

ASX Release: HFY
10 June 2021

Hubify acquires two complementary, accretive businesses, contributing ~\$1.1m EBITDA (post synergies) in FY22

Hubify Limited (**ASX:HFY**) ("**Hubify**", or "**the Company**") is pleased to announce that it has finalised the acquisition of two businesses in the telco/managed services space, which are both earnings accretive and complementary to HFY's existing organic business.

- ICNE Pty Ltd ("ICNE"), is a Cloud and Managed Service Provider ("MSP"), and is HFY's 'anchor' MSP acquisition that enables the Company to offer one complete end to end IT, managed service, cyber and telecommunications solution to the SME market, with significant cross-sell opportunities in to HFY's existing customer base. ICNE is forecast to contribute \$0.6m in normalised EBITDA in FY22, and was acquired on an FY22 EBITDA multiple of 3.3x (50% cash / 50% scrip).
- Sennah Pty Ltd ("Smile" Telemarketing) will provide the Company 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 HFY's current customer engagement model. Smile is forecast to contribute \$0.5m EBITDA (post synergies) in FY22, and was acquired on an FY22 EBITDA multiple of 1.0x (100% earnout based – 50% cash, 50% scrip).

Together, the acquisitions are expected to contribute ~\$1.1m in EBITDA in FY22 post synergies, and the Company looks forward to driving additional growth through new cross-sell opportunities that arise from acquiring both 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:

Time: Friday 11 June 2021, 11:00am AEDT

Where: Zoom webinar, details to be provided upon registration. To register your interest for the webinar please click through the link below

Registration Link

https://janemorganmanagement-au.zoom.us/webinar/register/WN_njIN9pyCStaWP3X8NDPOBQ

Highlights: Acquisition 1 – Managed Service Business ICNE Pty Ltd ("ICNE")

- ICNE is an established managed IT managed service business.
- ICNE FY21 results will be in excess of \$2.3m in revenue and \$0.6m normalised EBITDA
- Hubify has completed the acquisition of ICNE for a consideration of \$2m, representing a 3.3x FY21 EBITDA acquisition multiple.

- Payment will be made by 50% cash and 50% shares in Hubify at the 14-day VWAP at time of issue.
- The acquisition provides product expansion into Cloud and Managed Services.
- Hubify will retain all ICNE management and staff, including founder and CEO John Martin who has over 20 years of experience in IT and Managed Services. The team will form an important part of HFY's expanded team delivering full service telco/MSP solutions to the Company's customer base going forward.

Strategic Rationale

- The MSP acquisition is consistent with Hubify's stated strategic object of moving up the value chain in terms of the services it provides its customers.
- With an expanded MSP offering, Hubify can provide customers with outsourced services for maintaining, demand planning and other related services to assist customers improve operations and cut costs.
- The Managed Service business will complement HFY's existing 40-person sales team and play a major role in driving additional organic growth through cross sell and new sales of Hubify's expanded product range.
- ICNE have significant IT projects in the pipeline from existing customers which supports expected revenue in FY22.

About ICNE

ICNE was established in 2000 by John Martin, an experienced IT professional, who has grown the business to become a full-service IT and Managed Service provider, delivering services to a range of small to medium business including leading retail brands.

Highlights: Acquisition 2 – Lead Provider Sennah Pty Ltd ("Smile" Telemarketing)

- Smile is an established Call Centre and Lead Generation business for Tier 1 Telecommunication Companies. Hubify has been a customer of Smile for 8 years.
- Smile's FY21 results will be in excess of \$1.7m in revenue and \$0.3m normalised EBITDA.
- Hubify is acquiring Smile for a consideration of 1 times annual EBITDA. The consideration is a 100% earn out based on FY22 EBITDA. A minimum consideration of \$0.25m and a maximum consideration of \$0.75m will be payable upon completion.
- Payment will be made by 50% cash and 50% shares in Hubify at the 14 day VWAP at time of issue.
- Hubify will retain Smile's executive management (sole shareholder) and staff as part of the acquisition.
- Hubify expects to extract \$0.2m in synergies from the merging of the Company's lead generation team into the Smile business in FY22.

Strategic Rationale

- Smile has pre-committed orders from partners that support the FY22 Sales forecasts.
- Provides the Company access to enhanced and profiled data of over 75,000 businesses across Australia.
- The local call centre will complement HFY's existing sales team and play a major role in driving additional organic growth through cross sell and new sales of Hubify's expanded product range.
- Provides the Company new IP and technology to support our omnichannel customer engagement model

About Smile Telemarketing

Smile was established in 2003 by Tony Hannes to provide specialised appointment setting for the telecommunications industry. In this role it has played a leading part in the development of the business sales for leading mobile communications brands including 3, Vodafone and Optus.

Hubify Limited's CEO, Victor Tsaccounis, said:

"I'm really pleased to be announcing these important acquisitions for the company. Firstly, it's exciting to have acquired our first Managed Service Provider. This is a significant milestone in our growth plans for the Company. I look forward to John and the ICNE team joining Hubify to deliver on our vision to empower people and business through technology.

"Secondly, our Contact Centre operations play a critical role in our multichannel approach to acquiring, retaining and cross selling to SMB customers. We will combine our existing call centre with Smile to leverage the expertise and systems to deliver synergies and enhanced capabilities to Hubify. I look forward to Tony and the Smile team joining Hubify.

"Both acquisitions are important for the Company as they support our dual pronged strategy to grow the business both organically and through new acquisitions in the Telco and IT space. We continue to work through our acquisition pipeline, and I look forward to updating the market as more acquisitions are completed".

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

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Any financial data pertaining to FY21 and FY22 contained in this update are unaudited as at the date of this presentation.