

ASX Release: Hubify (HFY) 15 February 2021

HFY acquires QLD telco database from Nethoster, increasing annual EBITDA run rate by 15%

Hubify Limited (ASX:HFY) ("Hubify", or the "Company") is pleased to announce it is acquiring the database assets of Queensland based telecommunications provider, Nethoster, for \$800k in cash. The Company expects that this acquisition will add \$400k EBITDA (post synergies) and \$1m in annualised recurring revenue (ARR) to HFY's existing earnings base, while also strategically expanding its geographical footprint into the Queensland market.

Strategic Rationale

- Incremental EBITDA contribution of \$0.4m - being an initial forecast of \$0.25m and immediate \$0.15m synergies from improved wholesale pricing with HFY's existing suppliers (HFY underlying 1H21 EBITDA \$1.26m).
- Acquisition multiple of 2x EBITDA post synergies (3.2x pre synergies).
- The acquisition represents 15% growth in annual EBITDA run-rate compared to the 1H21 run rate reported by HFY last week.
- Hubify's annualized recurring revenue (ARR) run-rate in FY21 will be in excess of \$12.5m post-acquisition, up 62% from the \$7.7m in FY20.
- The acquisition builds on the Company's geographical footprint in mainland Australia with a physical presence now in NSW, VIC, QLD, SA and WA.
- The acquisition is EPS accretive.
- The acquisition includes offshore resources that will be expanded to reduce the Company's overall back office costs as it continues to grow.

Nethoster Database Acquisition

- Nethoster provides Data, Voice, Mobility and Managed Services to business customers predominantly in QLD and Northern NSW. Nethoster will continue as a business separately and the acquired customer database will be migrated to Hubify on 26 February 2021.
- The acquisition comprises of 203 small to medium business customers with annual recurring revenue (ARR) of \$4,900 each, a total of just over \$1m.
- Hubify will take over the overseas support team that are expected to deliver further synergies across the business in addition to wholesale pricing synergies identified above.
- The acquisition will be funded by an \$0.8m cash payment to be made on 26 February 2021
- The gross price paid for Nethoster Databases represents a multiple of 3.2 times expected EBITDA, which reduces to 2 times post synergies.

Hubify CEO Victor Tsaccounis commented *"Following the recent release of the company's 1H21 results, which demonstrated strong organic growth in the core business, we're pleased to show shareholders that we are progressing on the other part of our dual-pronged growth strategy in acquiring a strategically compelling, complementary and earnings accretive business in the telco space. I would like to thank Elias Briffa the CEO of Nethoster for his efforts in this process. As we continue to build out our growth strategy, the purchase of the Nethoster database represents the addition of a solid customer base built over time with good retention rates. We will take the same approach as we have with prior acquisitions to implement our cross-sell strategy using our experienced sales staff to service these new Hubify customers and generate additional revenue streams."*

"While we are conscious of maintaining a disciplined approach to acquisitions and integration processes, with a strong underlying organic business and a robust Balance Sheet (\$6m cash post acquisition), we remain committed to pursuing further accretive acquisitions in the near term, and look forward to updating the market as our pipeline materializes."

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

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