

Hubify Limited

ABN 60 607 921 246

Appendix 4E - Preliminary Final Report - 30 June 2023

Hubify Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Hubify Limited
ABN:	60 607 921 246
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

	2023 \$	2022 \$	Change \$	Change %
Revenues from ordinary activities	25,791,629	24,606,566	1,185,063	5%
Revenue from contracts with customers	25,771,129	23,806,140	1,964,989	8%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	3,304,302	341,507	2,962,795	868%
Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (Underlying EBITDA*)	4,404,655	991,697	3,412,958	344%
Earnings Before Interest and Tax (EBIT)	1,455,355	(1,411,140)	2,866,495	203%
Profit / (loss) before income tax	1,407,096	(1,451,316)	2,858,412	197%
Profit / (loss) from ordinary activities after tax attributable to the members of Hubify Limited	512,322	(1,236,888)	1,749,210	141%
Profit / (loss) for the year attributable to the members of Hubify Limited	512,322	(1,236,888)	1,749,210	141%
Cash and cash equivalents	5,612,606	2,681,017	2,931,589	109%
Net Tangible Assets per ordinary security	0.86 cents	0.40 cents	0.46 cents	113%

Comments

HFY achieved an EBITDA of \$3.3m for FY23 with an annual statutory net loss after tax of \$0.5m. This loss was generated on revenue of \$25.8m, a 5% increase compared to the prior year. Final cash position at the end of the year was \$5.6m.

Reconciliation of profit / (loss) before income tax to EBITDA and Underlying EBITDA (unaudited):*

	2023 \$	2022 \$
Profit / (loss) before income tax	1,407,096	(1,451,316)
Finance costs	61,593	40,533
Interest revenue	(13,334)	(357)
Depreciation	452,536	452,399
Amortisation	1,396,411	1,300,248
EBITDA	<u>3,304,302</u>	<u>341,507</u>
Acquisition costs	122,920	650,190
Restructuring charges	841,463	-
Share-based payments reserve	135,970	-
Underlying EBITDA*	<u><u>4,404,655</u></u>	<u><u>991,697</u></u>

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* Underlying EBITDA excludes costs associated with the integration and restructure from acquisitions and assignment of customer base. Underlying EBITDA also excludes restructuring charges associated with employee redundancy costs and the non-cash share-based payment transactions.

Dividends

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

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.86</u>	<u>0.40</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit statement

An audit of the consolidated financial statements is currently in progress.

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11. Attachments

The Appendix 4E - Preliminary Final Report of Hubify Limited for the year ended 30 June 2023 is attached.

12. Signed

Signed *Anthony Ghattas*

Date: _____ 2023

Anthony Ghattas
Chairman
Sydney

Hubify Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue	4	25,791,629	24,606,566
Other income		1,108,832	183
Interest revenue		13,334	357
Expenses			
Cost of sales		(6,939,642)	(6,968,405)
Marketing		(594,527)	(607,742)
Occupancy		(415,850)	(711,946)
Administration		(13,775,649)	(14,563,349)
Acquisition costs		(122,920)	(650,190)
Restructuring charges		(841,463)	-
Other expenses		(2,755,055)	(2,516,257)
Finance costs		(61,593)	(40,533)
Total expenses		<u>(25,506,699)</u>	<u>(26,058,422)</u>
Profit/(loss) before income tax (expense)/benefit		1,407,096	(1,451,316)
Income tax (expense)/benefit		<u>(894,774)</u>	<u>214,428</u>
Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of Hubify Limited		512,322	(1,236,888)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to the owners of Hubify Limited		<u><u>512,322</u></u>	<u><u>(1,236,888)</u></u>
		Cents	Cents
Basic earnings per share	21	0.10	(0.25)
Diluted earnings per share	21	0.10	(0.25)

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 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	5	5,612,606	2,681,017
Trade and other receivables	6	1,768,006	3,632,645
Contract assets	7	516,084	622,883
Inventories		123,792	112,382
Financial assets at fair value through profit or loss		1,160,117	3,250
Current tax receivable		-	131,771
Other	8	188,360	179,193
Total current assets		<u>9,368,965</u>	<u>7,363,141</u>
Non-current assets			
Trade and other receivables	6	39,342	-
Financial assets at fair value through profit or loss		-	500,000
Plant and equipment	9	1,532,977	579,752
Intangibles	10	7,532,634	8,934,684
Deferred tax assets		1,254,306	1,405,772
Other	8	395,617	236,042
Total non-current assets		<u>10,754,876</u>	<u>11,656,250</u>
Total assets		<u>20,123,841</u>	<u>19,019,391</u>
Liabilities			
Current liabilities			
Trade and other payables	11	2,601,215	3,482,439
Contract liabilities	12	203,855	272,386
Borrowings	13	41,402	44,142
Lease liabilities	14	243,388	289,041
Income tax		3,379	-
Provisions	15	2,179,609	2,543,249
Total current liabilities		<u>5,272,848</u>	<u>6,631,257</u>
Non-current liabilities			
Borrowings	13	173,708	-
Lease liabilities	14	1,089,155	103,616
Deferred tax liabilities		1,798,810	1,169,225
Provisions	15	147,914	243,907
Total non-current liabilities		<u>3,209,587</u>	<u>1,516,748</u>
Total liabilities		<u>8,482,435</u>	<u>8,148,005</u>
Net assets		<u>11,641,406</u>	<u>10,871,386</u>
Equity			
Issued capital	16	8,303,280	8,123,280
Reserves		135,970	58,272
Retained profits		3,202,156	2,689,834
Total equity		<u>11,641,406</u>	<u>10,871,386</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 year ended 30 June 2023

	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2021	8,123,280	20,000	3,926,722	12,070,002
Loss after income tax benefit for the year	-	-	(1,236,888)	(1,236,888)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,236,888)	(1,236,888)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	38,272	-	38,272
Balance at 30 June 2022	<u>8,123,280</u>	<u>58,272</u>	<u>2,689,834</u>	<u>10,871,386</u>
	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2022	8,123,280	58,272	2,689,834	10,871,386
Profit after income tax expense for the year	-	-	512,322	512,322
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	512,322	512,322
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 16)	180,000	-	-	180,000
Share-based payments	-	77,698	-	77,698
Balance at 30 June 2023	<u>8,303,280</u>	<u>135,970</u>	<u>3,202,156</u>	<u>11,641,406</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 year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		31,335,905	24,235,454
Payments to suppliers and employees (inclusive of GST)		<u>(28,163,127)</u>	<u>(24,856,196)</u>
		3,172,778	(620,742)
Interest received		13,334	357
Government grants		-	800,426
Interest and other finance costs paid		(61,593)	(56,995)
Income taxes refunded/(paid)		<u>21,427</u>	<u>(8,302)</u>
Net cash from operating activities	20	<u>3,145,946</u>	<u>114,744</u>
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		(125,000)	(1,706,553)
Payments for plant and equipment		(172,747)	(182,778)
Payments for intangibles		(49,500)	(75,288)
Payments for security deposits		(159,575)	(36,439)
Proceeds from disposal of financial assets		414,072	-
Proceeds from disposal of plant and equipment		<u>65,175</u>	<u>-</u>
Net cash used in investing activities		<u>(27,575)</u>	<u>(2,001,058)</u>
Cash flows from financing activities			
Repayment of leases		(357,750)	(360,589)
Proceeds from borrowings		237,527	-
Repayment of borrowings		<u>(66,559)</u>	<u>(139,569)</u>
Net cash used in financing activities		<u>(186,782)</u>	<u>(500,158)</u>
Net increase/(decrease) in cash and cash equivalents		2,931,589	(2,386,472)
Cash and cash equivalents at the beginning of the financial year		<u>2,681,017</u>	<u>5,067,489</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>5,612,606</u></u>	<u><u>2,681,017</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
30 June 2023

Note 1. Statement of significant accounting policies

Statement of compliance

This preliminary final report (the Report) is to be read in conjunction with any public announcements made by Hubify Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Australian Securities Exchange Listing Rules.

The preliminary final report has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

The Report is presented in Australian dollars, which is the functional currency of Hubify Limited and its controlled entities and has been prepared on the basis of historical cost except in accordance with relevant accounting policies where assets and liabilities are stated at their fair values.

Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are consistent with those of the previous financial year.

Comparatives

Where necessary, comparative figures have been adjusted to comply with the changes in presentation in the current period.

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.

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.

Hubify Limited
Notes to the consolidated financial statements
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Note 2. Critical accounting judgements, estimates and assumptions (continued)

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. Revenue from overseas customers is not material to the consolidated entity. 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.

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.

Note 4. Revenue

	2023	2022
	\$	\$
<i>Revenue from contracts with customers</i>		
Sale of goods	1,336,853	2,872,529
Services	24,434,276	20,933,611
	<u>25,771,129</u>	<u>23,806,140</u>
<i>Other revenue</i>		
Government grants - Jobkeeper, Cash Flow Boost and JobSaver	-	784,026
Government grants - R&D incentive, Export Market Development Grant and other	-	16,400
Other revenue	20,500	-
	<u>20,500</u>	<u>800,426</u>
Revenue	<u><u>25,791,629</u></u>	<u><u>24,606,566</u></u>

Hubify Limited
Notes to the consolidated financial statements
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Note 5. Cash and cash equivalents

	2023	2022
	\$	\$
<i>Current assets</i>		
Cash at bank	5,612,606	2,681,017

Note 6. Trade and other receivables

	2023	2022
	\$	\$
<i>Current assets</i>		
Trade receivables	1,859,231	3,667,795
Less: Allowance for expected credit losses	(102,985)	(146,858)
	<u>1,756,246</u>	<u>3,520,937</u>
Other receivables	<u>11,760</u>	<u>111,708</u>
	<u>1,768,006</u>	<u>3,632,645</u>
<i>Non-current assets</i>		
Other receivables	<u>39,342</u>	<u>-</u>
	<u>1,807,348</u>	<u>3,632,645</u>

Note 7. Contract assets

	2023	2022
	\$	\$
<i>Current assets</i>		
Contract assets	<u>516,084</u>	<u>622,883</u>

Note 8. Other

	2023	2022
	\$	\$
<i>Current assets</i>		
Prepayments	161,855	179,193
Other current assets	<u>26,505</u>	<u>-</u>
	<u>188,360</u>	<u>179,193</u>
<i>Non-current assets</i>		
Security deposits	<u>395,617</u>	<u>236,042</u>
	<u>583,977</u>	<u>415,235</u>

Hubify Limited
Notes to the consolidated financial statements
30 June 2023

Note 9. Plant and equipment

	2023 \$	2022 \$
<i>Non-current assets</i>		
Leasehold improvements - at cost	148,294	-
Less: Accumulated depreciation	(9,913)	-
	<u>138,381</u>	<u>-</u>
Plant and equipment - at cost	82,276	63,557
Less: Accumulated depreciation	(61,170)	(55,291)
	<u>21,106</u>	<u>8,266</u>
Furniture, fixtures and fittings - at cost	131,578	128,815
Less: Accumulated depreciation	(79,700)	(64,833)
	<u>51,878</u>	<u>63,982</u>
Motor vehicles - at cost	70,376	70,376
Less: Accumulated depreciation	(70,376)	(70,376)
	<u>-</u>	<u>-</u>
Computer equipment - at cost	424,508	344,267
Less: Accumulated depreciation	(267,571)	(178,943)
	<u>156,937</u>	<u>165,324</u>
Right-of-use assets - property leases	1,409,790	1,102,169
Less: Accumulated depreciation	(245,115)	(759,989)
	<u>1,164,675</u>	<u>342,180</u>
	<u>1,532,977</u>	<u>579,752</u>

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 2021	-	27,610	62,019	10,334	84,414	676,818	861,195
Additions	-	4,661	17,685	-	160,432	-	182,778
Disposals	-	(1,488)	-	-	-	-	(1,488)
Write-off	-	-	-	(10,334)	-	-	(10,334)
Depreciation expense	-	(22,517)	(15,722)	-	(79,522)	(334,638)	(452,399)
Balance at 30 June 2022	-	8,266	63,982	-	165,324	342,180	579,752
Additions	148,294	19,265	2,763	-	150,719	1,149,342	1,470,383
Disposals	-	(546)	-	-	(64,076)	-	(64,622)
Depreciation expense	(9,913)	(5,879)	(14,867)	-	(95,030)	(326,847)	(452,536)
Balance at 30 June 2023	<u>138,381</u>	<u>21,106</u>	<u>51,878</u>	<u>-</u>	<u>156,937</u>	<u>1,164,675</u>	<u>1,532,977</u>

Hubify Limited
Notes to the consolidated financial statements
30 June 2023

Note 10. Intangibles

	2023 \$	2022 \$
<i>Non-current assets</i>		
Goodwill - at cost	2,440,691	2,437,497
Patents, trademarks and other rights - at cost	8,073	108,073
Web development - at cost	1,257,729	1,208,229
Less: Accumulated amortisation	(1,140,013)	(1,060,418)
	<u>117,716</u>	<u>147,811</u>
Customer lists - at cost	7,187,520	7,145,850
Less: Accumulated amortisation	(2,228,961)	(946,239)
	<u>4,958,559</u>	<u>6,199,611</u>
Software - at cost	2,729,801	2,729,801
Less: Accumulated amortisation	(2,722,206)	(2,688,109)
	<u>7,595</u>	<u>41,692</u>
	<u><u>7,532,634</u></u>	<u><u>8,934,684</u></u>

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 2021	1,723,569	164,303	207,753	4,139,297	204,241	6,439,163
Additions	-	-	75,288	-	-	75,288
Additions through business combinations (note 17)	713,928	-	-	3,006,553	-	3,720,481
Amortisation expense	-	(56,230)	(135,230)	(946,239)	(162,549)	(1,300,248)
Balance at 30 June 2022	2,437,497	108,073	147,811	6,199,611	41,692	8,934,684
Additions	-	-	49,500	-	-	49,500
Adjustment (note 17)	3,194	-	-	-	-	3,194
Reclassification	-	(100,000)	-	100,000	-	-
Impairment expense	-	-	-	(58,333)	-	(58,333)
Amortisation expense	-	-	(79,595)	(1,282,719)	(34,097)	(1,396,411)
Balance at 30 June 2023	<u><u>2,440,691</u></u>	<u><u>8,073</u></u>	<u><u>117,716</u></u>	<u><u>4,958,559</u></u>	<u><u>7,595</u></u>	<u><u>7,532,634</u></u>

Hubify Limited
Notes to the consolidated financial statements
30 June 2023

Note 11. Trade and other payables

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	895,331	1,220,488
Accruals	543,283	1,156,941
GST payable	482,237	357,571
Other payables	680,364	747,439
	<u>2,601,215</u>	<u>3,482,439</u>

Note 12. Contract liabilities

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	<u>203,855</u>	<u>272,386</u>

Note 13. Borrowings

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Loan - other	<u>41,402</u>	<u>44,142</u>
<i>Non-current liabilities</i>		
Loan - other	<u>173,708</u>	<u>-</u>
	<u>215,110</u>	<u>44,142</u>

Loan - other

30 June 2023

On 15 November 2022, the Company entered into a loan for \$237,527. The loan is repayable through monthly instalments of \$4,953 (plus GST) for 60 months until 14 November 2027. Interest is charged at a rate of 9.2% per annum.

30 June 2022

The loan was unsecured, interest-free, and had no fixed repayment terms. This loan was repaid in full in the year ended 30 June 2023.

Note 14. Lease liabilities

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Lease liability - buildings	243,388	269,041
Lease liability - motor vehicles	-	20,000
	<u>243,388</u>	<u>289,041</u>
<i>Non-current liabilities</i>		
Lease liability - buildings	<u>1,089,155</u>	<u>103,616</u>
	<u>1,332,543</u>	<u>392,657</u>

Hubify Limited
Notes to the consolidated financial statements
30 June 2023

Note 15. Provisions

	2023 \$	2022 \$
<i>Current liabilities</i>		
Annual leave	623,785	774,158
Long service leave	255,824	219,091
Contingent consideration	1,300,000	1,550,000
	<u>2,179,609</u>	<u>2,543,249</u>
<i>Non-current liabilities</i>		
Long service leave	147,914	243,907
	<u>2,327,523</u>	<u>2,787,156</u>

Note 16. Issued capital

	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	<u>496,136,295</u>	<u>491,460,971</u>	<u>8,303,280</u>	<u>8,123,280</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	491,460,971		8,123,280
Balance	30 June 2022	491,460,971		8,123,280
Shares issued to vendors of Sennah Pty Ltd	18 July 2022	3,246,753	\$0.039	125,000
Shares issued to key personnel (a)	22 July 2022	1,428,571	\$0.039	55,000
Balance	30 June 2023	<u>496,136,295</u>		<u>8,303,280</u>

(a) Shares issued to key personnel

On 22 July 2022, the company issued 1,428,571 ordinary shares valued at \$0.039 per share totalling \$55,000, for \$nil consideration to key personnel reflecting retention bonuses.

Note 17. Business combinations

Summary of acquisition - finalisation of provisional accounting

On 1 April 2022, the consolidated entity acquired the managed services and telco business of Connected Intelligence (Connected). The total consideration for the acquisition consisted of a cash payment of \$1,590,508 and a deferral of the remaining \$1,300,000 contingent consideration, to be settled 24 months from completion.

For 30 June 2022, 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. An adjustment in the initial fair values accounted for on a provisional basis was made in the 12 month period from the date of acquisition. This adjustment has been accounted for in the 2023 financial year.

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Note 17. Business combinations (continued)

Details of the fair value of the net assets acquired as recorded on a provisional basis as at 30 June 2022 and the final position impacting the fair value of net assets acquired, are as follows:

	Initial fair value \$	Movement \$	Final fair value \$
Customer lists	3,006,553	-	3,006,553
Deferred tax liability	(713,928)	-	(713,928)
Employee benefits	-	(119,239)	(119,239)
Net identifiable assets acquired	<u>2,292,625</u>	<u>(119,239)</u>	<u>2,173,386</u>
Goodwill	<u>713,928</u>	<u>3,194</u>	<u>717,122</u>
Net assets acquired	<u><u>3,006,553</u></u>	<u><u>(116,045)</u></u>	<u><u>2,890,508</u></u>

Cash used
\$

Cash used to acquire business, net of cash acquired:

Acquisition-date fair value of the total consideration transferred	2,890,508
Less: contingent consideration	<u>(1,300,000)</u>
Net cash used	<u><u>1,590,508</u></u>

Note 18. Interests in subsidiaries

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

Legal subsidiaries: Name of entity	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
United Lifestyle Group Networks Pty Ltd	Australia	100%	100%
United Global Sim Limited*	Hong Kong	100%	100%
Broadland Victoria Pty Limited	Australia	100%	100%
Broadland Solutions Pty Limited	Australia	100%	100%
Hubify Communications Pty Limited	Australia	100%	100%
ICNE Pty Limited	Australia	100%	100%
Sennah Pty Limited	Australia	100%	100%
Connected Intelligence Pty Limited*	Australia	100%	100%

* Subsidiary of United Lifestyle Group Networks Pty Ltd

Note 19. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 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.

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Note 20. Cash flow information

Reconciliation of profit/(loss) after income tax to net cash from operating activities

	2023	2022
	\$	\$
Profit/(loss) after income tax (expense)/benefit for the year	512,322	(1,236,888)
Adjustments for:		
Depreciation and amortisation	1,848,947	1,752,647
Revaluation (increment)/decrement on financial assets	(1,070,939)	2,933
Share-based payments	257,698	38,272
Write off of assets	(3,194)	10,334
Net gain on disposal of non-current assets	(553)	-
Impairment of customer lists	58,333	-
Other expenses classified as investing and financing cash flows	-	1,488
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	1,825,297	(1,765,243)
Decrease/(increase) in contract assets	106,799	(414,794)
Increase in inventories	(11,410)	(7,566)
Decrease/(increase) in income tax	135,150	(8,302)
Decrease/(increase) in deferred tax assets	151,466	(218,341)
Increase in prepayments and other assets	(9,167)	(126,200)
Increase/(decrease) in trade and other payables	(881,224)	1,516,814
Increase/(decrease) in contract liabilities	(68,531)	272,386
Increase in deferred tax liabilities	629,585	3,913
Increase/(decrease) in employee benefits	(209,633)	293,291
Increase/(decrease) in other provisions	(125,000)	1,300,000
Decrease in other operating liabilities	-	(1,300,000)
Net cash from operating activities	<u>3,145,946</u>	<u>114,744</u>

Non-cash investing and financing activities

	2023	2022
	\$	\$
Shares issued to vendors of Sennah Pty Ltd (note 16)	125,000	-

Note 21. Earnings per share

	2023	2022
	\$	\$
Profit/(loss) after income tax attributable to the owners of Hubify Limited	<u>512,322</u>	<u>(1,236,888)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>495,902,243</u>	<u>491,460,971</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>495,902,243</u>	<u>491,460,971</u>
	Cents	Cents
Basic earnings per share	0.10	(0.25)
Diluted earnings per share	0.10	(0.25)