

**ASX Release: HFY Annual Results FY2021**  
**31 August 2021**

## Hubify reports strong growth in all financial metrics in FY21

Hubify Limited (**ASX: HFY**) ("**Hubify**", or "**the Company**"), a leading provider of Telco and IT/Managed Services to Australian businesses, today announced its financial results for the full year ending 30 June 2021, with a strong performance across all metrics.

### Highlights

- **Annualised recurring revenue (ARR) grew by 63.5% to \$13.9m, from \$8.5m in FY20 (on an exit run-rate basis)**
- **Recurring revenue grew by 36.8% to \$11.2m, from \$8.2m in FY20**
- **Recurring revenue now comprises 60% of overall revenue, up from 50% in FY20**
- **Group revenue grew by 15.4% to \$18.8m, from \$16.3m in FY20**
- **Gross profit grew by 32.0% to \$12.2m, from \$9.2m in FY20**
- **Gross margin increased by 6bps to 76.7%, from 70.7% in FY20**
- **EBITDA\* grew by 18.6% to \$2.1m, from \$1.7m in FY20**
- **NPBT grew by 24.7% to \$1.24m, from \$1.0m in FY20**
- **Strong Balance Sheet with \$5m cash and zero debt, leaving the Company well positioned to pursue further earnings accretive acquisition opportunities**

### Commenting on the results, HFY CEO, Victor Tsaccounis said:

"We are very pleased to release our FY21 results, reporting strong growth across all key financial metrics. While group revenue grew by 15.4%, we are particularly pleased by the 36.8% growth in our recurring revenue base over FY21, which now accounts for 60% of overall revenue (up from 50% in FY20). The strong revenue result was driven by continued organic growth in our high margin, core business divisions, as well as contributions from accretive acquisitions made during the period. As a result, gross margins improved by 6bps to 76.7% (from 70.7% in FY20), driving strong growth in gross profit (+32.0%), EBITDA (+18.6%) and NPBT (+24.7%) over FY21, notwithstanding the adverse impact of some COVID-related headwinds in some of our business units.

Most positively, Annualised Recurring Revenue (ARR) grew by 63.5% to \$13.9m at the end of FY21, which is a key leading indicator for the Company, and we envisage further strong growth in ARR throughout FY22 from continued organic growth in core divisions, accelerated cross-sell revenues from strategic acquisitions made during FY21, and further acquisition opportunities.

In addition to a strong performance from our core business units during the period, the Company made a number of strategic, accretive acquisitions during FY21 which have all

*now been integrated seamlessly and are performing above expectations post acquisition and form an important part of our medium term growth strategy. In particular, we see significant growth opportunities in selling Managed Services and Cyber Security products in to our existing 'telco' customer base, leveraging Hubify's longstanding customer relationships and strong internal sales team, with initial cross-sell rates in the past months giving us greater confidence in this strategy.*

*While organic growth remains a key focus for the Company, we also remain very committed to pursuing further accretive acquisitions in the near term and look forward to updating the market as our acquisition pipeline materialises further."*

*In summary, FY21 has been a transformational year for Hubify, and has placed the Company in strong position to deliver further growth in FY22 and beyond. I'm very proud of the team and how they've executed in FY21. We remain confident in continued organic growth in our core business units, we see significant upside in the cross-sell opportunities from recent acquisitions which are already showing early signs of success. We also have a strong Balance Sheet to capitalise on further earnings accretive acquisitions as they arise. We'd like to thank shareholders for their support and look forward to updating the market on all of the Company's initiatives in the coming months."*

### **Strategy Update:**

#### *FY22 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 leveraging 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 experts in the SMB market. This is to be complemented by a consistent sales strategy that operates as a trusted partner and advisor to navigating the complexities of the evolving technology within the Telco and IT market. The market values personal service and our response is to develop and grow the talent of our people.

#### *Acquisitions*

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 the 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.

## Investor Webinar

Hubify Limited's CEO, Victor Tsaccounis will be hosting a webinar to run through today's release with a question-and-answer session to follow.

### Details of the event are as follows:

**Event:** Hubify Limited FY21 Results Investor Webinar

**Presenters:** CEO Victor Tsaccounis and CFO Nick Fitzgerald

**Time:** Tuesday 31 August 2021, 10:30 am AEST / 8:30 am AWST

**Where:** Zoom webinar, details to be provided upon registration.

To register for the webinar, click or copy the following link into your web browser:

[https://janemorganmanagement-au.zoom.us/webinar/register/WN\\_A8i6NXtPRKWwjK8xt76rXw](https://janemorganmanagement-au.zoom.us/webinar/register/WN_A8i6NXtPRKWwjK8xt76rXw)

After registering, you will receive a confirmation email with information about joining the webinar. Participants will be able to submit questions via the panel throughout the presentation, however we encourage shareholders and investors to send through questions via email beforehand to [jm@janemorganmanagement.com.au](mailto:jm@janemorganmanagement.com.au)

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

For further details please contact:

#### CEO

Victor Tsaccounis  
Hubify Limited  
T: +612 9003 9510  
E: [vtsaccounis@hubify.com.au](mailto:vtsaccounis@hubify.com.au)

#### Investor Relations

Mark Gell  
Reputation Edge  
T: +61 419 440 533  
E: [mgell@reputationedge.com.au](mailto:mgell@reputationedge.com.au)

#### Media Relations

Jane Morgan  
Jane Morgan Management  
T: +61405555618  
E: [jm@janemorganmanagement.com.au](mailto:jm@janemorganmanagement.com.au)



## **Follow our developments through our website and social media channels**

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

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# HUBIFY

Hubify Limited - ASX : HFY

## FY21 Results Presentation

31 August 2021

Victor Tsaccounis – CEO

Nick Fitzgerald – CFO

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

# Disclaimer – Earnings Disclosure

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# FY21 Financial Performance

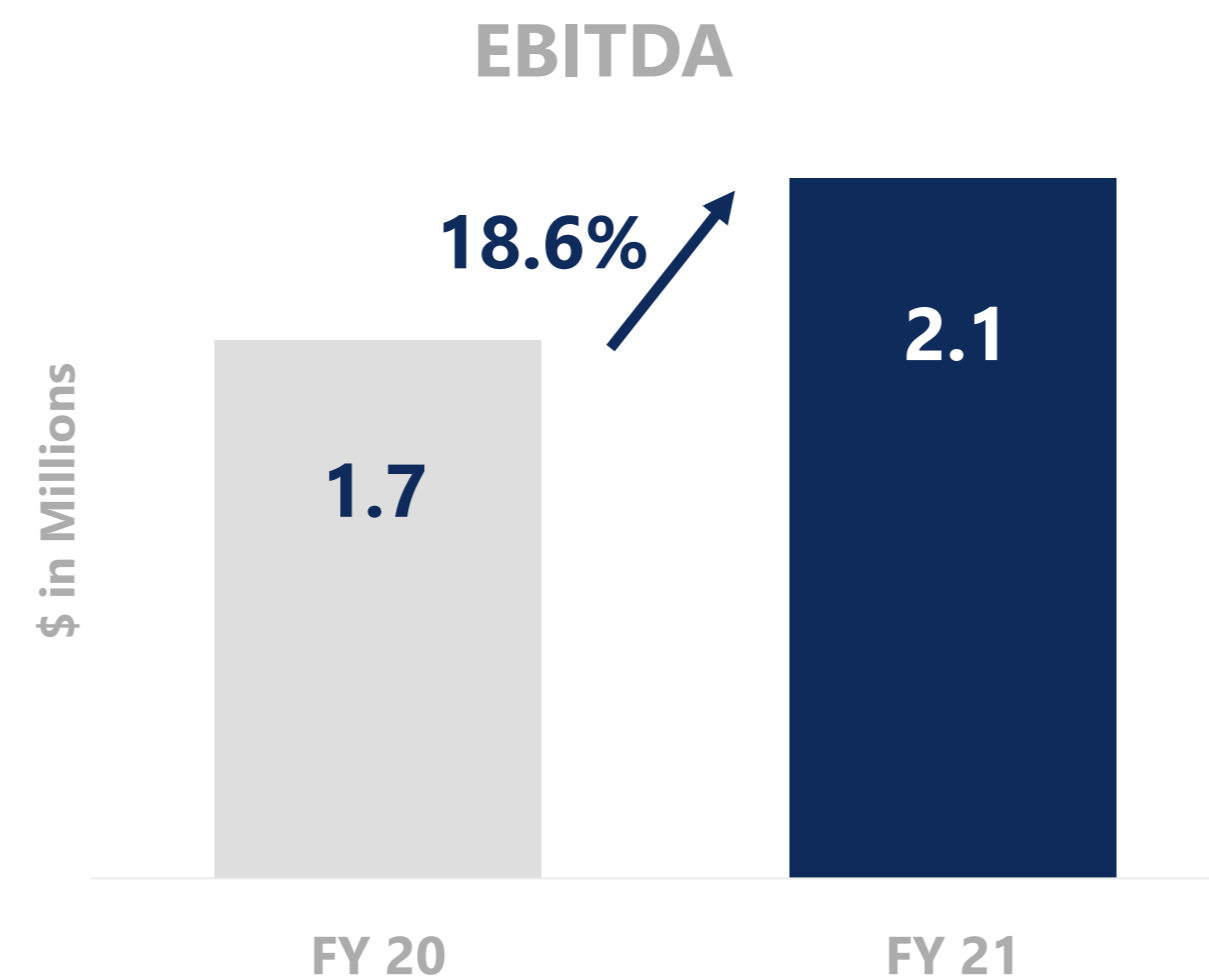
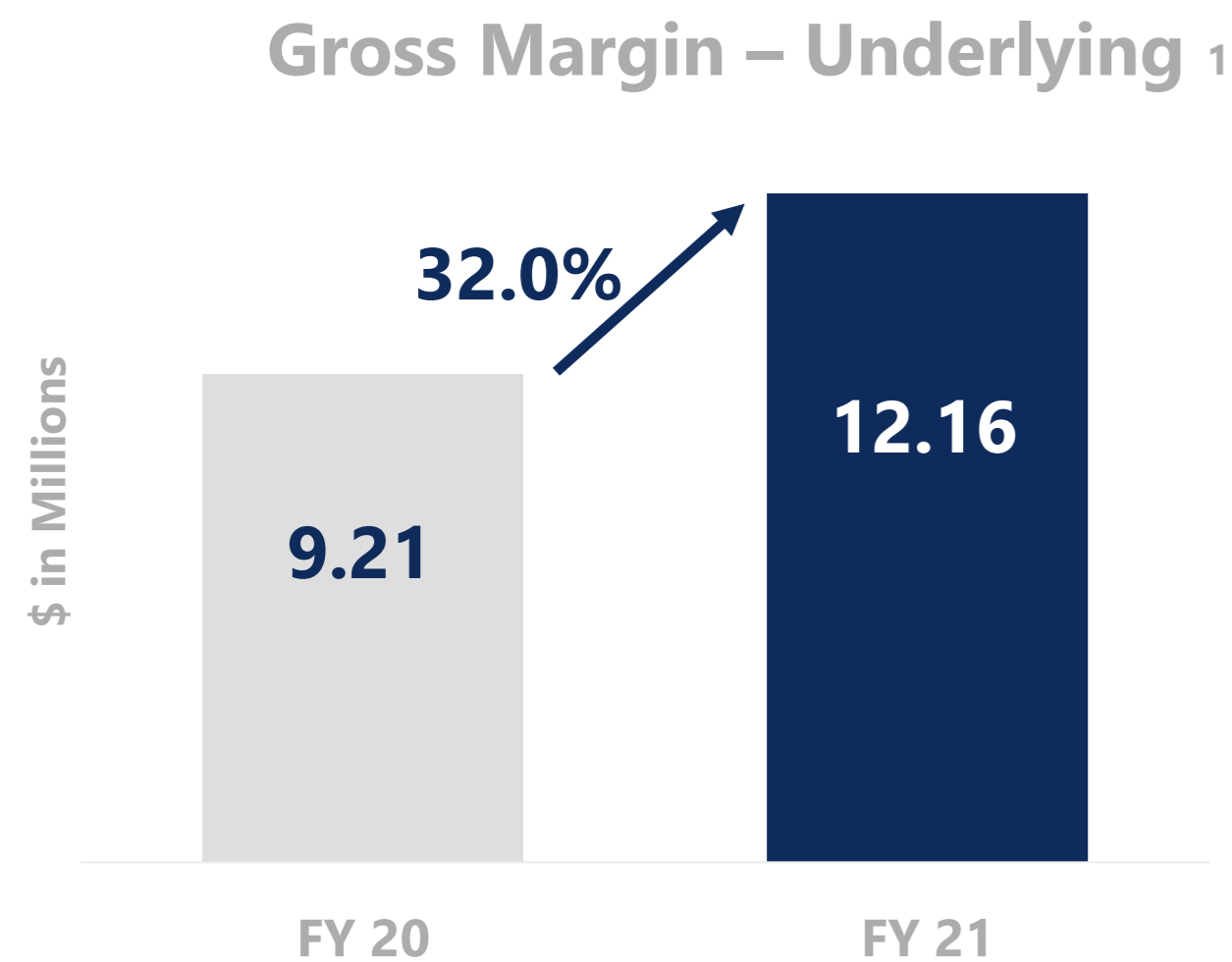
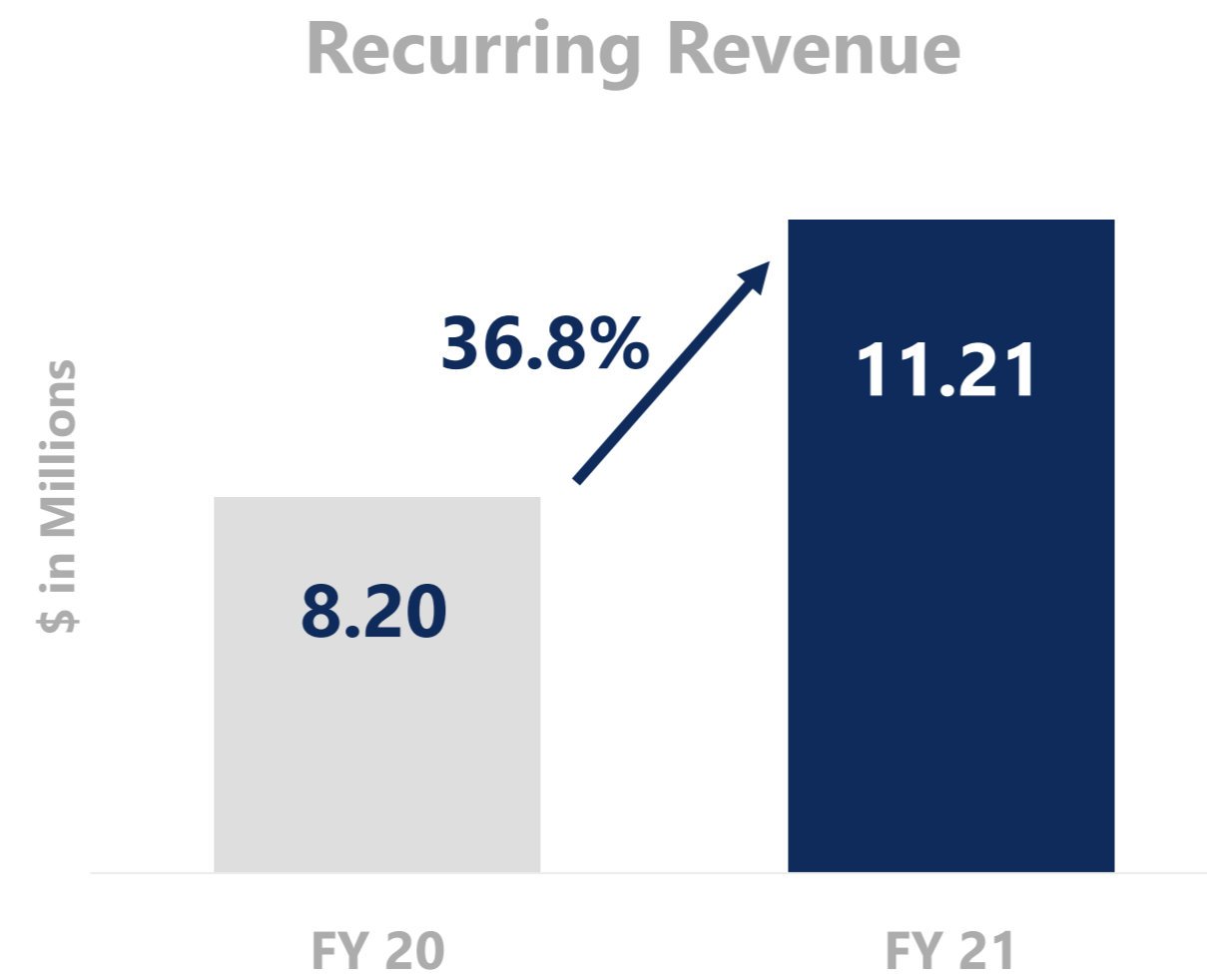
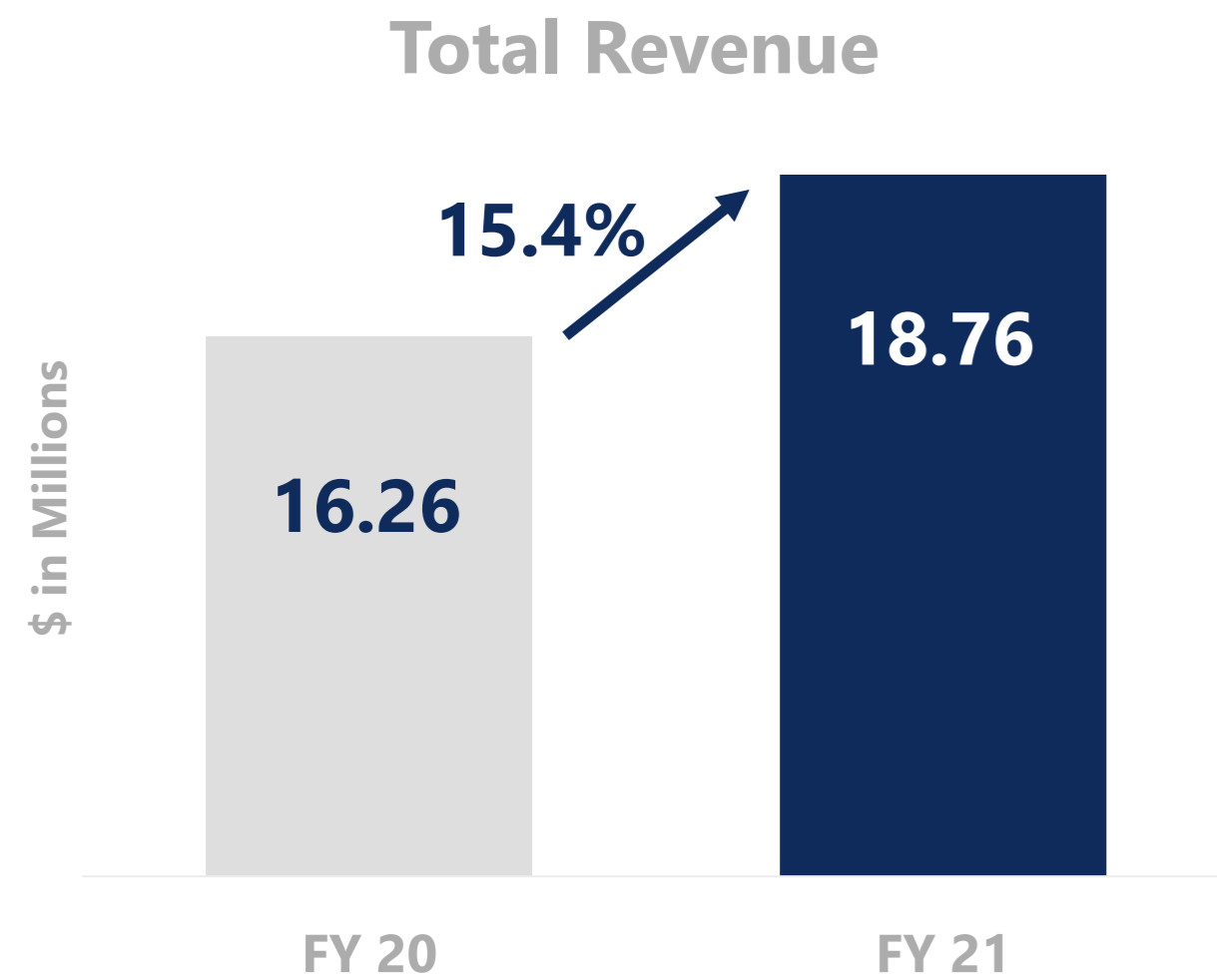
Record Growth with improving margins and profitability

	FY21	FY20	Variance
<b>Total Revenue</b>	\$18.76m	\$16.26m	15.4% ↑
<b>Recurring Revenue</b>	\$11.21m	\$8.20m	36.8% ↑
<b>Annualised Recurring Revenue (exit run rate)</b>	\$13.9m	\$8.50m	63.5% ↑
<b>Recurring Revenue vs Total Revenue %</b>	60%	50%	20.0% ↑
<b>Gross Margin on Underlying Revenue <sup>1</sup></b>	\$12.16m	\$9.21m	32.0% ↑
<b>Gross Margin on Underlying Revenue % <sup>1</sup></b>	76.7%	70.7%	8.4% ↑
<b>EBITDA</b>	\$2.1m	\$1.7m	18.6% ↑
<b>Profit Before Tax</b>	\$1.24m	\$1.0m	24.7% ↑
<b>Cash &amp; cash Equivalents <sup>2</sup></b>	\$5.1m	\$2.90m	75.0% ↑

<sup>1</sup> Gross Margin on Underlying revenue is calculated as revenue from contracts with customers less cost of sales

<sup>2</sup> Hubify made no use of debt facilities in FY20

# Key Financial Indicators



“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.

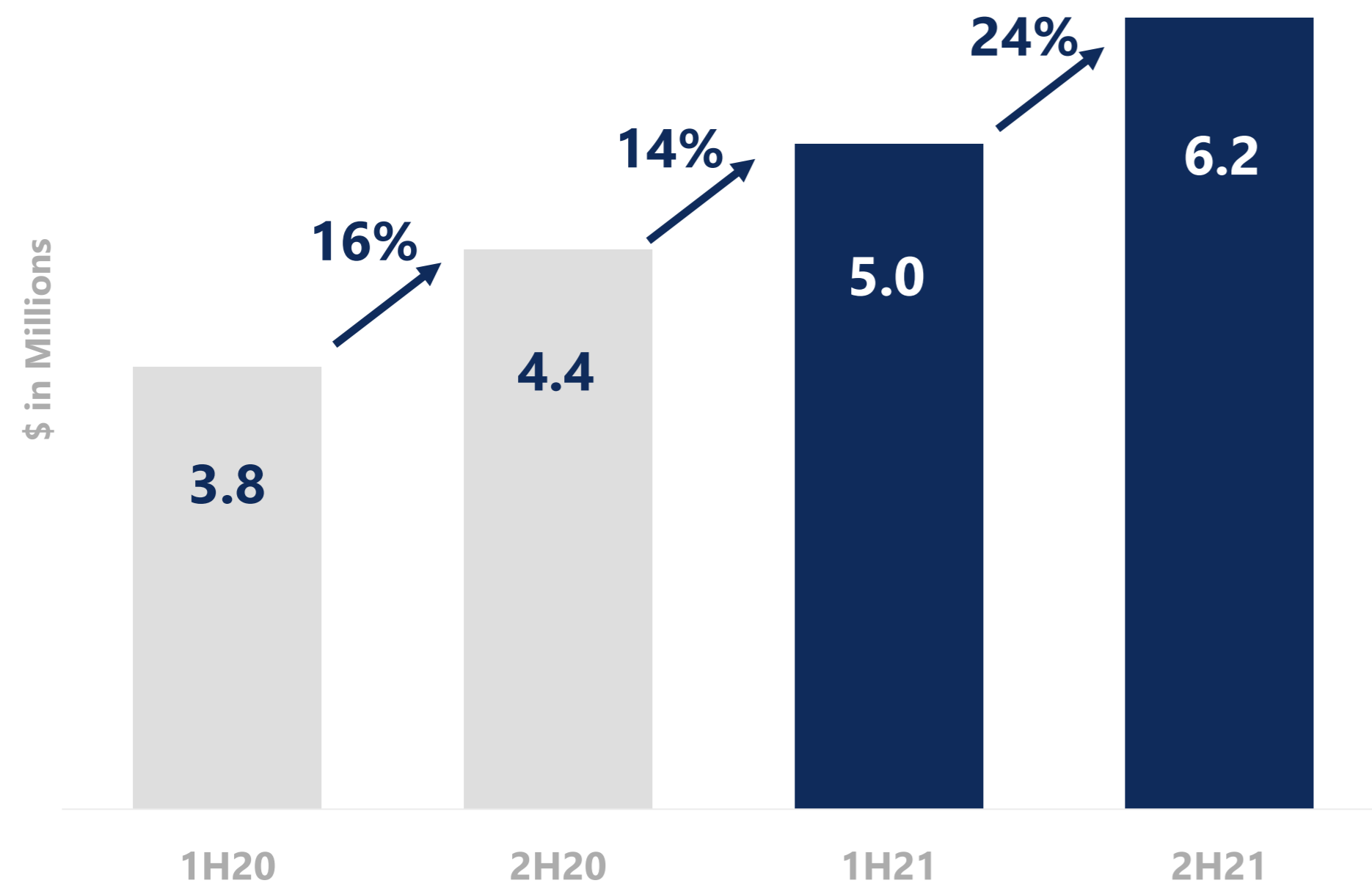
Over the coming period, Hubify will continue to execute on its organic growth strategy whilst concurrently pursuing an accretive acquisition strategy.”

**Victor Tsaccounis**  
CEO – Hubify Limited

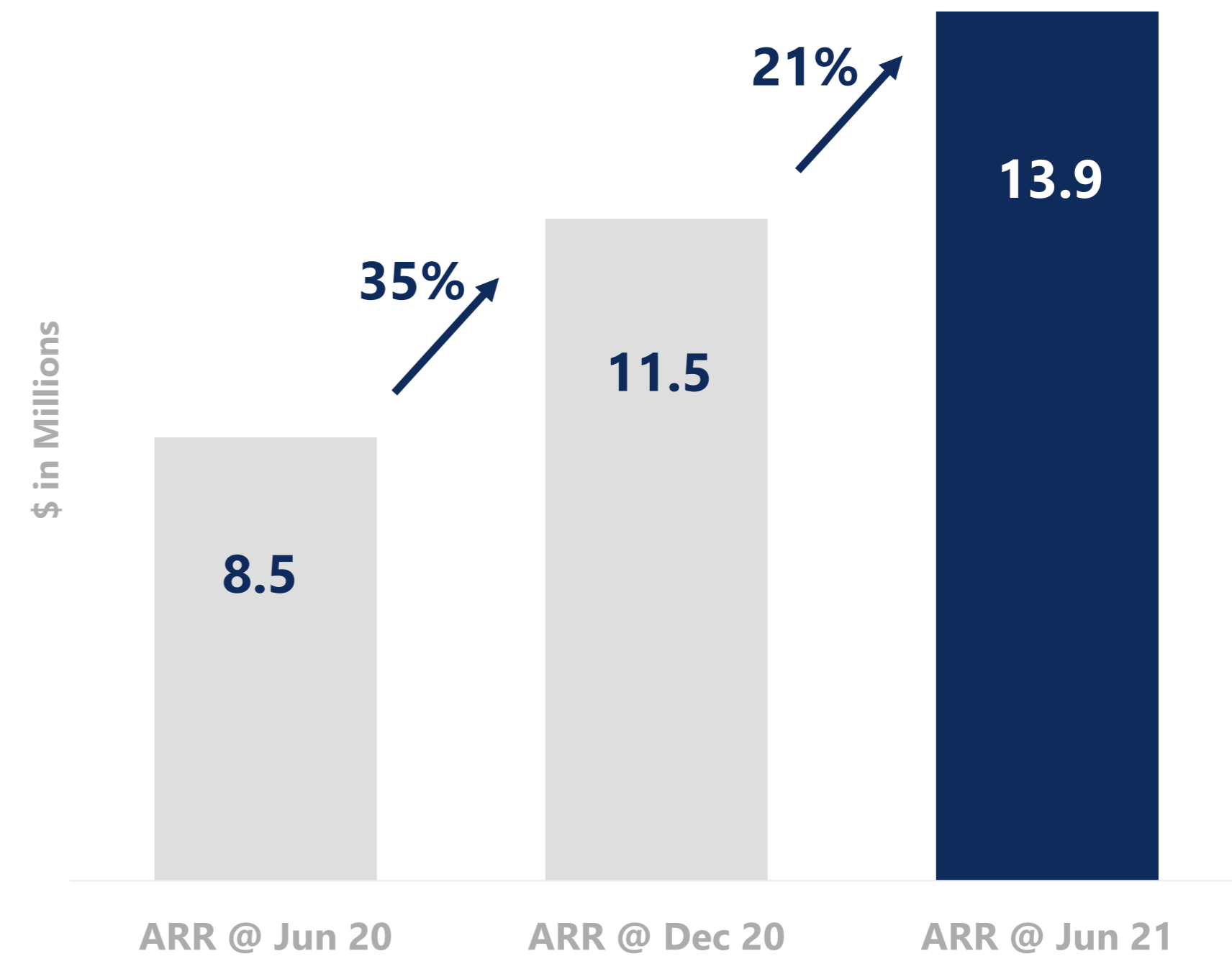
<sup>1</sup> Gross Margin on Underlying revenue is calculated as revenue from contracts with customers less cost of sales

# Accelerating Growth in Recurring Revenues

Actual Recurring Revenue – Half on Half

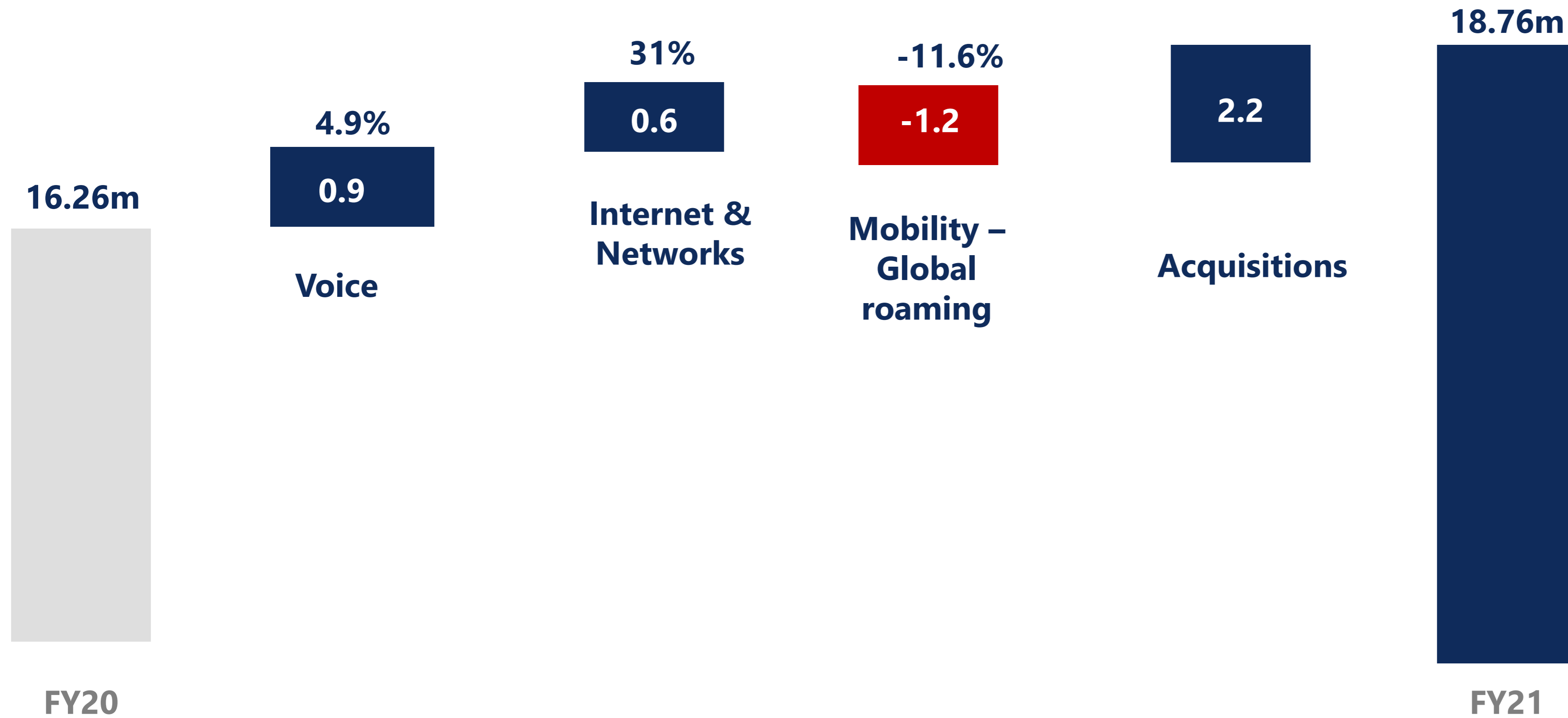


Annualised Recurring Revenue



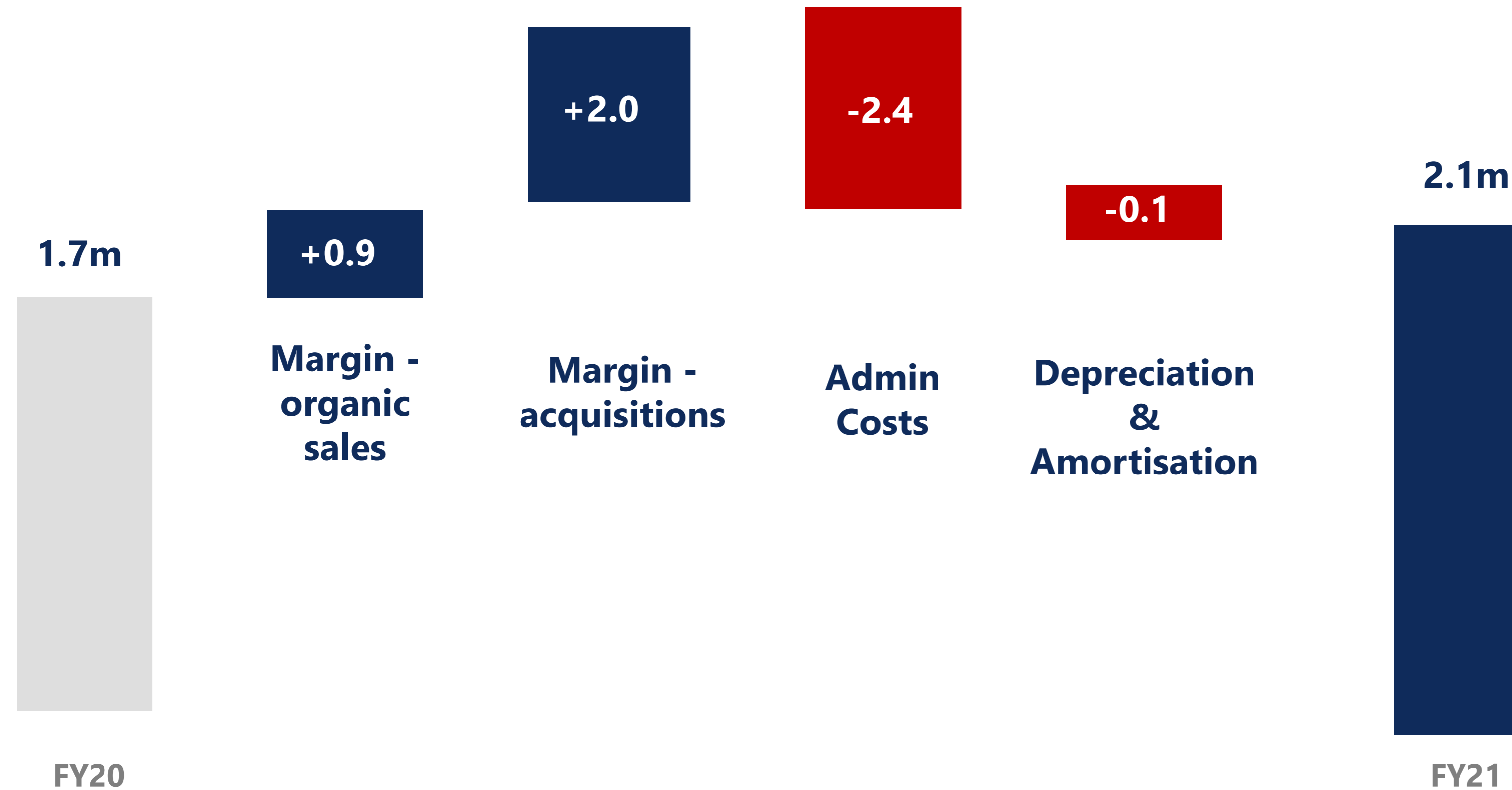
# Revenue Waterfall FY21 vs. FY20

Continued organic growth in core business divisions plus accretive acquisitions, offset predominantly by Covid related headwinds in mobility division



- Voice, Internet & Networks driving recurring growth
- Six Acquisitions in FY21 with largest contribution in voice & data
- Global roaming decreased significantly due to Covid

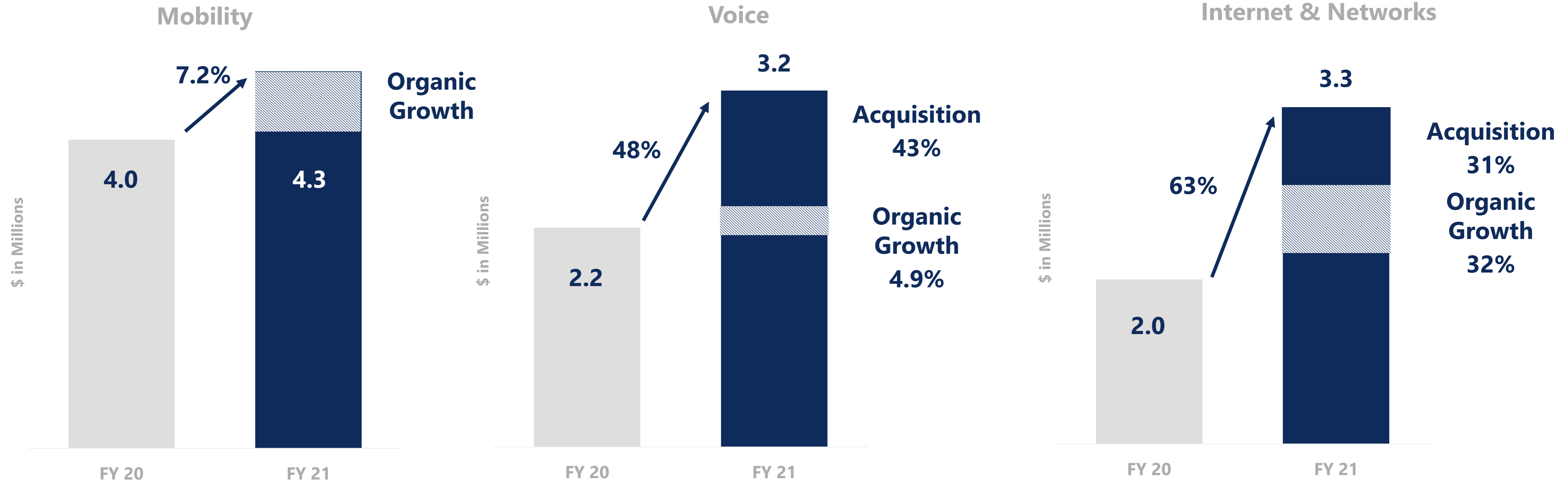
# EBITDA Waterfall FY21 vs. FY20



- **Voice, Internet & Networks building margins with opportunities in scale**
- **Admin costs in infrastructure to service customers & growth in divisions**

# Recurring Revenue Growth - Divisions

Voice, Internet & Networks driving recurring growth



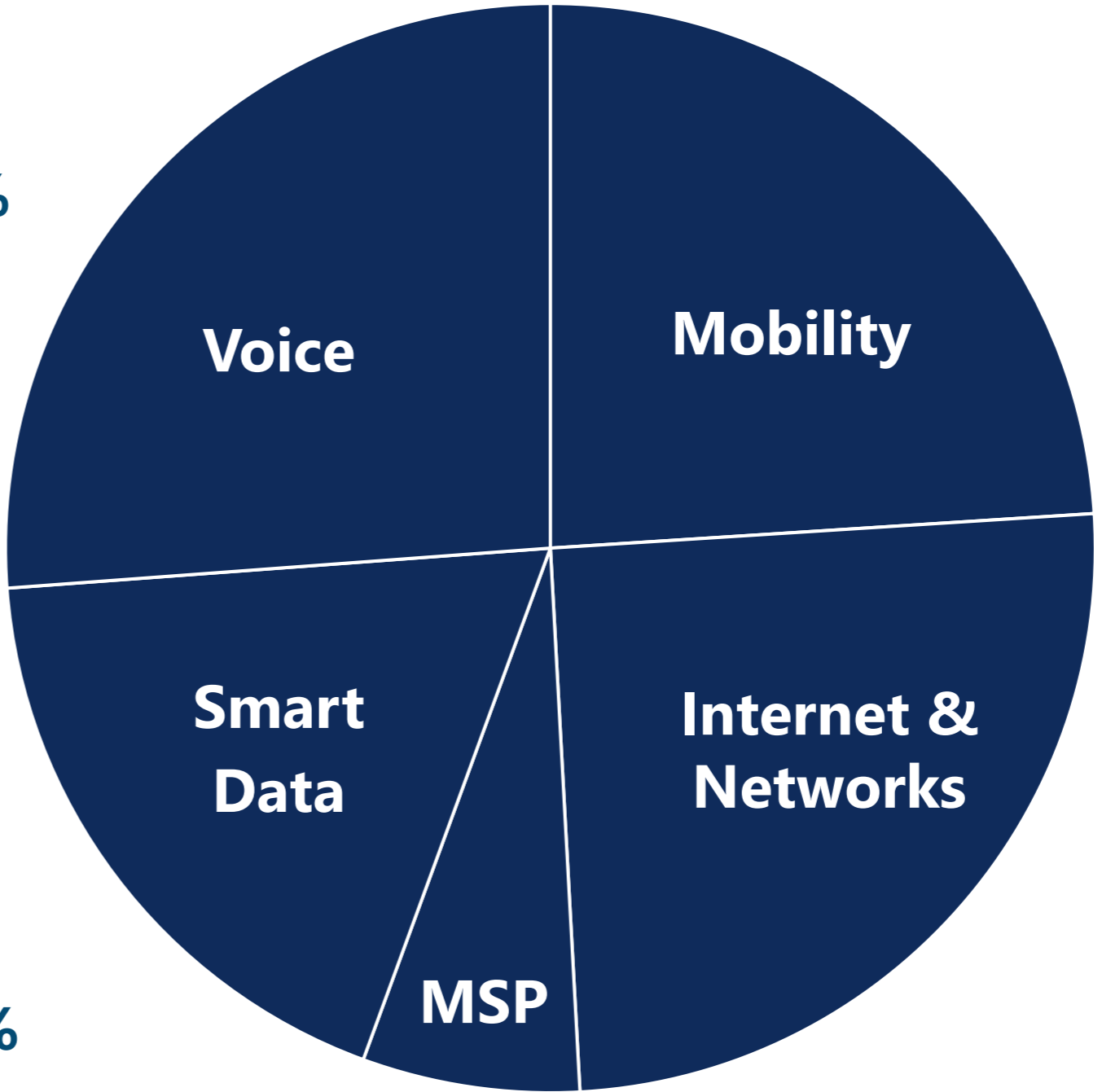
# Annualised Recurring Revenue by Division

June FY21 exit run rate - Continued growth into FY22 in all divisions

Annualised recurring revenue as at June 30 2021 of \$13.9M – up 24% HoH on FY21 actual recurring revenue of \$11.21M. Fuelled by recent acquisitions and organic growth success

**Voice**  
ARR - \$3.8M  
Gross Margin – 39%

**Mobility**  
ARR - \$3.6M  
Gross Margin – 97%



**Smart Data**  
ARR - \$1.54M  
Gross Margin – 95%

**Internet & Networks**  
ARR - \$3.95M  
Gross Margin – 39%

**Managed Services**  
ARR - \$1.0M  
Gross Margin – 46%

# Mobility

Mobile solutions for Australian Businesses



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

	FY21	FY20	Variance
<b>Revenue</b>	8.97m	10.1m	-10%
<b>Recurring Revenue</b>	4.3m	4.0m	7.2%
<b>Gross Margin <sup>1</sup></b>	97%		

<sup>1</sup> Gross Margin on mobile has minimal cost of sales as network charges are with the mobile provider. Selling & Commission costs supporting this business unit are included in Hubify administration costs

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

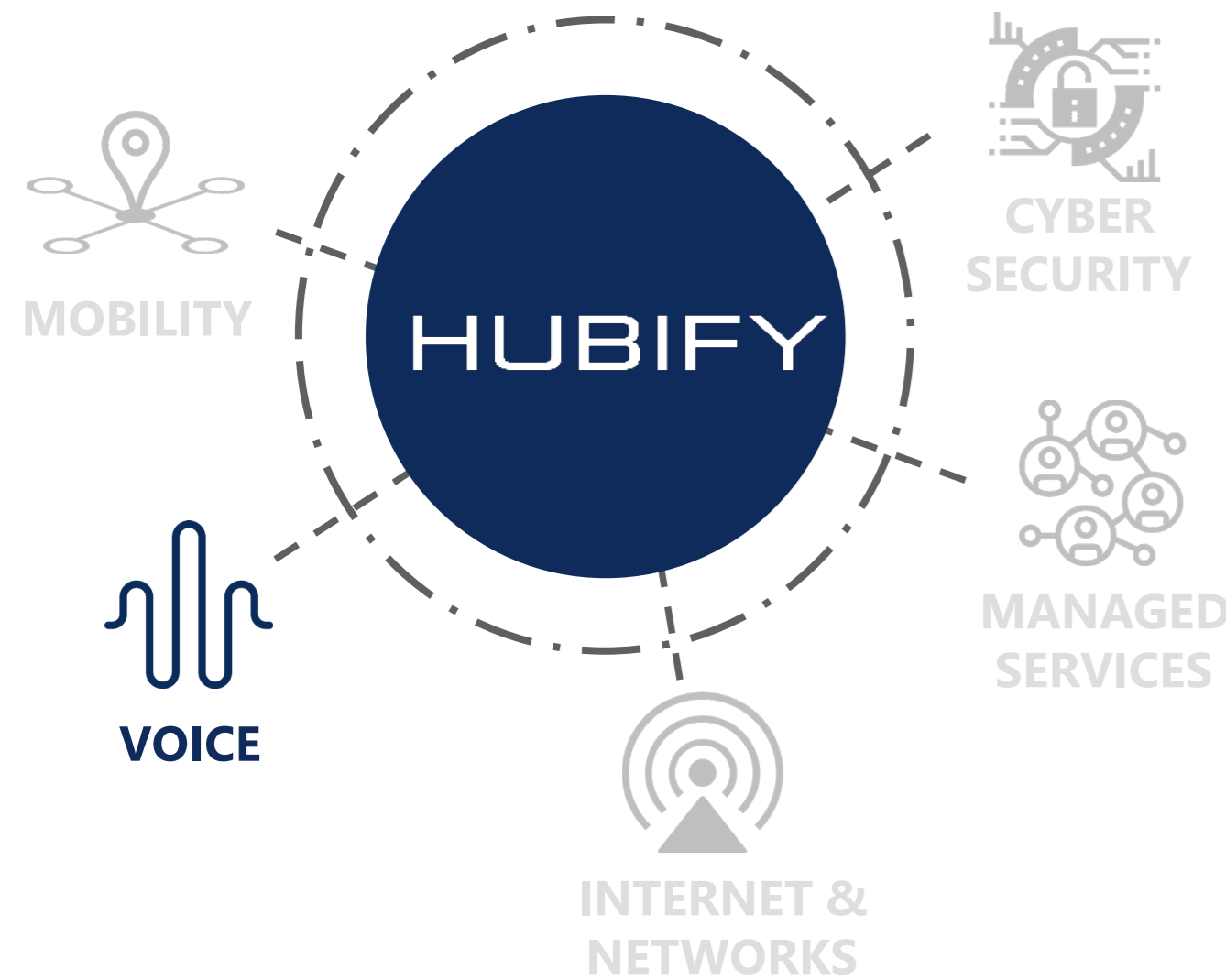
- Partner contract with Optus renewed in April 2021 for 5 years
- Forecasted revenue from 5 year Optus contract - \$40M
- 26,979 SMB customers under management with a \$4,788 spend per customer
- 211 Enterprise customer under management with a \$58,164
- 24 month customer contract periods
- Small Business & Business Fleet customers 10 to 300 employees
- Enterprise Business Customers 300 to 5000 employees

## Mobility Partners



# Voice

Cloud access for phone systems – enabling innovative features and functionality



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

	FY21	FY20	Variance
<b>Revenue</b> <sup>1</sup>	4.7m	2.8m	68% ↑
<b>Recurring Revenue</b>	3.2m	2.2m	48% ↑
<b>Gross Margin</b> <sup>2</sup>	39%		

<sup>1</sup> Revenue includes one-off hardware sales allocated against the Voice business unit  
<sup>2</sup> Gross Margin is a blend of the Voice & internet networks business units and is calculated on underlying revenue from contracts with customers less cost of sales

## Hubify provides its customers a complete unified communications solution

- Monthly ARPU \$286
- Internet & Networks cross-sell rate of 69%
- Average tenure of existing customers - 36 months (includes long standing customers 7+ years)
- Contract periods range between 36 months & 60 months
- Small Business & Business Fleet customers 10 to 300 employees

## Voice Partners



# Internet & Networks

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



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

	FY21	FY20	Variance
<b>Revenue (all recurring) <sup>1</sup></b>	<b>3.3m</b>	<b>2.0</b>	<b>63% ↑</b>
<b>Gross Margin <sup>2</sup></b>	<b>39%</b>		

<sup>1</sup> All internet & network revenue is classified as recurring with all hardware sales allocated to the voice business unit  
<sup>2</sup> Gross Margin is a blend of the Voice & internet networks business units and is calculated on underlying revenue from contracts with customers less cost of sales

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

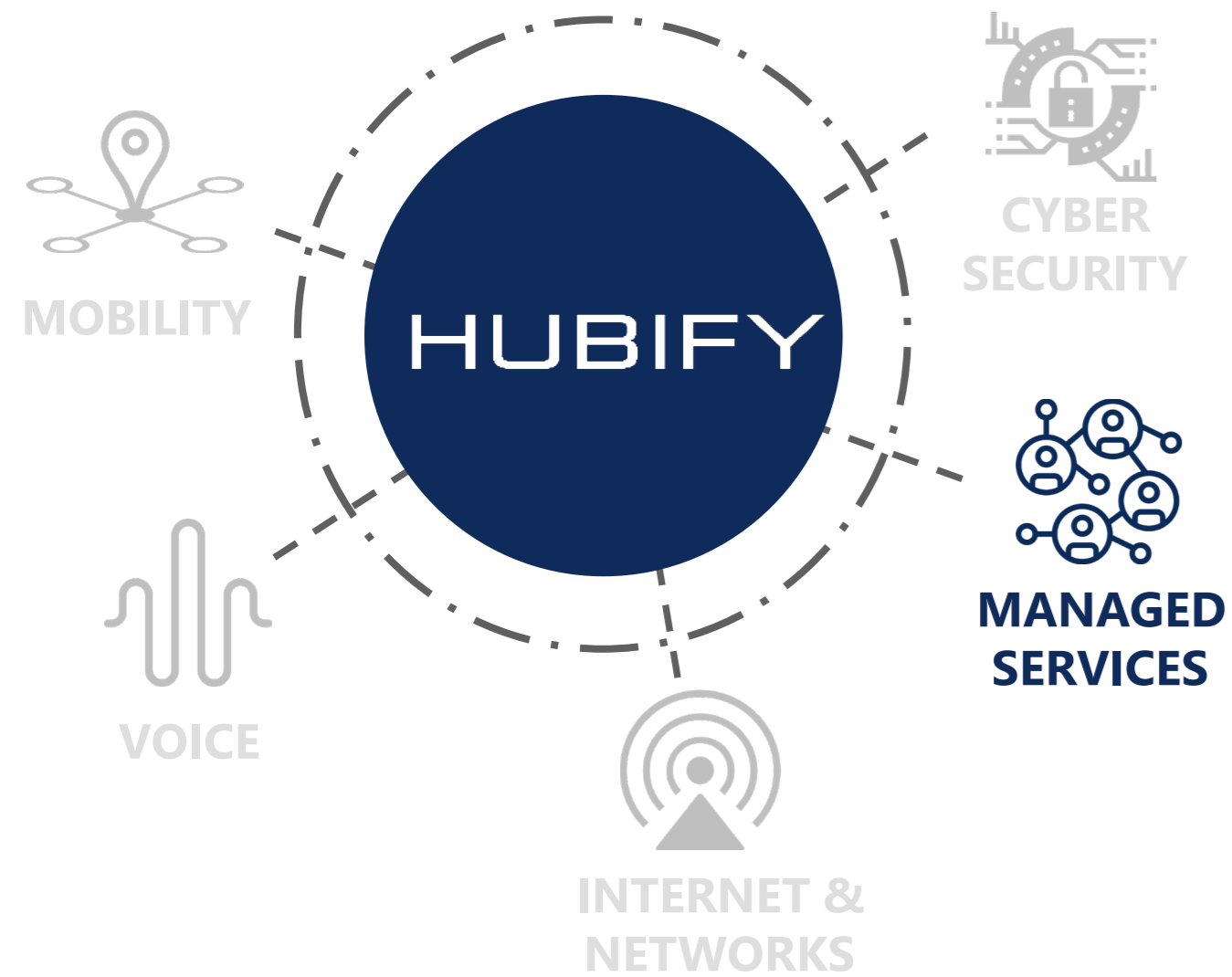
- Monthly ARPU \$382
- Voice cross-sell rate of 85%
- Average tenure of existing customers 37 months (includes long standing customers 7+ years)
- Contract periods range between 24 months to 60 months
- Small Business & Business Fleet customers 10 to 300 employees

## Internet & Networks Partners



# Managed Services

Continually managing technology environments



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

## ICNE (Recently acquired MSP) FY21 Revenue & Gross Margin

FY21	Revenue	Gross Margin	Margin %
Managed Services	0.83m	0.54m	65%
Voice	0.15m	0.06m	40%
Hardware	1.16m	0.38m	33%
Professional Services	0.24m	0.10m	43%
<b>Total</b>	<b>2.38m</b>	<b>1.30m</b>	<b>46%</b>

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 already being realised in the first few months since the acquisition.

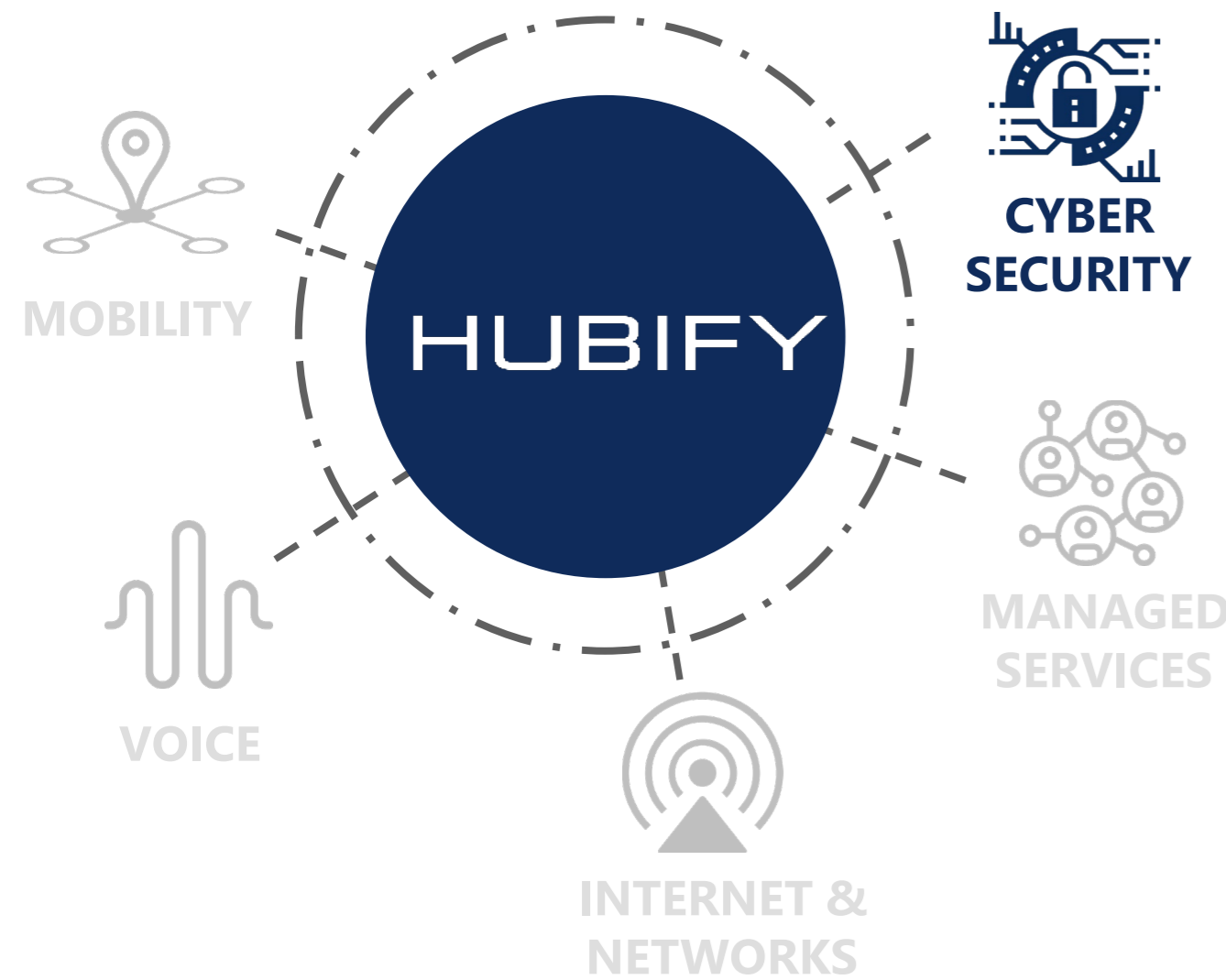
- Average annual spend per customer of \$22,500
- Top 20 customers have an average annual revenue of \$186,000
- Average annual revenue of sales pipeline - \$80,000 per customer
- Contract periods are 12 to 24 months
- Multi-site SMB customers 10 to 300 employees (education, professional services retail, NFP, hospitality)

## Managed Service Partners



# Cyber Security

Continually managing technology environments



- ✓ Managed Security
- ✓ Cyber Consulting
- ✓ Cyber Compliance
- ✓ Firewall

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. With this new product offering the customer will purchase a Cyber SaaS license rather than an upfront hardware purchase.

## New Cyber Security Product launching in Q2 FY22

- Cyber SaaS for SMB's
- Firewall
- Intrusion detection & prevention
- Monitoring, threat hunting and Cyber threat intelligence
- License periods are 3 years
- Multi-site SMB customers 10 to 300 employees (education, professional services, retail, NFP, hospitality, medical)

## Cyber Security Partners & Suppliers

Internet 2.0

FORTINET

Microsoft

CISCO

# Hubify Customers



**COASIT provides Aged Care Services and have been a Hubify customer for over 8 years**

Hubify initially supplied COASIT with their mobile fleet solution and is now COASIT's trusted Telco & IT Partner providing:

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

## Hubify Solutions Utilised

- ✓ **Mobility**
- ✓ **Voice**
- ✓ **Internet & Networks**

## BVLGARI

**BVLGARI are a global luxury fashion brand and have been a Hubify customer for over 2 years**

Hubify initially supplied BVLGARI with their mobile fleet solution and is now the supplier of the following services:

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

## Hubify Solutions Utilised

- ✓ **Mobility**
- ✓ **Voice**
- ✓ **Internet & Networks**
- ✓ **Managed Services**



**Harris Farm are a growing successful supermarket chain and have been a Hubify managed & professional services customer for nearly 4 years.**

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. Hubify also now supply the following::

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

## Hubify Solutions Utilised

- ✓ **Mobility**
- ✓ **Managed Services**



# HUBIFY

Hubify Limited - ASX : HFY

## Strategy Update

# Significant Market Opportunity

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



**\$30.1B**

The total Australian internet access market in 2020



**\$92B**

Spent by Australians on IT in 2020<sup>3</sup>.



**28%**

Mobile data usage is forecast to grow at 28% per annum over the period until 2030.<sup>2</sup>



**\$5.6B**

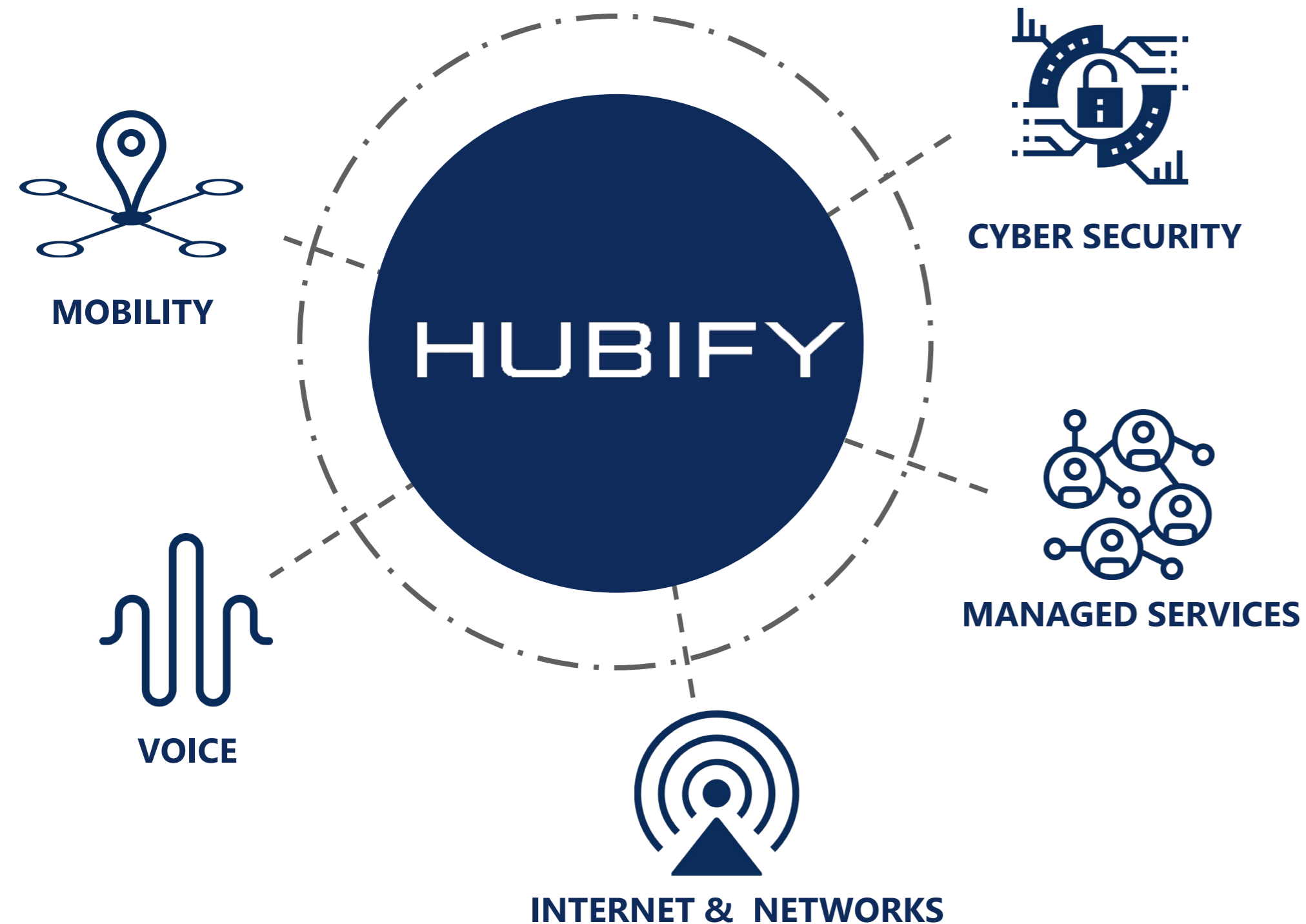
Spend on Cyber Security in 2020 Rise to \$7.6B by 2024

<sup>2</sup> JP Morgan – Asia Pacific Equity Research – Australian Telecommunications

<sup>3</sup> <https://www.gartner.com/en/newsroom/press-releases/2020-10-29-gartner-forecasts-australian-enterprise-it-spending-to-grow-3-point-6-percent-in-2021>

# Corporate Strategy

We provide Australian Businesses a One-Stop-Shop for all their Telco and IT needs



## What makes Hubify Unique

- ✓ **Right Solutions** – Agile & fit for Purpose for Business
- ✓ **Proactive & Responsive**
- ✓ **Experience** – We care
- ✓ **Reliability** – We do what we say we will do

## Our Target Market

**SMB's with 10 – 300 staff, located in major cities and metro areas in Australia**

They value personal service, reliability, and forward-thinking solutions that allow them to focus on their business

# Hubify Market Offering

Business Units with a defined Product & service offering for SMB market

## Business Plans

Global SIM

Mobile Device Management

Machine to Machine

IoT Solutions



MOBILITY

HUBIFY



CYBER SECURITY

Managed Security

Cyber Consulting

Cyber Compliance

Firewall



MANAGED SERVICES

Business IT

IT Infrastructure

Communications

Cloud



VOICE

Hosted Voice

Inbound

Microsoft Teams

SIP

On Premise



INTERNET & NETWORKS

NBN Enterprise

Fibre

Managed Routers

WiFi solutions

<sup>2</sup> JP Morgan – Asia Pacific Equity Research – Australian Telecommunications  
<sup>3</sup> <https://www.gartner.com/en/newsroom/press-releases/2020-10-29-gartner-forecasts-australian-enterprise-it-spending-to-grow-3-point-6-percent-in-2021>

# Acquisitions Strategy – 2021/22

Five Acquisitions with significant expansion in Managed Services & Cyber



# Growth Strategy FY22

A two tiered growth strategy, focusing on organic growth & growth through acquisitions



## Achieving Growth

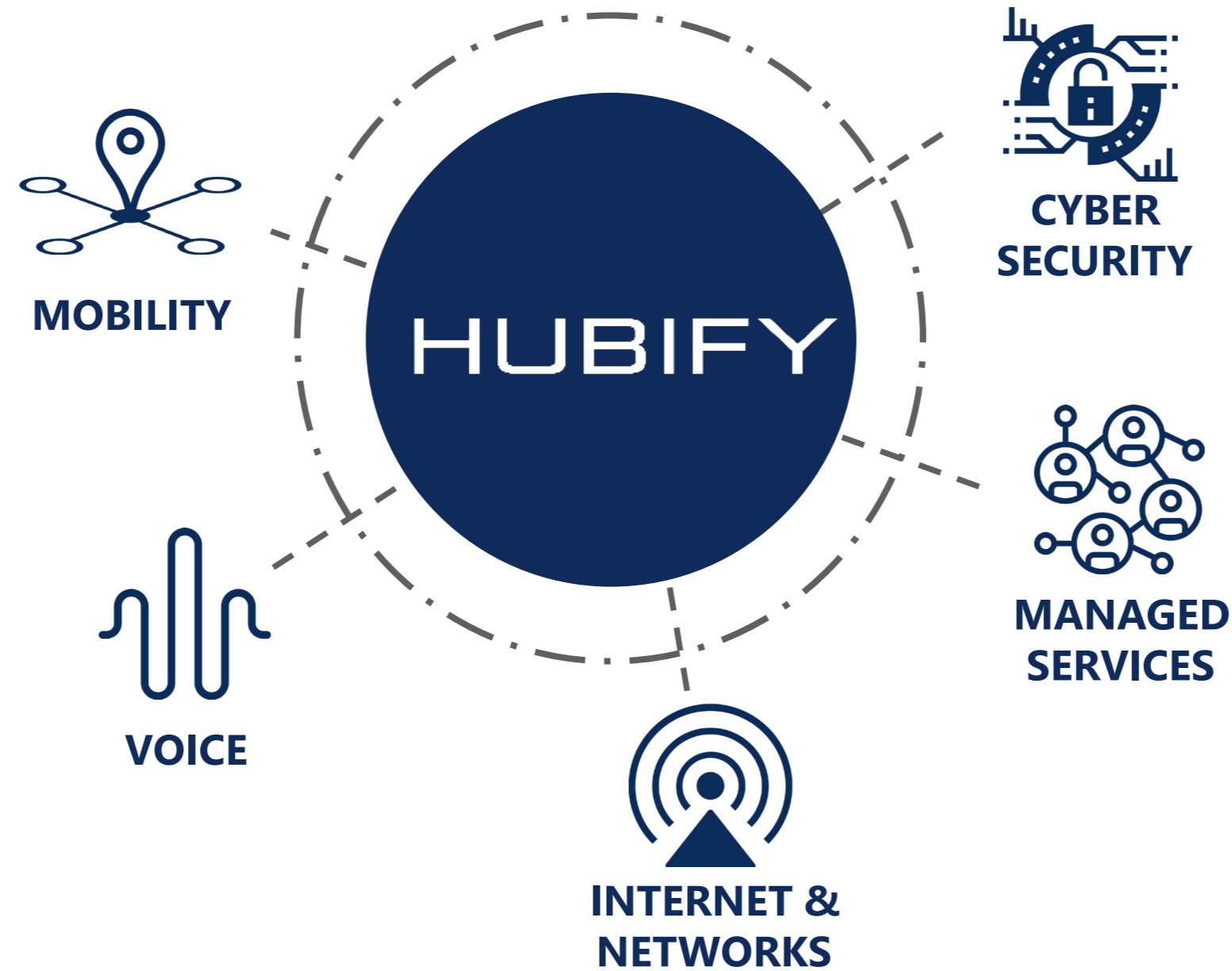
- Organic Sales & recurring revenue growth
- Strengthen Brand Awareness
- Scale Managed Services
- Leverage Cyber Security with new customers
- Complementary Acquisitions

## Enabled via Transformation Initiatives

- The 'Hubify Way' delivering a consistent customer experience
- Integrate Managed Services & Cyber Businesses
- Deliver the Marketing & Sales Strategy catered to the SMB market
- Connect Sales & Operations teams with data insights
- Grow our talent & the capacity of our people

# Hubify 'One-Stop-Shop'

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



Our Customers



Hubify – "One-Stop-Shop"



Our Partners

# HUBIFY

Hubify Limited - ASX : HFY

## Victor Tsaccounis

**Chief Executive Officer**  
*Hubify Limited – ASX : HFY*

T: +612 9003 9510  
E: vtsaccounis@hubify.com.au

## Mark Gell

**Investor Relations**  
*Reputation Edge*

T: +61 419 440 533  
E: mgell@reputationedge.com.au

## Jane Morgan

**Media Relations**  
*Jane Morgan Management*

T: +61 405 555 618  
E: jm@janemorganmanagement.com.au