

Hubify Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Hubify Limited
ABN:	60 607 921 246
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	28.8% to	11,549,938
Revenue from contracts with customers	up	37.8% to	10,794,019
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	down	64.5% to	431,144
Profit before income tax	down	102.4% to	(18,954)
Profit for the year attributable to the members of Hubify Limited	down	78.4% to	140,847
Net Tangible Assets per ordinary security	up	2.7% to	1.23 cents
Cash and cash equivalents	down	7.7% to	4,679,345

Comments

HFY achieved an EBITDA of \$431,144 for 31 December 2021 half-year with a statutory net profit after tax of \$140,847. This profit was generated on revenue of \$11,549,938, a 28.8% increase compared to the prior half-year. The final cash position at the end of the half-year was \$4,679,345.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>1.23</u>	<u>1.20</u>

4. Loss of control over entities

Not applicable.

5. Dividends

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

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

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Half-year report

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

10. Attachments

Details of attachments (if any):

The Interim Report of Hubify Limited for the half-year ended 31 December 2021 is attached.

11. Signed

Signed  _____

Victor Tsaccounis
Director
Sydney

Date: 28 February 2022

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Hubify Limited

ABN 60 607 921 246

Interim Report - 31 December 2021

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Hubify Limited
Corporate directory
31 December 2021

Directors	Anthony Ghattas - Chairman Victor Tsaccounis - Chief Executive Officer Charbel Nader
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, 6 O'Connell Street Sydney NSW 2000
Solicitors	HWL Ebsworth Lawyers Level 14 – Australia Square 264-278 George Street Sydney NSW 2000 Sekel Grindberg 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/

Hubify Limited
Directors' report
31 December 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 half-year ended 31 December 2021.

Directors

The following persons were directors of Hubify Limited during the whole of the financial half-year and up to the date of this report:

Anthony Ghattas
 Victor Tsaccounis
 Charbel Nader

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

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

Dividends

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

	31 Dec 2021	31 Dec 2020
	\$	\$
Dividends paid/payable to shareholders of Hubify Limited	-	-

Review of operations

In 1H FY22 Hubify Limited (HFY) effected novation of Customer agreements from Optus Enterprise effective 1 October 2021 and HFY successfully recruited technical and project management staff to fulfill the immediate increase in services and growth in the Managed Services Division. Costs associated with onboarding staff to support new customer contracts and the necessary building of expertise in Enterprise Managed services has significantly grown revenue from contracts with customers (up 37.8% on the prior corresponding period to 31 December 2020).

After investments in the Managed Services support model, HFY achieved a statutory net profit after tax of \$0.14 million in the six months to 31 December 2021 (down 78.4% from \$0.65 on the prior corresponding period to 31 December 2020) from revenues of \$11.549 million (up 28.8% on the prior corresponding period to 31 December 2020). EBITDA was \$0.43 million (down 64.5% from \$1.26 million on the prior corresponding period to 31 December 2020), and the final cash position at the end of the period was \$4.68 million.

COVID-19

The COVID environment impacted revenue during the period across a number of areas from the provisioning and billing of clients, sales calls to customer prospects, and new client on-boarding. The company continued to support staff throughout difficult labour market conditions, even with reduced support from government and this had a negative impact on profitability. The impact of business closures due to COVID lockdowns was most pronounced in the key markets of Sydney and Melbourne across all business divisions. The mobility business division was particularly impacted with customers deferring purchase decisions whilst navigating the COVID environment and delays in hardware purchases from COVID impacts upon the global supply chain.

Hubify continues to follow recommendations from each State Government Health service and the Australian Government to provide a COVID-19 safe workplace.

Hubify Limited
Directors' report
31 December 2021

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

	31 Dec 2021	31 Dec 2020
	\$	\$
Profit before income tax expense/benefit	(18,954)	775,905
Finance costs	26,266	19,851
Interest revenue	(169)	(1,263)
Depreciation and amortisation expense	424,001	418,938
EBITDA	<u>431,144</u>	<u>1,213,431</u>
Acquisition costs	-	43,283
Adjusted EBITDA	<u><u>431,144</u></u>	<u><u>1,256,714</u></u>

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.

Significant changes in the state of affairs

On 1 October 2021, Hubify Limited entered into a Master Supplier Agreement with Optus whereby Hubify was to supply Optus Enterprise customers IT services and management of their technology products. This required Hubify to recruit specialist technical and project management staff to fulfill the increase in services. The Hubify and Optus partnership is expected to accelerate Hubify's growth expectations in the Managed Services division, adding to the expertise in Enterprise managed services and leverages the acquisition of IT managed services company ICNE Pty Ltd in June 2021.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 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.

**Hubify Limited
Directors' report
31 December 2021**

Material business risks

Hubify Limited operates within a highly competitive, technology based industry and is exposed to a range of risks that have the potential to impact on the financial, operational, and strategic performance of the business. Material business risks that could impact the consolidated entity's performance are described below.

Industry, Market and Customer Demand change. The technology industry is ever-changing and 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 manages the risk associated with the technology industry through its business model of having a flexible scalable service offering to support customer products and continued engagement with technology partners facilitates accommodating changes in trends.

Supplier and Vendor Relationship. Hubify relies on key supplier relationships in providing customers with IT technology and telecommunications solutions. The loss or impairment of a key relationship could impact Hubify's business.

Hubify has regular account management reviews with key suppliers to maintain and develop productive partnerships.

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

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


Hubify has strengthened its leadership and management team with a number of external recruitments at the executive level together with additional expertise in building enterprise managed services capability required for new and existing customer and expected growth opportunities. These roles are tasked with systemization of processes and development of Hubify employees that will enable the company to continue to scale its operations to respond to customer growth.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Victor Tsaccounis
Director

28 February 2022
Sydney

ROTHSAY

CHARTERED ACCOUNTANTS

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

To the Directors of Hubify Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2021 there have been:

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

This declaration is in relation to Hubify Limited and the entities it controlled during the half-year.

Rothsay Chartered Accountants



Donovan Odendaal

Partner

Sydney, 28 February 2022

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Sydney NSW 2001

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Hubify Limited
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General information

The financial statements cover Hubify Limited as a consolidated entity consisting of Hubify Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Hubify Limited's functional and presentation currency.

Hubify Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 1.03, 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 28 February 2022.

Hubify Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021

	Note	31 Dec 2021 \$	31 Dec 2020 \$
Revenue	3	11,549,769	8,965,723
Interest revenue		169	1,263
Expenses			
Cost of sales		(3,041,440)	(2,824,893)
Marketing		(368,998)	(333,030)
Occupancy		(312,464)	(124,378)
Administration		(7,261,676)	(4,373,449)
Acquisition costs		-	(43,283)
Other expenses		(558,048)	(472,197)
Finance costs		(26,266)	(19,851)
Total expenses		<u>(11,568,892)</u>	<u>(8,191,081)</u>
Profit/(loss) before income tax (expense)/benefit		(18,954)	775,905
Income tax (expense)/benefit		<u>159,801</u>	<u>(124,341)</u>
Profit after income tax (expense)/benefit for the half-year attributable to the owners of Hubify Limited		140,847	651,564
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year attributable to the owners of Hubify Limited		<u><u>140,847</u></u>	<u><u>651,564</u></u>
		Cents	Cents
Basic earnings per share	16	0.03	0.15
Diluted earnings per share	16	0.03	0.15

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

Hubify Limited
Consolidated statement of financial position
As at 31 December 2021

	Note	31 Dec 2021 \$	30 June 2021 \$
Assets			
Current assets			
Cash and cash equivalents	4	4,679,345	5,067,489
Trade and other receivables	5	2,686,681	1,867,402
Contract assets	6	188,098	208,089
Inventories		134,915	104,816
Financial assets at fair value through profit or loss		5,667	6,183
Current tax receivable		129,903	123,469
Other	7	106,308	52,993
Total current assets		<u>7,930,917</u>	<u>7,430,441</u>
Non-current assets			
Financial assets at fair value through profit or loss		500,000	500,000
Plant and equipment	8	707,881	861,195
Intangibles	9	6,165,613	6,267,075
Deferred tax		1,280,390	1,187,431
Other	7	191,089	199,603
Total non-current assets		<u>8,844,973</u>	<u>9,015,304</u>
Total assets		<u>16,775,890</u>	<u>16,445,745</u>
Liabilities			
Current liabilities			
Trade and other payables	10	2,413,994	1,978,079
Contract liabilities		90,806	-
Borrowings		132,427	-
Lease liabilities	11	360,776	360,374
Provisions	12	1,280,796	1,238,350
Total current liabilities		<u>4,278,799</u>	<u>3,576,803</u>
Non-current liabilities			
Borrowings		-	183,711
Lease liabilities	11	210,512	392,872
Deferred tax		-	66,842
Provisions	12	147,967	155,515
Total non-current liabilities		<u>358,479</u>	<u>798,940</u>
Total liabilities		<u>4,637,278</u>	<u>4,375,743</u>
Net assets		<u>12,138,612</u>	<u>12,070,002</u>
Equity			
Issued capital	13	8,051,043	8,123,280
Reserves		20,000	20,000
Retained profits		4,067,569	3,926,722
Total equity		<u>12,138,612</u>	<u>12,070,002</u>

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

Hubify Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2021

	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 half-year	-	-	651,564	651,564
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	651,564	651,564
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	5,129,001	-	-	5,129,001
Share-based payments (note 17)	-	20,000	-	20,000
Balance at 31 December 2020	<u>7,462,050</u>	<u>20,000</u>	<u>3,659,373</u>	<u>11,141,423</u>
	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2021	8,123,280	20,000	3,926,722	12,070,002
Profit after income tax benefit for the half-year	-	-	140,847	140,847
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	140,847	140,847
<i>Transactions with owners in their capacity as owners:</i>				
Transaction costs (note 13)	(72,237)	-	-	(72,237)
Balance at 31 December 2021	<u>8,051,043</u>	<u>20,000</u>	<u>4,067,569</u>	<u>12,138,612</u>

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

Hubify Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2021

	Note	31 Dec 2021 \$	31 Dec 2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		11,161,582	8,758,612
Payments to suppliers and employees (inclusive of GST)		<u>(11,789,576)</u>	<u>(8,897,747)</u>
		(627,994)	(139,135)
Interest received		169	1,263
Government grants		755,750	942,001
Interest and other finance costs paid		(42,728)	(19,851)
Income taxes refunded/(paid)		<u>(6,434)</u>	<u>41,144</u>
Net cash from operating activities		<u>78,763</u>	<u>825,422</u>
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		-	(900,000)
Acquisition costs		-	(43,283)
Payments for plant and equipment	8	(97,031)	(58,070)
Payments for intangibles	9	(72,911)	(131,494)
Payments for deposits		-	(168,518)
Payment for deferred consideration		-	(120,000)
Proceeds from release of security deposits		<u>8,514</u>	<u>-</u>
Net cash used in investing activities		<u>(161,428)</u>	<u>(1,421,365)</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	5,000,000
Repayment of promissory note		-	(63,920)
Repayment of lease liabilities		(181,958)	(67,709)
Share issue transaction costs	13	(72,237)	(195,999)
Dividends paid		-	(128,571)
Other loan repayment		<u>(51,284)</u>	<u>-</u>
Net cash from/(used in) financing activities		<u>(305,479)</u>	<u>4,543,801</u>
Net increase/(decrease) in cash and cash equivalents		(388,144)	3,947,858
Cash and cash equivalents at the beginning of the financial half-year		<u>5,067,489</u>	<u>2,899,313</u>
Cash and cash equivalents at the end of the financial half-year	4	<u><u>4,679,345</u></u>	<u><u>6,847,171</u></u>

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

Hubify Limited
Notes to the consolidated financial statements
31 December 2021

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

Note 2. Operating segments

Identification of reportable operating segments

Operating segments are identified based on separate financial information which is regularly reviewed by the Board of Directors, representing the consolidated entity's Chief Operating Decision Makers (CODM), in assessing performance and determining the allocation of resources.

The consolidated entity operates in primarily one geographical segment, namely Australia. The primary business segment is telecommunications namely voice, data and value added services. As the consolidated entity operates in only one segment, the consolidated results are also its segment results.

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

Note 3. Revenue

	31 Dec 2021	31 Dec 2020
	\$	\$
<i>Revenue from contracts with customers</i>		
Sale of goods	604,937	504,677
Services	10,189,082	7,330,379
	<u>10,794,019</u>	<u>7,835,056</u>
<i>Other revenue</i>		
Government grants - Jobkeeper and Cash Flow Boost	577,502	1,077,150
Government grants - R&D incentive, Export Market Market Development Grant and other	178,248	-
Other	-	53,517
	<u>755,750</u>	<u>1,130,667</u>
Revenue	<u><u>11,549,769</u></u>	<u><u>8,965,723</u></u>

Hubify Limited
Notes to the consolidated financial statements
31 December 2021

Note 3. Revenue (continued)

Disaggregation of revenue

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

	31 Dec 2021	31 Dec 2020
	\$	\$
<i>Major streams</i>		
Mobility	4,251,517	4,145,565
Voice & Data	3,709,764	3,580,900
Managed services	2,080,558	19,262
Other	752,180	89,329
	<u>10,794,019</u>	<u>7,835,056</u>

Note 4. Cash and cash equivalents

	31 Dec 2021	30 June 2021
	\$	\$
<i>Current assets</i>		
Cash at bank	<u>4,679,345</u>	<u>5,067,489</u>

Note 5. Trade and other receivables

	31 Dec 2021	30 June 2021
	\$	\$
<i>Current assets</i>		
Trade receivables	2,695,205	1,898,036
Less: Allowance for expected credit losses	<u>(128,452)</u>	<u>(64,629)</u>
	2,566,753	1,833,407
Other receivables	<u>119,928</u>	<u>33,995</u>
	<u>2,686,681</u>	<u>1,867,402</u>

Note 6. Contract assets

	31 Dec 2021	30 June 2021
	\$	\$
<i>Current assets</i>		
Accrued revenue	<u>188,098</u>	<u>208,089</u>

Note 7. Other

	31 Dec 2021	30 June 2021
	\$	\$
<i>Current assets</i>		
Prepayments	<u>106,308</u>	<u>52,993</u>
<i>Non-current assets</i>		
Security deposits	<u>191,089</u>	<u>199,603</u>
	<u>297,397</u>	<u>252,596</u>

Hubify Limited
Notes to the consolidated financial statements
31 December 2021

Note 8. Plant and equipment

	31 Dec 2021	30 June 2021
	\$	\$
<i>Non-current assets</i>		
Plant and equipment - at cost	58,896	60,384
Less: Accumulated depreciation	<u>(54,194)</u>	<u>(32,774)</u>
	4,702	27,610
Furniture, fixtures and fittings - at cost	125,632	119,139
Less: Accumulated depreciation	<u>(65,844)</u>	<u>(57,120)</u>
	59,788	62,019
Motor vehicles - at cost	70,376	76,960
Less: Accumulated depreciation	<u>(70,376)</u>	<u>(66,626)</u>
	-	10,334
Computer equipment - at cost	274,373	183,835
Less: Accumulated depreciation	<u>(135,544)</u>	<u>(99,421)</u>
	138,829	84,414
Right-of-use assets - property leases	1,102,169	1,102,169
Less: Accumulated depreciation	<u>(597,607)</u>	<u>(425,351)</u>
	504,562	676,818
	<u>707,881</u>	<u>861,195</u>

Reconciliations

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

	Plant and equipment \$	Furniture, fixtures and fittings \$	Motor vehicles \$	Computer equipment \$	Right-of-use assets - property leases \$	Total \$
Balance at 1 July 2021	27,610	62,019	10,334	84,414	676,818	861,195
Additions	-	6,493	-	90,538	-	97,031
Write off	(717)	-	-	-	-	(717)
Depreciation expense	<u>(22,191)</u>	<u>(8,724)</u>	<u>(10,334)</u>	<u>(36,123)</u>	<u>(172,256)</u>	<u>(249,628)</u>
Balance at 31 December 2021	<u>4,702</u>	<u>59,788</u>	<u>-</u>	<u>138,829</u>	<u>504,562</u>	<u>707,881</u>

Hubify Limited
Notes to the consolidated financial statements
31 December 2021

Note 9. Intangibles

	31 Dec 2021	30 June 2021
	\$	\$
<i>Non-current assets</i>		
Goodwill - at cost	1,551,481	1,551,481
Patents, trademarks and other rights - at cost	164,303	164,303
Web development - at cost	1,205,311	1,132,941
Less: Accumulated amortisation	(998,464)	(925,188)
	<u>206,847</u>	<u>207,753</u>
Customer lists - at cost	4,139,838	4,139,297
Software - at cost	2,729,801	2,729,801
Less: Accumulated amortisation	(2,626,657)	(2,525,560)
	<u>103,144</u>	<u>204,241</u>
	<u><u>6,165,613</u></u>	<u><u>6,267,075</u></u>

Reconciliations

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

	Goodwill	Patents, trademarks and other rights	Web development costs	Customer lists	Software	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	1,551,481	164,303	207,753	4,139,297	204,241	6,267,075
Additions	-	-	72,370	541	-	72,911
Amortisation expense	-	-	(73,276)	-	(101,097)	(174,373)
Balance at 31 December 2021	<u><u>1,551,481</u></u>	<u><u>164,303</u></u>	<u><u>206,847</u></u>	<u><u>4,139,838</u></u>	<u><u>103,144</u></u>	<u><u>6,165,613</u></u>

Note 10. Trade and other payables

	31 Dec 2021	30 June 2021
	\$	\$
<i>Current liabilities</i>		
Trade payables	611,271	857,389
Accruals	554,402	201,272
Interest payable	-	16,462
GST payable	304,514	189,566
Other payables	943,807	713,390
	<u><u>2,413,994</u></u>	<u><u>1,978,079</u></u>

Hubify Limited
Notes to the consolidated financial statements
31 December 2021

Note 11. Lease liabilities

	31 Dec 2021	30 June 2021
	\$	\$
<i>Current liabilities</i>		
Lease liability - buildings	341,033	340,985
Lease liability - motor vehicles	19,743	19,389
	<u>360,776</u>	<u>360,374</u>
<i>Non-current liabilities</i>		
Lease liability - buildings	200,404	372,656
Lease liability - motor vehicles	10,108	20,216
	<u>210,512</u>	<u>392,872</u>
	<u><u>571,288</u></u>	<u><u>753,246</u></u>

Note 12. Provisions

	31 Dec 2021	30 June 2021
	\$	\$
<i>Current liabilities</i>		
Annual leave	621,585	644,441
Long service leave	209,211	143,909
Deferred consideration	450,000	450,000
	<u>1,280,796</u>	<u>1,238,350</u>
<i>Non-current liabilities</i>		
Long service leave	147,967	155,515
	<u>1,428,763</u>	<u>1,393,865</u>

Note 13. Issued capital

	31 Dec 2021	30 June 2021	31 Dec 2021	30 June 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>491,460,971</u>	<u>491,460,971</u>	<u>8,051,043</u>	<u>8,123,280</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	491,460,971		8,123,280
Share issue costs				(72,237)
Balance	31 December 2021	<u>491,460,971</u>		<u>8,051,043</u>

Note 14. Dividends paid/payable

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

Hubify Limited
Notes to the consolidated financial statements
31 December 2021

Note 15. Events after the reporting period

No matter or circumstance has arisen since 31 December 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 16. Earnings per share

	31 Dec 2021	31 Dec 2020
	\$	\$
Profit after income tax attributable to the owners of Hubify Limited	<u>140,847</u>	<u>651,564</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>491,460,971</u>	<u>427,162,120</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>491,460,971</u>	<u>427,162,120</u>
	Cents	Cents
Basic earnings per share	0.03	0.15
Diluted earnings per share	0.03	0.15

Note 17. Share-based payments

Share options

On 1 July 2016, a total of 14,000,000 options were granted to the company's Directors. These options were not exercised and expired on 1 July 2021.

On 2 November 2016, the Board granted 1,000,000 options to the Lead Manager in relation to the company's initial public offer of shares (IPO). These options were not exercised and expired on 2 November 2021.

On 11 November 2016, the Board granted 1,000,000 options to the Corporate Adviser in consideration for consultancy services in relation to the company's initial public offer of shares (IPO). These options were not exercised and expired on 11 November 2021.

Set out below are summaries of options granted:

31 Dec 2021

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
01/07/2016	01/07/2021	\$0.30	14,000,000	-	-	(14,000,000)	-
02/11/2016	02/11/2021	\$0.30	1,000,000	-	-	(1,000,000)	-
11/11/2016	11/11/2021	\$0.30	1,000,000	-	-	(1,000,000)	-
			<u>16,000,000</u>	<u>-</u>	<u>-</u>	<u>(16,000,000)</u>	<u>-</u>

Performance rights

On 16 July 2021, the Board resolved to establish a new Performance Rights Plan, under which eligible employees and directors would be offered the opportunity to be issued performance rights that will vest into shares if certain performance criteria are met.

The performance rights vest upon the satisfaction of any performance criteria or any other conditions contained in the offer, following which the trustee of the Performance Rights Plan will allocate to the participant the number of shares to which the participant is entitled under the terms of the offer.

Hubify Limited
Notes to the consolidated financial statements
31 December 2021

Note 17. Share-based payments (continued)

On 15 December 2021, the company issued a total of 13,012,500 performance rights to the Directors and the company's Chief Financial Officer. The company obtained shareholder approval for the issue of performance rights to the Directors at the company's annual general meeting held on 12 November 2021. The total fair value of the rights grants was \$325,313.

The performance criteria will be tested based on the:

- (a) Company achieving its target operating profit for 30 June 2024 of \$6 million; and
- (b) Share price of the company increasing by 100% in the 3 years between 1 July 2021 and the end of the performance period on 30 June 2024. That is, the base share price will be the 60 day VWAP of the company's shares as at 1 July 2021. This will be compared to the 60 day VWAP of the company's shares at the end of the performance period.

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

If the above performance criteria and employment conditions are not met as at the vesting date, the performance rights will lapse.

The company will allocate one share for each performance right that vests. Shares may be issued to the trustee of the Performance Rights Plan under the relevant trust deed or acquired on market by the trustee to satisfy the entitlement to shares on vesting of the performance rights.

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

31 Dec 2021

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
15/11/2021	30/06/2024	\$0.00	-	13,012,500	-	-	13,012,500
			-	13,012,500	-	-	13,012,500

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

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
15/11/2021	30/06/2024	\$0.08	\$0.16	80.00%	-	1.50%	\$0.025

Hubify Limited
Directors' declaration
31 December 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Victor Tsaccounis
Director

28 February 2022
Sydney

HUBIFY LIMITED INDEPENDENT REVIEWER'S REPORT

To the members of Hubify Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year consolidated financial report of Hubify Limited, which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity (or "Group") comprising Hubify Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Hubify Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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HUBIFY LIMITED
INDEPENDENT REVIEWER'S REPORT (continued)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Hubify Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hubify Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Rothsay Chartered Accountants

Donovan Odendaal
Partner
Sydney, 28 February 2022

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