Hubify ASX: HFY Market Update

31 March 2023

Hubify signs new Five-Year Enterprise Agreement with Optus and receives $2.28m for exit from Small Business Segment

- Hubify Limited (ASX:HFY) ("**Hubify**", or the "**Company**") is pleased to announce that its subsidiary company and mobility division, Broadland Solutions Pty Ltd has entered into a new five-year agreement with Optus (**"Agreement"**) to sell Optus Enterprise Services to Australian Businesses.
- The new agreement supersedes the current agreement signed in April 2021 which terminates on March 31st 2023.
- The longer five-year agreement out to April 2028 allows Hubify to increase focus on the Enterprise Market segment and the estimated revenue is approximately $12m based on the current run rate.
- Hubify will exit from the Optus Small Business Program from 1 May, 2023 and Optus will pay Hubify a $2.28m termination payment.
- The cash payment will increase Hubify's cash position to above $4.6m, with no debt post 1st May 2023.
- These changes have no effect on the company's Master Services Agreement with Optus to provide Managed IT Services to Optus Enterprise Customers which remains unchanged with annualised recurring revenue to Hubify of $0.8m.
- In line with the exit from the Small Business Program, Hubify will realise administration cost savings of approximately $1.69m per year in addition to the savings of $1.56m per year from the restructure in 1H FY23.
- Hubify's new annualised recurring revenue run rate after this change and effective 1 May, 2023 will be $17.8m per year based on exit run rate 28 February 2023.

Hubify, a leading provider ICT and Managed Services to Australian businesses, is pleased to announce a new agreement with Optus.

The new agreement, effective April 1st, 2023, with a term of five years will see the company focused purely on the Enterprise Market Segment when selling Optus services and the estimated revenue is approximately $12m based on the current run rate.

In line with the targeted focus on the Enterprise Segment, Hubify will exit the Small Business Program and will receive a contract payout from Optus of $2.28m. An average small business customer in the exited division had under 10 employees and requires a basic need for ICT support and managed services. In 1H FY23 revenue in the Optus Small Business division (the business being exited) declined by 31% and its territory sales model was no longer compatible with Hubify's strategic focus and national sales approach.

The changes are in line with the company's strategy as a leading ICT and Managed Services provider to Australian organisations who value personalised service, reliability, and forward-thinking solutions.

Key benefits of the change are as follows:

- Immediately improves the company's cash position to over $4.6m post 1st May 2023.
- Reduces the company's annualised administration costs by $1.69m effective 1st May 2023 and are additional to the administration savings of $1.56m announced in 1H FY23.
- This change now focusses the entire team on ICT Mid-Market and Enterprise Business across all Hubify divisions.
- Maintains the company's recurring revenue percentage at over 80% and on 1H FY23 reported numbers, excluding Optus small business, recurring revenue would be 88% of total revenue.
- Enable's the company to focus on scalable divisions namely, Managed Services and Professional Services and in the Mid-Market and Enterprise segments.

Hubify and Optus entered into a five-year agreement effective 1 April 2021 where Hubify would sell Optus services to Small Businesses and Large Enterprise. In the last 2 years Hubify has expanded its service offering to include Managed Services and Cyber Security to Medium and Large Enterprise.

The new agreement and restructure of the relationship with Optus allows Hubify to focus its resources on the Mid-Market and Enterprise Market segments to drive scale across all divisions.

Hubify Limited CEO Victor Tsaccounis said:

"We're pleased to refocus our partnership with Optus for another five years to introduce Optus Enterprise products and services to our customers. The various partnerships and agreements between Hubify and Optus have benefited both companies for over eight years across Hubify's Mobility, Managed Services and Smart Data Divisions. We look forward to the next five years and continuing our strong track record in delivering enterprise sales growth."

"These changes will enable the Hubify team to remain focused on scaling the business across all divisions leveraging our leading ICT product and services catalogue."

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

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