596	196,155

Note 14. Plant and equipment

	2021 $	2020 $
Non-current assets		
Leasehold improvements - at cost	-	77,157
Less: Accumulated depreciation	-	(77,157)
	-	-
Plant and equipment - at cost	60,384	53,084
Less: Accumulated depreciation	(32,774)	(25,957)
	27,610	27,127
Furniture, fixtures and fittings - at cost	119,139	167,419
Less: Accumulated depreciation	(57,120)	(162,601)
	62,019	4,818
Motor vehicles - at cost	76,960	-
Less: Accumulated depreciation	(66,626)	-
	10,334	-
Computer equipment - at cost	183,835	86,008
Less: Accumulated depreciation	(99,421)	(70,558)
	84,414	15,450
Right-of-use assets - property leases	1,102,169	841,721
Less: Accumulated depreciation	(425,351)	(69,922)
	676,818	771,799
	861,195	819,194

Reconciliations

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

	Leasehold improvements $	Plant and equipment $	Furniture, fixtures and fittings $	Motor vehicles $	Computer equipment $	Right-of-use assets - property leases $	Total $
Balance at 1 July 2019	42,120	-	-	-	-	448,988	491,108
Additions	-	6,766	4,890	-	8,272	424,853	444,781
Additions through business combinations (note 33)	-	24,850	-	-	12,660	51,075	88,585
Lease modification	-	-	-	-	-	(32,120)	(32,120)
Right-of-use asset derecognised	-	-	-	-	-	(51,075)	(51,075)
Depreciation expense	(42,120)	(4,489)	(72)	-	(5,482)	(69,922)	(122,085)
Balance at 30 June 2020	-	27,127	4,818	-	15,450	771,799	819,194
Additions	-	5,812	59,746	-	97,827	172,010	335,395
Additions through business combinations (note 33)	-	1,488	-	10,334	-	22,222	34,044
Write-off	-	-	(1,218)	-	-	-	(1,218)
Depreciation expense	-	(6,817)	(1,327)	-	(28,863)	(289,213)	(326,220)
Balance at 30 June 2021	-	27,610	62,019	10,334	84,414	676,818	861,195

Note 14. Plant and equipment (continued)

Accounting policy for plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a reducing balance basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment	20% - 50%
Furniture, fixtures and fittings	10% - 50%
Computer equipment	50%
Right-of-use assets - property leases	Lease term

Depreciation of right-of-use assets
If the lease transfers ownership of the underlying asset to the group by the end of the lease term or if the cost of the right-of-use asset reflects that the company will exercise a purchase option, the company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 15. Intangibles

	2021 $	2020 $
Non-current assets		
Goodwill - at cost	1,551,481	1,217,203
Patents, trademarks and other rights - at cost	164,303	12,643
Web development - at cost	1,132,941	1,033,107
Less: Accumulated amortisation	(925,188)	(742,432)
	207,753	290,675
Customer lists - at cost	4,139,297	26,406
Software - at cost	2,729,801	2,729,801
Less: Accumulated amortisation	(2,525,560)	(2,234,014)
	204,241	495,787
	6,267,075	2,042,714

Note 15. Intangibles (continued)

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

	Goodwill $	Patents, trademarks and other rights $	Web development costs $	Customer lists $	Software $	Total $
Balance at 1 July 2019	-	6,230	-	-	-	6,230
Additions	-	-	21,245	26,406	-	47,651
Additions through business combinations	1,217,203	6,413	499,331	-	840,148	2,563,095
Amortisation expense	-	-	(229,901)	-	(344,361)	(574,262)
Balance at 30 June 2020	1,217,203	12,643	290,675	26,406	495,787	2,042,714
Additions	-	151,660	99,834	39,130	-	290,624
Additions through business combinations and asset acquisitions (note 33)	634,278	-	-	3,773,761	-	4,408,039
Transfers in/(out) (note 33)	(300,000)	-	-	300,000	-	-
Amortisation expense	-	-	(182,756)	-	(291,546)	(474,302)
Balance at 30 June 2021	1,551,481	164,303	207,753	4,139,297	204,241	6,267,075

Amortisation of the customer lists acquired during the 2021 financial year will commence from 1 July 2021.

Impairment testing
For the purpose of impairment testing, goodwill is allocated to a cash-generating unit or to a group of cash-generating units that are expected to benefit, among others, from the synergies of the business combination. The consolidated entity's cash-generating units are defined on the basis of the geographical market, normally country-related. The consolidated entity operates in primarily one geographical segment - Australia, and the carrying amount of goodwill has been allocated to Australia.

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 1 year projection period approved by management and extrapolated for a further 4 years using a steady rate, together with a terminal value.

The following key assumptions were used in the discounted cash flow model:
(a) Pre-tax discount rate of 12% per annum;
(b) Revenue growth is based on management projections for 2022, and 8% increases for 2022 - 2026;
(c) Budgeted gross margin of 74% for 2022, and 70% thereafter;
(d) Operating expenses is based on management projections for 2022, and 3% increases for 2022 - 2026;
(e) Long-term growth rate of 2.5%.

Note 15. Intangibles (continued)

The pre-tax discount rate reflects management’s estimate of the time value of money and the consolidated entity’s weighted average cost of capital, the risk-free rate and the volatility of the share price relative to market movements.

Management believes the 2022 revenue projection and 8% increases through to 2026 is achievable and justified, based on the projected growth of new products and partners.

The budgeted gross margin is based on past performance and management's expectations for the future.

Operating expenses do not vary significantly with revenue. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures.

The long-term growth rate is used to extrapolate cash flows beyond the 5-year forecast and is based on external forecasts.

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 years.

Customer lists

Customer lists acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Software and web development costs

Significant costs associated with software and web development costs are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 years.

Note 16. Trade and other payables

	2021 $	2020 $
Current liabilities		
Trade payables	857,389	659,165
Accruals	201,272	244,264
Interest payable	16,462	-
GST payable	189,566	463,107
Other payables	713,390	481,224
	1,978,079	1,847,760

Refer to note 26 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 17. Contract liabilities

	2021 $	2020 $
Non-current liabilities		
Contract liabilities	-	20,000

Accounting policy for contract liabilities
Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Note 18. Borrowings

	2021 $	2020 $
Current liabilities		
Promissory note - related party	-	127,841
Non-current liabilities		
Loan - other	183,711	-
	183,711	127,841

Refer to note 26 for further information on financial instruments.

Loan - other
The loan is unsecured, interest-free, and has no fixed repayment terms.

Note 18. Borrowings (continued)

Promissory note - related party
The company issued a promissory note to ULG Holdings Limited, a director related entity, amounting to $1,016,650 in relation to amounts payable by the wholly owned subsidiary, United Global SIM Limited. The promissory note was secured under a General Security Agreement and interest was charged at the average bid rate for bills plus a margin of 3%. The promissory note was paid in full during the 2021 financial year.

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 19. Lease liabilities

	2021 $	2020 $
Current liabilities		
Lease liability - buildings	340,985	252,653
Lease liability - motor vehicles	19,389	-
	360,374	252,653
Non-current liabilities		
Lease liability - buildings	372,656	475,713
Lease liability - motor vehicles	20,216	-
	392,872	475,713
	753,246	728,366

Refer to note 26 for further information on financial instruments.

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 20. Provisions

	2021 $	2020 $
Current liabilities		
Annual leave	644,441	377,374
Long service leave	143,909	121,587
Contingent consideration	450,000	-
Dividends payable to former shareholders	-	257,143
	1,238,350	756,104
Non-current liabilities		
Long service leave	155,515	101,447
	1,393,865	857,551

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

2021	Contingent consideration $
Carrying amount at the start of the year	-
Additions through business combinations (note 33)	450,000
Carrying amount at the end of the year	450,000

Accounting policy for provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 21. Other current liabilities

	2021 $	2020 $
Current liabilities		
Deferred purchase consideration	-	160,000

The deferred purchase consideration represents the 8 remaining instalments of $20,000 each, in connection with the acquisition of Hubify Communications Pty Ltd (formerly Vokal Pty Limited).

Note 22. Issued capital

	2021 Shares	2020 Shares	2021 $	2020 $
Ordinary shares - fully paid	491,460,971	392,379,382	8,123,280	2,333,049

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2019	100		435,000
Elimination of existing legal acquiree shares	21 October 2019	(100)	$0.000	-
Shares issued to acquire Broadland Solutions Pty Ltd (reverse acquisition) (a)	21 October 2019	245,510,662	$0.000	-
Shares of legal acquirer at acquisition date (reverse acquisition) (b)	21 October 2019	125,824,949	$0.013	1,622,480
Shares issued to acquire Broadland Victoria Pty Ltd (c)	21 October 2019	21,043,771	$0.014	294,613
Share issue costs	21 October 2019	-	$0.000	(19,044)
Balance	30 June 2020	392,379,382		2,333,049
Shares issued to acquire the assets of C3 Innovations Pty Ltd (note 33)	4 August 2020	3,750,000	$0.060	225,000
Share placement (d)	21 October 2020	79,365,079	$0.063	5,000,000
Shares issued to share placement advisor (e)	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
Shares issued to acquire ICNE Pty Ltd (note 33)	10 June 2021	13,082,156	$0.076	1,000,000
Share issue costs		-	$0.000	(644,769)
Balance	30 June 2021	491,460,971		8,123,280

Note 22. Issued capital (continued)

(a) The issue of shares to the legal acquiree (Broadland Solutions Pty Ltd (BLS)) shareholders was calculated under the terms of the Sale and Purchase Agreement whereby they received shares equating to 66% of the total equity issued by the legal acquirer post transaction. As the legal acquirer (Hubify Limited (HFY)) had 125,824,949 shares prior to the transaction, this equated to 245,510,662 shares being issued to the legal acquiree shareholders.
(b) The legal acquirer (HFY) had 125,824,949 shares prior to the transaction. As it is the legal parent, the number of shares on issue is equivalent to the consideration as if the legal acquiree (BLS) had purchased it using the share price at the day the transaction completed.
(c) As part of the acquisition of BLS, HFY also acquired an associate of BLS - Broadland Victoria Pty Limited (BLV) - on the same date it acquired BLS 21,043,771 shares were issued to acquire BLV.
(d) On 21 October 2020, HFY 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.
(e) On 21 October 2020, HFY issued 1,428,571 ordinary shares to the advisor assisting with the placement ((d) above) 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.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 2020 Annual Report.

The consolidated entity monitors capital on the basis of its working capital position (i.e. liquidity risk). The net working capital of the consolidated entity at 30 June 2021 was $3,853,638 (2020: $1,346,687).

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 23. Reserves

	2021 $	2020 $
Share-based payments reserve	20,000	-

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

	Share-based payments reserve $
Balance at 1 July 2019	-
Balance at 30 June 2020	-
Share-based payment expenses	20,000
Balance at 30 June 2021	20,000

Note 24. Retained profits

	2021 $	2020 $
Retained profits at the beginning of the financial year	3,007,809	961,644
Profit after income tax (expense)/benefit for the year	918,913	2,626,165
Dividends paid (note 25)	-	(580,000)
Retained profits at the end of the financial year	3,926,722	3,007,809

Note 25. Dividends

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

	2021 $	2020 $
Dividends paid/payable to shareholders of Broadland Solutions Pty Limited (accounting acquirer) prior to its acquisition by Hubify Limited	-	580,000

Franking credits

	2021 $	2020 $
Franking credits available for subsequent financial years	760,136	760,136

Note 25. Dividends (continued)

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Accounting policy for dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the company, on or before the end of the financial year but not distributed at the reporting date.

Note 26. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Risk management is carried out under policies set by the board of directors. The board provides principles for overall risk management, as well as policies covering specific areas.

Market risk
Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Most of the consolidated entity's transactions are denominated in Australian Dollars.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. These exposures are not significant.

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value interest rate risk.

Note 26. Financial instruments (continued)

As at the reporting date, the consolidated entity had the following variable rate borrowings outstanding:

	2021 Balance $	2020 Balance $
Promissory note	-	127,841
Net exposure to cash flow interest rate risk	-	127,841

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

An official increase/decrease in interest rates of 100 basis points would have an adverse/favourable effect on profit before tax of $nil (2020: $1,278) per annum. The percentage change is based on the expected volatility of interest rates using market data.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The consolidated entity has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as 'Trade and other receivables' is considered to be the main source of credit risk for the consolidated entity. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 26. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

2021	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-interest bearing					
Trade and other payables	1,978,079	-	-	-	1,978,079
Contingent consideration	450,000	-	-	-	450,000
Interest-bearing					
Lease liability	523,342	385,281	108,271	-	1,016,894
Total non-derivatives	2,951,421	385,281	108,271	-	3,444,973

2020	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-interest bearing					
Trade and other payables	1,847,760	-	-	-	1,847,760
Contract liabilities	20,000	-	-	-	20,000
Deferred purchase consideration	160,000	-	-	-	160,000
Interest-bearing					
Promissory note	127,841	-	-	-	127,841
Lease liability	284,265	564,946	-	-	849,211
Total non-derivatives	2,439,866	564,946	-	-	3,004,812

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 27. 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

2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	-	-	500,000	500,000
Total assets	-	-	500,000	500,000
Liabilities				
Contingent consideration	-	-	450,000	450,000
Total liabilities	-	-	450,000	450,000

There were no transfers between levels during the financial year.

Valuation techniques for fair value measurements categorised within level 2 and level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Equity securities:

The balance in equity securities at 30 June 2021 represents shares held in Internet 2.0 Pty Ltd (an unlisted entity). The shares were acquired in April 2021 and Hubify Limited currently holds 5% of the issued capital of Internet 2.0. The fair value was determined by reference to recent capital raisings undertaken by Internet 2.0 and its net asset backing at 30 June 2021.

Contingent consideration:

The valuation model for the contingent consideration considers the present value of expected future payments, discounted using a risk-adjusted discount rate. The significant unobservable inputs are the assumed probability-adjusted revenue and EBITDA. The minimum and maximum earn-out amounts are $250,000 and $750,000 respectively.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Equity securities $	Contingent consideration $	Total $
Balance at 1 July 2019	-	-	-
Balance at 30 June 2020	-	-	-
Additions	500,000	(450,000)	50,000
Balance at 30 June 2021	500,000	(450,000)	50,000

There were no gains or losses relating to level 3 assets and liabilities held at 30 June 2021.

Note 27. Fair value measurement (continued)

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 28. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2021 $	2020 $
Short-term employee benefits	673,634	879,323
Post-employment benefits	58,097	56,503
Long-term benefits	11,846	(11,105)
Termination benefits	34,000	-
	777,577	924,721

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Rothsay Chartered Accountants, the auditor of the company:

	2021 $	2020 $
Audit services - Rothsay Chartered Accountants		
Audit or review of the financial statements	52,500	55,000
Other services - Rothsay Chartered Accountants		
Taxation compliance services	31,970	8,475
Due diligence services	14,500	17,105
Consulting services	8,650	-
	55,120	25,580
	107,620	80,580

Note 30. Contingent liabilities

The consolidated entity had no contingent liabilities at 30 June 2021 and 30 June 2020, other than those disclosed in note 20 and note 33.

Note 31. Related party transactions

Legal Parent entity
Hubify Limited is the parent entity.

Accounting parent entity
Broadland Solutions Pty Ltd is the accounting parent of the group.

Subsidiaries
Interests in subsidiaries are set out in note 34.

Key management personnel
Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	2021 $	2020 $
Sale of goods and services:		
Sale of services to related party	68,819	48,565
Payment for goods and services:		
Payment for services from related party	6,345	228,024
Payment for other expenses:		
Interest paid to related party	2,304	5,522

Note 31. Related party transactions (continued)

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2021 $	2020 $
Current receivables:		
Trade receivables from related party	-	12,794

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	2021 $	2020 $
Current borrowings:		
Promissory note - key management personnel	-	127,841

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 32. Parent entity information

Set out below is the supplementary information of the legal parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2021 $	2020 $
Loss after income tax	(7,380)	(162,389)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	(7,380)	(162,389)

Note 32. Parent entity information (continued)

Statement of financial position

	Parent 2021 $	Parent 2020 $
Total current assets	3,128,887	202,204
Total non-current assets	5,818,700	300,000
Total assets	8,947,587	502,204
Total current liabilities	-	160,000
Total non-current liabilities	3,524,118	-
Total liabilities	3,524,118	160,000
Net assets	5,423,469	342,204
Equity		
Issued capital	14,292,750	9,163,750
Share-based payments reserve	20,000	-
Accumulated losses	(8,889,281)	(8,821,546)
Total equity	5,423,469	342,204

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Legal parent entity disclosures
The above information has been extracted from the books and records of the legal parent entity, Hubify Limited. Accordingly, the information does not relate to the 'accounting parent' - Broadland Solutions Pty Ltd.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 33. Business combinations and asset acquisitions

(a) Summary of acquisitions

Acquisition of Ripe Communications

On 1 October 2020, the consolidated entity 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.

Acquisition of C3 Innovations

On 3 August 2020, the consolidated entity 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.

Acquisition of Red Telecom

On 30 September 2020, the consolidated entity 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.

Acquisition of Nethoster

On 1 March 2021, the consolidated entity acquired the database assets of Nethoster. Nethoster provides Data, Voice, Mobility and Managed Services to business customers predominantly in Queensland and Northern New South Wales. The acquisition comprises of 203 small to medium business customers and Hubify has taken over the overseas support team. The acquisition has resulted in synergies from improved wholesale pricing with Hubify's existing suppliers. The acquisition builds on the consolidated entity's geographical footprint in mainland Australia with a physical presence now in New South Wales, Victoria, Queensland, South Australia and Western Australia.

The total consideration for the acquisition was a cash payment of $800,000.

Acquisition of ICNE Pty Ltd

On 10 June 2021, the consolidated entity acquired ICNE Pty Ltd (ICNE). ICNE is a Cloud and Managed Service Provider (MSP) and is Hubify's 'anchor' MSP acquisition that enables the consolidated entity to offer one complete end to end IT, managed service, cyber and telecommunications solution to the SME market, with significant cross-sell opportunities into the consolidated entity's existing customer base.

The total consideration for the acquisition consisted of a cash settlement of $1,015,595 and shares to the value of $1,000,000.

Acquisition of Sennah Pty Ltd

On 10 June 2021, the consolidated entity acquired Sennah Pty Ltd ("Smile" Telemarketing). Smile will provide the consolidated entity with enhanced data of over 75,000 businesses across Australia, playing a lead role in driving organic growth across all product lines, along with contributing new IP and technology to further improve the consolidated entity's current customer engagement model.

The total consideration for the acquisition consisted of a cash settlement of $40,000 and contingent consideration of $450,000. The contingent consideration is based on the achievement of EBITDA targets for the period from completion up to and including 12 months thereafter. The minimum and maximum earn-out amounts are $250,000 and $750,000 respectively. The fair value of the contingent consideration arrangement was estimated using a discounted cash flow (DCF) method. The key assumption was the assumed probability-adjusted EBITDA.

Note 33. Business combinations and asset acquisitions (continued)

Details of the acquisitions are as follows:

	Ripe Fair value $	C3 Innovations Fair value $	Red Telecom Fair value $	Nethoster Fair value $	ICNE Fair value $	Sennah Fair value $	Total $
Cash and cash equivalents	-	-	-	-	444,497	156,239	600,736
Trade receivables	-	-	-	-	276,362	41,658	318,020
Income tax refund due	-	-	-	-	-	50,181	50,181
Other receivables	-	-	-	-	-	1,880	1,880
Prepayments	-	-	-	-	-	30,115	30,115
Loans to related parties	-	-	-	-	184,896	-	184,896
Other current assets	-	-	-	-	-	19,506	19,506
Plant and equipment	-	-	-	-	-	1,488	1,488
Motor vehicles	-	-	-	-	-	10,334	10,334
Right-of-use assets	-	-	-	-	22,222	-	22,222
Customer lists	150,000	505,000	470,000	800,000	1,848,761	-	3,773,761
Security deposits	-	-	-	-	-	2,034	2,034
Trade payables	-	-	-	-	(185,787)	-	(185,787)
Other payables	-	-	-	-	(88,668)	(160,571)	(249,239)
Provision for income tax	-	-	-	-	(111,522)	-	(111,522)
Employee benefits	-	-	-	-	(86,723)	(100,681)	(187,404)
Dividends payable	-	-	-	-	(225,000)	-	(225,000)
Other provisions	-	-	-	-	-	(12,000)	(12,000)
Lease liability	-	-	-	-	(63,443)	-	(63,443)
Other loan	-	-	-	-	-	(184,461)	(184,461)
Net assets/(liabilities) acquired	150,000	505,000	470,000	800,000	2,015,595	(144,278)	3,796,317
Goodwill	-	-	-	-	-	634,278	634,278
Acquisition-date fair value of the total consideration transferred	150,000	505,000	470,000	800,000	2,015,595	490,000	4,430,595
Representing:							
Cash paid or payable to vendor	150,000	280,000	470,000	800,000	1,015,595	40,000	2,755,595
Hubify Limited shares issued to vendor	-	225,000	-	-	1,000,000	-	1,225,000
Contingent consideration	-	-	-	-	-	450,000	450,000
	150,000	505,000	470,000	800,000	2,015,595	490,000	4,430,595
Cash used to acquire business, net of cash acquired:							
Acquisition-date fair value of the total consideration transferred	150,000	505,000	470,000	800,000	2,015,595	490,000	4,430,595
Less: cash and cash equivalents	-	-	-	-	(444,497)	(156,239)	(600,736)
Less: contingent consideration	-	-	-	-	-	(450,000)	(450,000)
Less: shares issued by company as part of consideration	-	(225,000)	-	-	(1,000,000)	-	(1,225,000)
Net cash used/(received)	150,000	280,000	470,000	800,000	571,098	(116,239)	2,154,859

Note 33. Business combinations and asset acquisitions (continued)

Revenue and profit contribution
If the acquisitions had occurred on 1 July 2020, the consolidated results for the year ended 30 June 2021 would have been as follows:

	Ripe $	C3 Innovations $	Red Telecom $	Nethoster $	ICNE $	Sennah $	Other controlled entities $	Total $
Revenue	656,000	672,000	905,000	846,000	2,320,000	1,700,000	16,301,777	23,400,777
Net profit/(loss) for the period after tax	144,000	254,000	410,000	374,000	611,000	309,000	251,913	2,353,913

The amounts in the above table have been calculated using the results of each subsidiary and adjusting them for:

- differences in the accounting policies between the consolidated entity and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2020, together with the consequential tax effects.

The acquire businesses contributed the following revenues and net profit to the consolidated entity from the dates to their respective acquisitions to 30 June 2021:

	Ripe $	C3 Innovations $	Red Telecom $	Nethoster $	ICNE $	Sennah $	Total $
Revenue	382,000	631,000	697,000	284,000	231,000	233,000	2,458,000
Net profit/(loss) for the period after tax	95,000	189,000	209,000	85,000	32,000	57,000	667,000

Acquired receivables

	ICNE $	Sennah $	Total $
Fair value of acquired receivables	276,362	41,658	318,020
Gross contractual amount due	(276,362)	(41,658)	(318,020)
Loss allowance recognised on acquisition	-	-	-

Acquisition-related costs
Acquisition-related costs totalling $43,313 are included in the statement of profit or loss and other comprehensive income as acquisition costs.

(b) 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 Vokal 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.

Note 33. Business combinations and asset acquisitions (continued)

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 30 June 2020 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

Accounting policy for business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 33. Business combinations and asset acquisitions (continued)

Reverse acquisition
A reverse acquisition occurs when the acquirer is the entity whose equity interests have been acquired and the issuing entity is the acquiree. This might be the case when a private entity arranges to have itself 'acquired' by a smaller public entity as a means of obtaining a stock exchange listing. Although legally the issuing entity is regarded as the parent and the private entity is regarded as the subsidiary, the legal subsidiary is the acquirer if it has the power to govern the financial and operating policies of the legal parent so as to obtain benefits from its activities.

In a reverse acquisition, the cost of the business combination is deemed to have been incurred by the legal subsidiary in the form of equity instruments issued to the owners of the legal parent. The published price of the equity instruments of the acquirer is used to determine the cost of the combination, or where this is not available, the deemed fair value of its shares, and a calculation shall be made to determine the number of equity instruments the acquirer would have to issue to provide the same percentage ownership interest of the combined entity to the owners/shareholders of the acquirer as they have in the combined entity as a result of the reverse acquisition. The fair value of the number of equity instruments so calculated shall be used as the cost of the combination.

Note 34. Interests in subsidiaries

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

		Ownership interest	
Legal subsidiaries:	**Principal place of business /**	**2021**	**2020**
Name of entity	**Country of incorporation**	**%**	**%**
United Lifestyle Group Networks Pty Ltd	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%
ICNE Pty Limited	Australia	100%	-
Sennah Pty Limited	Australia	100%	-

* Subsidiary of United Lifestyle Group Networks Pty Ltd

Note 35. Events after the reporting period

No matter or circumstance has arisen since 30 June 2021 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 36. Cash flow information

Reconciliation of profit after income tax to net cash from operating activities

	2021 $	2020 $
Profit after income tax (expense)/benefit for the year	918,913	2,626,165
Adjustments for:		
Depreciation and amortisation	800,522	696,347
Revaluation decrement on financial assets	7,201	-
Share-based payments	20,000	-
Write off of assets	1,218	-
Net gain on disposal of non-current assets	(50,000)	(1,369)
Gain from deemed disposal of associate shareholding	-	(145,968)
Share of profit - associates	-	(53,400)
Other expenses classified as investing and financing cash flows	-	55,944
Change in operating assets and liabilities:		
Increase in trade and other receivables	(86,145)	(55,579)
Increase in contract assets	(208,089)	-
Decrease/(increase) in inventories	(81,483)	35,814
Increase in income tax refund due	(73,288)	-
Decrease/(increase) in deferred tax assets	564,593	(1,752,024)
Decrease/(increase) in prepayments	70,780	(10,988)
Decrease in other operating assets	19,506	-
Decrease in trade and other payables	(304,707)	(1,090,946)
Decrease in contract liabilities	(20,000)	-
Decrease in provision for income tax	(111,522)	(109,866)
Increase/(decrease) in deferred tax liabilities	(58,256)	125,098
Increase/(decrease) in employee benefits	156,053	(61,397)
Increase in other provisions	438,000	-
Decrease in other operating liabilities	(450,000)	-
Net cash from operating activities	1,553,296	257,831

Non-cash investing and financing activities

	2021 $	2020 $
Shares issued to acquire Broadland Solutions Pty Ltd & Broadland Victoria Pty Ltd	-	1,917,093
Shares issued to acquire the assets of C3 Innovations Pty Ltd	225,000	-
Shares issued to share placement advisor	90,000	-
Shares issued to acquire intangible assets	120,000	-
Shares issued to acquire the assets of ICNE Pty Ltd	1,000,000	-

Note 36. Cash flow information (continued)

Changes in liabilities arising from financing activities

	Other loan $	Promissory note $	Lease liability $	Total $
Balance at 1 July 2019	-	-	448,988	448,988
Net cash used in financing activities	-	(27,851)	(111,343)	(139,194)
Acquisition of leases	-	-	424,853	424,853
Changes through business combinations (note 33)	-	155,692	49,063	204,755
Derecognition of right-of-use assets	-	-	(51,075)	(51,075)
Other changes	-	-	(32,120)	(32,120)
Balance at 30 June 2020	-	127,841	728,366	856,207
Net cash used in financing activities	(750)	(127,841)	(210,573)	(339,164)
Acquisition of leases	-	-	172,010	172,010
Changes through business combinations (note 33)	184,461	-	63,443	247,904
Balance at 30 June 2021	183,711	-	753,246	936,957

Dividends paid

There were no dividends paid, recommended, or declared during the current financial period by Hubify Limited. The amounts paid represent pre-acquisition dividends payable to the shareholders of Broadland Solutions Pty Limited and to the shareholders of ICNE Pty Limited relating to the period prior to their acquisition by Hubify Limited.

	2021 $	2020 $
Dividends paid to former shareholders of:		
Broadland Solutions Pty Ltd	257,143	322,857
ICNE Pty Ltd	225,000	-
	482,143	322,857

Note 37. Earnings per share

	2021 $	2020 $
Profit after income tax attributable to the owners of Hubify Limited	918,913	2,626,165
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	453,312,660	347,435,949
Weighted average number of ordinary shares used in calculating diluted earnings per share	453,312,660	347,435,949
	Cents	**Cents**
Basic earnings per share	0.20	0.76
Diluted earnings per share	0.20	0.76

Note 37. Earnings per share (continued)

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Hubify Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 38. Share-based payments

Employee Share Option Plan

On 17 November 2015 the company established an employee share option plan to provide eligible employees with a means of receiving options to subscribe for shares and a means of receiving rights to receive shares. Eligible employees includes:
(a) an employee, director or secretary of the company or any subsidiary of the company;
(b) and a contractor, consultant, agent, advisor other person retained, engaged or nominated by company or any subsidiary of the company.

The purpose of the plan is to provide eligible employees with an opportunity to share in the growth in value of the company and to encourage them to improve the longer-term performance of the company and its return to shareholders. Participation in the plan is at the Board of Director’s discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The Board has the discretion to determine the exercise price of the options and any exercise conditions. Unless otherwise determined by the Board, no payment is required for the grant of options or rights under the plan. Options granted under the plan carry no dividend or voting rights.

On 1 July 2016, a total of 14,000,000 options were granted to the company's Directors. The options vest on 1 July 2018, are exercisable at 30 cents and expire on 1 July 2021. There are no performance conditions attaching to these options. The fair value of the options granted was $nil.

Other share-based payments

On 2 November 2016, the Board granted 1,000,000 options at an exercise price of 30 cents per option to the Lead Manager in relation to the company's initial public offer of shares (IPO). The options were granted as more than $5 million was raised in the IPO. The options vested on 2 November 2019 and expire on 2 November 2021. The fair value of the options granted was $nil.

On 11 November 2016, the Board granted 1,000,000 options at an exercise price of 30 cents per option to the Corporate Adviser in consideration for consultancy services in relation to the company's initial public offer of shares (IPO). The options were granted as more than $5 million was raised in the IPO. The options vested on 11 November 2018 and expire 11 November 2021.The fair value of the options granted was $nil.

There were no options or rights issued under the plan during the 2021 financial year.

Note 38. Share-based payments (continued)

Set out below are summaries of options granted:

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/07/2016	01/07/2021	$0.300	14,000,000	-	-	-	14,000,000
02/11/2016	02/11/2021	$0.300	1,000,000	-	-	-	1,000,000
11/11/2016	11/11/2021	$0.300	1,000,000	-	-	-	1,000,000
			16,000,000	-	-	-	16,000,000
Weighted average exercise price			$0.300	$0.000	$0.000	$0.000	$0.300

2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/07/2016	01/07/2021	$0.300	14,000,000	-	-	-	14,000,000
02/11/2016	02/11/2021	$0.300	1,000,000	-	-	-	1,000,000
11/11/2016	11/11/2021	$0.300	1,000,000	-	-	-	1,000,000
			16,000,000	-	-	-	16,000,000
Weighted average exercise price			$0.300	$0.000	$0.000	$0.000	$0.300

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.05 years (2020: 1.05 years).

Options were priced using a Black-Scholes pricing model. Expected volatility was based on an evaluation of the historical volatility of other comparable companies based on publicly available information. Options were assumed to be exercised in full on the date of expiry.

The total share based payments expense for the year was $nil (2020: $nil).

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Note 38. Share-based payments (continued)

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Directors' Declaration

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Victor Tsaccounis
Director

29 September 2021
Sydney

Independent auditor’s report to the members of Hubify Limited

ROTHSAY
CHARTERED ACCOUNTANTS

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

To the Directors of Hubify Limited

As lead auditor of Hubify Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Hubify Limited and the entities it controlled during the year.

Rothsay Chartered Accountants

Frank Vrachas
Partner
Sydney, 29 September 2021

ROTHSAY
CHARTERED ACCOUNTANTS

HUBIFY LIMITED

INDEPENDENT AUDITOR'S REPORT

To the members of Hubify Limited

Opinion

We have audited the financial report of Hubify Limited ("Hubify" or the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2021, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group 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 responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter – Acquisitions and Business Combinations	How our Audit Addressed the Key Audit Matter
The Group made acquisitions during the year. Some of those acquisitions were accounted for as business combinations in terms of AASB 3 Business Combinations and some were accounted for as Customer Lists in terms of AASB 138 Intangible assets. The accounting for the Group's acquisition is a key audit matter due to the complexity of the transaction and judgement required to be applied by Management.	We read the sale and purchase agreements between the entities involved and challenged the conclusions reached by Management. We assessed whether the disclosures included in the financial report meet the requirements of Australian Accounting Standards.

Key Audit Matter – Intangible asset Impairment	How our Audit Addressed the Key Audit Matter
The Group's intangible assets made up 70% of the non-current assets by value as at year end. The value of the intangible asset is assessed for recoverability by the directors at least annually or more frequently if events or changes in circumstances indicate that the asset may have suffered an impairment. Recoverability is assessed by firstly determining the assets fair value less costs to sell. The value derived is then compared with the recorded value of the intangible asset and if lower, an impairment charge will be recorded. This was considered a key audit matter given the significant judgement involved in assessing the recoverable amount of the asset.	We reviewed management's assessment of the variables used in their impairment calculations and performed a sensitivity analysis to ascertain the impact a change in the variables would have on the calculations. We considered the appropriateness of the recoverability assessment and considered whether it was in line with Australian Accounting Standards and generally accepted accounting principles. We assessed whether the disclosures included in the financial report meet the requirements of Australian Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2021. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion on the Remuneration Report

In our opinion, the Remuneration Report of Hubify Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Rothsay Chartered Accountants

Frank Vrachas
Partner
Sydney, 29 September 2021

Shareholder Information

Shareholder information

The shareholder information set out below was applicable as at 27 September 2021.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total options issued
1 to 1,000	18	-	-	-
1,001 to 5,000	22	0.02	-	-
5,001 to 10,000	135	0.25	-	-
10,001 to 100,000	275	2.24	-	-
100,001 and over	176	97.49	5	100.00
	626	100.00	5	100.00
Holding less than a marketable parcel	65	0.05	-	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Jonathan David Perrin	72,931,611	14.84
Tsaccounis Holdings Pty Limited	72,508,316	14.75
Shannah Avon	66,457,196	13.52
Temont Pty Ltd	38,319,235	7.80
Autopilot Consulting Pty Ltd	38,139,313	7.76
Vic Spadavecchia	21,043,771	4.28
J P Morgan Nominees Australia Pty Limited	17,881,237	3.64
Mr Lorenzo Stefano Cagliostro + Mrs Caterina Cagliostro	9,431,789	1.92
Ilwella Pty Ltd < No 2 A/C >	9,400,000	1.91
Arizak Investments Pty Ltd	9,312,473	1.89
Mr William James Willmot + Ms Tracey Lee Willmot	9,264,179	1.89
J Martin Super Holdings Pty Ltd < J Martin Super Fund A/C >	6,148,614	1.25
J Martin Super Holdings Pty Ltd < J Martin Super Fund A/C >	6,148,614	1.25
Citicorp Nominees Pty Limited < DPSL A/C >	5,625,727	1.14
HSBC Custody Nominees (Australia) Limited	5,519,341	1.12
JAF Capital Pty Ltd	5,385,000	1.10
Chao Wang	4,247,708	0.86
Mr Mark John Bahen+Mrs Margaret Patricia Bahen < MJ Bahen Super Fund A/C >	3,000,000	0.61
Wicks Group Pty Ltd < Wicks Family A/C >	2,857,143	0.58
Ayers Capital Pty Ltd	2,561,634	0.52
	406,182,901	82.63

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	16,000,000	5

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Jonathan David Perrin	72,931,611	14.84
Tsaccounis Holdings Pty Limited	72,508,316	14.75
Shannah Avon	66,457,196	13.52
Temont Pty Ltd	38,319,235	7.80
Autopilot Consulting Pty Ltd	38,139,313	7.76

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

HUBiFY

UNIFYING PEOPLE AND TECHNOLOGY

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