

A low-angle, upward-looking photograph of several modern skyscrapers in a city. The view is framed by a complex network of black cables and small black spherical connectors, resembling a cable-stayed bridge or a modern architectural canopy. The sky is a clear, bright blue. The buildings have various architectural styles, including glass facades and concrete structures. The overall composition creates a sense of height and urban density.

HUB²⁴

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Analyst and Investor Pack

HUB24 | YEAR ENDED 30 JUNE 2023

HUB24

Analyst and Investor Pack

YEAR ENDED 30 JUNE 2023

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FY23 Financial Highlights and Key Metrics



GROUP

Total revenue

\$279.5m ▲ 45%

Underlying EBITDA¹

\$102.4m ▲ 45%

Underlying NPAT²

\$58.8m ▲ 64%

Cost to income ratio

63.4% ► stable

Diluted earnings per share

46.1¢ ▲ 136%

Fully franked final dividend

18.5¢ per share

Interim dividend was 14.0 cents per share, taking the total FY23 dividend to 32.5 cents per share

FY22 final dividend: 12.5 cents per share ▲ 48%



PLATFORM

Platform revenue

\$208.8m ▲ 30%

Platform net inflows³

\$9.7b ▼ (17%)³

Platform FUA of

\$62.7b ▲ 26%⁴

PARS FUA of

\$17.6b ▲ 11%⁵

Number of active advisers

4,011 ▲ 15%



TECH SOLUTIONS

Tech Solutions revenue

\$67.5m ▲ 133%

Class number of accounts⁶

202,149 ▲ 2%

Class document orders⁷

173,148 ▲ 1%

Companies on Class corporate messenger⁸

645,190 ▲ 8%

All percentage changes shown above are relative to FY22, unless stated otherwise.

1. Refer to Note 2.1 for more information.

2. Refer to Directors' Report for more information on Group Underlying NPAT.

3. Platform net inflows of \$9.7 billion from continuing business operations (excluding the Xplore Super Admin discontinued operations). Successor Fund Transfers (SFT) from Xplore Super Admin discontinued operations of \$944 million during Dec 22 quarter and \$15m during Jun 23 quarter.

4. Custodial FUA Administration Services.

5. Non-custodial FUA as Portfolio Administration and Reporting Services (PARS).

6. Number of Class accounts as at 30 June 2023 consists of Class Super, Class Portfolio and Class Trust licenses.

7. Documents paid for by Pay Per Unit (PPU) and subscription customers for the last 12 months to 30 June 2023.

8. Number of active companies as at 30 June 2023.

Market overview and outlook

ABOUT HUB24

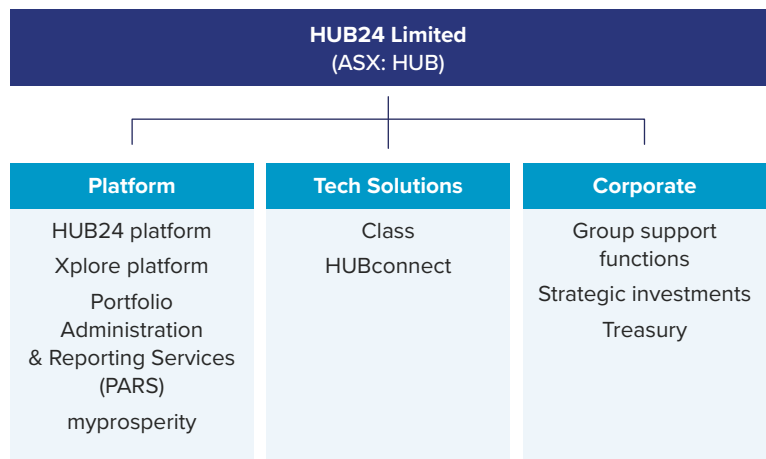
HUB24 Limited (HUB24, the Group or the Company) is a financial services company that was established in 2007 and is a leading provider of integrated platform, technology and data solutions to the Australian wealth industry. HUB24 is listed on the Australian Securities Exchange (ASX) under the code 'HUB' and includes the award-winning HUB24 platform, the Xplore platform, the Class businesses, HUBconnect and the newly acquired myprosperity business. As at 18 August 2023, HUB24's market capitalisation was approximately \$2.3 billion.

HUB24's purpose is to empower better financial futures, together. To fulfil this purpose, HUB24 delivers platform and technology solutions that empower financial professionals to deliver better financial futures for their clients.

HUB24's head office is based in Sydney and it provides its products and services across all Australian states and territories. As at 30 June 2023, the Group employed 838 people on a full-time equivalent (FTE) basis.

OPERATING SEGMENTS AND PRINCIPAL ACTIVITIES

HUB24 operates via two core revenue generating segments, and a Corporate segment as shown in the diagram below:



PLATFORM

The Platform segment comprises the HUB24 investment and superannuation platform (HUB24 platform), the Xplore Wealth investment and superannuation platform (Xplore Wealth platform), Portfolio Administration & Reporting Services (PARS) and myprosperity.

The HUB24 and Xplore platforms are used by financial professionals to efficiently administer their clients' investments held through a superannuation or investment product under custodial arrangements.

As one of the fastest growing platform providers in the market, the HUB24 platform is recognised for providing choice and innovative product solutions. It offers financial professionals and their clients a comprehensive range of investment options, including market-leading managed portfolio solutions, and enhanced transaction and reporting functionality.

The Xplore platform provides complementary capabilities including high net worth product features, managed accounts, superannuation services and PARS capability. Xplore's products and services are being migrated to the HUB24 platform throughout FY23 and FY24.

In addition, HUB24 also offers PARS, a non-custody portfolio service which provides administration, corporate action management and tax reporting services for financial professionals and their clients.

myprosperity

myprosperity, acquired by HUB24 in May 2023, is a leading provider of client portals for accountants and financial advisers. Its all-in-one secure portal delivers a total view of household wealth, making it easier for households to collaborate with their financial professionals across all aspects of their financial lives. myprosperity's client portal is used by over 440 accounting and financial advisory firms, as well as circa 63,000 households.¹

TECH SOLUTIONS

The Tech Solutions segment comprises Class and HUBconnect.

Class

Class is a pioneer in cloud-based wealth accounting and is recognised as one of Australia's most innovative technology companies.

Class delivers trust accounting, portfolio management, legal documentation, corporate compliance and SMSF administration solutions to over 6,000 customers² across Australia who depend on Class to drive business automation, increase profitability and deliver quality client service.

Class's core offering is self-managed superannuation fund (SMSF) administration software. Its solutions have gained industry recognition for product innovation and customer service excellence.

Customers using the Class Super, Class Portfolio and Class Trust solutions represented over 202,000 accounts as at 30 June 2023.

Class also operates in the document and corporate compliance segment through the service offerings provided under the NowInfinity brand.³

NowInfinity is a leading cloud-based entity management and corporate compliance solution. In the Investment Trends 2022 SMSF Adviser & Accountant Report, it was recognised as the most used legal document provider for SMSF related legal compliance.

HUBconnect

HUBconnect provides technology and data services to the wealth industry, delivering innovative solutions to enable financial professionals to efficiently run their businesses and service their clients.

HUBconnect leverages data and technology capability to provide solutions that solve common challenges faced by stockbrokers, licensees and professional advisers in the delivery of financial advice.

Through innovative technology such as machine learning, artificial intelligence, and natural language processing HUBconnect integrates, refines, stores and supplies structured and unstructured data. Through integrated data feeds, automated reporting and analytics, HUBconnect delivers efficiencies for some of the time-consuming and costly processes that increase the cost of delivering advice. HUBconnect serves a growing number of respected and high-profile financial services companies and their clients.

HUB24 is a strategic shareholder in Diverger Limited (Diverger), which is a diversified financial services business providing integrated accounting and wealth management services to the Australian Market. Under a Technology Partnership and Distribution agreement Diverger is a cornerstone client for HUBconnect's data and technology services.

HUBconnect Broker has a long history of working with stockbrokers to deliver innovative business reporting and support tools. HUBconnect Broker streamlines and integrates client data and connects to a range of broking business reporting and back-office support tools that provide key insights and enable the efficient delivery of stockbroking operations.

HUB24'S VISION AND STRATEGY

HUB24's vision is to lead the wealth industry as the best provider of integrated platform, technology and data solutions. HUB24 is focused on three strategic priorities:



Deliver customer value and growth

Continue to develop our core product propositions to meet evolving customer needs, extend our market-leadership and grow market share



Build the platform of the future

Deliver an integrated customer experience that supports financial professionals to implement investment, tax and strategic advice



Collaborate to shape the future of the wealth industry

Leverage our technology and data expertise, collaborate with industry participants and build solutions that enable the evolution of our industry and the delivery of cost-effective financial advice

1. HUB24 data as at June 2023.

2. Class customer base represents practices of accountants, administrators and advisers as at 30 June 2023.

3. NowInfinity is a wholly owned subsidiary of Class.

Market overview and outlook

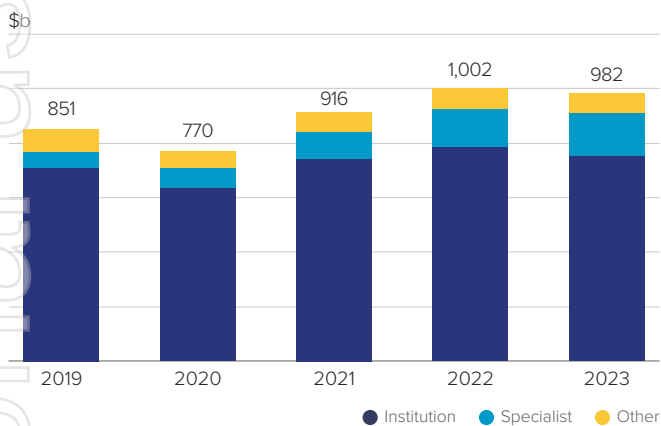
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KEY MARKETS

HUB24 is building scale in large addressable markets with a focus on the Australian Investment Platform market, the PARS market and the SMSF market.

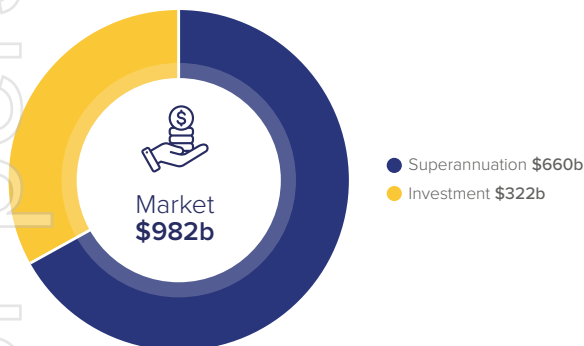
The Australian Investment Platform market had funds under administration of \$982bn at 31 March 2023 and has grown at a CAGR of 6% since March 2014¹. HUB24's market share is currently 6.05%¹ (at 31 March 2023).

Total Australian Investment platform market size by FUA (March 2023)¹



Australian Investment Platform Market¹

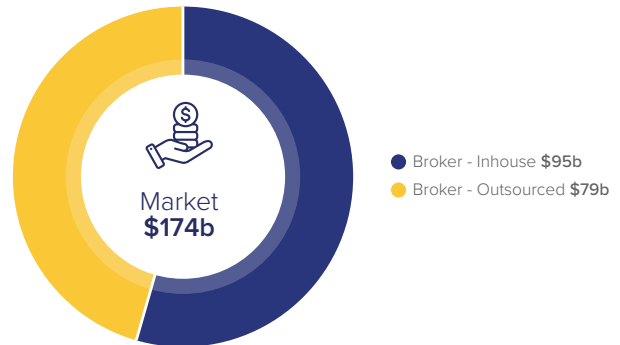
HUB24 has 6.05% market share (as at March 2023)



HUB24 estimates the PARS market in Australia to be worth \$174 billion. At June 2023 HUB24 had an estimated 10% share (\$17.6bn) of this segment.²

PARS Market²

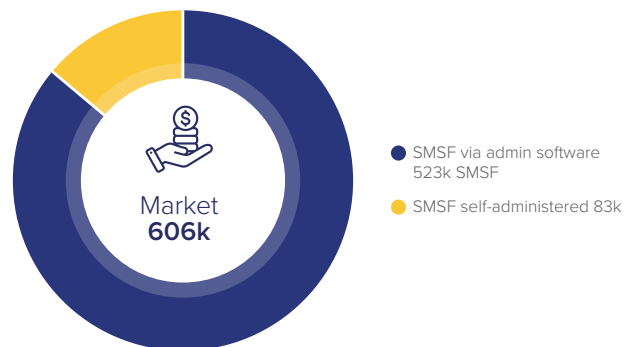
HUB24 has 10% market share (as at June 2023)



The SMSF market as at March 2023 had 606 thousand funds, over 1.1 million members and \$890 billion total assets. In the 5 years since March 2018 assets have grown by 35%.³

SMSF Market³

Class has 30% market share (as at March 2023)



1. Strategic Insights Analysis of Wrap, Platform and Master Trust Managed Funds, March 2023.

2. HUB24 estimates the Private Client PARS market to be \$174 billion based on readily identifiable participants. HUB24 analysis – June 2023.

3. Based on latest confirmed ATO figures for March 2023, raw SMSF fund numbers, total members of SMSFs and total Australian and overseas assets. Annual metrics are updated to align to the latest ATO release.

Market overview and outlook

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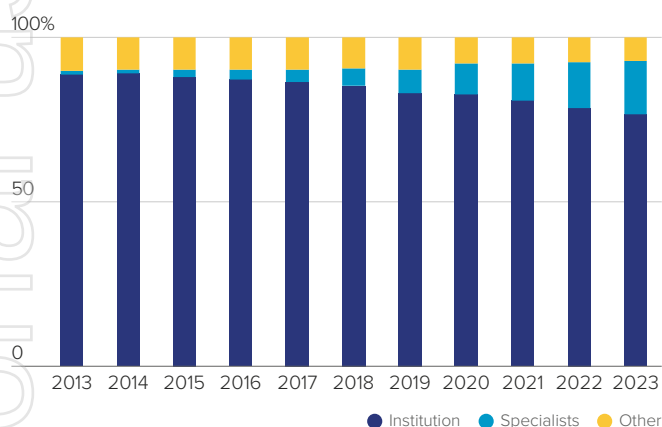
KEY MARKET TRENDS

DISRUPTION CONTINUES IN THE PLATFORM MARKET

The transformation of the wealth management industry continues as large financial institutions divest or reevaluate their strategies and specialist platforms (such as HUB24), continue to grow.

Specialist platforms now represent 16% of the Australian investment platform market and account for over \$20 billion in annual net inflows. Specialist platforms' FUA have grown at a CAGR of 40% over the last ten years.¹

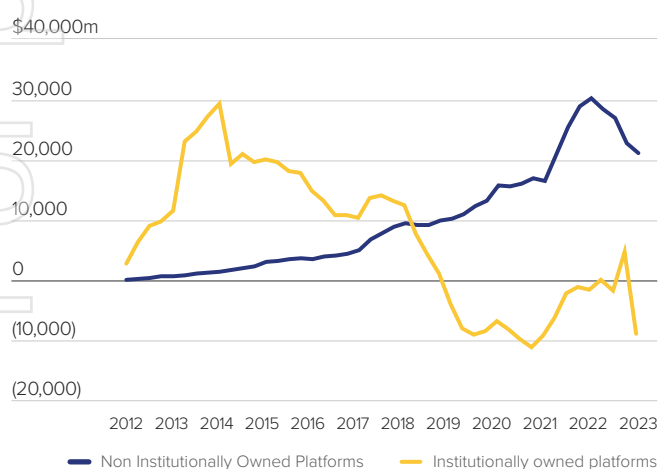
Australian investment platform market participants market share (March 2023)²



HUB24 has been a beneficiary of this trend. In the context of current market dynamics and macroeconomic events for the 12 months to 30 June 2023, the HUB24 platforms experienced strong net inflows of \$9.7 billion.³

As a result, HUB24's custodial FUA reached \$62.7 billion at June 2023, in addition to \$17.6 billion of off-platform PARS FUA.

Institutionally owned v specialist platform annual netflows \$m⁴



A key driver of the success of specialist platforms has been the provision of innovative product solutions to financial professionals and their clients, especially Managed Accounts.

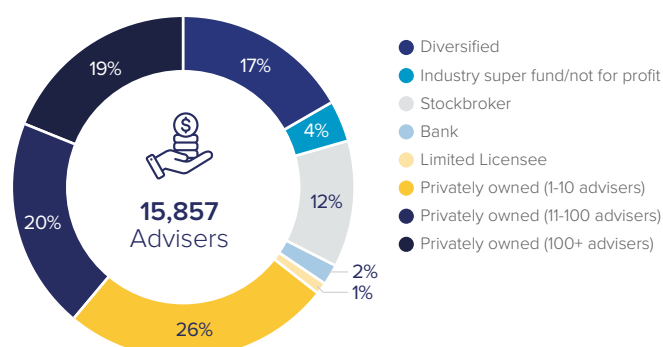
As a recognised market leader of platform services with continued focus on operational robustness, customer service excellence and the delivery of innovative product solutions that enhance outcomes for clients, HUB24 is well positioned to continue to benefit from the trend towards specialist platforms.

ADVICE INDUSTRY COMPOSITION AND INCREASING DEMAND FOR FINANCIAL ADVICE

As an intermediated business, HUB24 relies on the support of financial professionals to provide its platform services to end consumers.

The financial adviser landscape is dominated by advisers who are part of privately owned and self-licensed businesses. This segment represents 65% of the adviser market. These groups are increasingly embracing the use of specialist platforms.

Industry overview by segment⁵



HUB24 has built strong relationships in the privately-owned and self-licensed licensee segment by collaborating with licensees to develop solutions that deliver efficiency for their advisers and create value for their clients. HUB24 has grown the number of active advisers using its platforms to 4,011 (25% of total advisers) at 30 June 2023 from 1,227 (4.8% of total advisers) at 30 June 2018⁶.

1. HUB24 analysis based on Strategic Insights Analysis of Wrap, Platform and Master Trust Managed Funds, March 2023.

2. Strategic Insights Analysis of Wrap, Platform and Master Trust Managed Funds as at March 2023.

3. HUB24 Q4 FY23 market update, July 2023.

4. HUB24 analysis of Strategic Insights Analysis of Wrap, Platform and Master Trust Managed Funds as at March 2023.

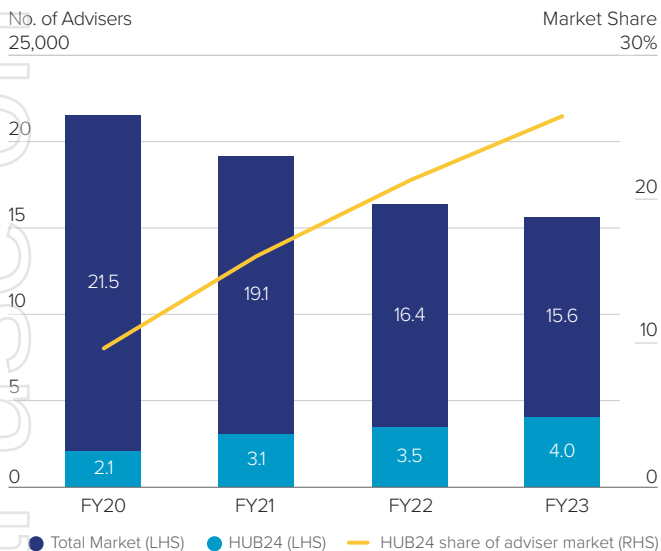
5. ARdata, Adviser Ratings, Musical Chairs Q1 2023 Report.

6. Based on HUB24 Active Adviser numbers at June 2018 and Total Adviser Market as at 2018 (AR 2023 Financial Advice Landscape report).

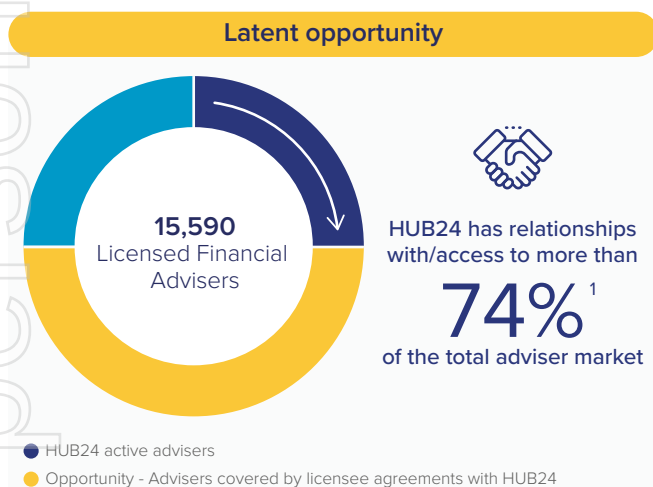
Market overview and outlook

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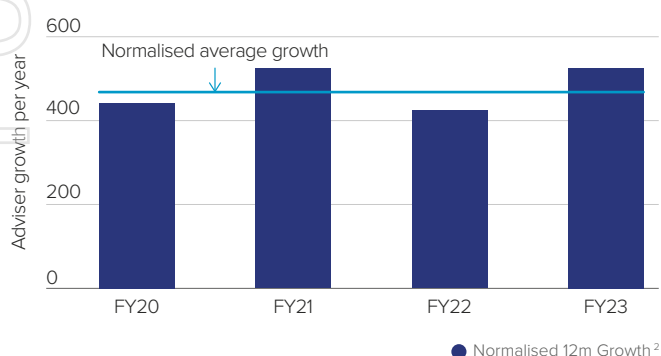
Total Industry Advisers and HUB24 Active Advisers¹



A solid platform for future growth¹



Net Adviser Growth FY20 to FY23¹



1. Based on HUB24 analysis of Adviser Ratings data – June 2023.

2. Normalised to remove the one-off uplifts such as the Xplora acquisition.

3. Adviser Ratings, 2022 Australian Financial Advice Landscape Report.

4. Challenger Limited Pre-Budget Submission to Treasury 2022/2023.

5. Pew Research Centre May 2020 (updated for 2023).

6. Intergenerational Wealth Transfer: The Opportunity of Gen X & Y in Australia Report, Griffith University Queensland.

7. Investment Trends 2022 Financial Advice Report.

8. Adviser Ratings, 2023 Australian Financial Advice Landscape Report.

HUB24 active advisers has grown to 25% of the total adviser population. This is in the context of total advisers reducing over the last 5 years. HUB24 net adviser growth each year is on average 470. FY23 saw increased net adviser growth due to strong pipeline and momentum.

Consumer demand for financial advice

Demand for financial advice is strong with 29% of unadvised Australians looking to seek help from an adviser.³ The impacts of generational change mean that this demand is likely to continue in the medium term.

Firstly, Baby Boomers have started to move into retirement in considerable numbers. It is projected that around \$1.3 trillion will move into the retirement phase by 2030.⁴ Potential and recent retirees seek advice in order to maintain their desired standard of living throughout retirement, and to ensure good decisions are made regarding downsizing, intergenerational planning and the like.

Meanwhile, Millennials (currently aged 27–42 years⁵) are about to overtake Baby Boomers as the largest generational group in Australia. According to researchers from Griffith University, they are set to inherit an estimated \$3.5 trillion over the next twenty years, growing at 7% a year. Each recipient will inherit an average of \$320,000.⁶

These are the next generation of advice clients.

They are interested in financial matters and recognise the importance of making sound financial decisions. Recent research from Investment Trends shows that 81% of 18 to 34 year-olds have unmet advice needs.⁷

Affordability however remains a significant barrier to Australians seeking advice.

The cost of delivering financial advice continues to increase with the median advice fee per client rising 48% in 4 years to \$3,710, making it inaccessible for many.⁸

In March 2022, the Government commenced a review into the quality of financial advice (known as the Quality of Advice Review) to consider how the regulatory framework for financial advice could be enhanced so that more Australians are able to access high quality affordable financial advice when they need it and in the form they want it. In June 2023 the Government accepted 14 of the 22 recommendations made by the Quality of Advice Review, including the removal of “safe harbour” steps from the Best Interest Duty, the replacement of Statements of Advice, and the simplification of requirements regarding ongoing fee renewals. Implementation of these recommendations is expected to mean that advisers will be able to use their professional judgement when deciding how to deliver advice, and the cost and time involved in providing should fall. Consequently, the capacity of advisers and the number of Australians receiving advice should increase.

HUB24 believes in the value of advice and is collaborating with advisers and licensees to develop innovative solutions to reduce the cost of advice and make it accessible to more Australians.

Market overview and outlook

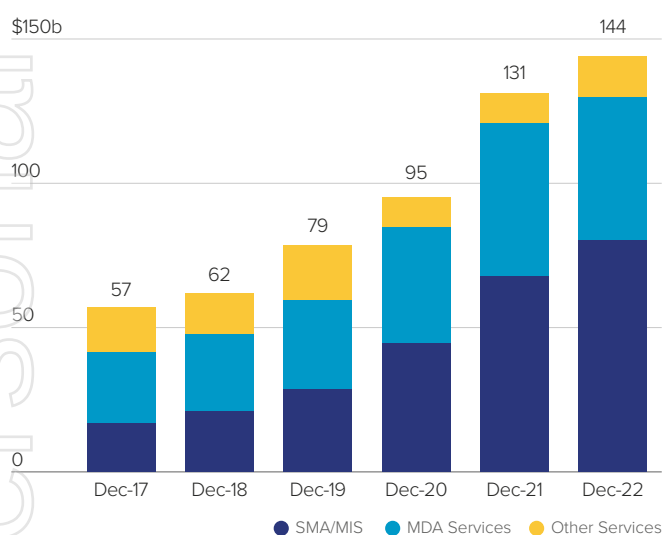
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HUB24 is working with industry bodies, advocating for change to enable greater access to advice. During the year, HUB24 has proactively engaged with the QAR including making a stand-alone submission and participating in an FSC delegation to Parliament House. HUB24 has also actively advocated for the tax deductibility of advice fees working with the ATO and the FSC. As a full SC member we maintain a proactive stance with respect to relevant issues impacting the value of advice.

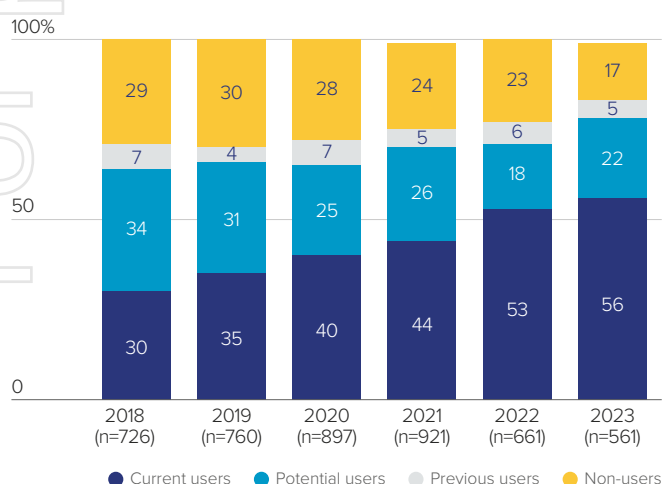
GROWTH OF MANAGED ACCOUNTS

Funds Under Management in Managed Accounts in Australia has grown to more than \$144 billion as advisers increasingly recognise the benefits of using them to access professional investment management for their clients.¹ HUB24 estimates that it has 20% market share of this segment at June 2023.

Managed Account FUM growth (\$ billions) Dec-17 to Dec-22²



Managed Account adoption continues to accelerate³



As a leading provider of Managed Accounts functionality HUB24 expects to continue to benefit from the growth in popularity of Managed Accounts.

In the most recent Investment Trends Platform Competitive Analysis and Benchmarking survey, HUB24 was ranked 1st for its Managed Portfolio Product Offer. Furthermore, HUB24 consolidated its leadership position by share of relationships with advisers who recommend managed accounts (43% overall reach in 2023, up from 38% in 2022).⁴

The use of Managed Accounts over the last 5 years accelerated with 56% of financial advisers now using them to manage their clients' investments (up from 30% in 2018). Allocations of new client inflows into managed accounts have also increased to 24% up from an average of 4% in 2015.⁴

RISK OF CYBER ATTACKS DRIVING ADOPTION OF SECURE ONLINE PORTALS

Cyber security has become a growing issue for organisations of all sizes. During the past year, Australia saw large-scale data breaches affect some of the country's most prominent corporations and their clients. Smaller companies are increasingly being impacted as well. According to the Australian Cyber Security Centre Small Business Survey 2020, 62% of Australian small to medium businesses have experienced a cyber incident.⁵

As such, cyber security has become an increasing focus for financial professionals and now ranks as one of the biggest concerns for advice and accounting practices of all sizes.⁶

The importance of data security and protection of sensitive client information is accelerating the use of secure online client portals by financial advisers and accountants.

Client portals are transforming client engagement by delivering a holistic view of household wealth, providing secure digital engagement and facilitating collaboration between clients and the financial professionals they have a relationship with. Furthermore, they are fast becoming critical in business operating models with functionality to exchange data, documents, e-signatures, and support the client onboarding and review process.⁷

myprosperity is a leading provider of client portals and the only provider offering a solution across financial advice and accounting services.

HUB24 is now uniquely positioned to capture the increasing adoption of client portals by accountants, financial advisers and multidisciplinary firms.

1. Adviser Ratings, 2023 Australian Financial Advice Landscape Report.

2. IMAP/Milliman Managed Accounts FUM Census March 2023 – Data as at December 2022. Note: Number of participants in the Census fluctuates.

3. IMAP/Milliman Managed Accounts FUM Census March 2023.

4. Investment Trends Managed Accounts Report January 2023.

5. Australian Cyber Security Centre Small Business Survey 2020.

6. Finura 2023 Wealth Tech Predictions.

7. Adviser Ratings 2022 Financial Advice Landscape Report.

Market overview and outlook

continued

TECHNOLOGY, DATA AND REPORTING SOLUTIONS KEY TO FUTURE OF ADVICE

Access to quality data has become critical for clients, wealth professionals and licensees.

Consumers are looking for innovative solutions that provide an integrated view of their wealth, with advisers stating it was the second most valued feature for client portals after performance reporting.¹

HUB24 Present is the HUB24 platform's market leading digital reporting feature that enables advisers to efficiently deliver and customise client presentations in real-time. This allows the provision of tailored reporting aligned with the language used in client advice documentation and reduces manual intervention.

Advisers using the HUB24 Present feature have said it has allowed them to reduce report preparation time by 95% on average for client meetings.²

Access to Class' enriched and data aggregation services from more than 200 data integrations, together with NowInfinity's corporate and entity data, provides a step change to HUB24's wealth reporting ambitions.

HUB24 expects the data infrastructure and capabilities of Class to accelerate the depth and breadth of the Group's "whole of wealth" offer.

HUB24 continues to collaborate with licensees to develop and deliver solutions that leverage HUB24 Group data and technology expertise to reduce friction in the advice delivery process and assist in reducing the cost of advice delivery. A significant challenge for licensees is the cost of compliance and the complexities associated with delivering the core functions of running an Australian Financial Services license, such as governance, revenue processing, monitoring fee disclosure statements and ongoing fee consents. Advisers cite the compliance burden as one of their biggest challenges.

HUBconnect is leveraging machine learning and artificial intelligence to support licensees with their compliance obligations, providing access to quality data and real time insights that enable proactive compliance and improve efficiencies in their advice practices.

The objective is to provide advisers with the flexibility they require to choose best of breed tools and technology to help clients meet their goals and run sustainable businesses. At the same time, licensees are provided with the visibility they require to fulfil core tasks efficiently and effectively.

AUSTRALIAN SUPERANNUATION SYSTEM

Australia's superannuation system is the fifth largest pension system globally³ and is forecast to grow from over \$3.5 trillion today⁴ to almost \$9 trillion over the next 20 years.⁵

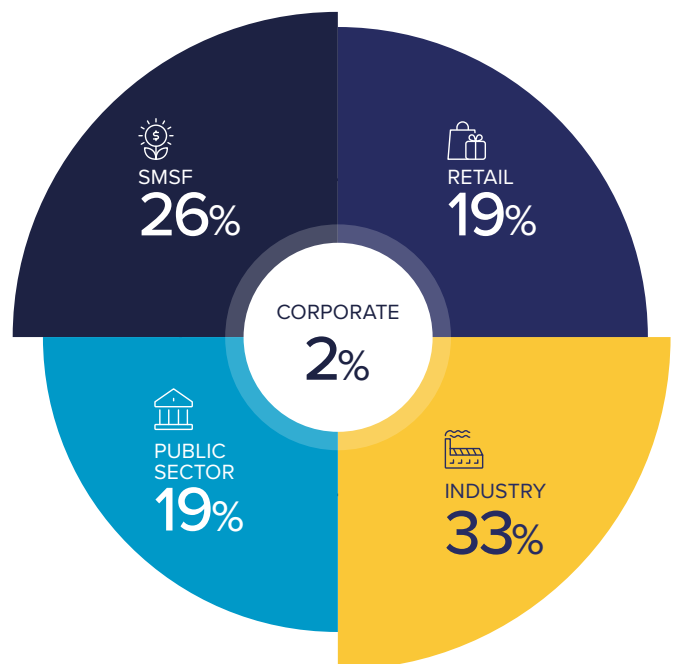
Growth of the superannuation system has been driven by member contribution inflows as well as robust investment returns. This growth is expected to continue with the Australian Government mandated superannuation guarantee contribution rate progressively increasing to 12% by July 2025.

HUB24's Platform and Tech Solutions businesses are expected to benefit from the long-term growth in Australia's Superannuation system.

The HUB24 platform is driving more flows into retail superannuation/pension products than all the competing platforms. At March 2023, the HUB24 platform was ranked number one for quarterly and annual netflows into superannuation/pension products on platforms.⁶

Self-Managed Superannuation Funds (SMSFs) account for around one-quarter of all superannuation assets.⁷

Proportion of super assets by market segment by AUM



In the 5 years to March 2023, the number of SMSFs grew by 7.5% to 606 thousand with over 1.1 million members and assets grew by 35% to \$890 billion.⁸

1. Investment Trends Managed Accounts Report January 2023.

2. HUB24 analysis – June 2023.

3. Investment Trends Adviser Needs Report 2023.

4. Global Pension Assets Study 2023, Thinking Ahead Institute.

5. ASFA Superannuation Statistics, March Qtr 2023.

6. Deloitte Dynamics of the Australian Superannuation System, The Next 20 Years to 2041.

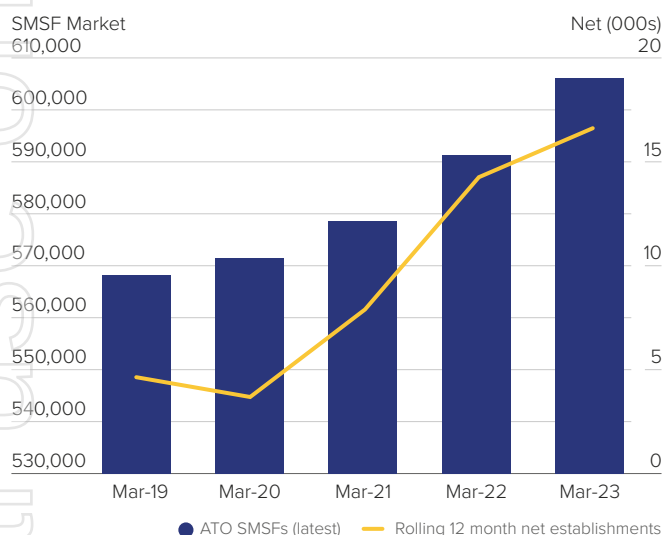
7. HUB24 analysis based on Strategic Insights Analysis of Wrap, Platform and Master Trust Managed Funds, March 2023.

8. ATO Self-managed super fund statistical report – March 2023.

Market overview and outlook

continued

Total SMSF accounts and rolling 12 month net establishments Mar-19 to Mar-23¹



Class is a dominant player within the SMSF administration software market having grown at a CAGR of 3% over the last five years, compared to a market CAGR of 1.5%.² At March 2023, Class had a 30% share of the market which has grown from 27% five years ago.

Growth in the SMSF market

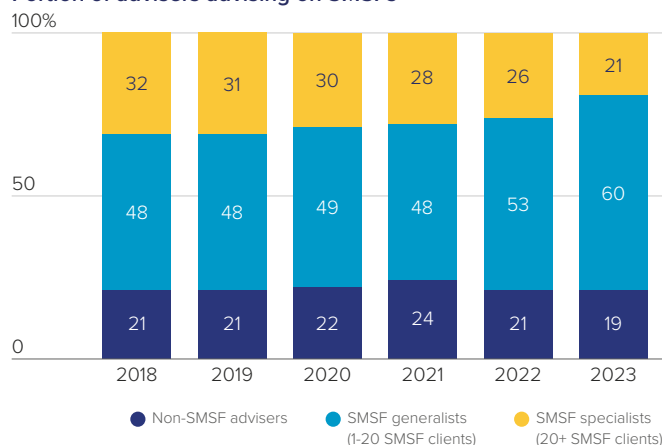
Class continued to focus on enhancing customer experience, delivering additional training and education, uplifting the service proposition, and developing product enhancements that deliver efficiency and value for customers.

In the context of the current macroeconomic environment, the number of SMSFs administered on Class grew by 2% during the last 12 months, in line with the industry annual net SMSF establishment rate.¹

Much of this growth is being driven by a cohort of younger trustees seeking control of their superannuation. According to Vanguard/Investment Trends research, the average age at establishment has fallen from 51 years between 2006 and 2014 to 46 years between 2020 and 2022.³

In the most recent Investment Trends SMSF Adviser & Accountant Report, 79% of advisers are now advising on SMSFs (up from 69% in 2018).

Portion of advisers advising on SMSFs⁴



With circa 186,000 SMSFs now administered using Class, the business is well positioned to continue to deliver market-leading software solutions to enable financial professionals to provide superior service to their clients and continue to grow its market share.

1. Based on latest confirmed ATO figures for March 2023, raw SMSF fund numbers, total members of SMSFs and total Australian and overseas assets.

2. ATO SMSF quarterly statistical report March 2023, quarterly population data. ATO SMSFs are restated each quarter to take account of closures relating to that quarter.

3. Based on current ATO SMSF establishment figures for quarter ending 31 March 2023.

4. 2023 SMSF Adviser Report, Investment Trends.

Market overview and outlook

continued

HUB24'S STRATEGIC PROGRESS AND OUTLOOK

Strategic progress



Industry leading platform net inflows



Strong pipeline of opportunities



Acquired myprosperity



Increasing profitability and operating cashflows



XPL integration substantively complete

INDUSTRY RECOGNITION

During the year, HUB24's market leadership and commitment to delivering customer service excellence continued to be recognised by financial advisers and the broader industry.

In the Adviser Ratings Financial Advice Landscape Report 2022, which asks advisers to rate their experience across several categories including adviser and client experience, product offer, service and support, HUB24 ranked first in all seven categories including Overall Best Platform, Best Adviser Experience, Best Client Experience and Best Overall Functionality.

In addition, HUB24 was awarded Best Platform Overall, Best Reporting and Best Online Business Management functionality in the Investment Trends Platform Competitive Analysis and Benchmarking Report 2022.

In the 2023 Wealth Insights Platform Service Level Report which measures adviser satisfaction, HUB24 was ranked equal first for Overall Satisfaction, and first for Ease of doing Business and IT/Web functionality. In addition, in the 2023 Investment Trends Adviser Technology Report, HUB24 ranked first for adviser advocacy, tax optimisation tools, and client reporting tools amongst primary platform users.

HUB24's was also recognised by advisers as Best SMSF Investment Platform in the CoreData SMSF Service Provider Awards 2022 which ranks platforms for service quality and adviser preference.



2022 Platform Competitive Analysis and Benchmarking Report

Best Platform Overall

HUB24



2023

Australian Financial Advice Landscape Report

Overall Best Advice Platform

Best Client Experience
Best Adviser Experience
Ease of Onboarding
Best Functionality
Best Adviser Support
Best Investment Options

HUB24



Investment Trends Platform Competitive Analysis and Benchmarking Report 2022

HUB24 was awarded:

- #1 Best Overall Platform
- #1 Best Reporting
- #1 Best Online Business Management
- #1 Best Managed Portfolio Product Offer

Investment Trends 2023 Adviser Technology Needs Report

HUB24 took out four key categories:

- #1 NPS for primary platform users (equal first)
- #1 Primary Platform Advocacy
- #1 Tax Optimisation tools
- #1 Client Reporting



Adviser Ratings Financial Advice Landscape Report 2022

HUB24 ranked first in all seven categories including:

- #1 Overall Best Platform
- #1 Best Adviser Experience
- #1 Best Client Experience
- #1 Best Overall Functionality
- #1 Best Ease of Onboarding
- #1 Best Investment Options
- #1 Best Adviser Support



2023 Wealth Insights Platform Service Level Report

- #1 Overall Satisfaction (equal first)
- #1 Ease of Doing Business
- #1 IT/Web Functionality

CoreData SMSF Service Provider Awards 2022

HUB24 was awarded Best SMSF Investment Platform

Market overview and outlook

continued

STRATEGIC TRANSACTIONS AND INTEGRATION UPDATE

myprosperity

In May 2023, HUB24 acquired myprosperity, a leading provider of client portals for accountants and advisers and their clients.

The acquisition is expected to deliver long term shareholder value by accelerating HUB24's platform of the future strategy, supporting our current growth trajectory and strengthening our competitive advantage to capture market share and create new growth opportunities. The unique capability provided by myprosperity together with HUB24 will consolidate the group's position as a leading provider of integrated platforms, technology and data solutions for financial professionals.

Integration of myprosperity with the HUB24 custodial platform is planned initially, followed by the development of a single client portal for the entire HUB24 Group portfolio of products and services. This is expected to extend HUB24's market-leadership position and deliver both increased customer advocacy and new opportunities to further grow market share across the HUB24 Group. Together with HUB24, myprosperity will provide an improved client experience, streamline service delivery, and increase productivity, enabling financial professionals to empower a better financial future for more clients.

As announced as part of the acquisition, myprosperity will continue to operate as a separate business unit within the HUB24 Group under the myprosperity brand and leadership team, retaining their entrepreneurial culture whilst benefiting from HUB24's technology infrastructure and shared services.

myprosperity has been incorporated into the HUB24 Group financial results, within the Platform segment, for the year ended 30 June 2023.

CLASS

The acquisition of Class was completed in February 2022 and since this time the business has performed in line with our expectations.

The strategic acquisition of Class has provided additional technology and data expertise to deliver on the Group's platform of the future strategy and further positioned HUB24 to lead the wealth industry as the best provider of integrated platform, technology and data solutions.

Since completion, HUB24 and Class have been working together to create strategies that leverage the combined capabilities of the Group to deliver products and solutions that enhance value for existing and new customers.

As part of our continuing commitment to deliver market-leading products and solutions for the growing SMSF segment, HUB24 SMSF Access, the first joint product development initiative leveraging the combined capability of HUB24, Class and NowInfinity was launched to market in February 2023. The new SMSF product solution designed to meet the needs of clients who are keen to access the benefits of a cost effective SMSF solution has been well received by advisers.

Furthermore, HUB24 and Class have been collaborating to further extend the Group's data aggregation offering. Following a review of Class's extensive data capabilities, we are leveraging Class's technology and integrations to enable single view of wealth reporting across the Group.

XPLORE

The Xplore integration is progressing with the Xplore Super Administration business discontinued via Successor Fund Transfers (SFT) during FY23. Following the SFTs the operating model has been simplified and financial synergies achieved in line with expectations.

SUSTAINABILITY

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

At HUB24, we recognise the importance of sustainability for the long-term prosperity of our customers, people, shareholders and communities. Our FY23 Sustainability Report issued on 22 August 2023, and available at <https://www.hub24.com.au/sustainabilityreportfy23>, details our environmental, social and governance (ESG) focus areas and how we have progressed our targets over the year.

Throughout FY23 we've made significant progress towards maturing our sustainability agenda and delivering on our objectives. Some of the key highlights have included:

- Achieved whole of company gender diversity targets;
- Increased employee engagement to 74%;
- Made progress towards embedding our community giving program in our operating model and contributed to a range of community initiatives;
- Determined baselines for Scope 1 and 2 carbon emissions toward our net zero target for 2030; and
- Continued to enhance our cyber and data security protocols across the Group.

An important focus for FY24 is taking these foundations forward to embed our sustainability strategy in all aspects of our business and engaging our people to deliver on our commitments and our purpose of empowering better financial futures, together.

Market overview and outlook

continued



GLOBAL ECONOMIC IMPACTS

The Group continues to assess potential financial and geopolitical impacts on the economy and workforce. The current high-level of uncertainty regarding the global economy continue to impact investment outcomes and increased volatility in investment performance.

The future impacts of these risks on global and domestic economies and investment market indices, and their resulting impact on the Group are uncertain. The Directors and management continue to monitor this situation.

CONCLUSION

FY23 has been a successful year for HUB24 delivering strong financial results and platform net inflows and FUA growth, in the context of economic uncertainty and ongoing market volatility impacting on investor sentiment. This has resulted in softer flows across the market particularly into IDPS, and the increased use of off-platform term deposits.

Superannuation flows continued to be strong throughout the year, being less impacted by the economic cycle. Growth in FUA and inflows continued to be driven by organic opportunities from both new and existing adviser relationships as well as transition opportunities from other platforms.

During FY23 HUB24's commitment to delivering customer service excellence and innovative product solutions that create value for advisers and their clients continued to be recognised by financial advisers and the broader industry, consolidating HUB24's market-leadership position.

The acquisition of myprosperity in FY23 is expected to further enhance our proposition for financial advisers and accountants and accelerate HUB24's platform of the future strategy, supporting our current growth trajectory and strengthening our competitive advantage.

These strong results are underpinned by the long-standing investment in our technology, the strength of our client offerings and a strong team of people who are focused on delivering better outcomes for clients and shareholders and empowering better financial futures, together.

Given the ongoing opportunities for growth, the Group remains focused on delivering on strategic objectives to continue to lead the industry as the best provider of integrated platform, technology and data solutions. We enter FY24 with positive momentum across all our businesses and remain well positioned for ongoing success.

Market overview and outlook

continued

OUTLOOK

Moving forward we expect ongoing strong net inflows to the Platform and are targeting a FUA range of \$92-\$100 billion by 30 June 2025.¹ The Group expects strong growth and increasing profitability moving forward subject to consistent and stable investment markets and HUB24 terms of business that may affect platform FUA and revenue.

The above outlook is subject to the business risks, which have been identified through HUB24's risk management framework. The framework supports the identification, assessment, and reporting of both financial and non-financial risk across the business, these risks have been organised into nine key risk categories:

- Strategic;
- Operational;
- Compliance and Conduct;
- Reputation and Sustainability;
- Financial;
- Distribution;
- People;
- Financial Crime and Fraud; and
- Cyber, Data and Technology.

Please refer to the HUB24 Annual Report for more information on these risks and the key exposures to the business.

1. Updated FUA guidance replaces the previous FY24 guidance of \$80-\$89 billion.

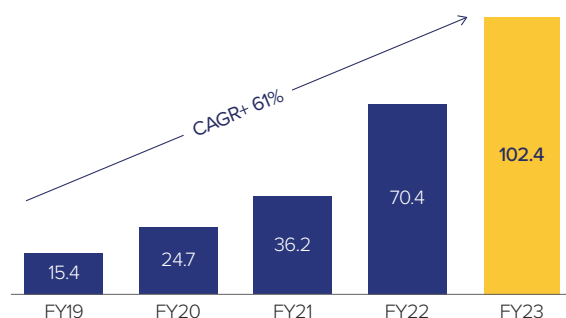
Review of financial results

The Group operating revenue increased by 45% to \$279.5 million (FY22: \$192.5 million). Platform revenue increased by 30% to \$208.8 million (FY22: \$160.5 million), and Tech Solutions revenue increased by 133% to \$67.5 million (FY22: \$29.0 million), as a result of the acquisition of Class in February 2022.

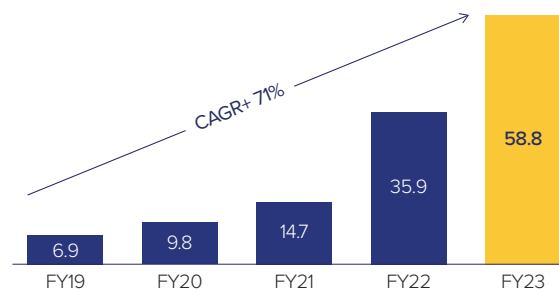
The Group's preferred measure of profitability is Underlying Earnings Before Interest Expense, Tax, Depreciation, Amortisation and Notable Items (UEBITDA), which increased by 45% to \$102.4 million (FY22: \$70.4 million).

GROUP

Group underlying EBITDA (\$m) \$102.4m up 45%

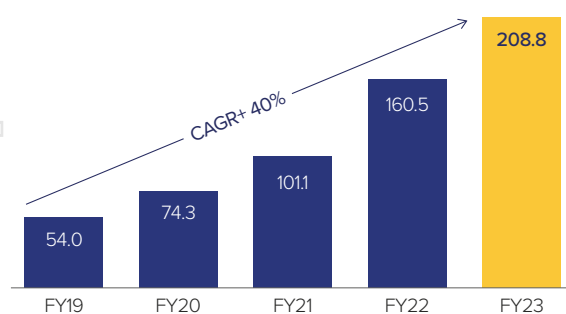


Group underlying NPAT (\$m) \$58.8m up 64%

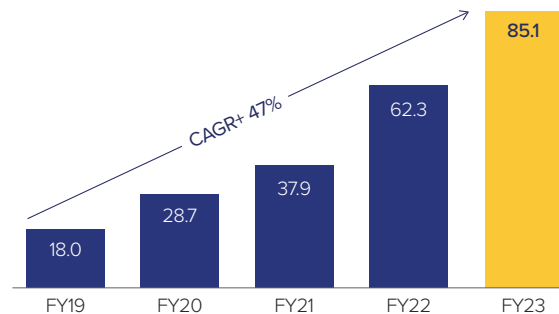


PLATFORM

Platform revenue (\$m) \$208.8m up 30%

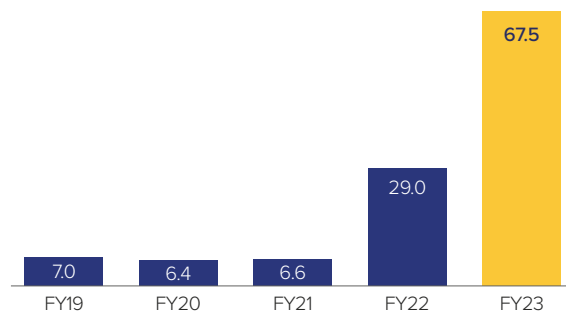


Platform underlying EBITDA (\$m) \$85.1m up 37%

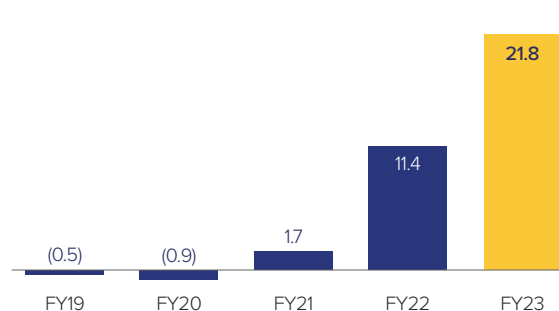


TECH SOLUTIONS

Tech Solutions revenue¹ (\$m) \$67.5m up 133%



Tech Solutions underlying EBITDA¹ (\$m) \$21.8m up 91%



1. Class purchased on 16 February 2022 and consolidated from this date.



Group operating revenue

\$279.5M ▲45%

FY22: \$192.5 million



Platform revenue

\$208.8M ▲30%

FY22: \$160.5 million



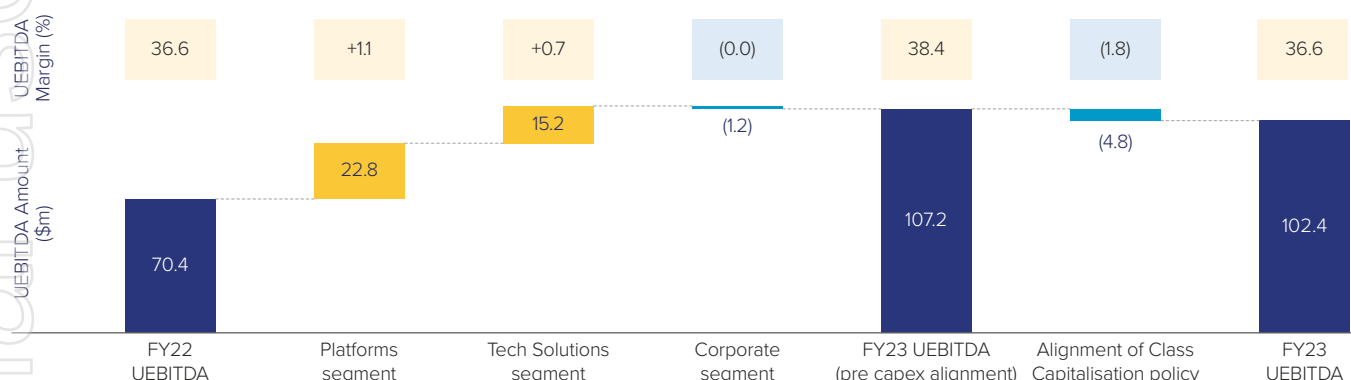
Tech Solutions revenue

\$67.5M ▲133%

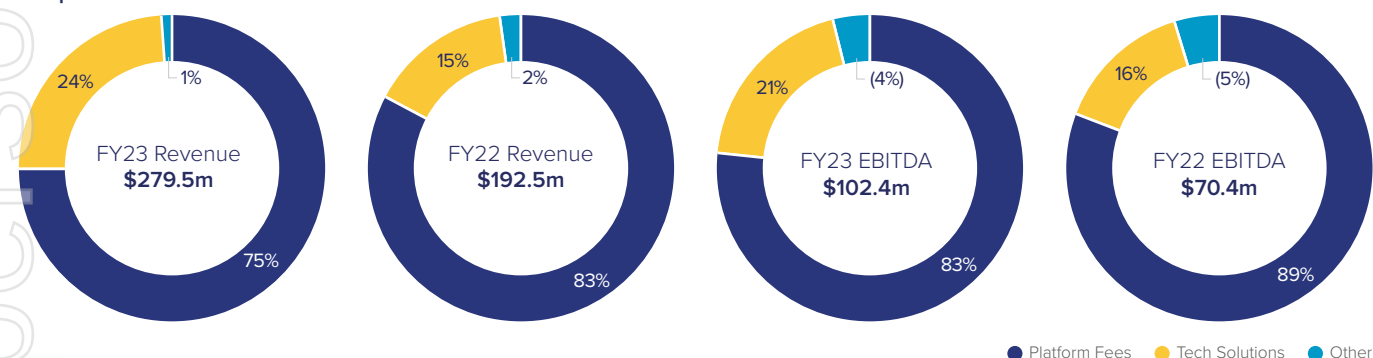
FY22: \$29.0 million

FY23 Group UEBITDA margin was 36.6% (FY22: 36.6%).

Prior to aligning the Class software capitalisation policy to the HUB24 group policy the UEBITDA increased to 38.4% in FY23.



Composition of Revenue and EBITDA



The key drivers of the Group's UEBITDA performance were the growth in platform FUA and increasing revenue, focused expense management given the volatile market conditions combined with operating leverage efficiencies from the acquisitions of Class.

- Total Funds Under Administration (FUA) increased by 23% to \$80.3 billion (FY22: \$65.6 billion);
- Platform FUA increased by 26% to \$62.7 billion (FY22: \$49.7 billion);
- In the context of current market dynamics and macroeconomic events, the business has achieved a strong FY23 with \$9.7 billion of net inflows from continuing operations as at 30 June 2023 (down 17% on pcp). Following the planned discontinuation of the 'Xplore Super Admin' business (\$1.4 billion total FUA), there was a \$1.0 billion outflow via SFT and \$0.4 billion migrated to the HUB24 platform;
- HUB24's market leadership position and focus on delivering innovative solutions continues to resonate with our clients, with growth from net inflows across all customer segments including large national licensees, brokers, boutique advice practices and self-licensed advisers. HUB24's new business pipeline has continued to grow with the number of active advisers using the platform increasing to 4,011 (25% of total advisers), up 15% from 3,486 advisers (20% of total advisers) at 30 June 2022;
- Platform revenue increased by 30% to \$208.8 million (FY22: \$160.5 million). Platform FUA growth of 26% was driven by net inflows of \$9.7 billion, less \$1.0 billion from the Xplore Super Admin discontinuation, and positive market movements of \$4.3 billion with the ASX300 increasing 9.4%. FUA on the Platform is not fully correlated to movements in equity markets given the portfolio construction includes non-equity assets and client trading activities;
- Cash management fees improved due to the RBA Official Rate increases together with an increase in cash balances as a percentage of FUA, partially offset in the 2HFY23 following the change in ADI provider and a reduction across the platform industry in deposit spreads;
- Trading activity has continued to grow in line with the increase in platform FUA;
- PARS FUA increased by 11% to \$17.6 billion (FY22: \$15.9 billion), driven by positive market movements;
- The PARS business contributed \$5.4 million of revenue in FY23 (FY22: \$5.3 million), in line with stable customer account numbers; and
- Tech Solutions revenue increased to \$67.5 million (FY22: \$29.0 million), driven by the acquisition of Class in February 2022 and a full year's contribution in FY23.

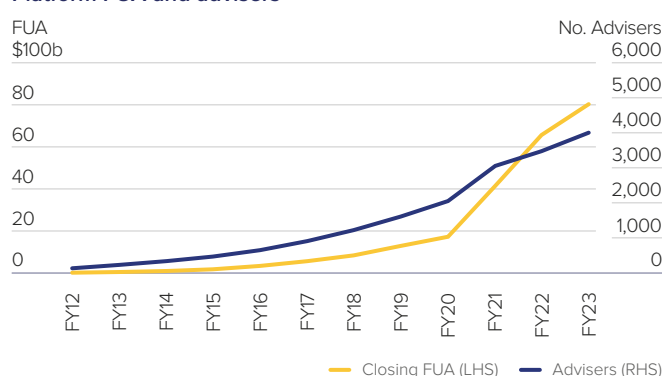
Review of financial results

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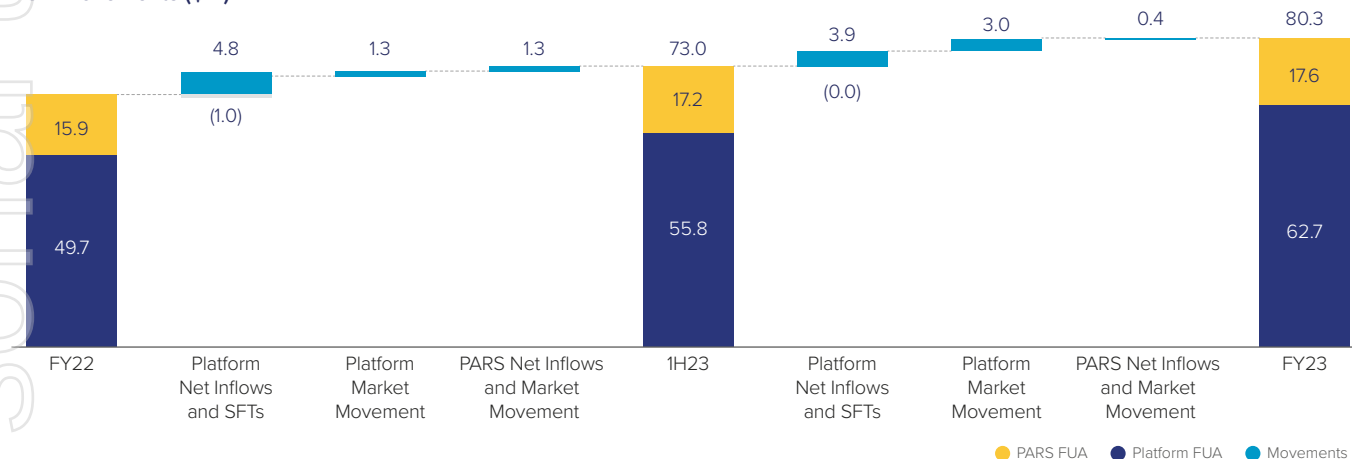
Other Items

- FTE at 30 June 2023 of 838 increased by 141 or 20% (FY22: 697). The increase was driven by the continued investment in the business (108 FTE) and the acquisition of myprosperity (33 FTE);
- Strategic transactions and project costs of \$9.7 million includes Xplore integration related costs, the product development costs for the SMSF Access pilot launch, costs related to large transitions and myprosperity acquisition costs;
- Acquisition amortisation of \$16.2 million includes Xplore of \$5.2 million, Class of \$9.9 million and Ord Minnett of \$1.1 million; and
- Impairment charge of \$3.3 million in relation to the carrying value of investment in Diverger Limited (ASX:DVR).

Platform FUA and advisers

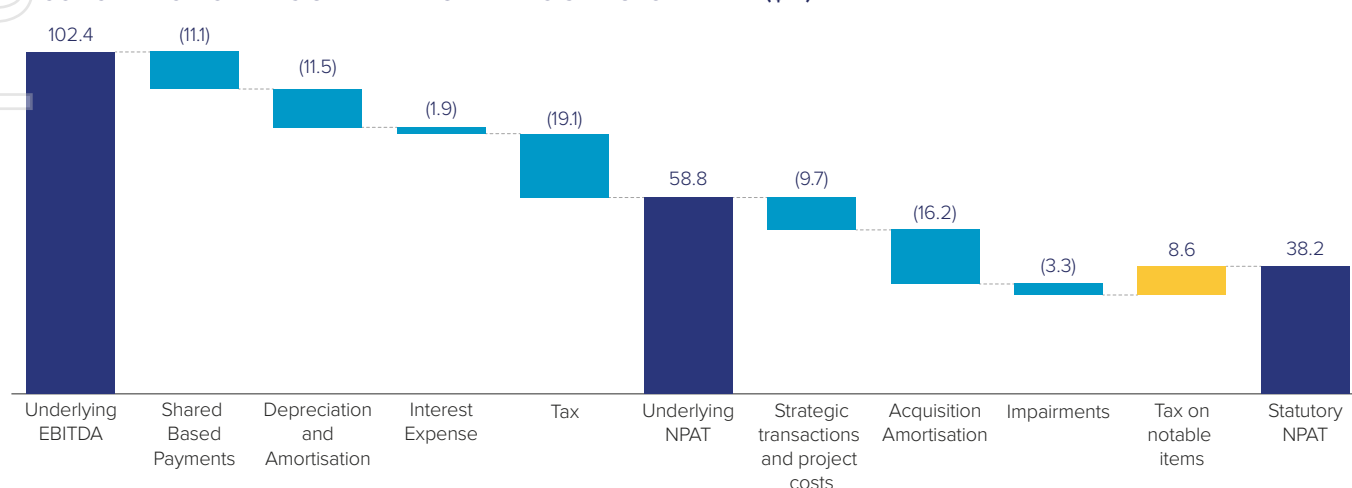


FUA movements (\$m)



- The Group continues to invest in the business to support its strategic growth objectives. Platform expenses increased by 26% to \$123.7 million (FY22: \$98.2 million). The investment in people has been in sales and distribution, technology and operations to support growth in FUA, expand our distribution footprint, and continue product and technology innovation;
- Tech Solutions expenses increased to \$45.7 million (FY22: \$17.6 million), driven by the acquisition of Class;
- The Group's Statutory Net Profit after Tax increased by 160% to \$38.2 million (FY22: \$14.7 million);
- The Group recorded a 105% increase in net cash flow from operating activities to \$75.5 million (FY22: \$36.9 million). Underlying operating cash flows were \$85.2 million (an increase of 59% on FY22) when adjusted for Strategic transaction and project costs of \$9.7 million (FY22: \$16.8 million); and
- Net cash and cash equivalents after deducting borrowings was \$42.7 million at 30 June 2023 (\$4.2 million at 30 June 2022).

RECONCILIATION OF FY23 UNDERLYING NPAT TO STATUTORY NPAT (\$M)



Review of financial results

continued

GROUP GROWTH INDICATORS AND FINANCIAL METRICS

HUB24 Group Growth Indicators	2HFY23	1HFY23	2HFY23 v 1HFY23	FY23	FY22	FY23 v FY22
Total Funds under administration (\$m)	80,346	72,994	10%	80,346	65,574	23%
Platform Funds under administration (\$m)	62,710	55,822	12%	62,710	49,703	26%
PARS Funds under administration (\$m)	17,636	17,172	3%	17,636	15,871	11%
Spot Custodial Fee Paying FUA %	79.3	80.8	(1.5)	79.3	80.7	(1.4)
Platform Net Inflows (\$m)	3,963	5,759	(31%)	9,722	11,736	(17%)
Advisers on the platform	4,011	3,692	9%	4,011	3,486	15%
PARS accounts	8,154	7,989	2%	8,154	8,341	(2%)
Number of accounts (Class)	202,149	198,619	2%	202,149	198,397	2%
Document orders (Class)	173,148	173,142	0%	173,148	171,309	1%
Companies on Corporate Messenger (Class)	645,190	621,478	4%	645,190	597,989	8%
Group Financial Metrics						
Operating Revenue (\$m)	141.8	137.7	3%	279.5	192.5	45%
Underlying EBITDA (\$m)	52.5	49.9	5%	102.4	70.4	45%
Underlying NPAT (\$m)	32.2	26.6	21%	58.8	35.9	64%
Underlying EBITDA margin (%)	37.0	36.2	0.8	36.6	36.6	—
Cost to income ratio (%)	63.0	63.8	(0.8)	63.4	63.4	—
Statutory NPAT (\$m)	22.7	15.5	46%	38.2	14.7	160%
Effective tax rate (statutory) (%)	11.0	33.4	(22.4)	21.7	30.6	(8.9)
Operating cashflows (\$m)	45.4	30.0	51%	75.5	36.9	105%
Employee benefits expense (\$m) ¹	(68.8)	(64.7)	6%	(133.5)	(91.1)	47%
Total staff at period end (# FTE)	838	736	14%	838	697	20%
Earnings per share (cents)						
Basic – underlying	40.16	33.32	21%	73.49	49.41	49%
Basic – statutory	28.22	19.47	45%	47.69	20.18	136%
Diluted – underlying	38.81	32.32	20%	70.92	47.82	48%
Diluted – statutory	27.26	18.89	44%	46.06	19.53	136%
Dividends						
Dividend (cents per share)	18.5	14.0	32%	32.5	20.0	63%
Dividend franking (%)	100	100	—	100	100	—
Underlying NPAT annual payout ratio (%)	47	42	5	45	45	—
Share Capital						
Number of ordinary shares (closing) (m)	81.5	80.1	2%	81.5	80.1	2%
Weighted average number of ordinary shares (basic) (m)	80.2	79.8	1%	80.0	72.7	10%
Weighted average number of shares (diluted) (m)	83.0	82.2	1%	82.9	75.1	10%
Share Price – closing (\$)	25.45	26.59	(4%)	25.45	20.27	26%
Capital management						
Cash & cash equivalents (\$m)	72.7	67.1	8%	72.7	43.5	67%
Net assets – average (\$m)	488.4	461.0	6%	483.1	318.4	52%
Net assets – closing (\$m)	510.4	466.3	9%	510.4	455.7	12%
Net assets per basic share (\$)	6.26	5.82	8%	6.26	5.69	10%
Net tangible assets (\$m)	51.2	41.4	24%	51.2	26.3	95%
Net tangible assets per basic share (\$)	0.63	0.52	21%	0.63	0.33	90%
Borrowings (\$m)	30.0	36.3	(17%)	30.0	39.3	(24%)
Net cash and cash equivalents (\$m)	42.7	30.7	39%	42.7	4.2	Large

1. Employee benefits expenses excludes impact of strategic transactions and project costs.

Review of financial results

continued

GROUP FINANCIAL PERFORMANCE

Profit & Loss (\$m)	2HFY23	1HFY23	2HFY23 v 1HFY23	FY23	FY22	FY23 v FY22
Platforms Revenue	106.1	102.7	3%	208.8	160.5	30%
Tech Solutions Revenue	34.1	33.4	2%	67.5	29.0	133%
Corporate Revenue	1.6	1.6	0%	3.2	3.0	7%
Total Revenue	141.8	137.7	3%	279.5	192.5	45%
Platform and Tech Solution Fees	(11.3)	(12.6)	(10%)	(23.9)	(21.4)	12%
Employee Related Expenses	(62.1)	(60.3)	3%	(122.4)	(80.3)	52%
Administrative Expenses	(15.9)	(14.9)	7%	(30.8)	(20.4)	51%
Total Operating Expenses	(89.3)	(87.8)	2%	(177.1)	(122.1)	45%
Underlying EBITDA	52.5	49.9	5%	102.4	70.4	45%
Underlying EBITDA by segment						
Platforms EBITDA	43.7	41.4	6%	85.1	62.3	37%
Tech Solutions EBITDA	11.3	10.5	8%	21.8	11.4	91%
Corporate EBITDA	(2.5)	(2.0)	25%	(4.5)	(3.3)	36%
Underlying EBITDA	52.5	49.9	5%	102.4	70.4	45%
Other items						
Share Based Payments	(6.7)	(4.4)	52%	(11.1)	(10.8)	3%
EBITDA (before Notable Items)	45.8	45.5	1%	91.3	59.6	53%
Depreciation & Amortisation	(5.9)	(5.6)	5%	(11.5)	(7.5)	53%
Interest Expense Lease	(0.2)	(0.1)	100%	(0.3)	(0.3)	0%
Interest Expense Other	(0.8)	(0.8)	0%	(1.6)	(0.5)	Large
Profit Before Tax (before Notable Items)	38.9	39.0	0%	77.9	51.3	52%
Income Tax Expense	(6.7)	(12.4)	(46%)	(19.1)	(15.4)	24%
Underlying NPAT	32.2	26.6	21%	58.8	35.9	64%
Notable items						
Strategic transactions and project costs ¹	(5.7)	(4.0)	43%	(9.7)	(17.9)	(46%)
Acquisition Amortisation	(7.7)	(8.5)	(9%)	(16.2)	(12.3)	32%
Impairments ²	—	(3.3)	(100%)	(3.3)	—	n/a
Tax effect on Notable Items	3.9	4.7	(17%)	8.6	9.0	(4%)
Net Profit/(Loss) After Tax	22.7	15.5	46%	38.2	14.7	160%

1. Includes administrative and resourcing costs related to strategic transactions and project costs.

2. Impairment charge of \$3.3 million in relation to the carrying value of investment in Diverger Limited (ASX:DVR).

Review of financial results

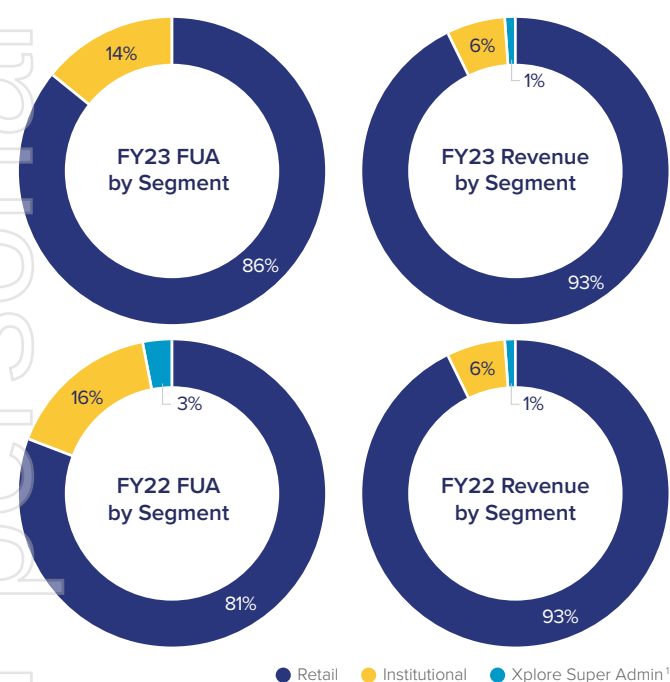
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CUSTOMER PROPOSITION AND THE COMPOSITION OF FUA

The Group categorises its Platform FUA book into two distinct client segments, being Retail and Institutional following the migrations for the discontinuation of the 'Xplore Super Admin' business now completed resulting in the exit of the Xplore Super Admin FUA. The Group is committed to organically growing the FUA through generating scalable returns, as well as reviewing inorganic opportunities.

The dynamics of the institutional market mean customers typically access wholesale pricing, and operationally higher efficiencies are achieved from the scale of their portfolios. Margins will fluctuate based on the mix of institutional and retail FUA composition however revenue should continue to increase as the Group FUA continues to grow over time.

Composition of Platform FUA and revenue



REVENUE

Group operating revenue increased by 45% to \$279.5 million (FY22: \$192.5 million).

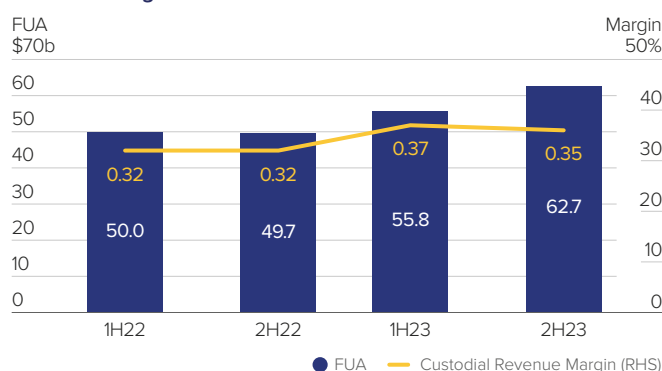
Key drivers include:

- Platform revenue increased by 30% to \$208.8 million (FY22: \$160.5 million). Revenue growth driven by:
 - Custodial FUA increasing by 26% to \$62.7 billion at 30 June 2023 (FY22: \$49.7 billion); and
 - Higher cash management fees due to the RBA Official Rate and higher cash balances as a percentage of average FUA in 1H partly offset by a change in ADI provider in 2H.
- Tech Solutions has benefitted from the acquisition of Class, increasing to \$67.5 million in revenue (FY22: \$29.0 million) from software licensing and consulting services; and
- Corporate revenue was \$3.2 million, reflecting interest income and equity accounted profits from the investment in Diverger.

PLATFORM REVENUE AND MARGINS

Platform revenue comprises a mix of FUA based fees, including tiered administration fees, cash management fees and transaction fees such as platform trading for equities.

Platform margin and FUA



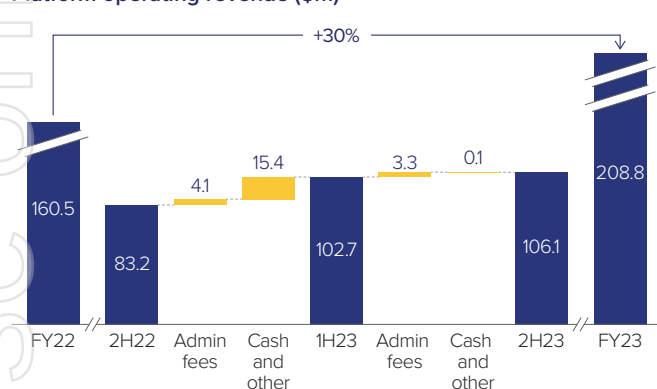
For FY23, Platform revenue margin was 0.36% of average FUA (FY22: 0.32%), calculated as the average of opening and closing FUA of each month.

1. SFTs substantively completed in 1HFY23 with the revenue for the Xplore Super Admin being removed in 2HFY23 and no impact to UEBITDA.

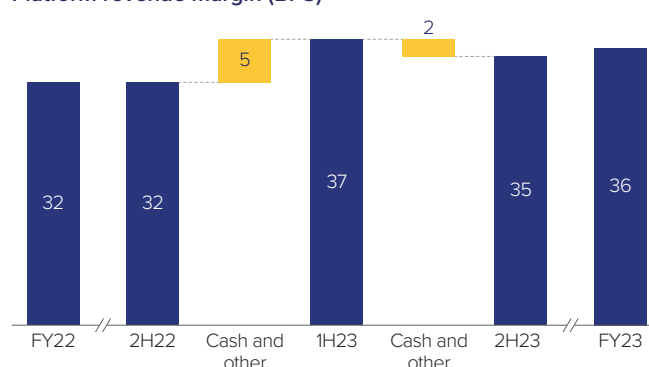
Review of financial results

continued

Platform operating revenue (\$m)



Platform revenue margin (BPS)



As shown in the chart above, FY23 platform revenue margin increased 4 bps to 36 bps (FY22: 32 bps) driven by increased cash management fees following RBA rate increases. During the year we have benefited from lower than normal admin fee margin compression from fee tiering and capping.

The revenue margin may fluctuate from period to period depending upon cyclical market conditions, the level of trading activity, shifts in the mix of client portfolios or variations in the average account balance on the Platform.

Generally, as average account balances on the Platform increase over time, the tiered administration fee paid by clients will tend to decrease as a percentage of FUA while fees will generally increase in absolute dollar terms. Given the volatility in equity markets this year there has been lower than normal impacts from fee tiering. The percentage of FUA custody paying as at 30 June 2023 was 79.3% which was slightly down on 30 June 2022 which was 80.7%.

The accounts on the Platform for FY23 were up 26% on the prior year, and PARS accounts down 2%.

GROUP EXPENSES

Consolidated Group expenses increased by 33% to \$227.5 million (FY22: \$171.3 million).

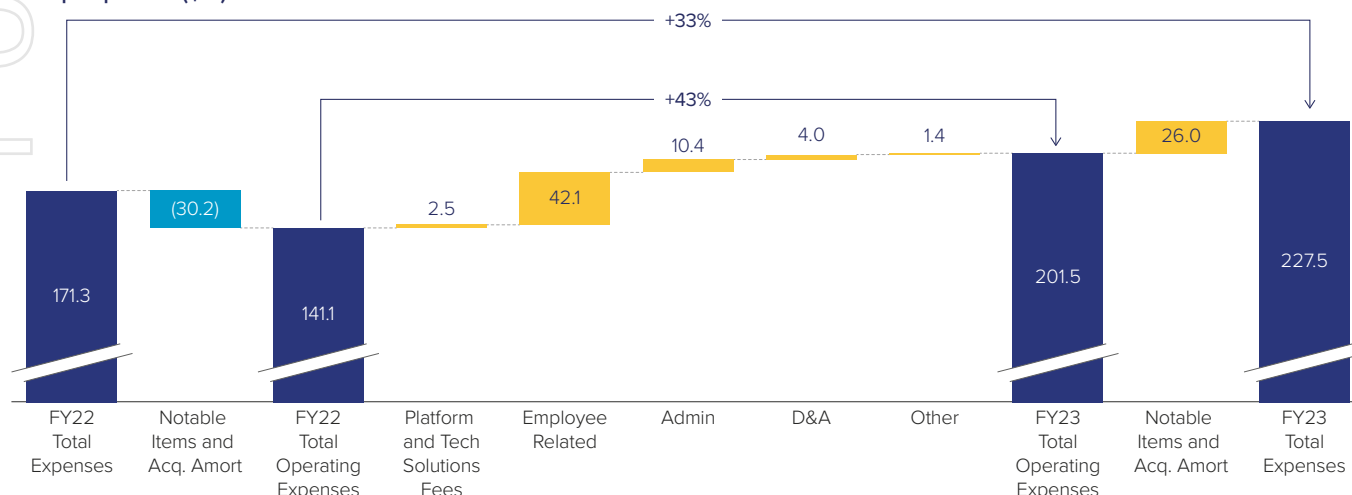
The Group's operating expenses¹ increased by \$60.4 million or 43% to \$201.5 million (FY22: \$141.1 million) with the acquisition of Class and the investment made in headcount resources dedicated to distribution and marketing, future Platform development and business strategy to drive future growth. The investment in headcount will continue to be leveraged in future periods.

Group FTE increased by 20% to 838 as at 30 June 2023 from 697 as at 30 June 2022. Continued investment in the business increased FTE by 108 and the acquisition of myprosperity increased FTE by 33.

The Group's cost to income ratio remained stable at 63.4% (FY22: 63.4%) reflecting strong revenue growth from the increasing Platform scale partially offset by the investment costs from increased headcount mentioned above.

In addition, the Group incurred notable items of \$26.0 million (FY22: \$30.2 million), due to acquisition amortisation, strategic transactions and project costs.

Group expenses (\$m)



1. Consolidated Group expenses include total operating expenses, share based payments, depreciation & amortisation and interest expenses.

Review of financial results

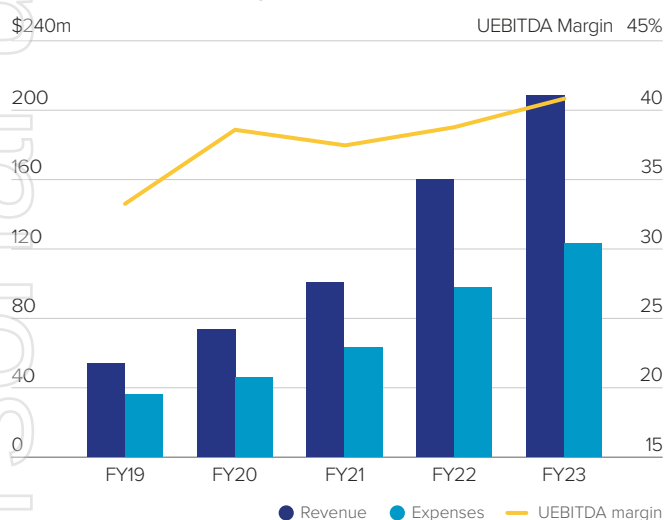
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UNDERLYING EBITDA

Group Underlying EBITDA (UEBITDA) before Notable Items increased by 45% to \$102.4 million (FY22: \$70.4 million) due to:

- Growth in Platform FUA to \$62.7 billion as at 30 June 2023, compared to \$49.7 billion in FY22, and slightly lower PARS number of customers accounts at 8,154 (FY22: 8,341);
- Platform segment UEBITDA of \$85.1 million, with UEBITDA margin increasing to 40.8% (FY22: 38.8%); and
- Group UEBITDA margin is 36.6% (FY22: 36.6%), stable on FY22 with platform revenue margin benefits offset by volatile equity markets and aligning Class software capitalisation expenses to the HUB24 group accounting policy.

Platform revenue and expense trends



GROUP UNDERLYING NPAT

Group Underlying NPAT represents NPAT before Notable Items. Underlying NPAT increased 64% to \$58.8 million (FY22: \$35.9 million).

The key drivers impacting the movement between Underlying EBITDA and Underlying NPAT in FY23 were:

- Employee share based payments increased to \$11.1 million (FY22: \$10.8 million). The increase on FY22 relates to the grant of Special Performance Awards Rights (SPARs) in FY21 to the Managing Director and a small number of key senior people, separate to the annual LTI plan. The SPARs probability of vesting increased during FY23 with \$2.2 million increased expense booked in 2HFY23;
- HUB24 has a policy of capitalising investment in its assets, which is then amortised over its useful life. During the year, \$8.4 million of Platform segment and \$7.8 million of Tech Solutions software costs were capitalised;
- Depreciation and amortisation expenses increased by 53% to \$11.5 million (FY22: \$7.5 million) driven by the acquisition of Class and higher levels of investment in IT;
- Strategic transactions and project costs of \$9.7 million includes Xplore implementation related costs and the product development costs for the SMSF Access pilot launch, costs related to large transitions and myprosperity acquisition costs;
- Acquisition amortisation of \$16.2 million has been recognised in FY23 (FY21: \$12.3 million). This includes Xplore of \$5.2 million, Class of \$9.9 million and Ord Minnett of \$1.1 million; and
- Impairment charge of \$3.3 million in relation to the carrying value of the investment in Diverger Limited.

Review of financial results

continued

INCOME TAX

Income tax expense increased by 64% to \$10.5 million (FY22: \$6.4 million). The effective tax rate for FY23 was 21.7% (FY22: 30.6%), with the decrease due to R&D credits and movement in deferred tax balances.

CAPITAL MANAGEMENT

The Group has access to a \$5 million working capital facility, which has remained undrawn during the year.

In FY23, following a competitive selection process, the Group entered into a \$31 million 3 year debt facility with Commonwealth Bank of Australia (CBA) in order to consolidate the Groups debt facilities. Both ANZ and Westpac debt facilities were fully repaid on transition during June 2023.

In addition, an accordion¹ facility of \$50 million was secured specifically for strategic transactions, which remained undrawn during the period.

The Group, through its licensed subsidiaries, fully complied with the minimum regulatory capital requirements for IDPS Operators and providers of custodial services for the year ended 30 June 2023.

During FY23, the Group purchased \$10 million of treasury shares on market to service the Group's Employee Share Plans.

During FY24, the Group intends to undertake an on market share buy back up to a maximum value of \$50 million, over a 12 month period as disclosed in the ASX update on 22 August 2023.

DIVIDENDS

The Board has previously announced its intention to target a dividend payout ratio between 40% and 60% of HUB24's annual Underlying Net Profit After Tax.

Subsequent to 30 June 2023, the Directors have determined a fully franked final dividend of 18.5 cents per share. This results in a full year dividend of 32.5 cents per share, representing an increase of 63% and a full year payout ratio of 45%.

The payment of a dividend by the Group is at the discretion of the Board and will be a function of a number of factors, including the general business environment, financial condition of HUB24, capital management initiatives and any other factors the Board may consider relevant.

Dates for the Final dividend are as follows:

- Ex-date: 11 September 2023;
- Record date: 12 September 2023; and
- Dividend payment date: 13 October 2023.

FINANCIAL IMPACTS OF THE STRATEGIC TRANSACTIONS

The purchase price accounting (PPA) for Class was finalised in 1HFY23 with the \$284 million consideration paid representing the fair value of the separately identifiable assets and liabilities of the transaction. The myprosperity PPA will be completed in FY24, within twelve months of the acquisition date. For FY23 provisional fair value balances have been recognised on the balance sheet for the myprosperity acquisition.

Total transaction costs for the myprosperity acquisition were \$0.4m.

Financial Impacts of the Strategic Transactions

\$m	FY21 Actuals	FY22 Actuals	FY23 Actuals	FY24 Expected	Total
Xplore and Ord Minnett Acquisitions					
Expected Implementation Costs and Synergies					
Implementation Costs ²	(4)	(5)	(6)	(2-5)	(17-20)
Expected Synergies ³	1	4	9	10	n/a
Earnings Per Share Growth	—	13%+	—	—	—
Class Limited Acquisition					
Expected Costs and Synergies					
Transaction and Implementation Costs ²	—	(11)	—	—	—
Expected Synergies	—	1	4	5	n/a
Earnings Per Share Growth ⁴	—	—	10%	—	—

1. Subject to standard lending terms and conditions.

2. Recognised through strategic transactions below underlying NPAT.

3. \$9m synergies FY23 and \$10m+ in FY24.

4. Includes full year contribution, realisation of synergies and excludes one-off implementation and non-recurring costs.

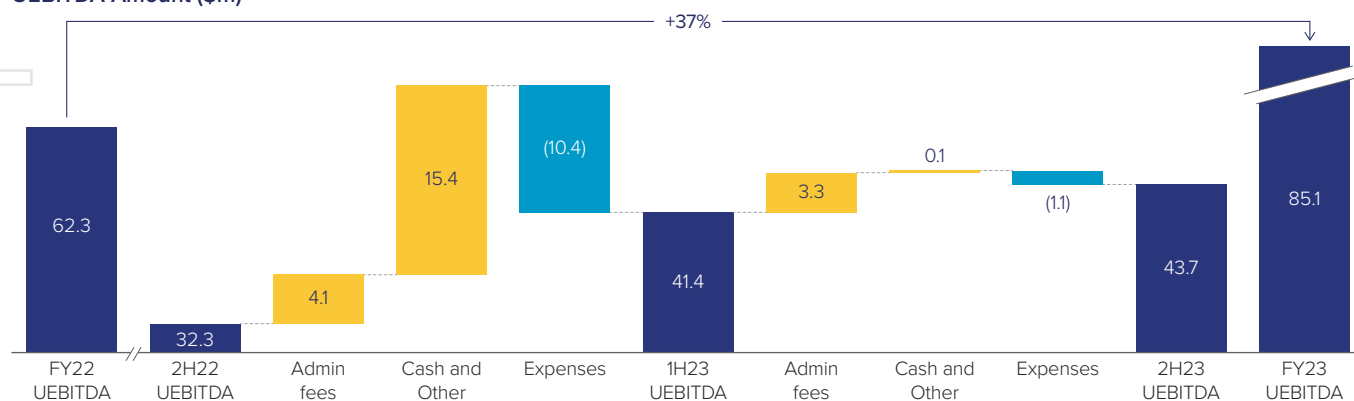
Segment results

PLATFORM SEGMENT

Profit & Loss (\$m)	2HFY23	1HFY23	2HFY23 v 1HFY23	FY23	FY22	FY23 v FY22
Total Revenue	106.1	102.7	3%	208.8	160.5	30%
Platform and Custody Fees	(10.1)	(11.7)	(14%)	(21.8)	(21.0)	4%
Employee Related Expenses	(44.2)	(42.2)	5%	(86.4)	(67.0)	29%
Administrative Expenses	(8.1)	(7.4)	9%	(15.5)	(10.2)	52%
Total Operating Expenses	(62.4)	(61.3)	2%	(123.7)	(98.2)	26%
Underlying EBITDA	43.7	41.4	6%	85.1	62.3	37%
Below UEBITDA Items						
Depreciation & Amortisation	(3.7)	(3.6)	3%	(7.3)	(6.6)	11%
Interest Expense Lease	—	—	n/a	—	(0.2)	(100%)
Profit Before Tax (before Notable Items)	40.0	37.8	6%	77.8	55.5	40%
Strategic transactions and project costs ¹	(5.7)	(4.0)	43%	(9.7)	(6.5)	49%
Acquisition Amortisation	(2.8)	(3.6)	(22%)	(6.4)	(8.6)	(26%)
Profit Before Tax (after Notable Items)	31.5	30.2	4%	61.7	40.4	53%
Total Platform expenses	62.4	61.3	2%	123.7	98.2	26%
Platform Capex	5.8	2.6	123%	8.4	7.3	17%
Key margins (%)						
UEBITDA margin	41.2	40.3	0.9	40.8	38.8	2.0
Platform Segment Statistics						
Total FUA	80,346	72,994	10%	80,346	65,574	23%
Platform FUA (\$m)	62,710	55,822	12%	62,710	49,703	26%
Net Inflows (from continuing operations) ²	3,963	5,759	(31%)	9,722	11,736	(17%)
Gross Flows (excluding strategic transactions) (\$m)	7,773	9,342	(17%)	17,115	17,349	(1%)
Advisers (#)	4,011	3,692	9%	4,011	3,486	15%
Retail revenue margin (bps)	38	41	(3)	40	37	3
Institutional revenue margin (bps)	14	16	(2)	14	14	—
Xplore Super Admin revenue margin (bps)	—	12	(12)	12	13	(1)
Platform revenue margin (bps)	35	37	(2)	36	32	4
PARS FUA (\$m)	17,636	17,172	3%	17,636	15,871	11%
Number of PARS Accounts	8,154	7,989	2%	8,154	8,341	(2%)

FY23 Platform UEBITDA was \$85.1m (FY22: \$62.3m). 1HFY23 benefitted from RBA Official Rate increases together with an increase in cash balances as a percentage of FUA, partially offset in the 2HFY23 following the change in ADI provider and a reduction across the platform industry in deposit spreads.

UEBITDA Amount (\$m)



1. Includes administrative and resourcing costs related to strategic transactions and project costs.

2. Excludes the Xplore Super Admin discontinued operations.

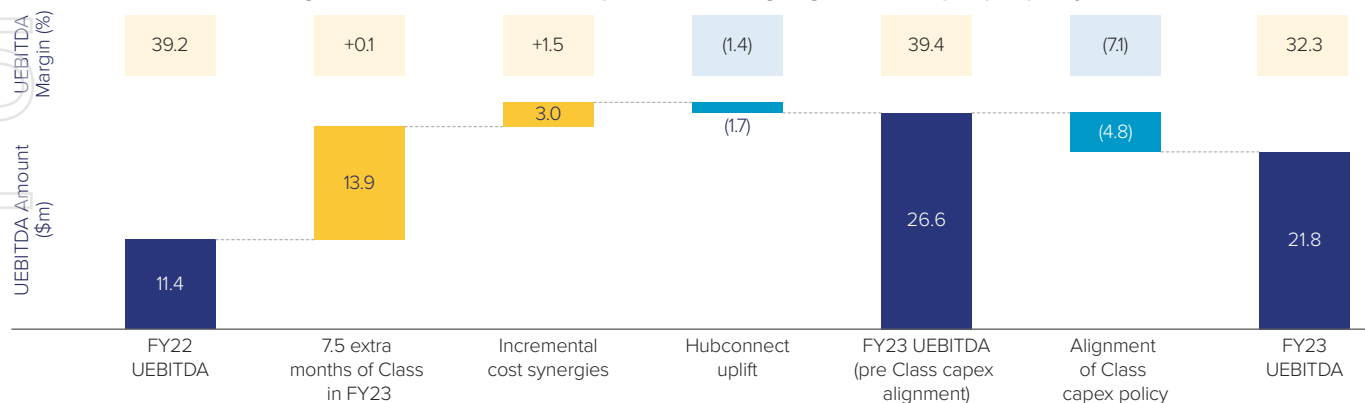
Segment results

continued

TECH SOLUTIONS SEGMENT

Profit & Loss (\$m)	2HFY23	1HFY23	2HFY23 v 1HFY23	FY23	FY22	FY23 v FY22
Total Revenue	34.1	33.4	2%	67.5	29.0	133%
Tech Solutions Fees	(1.1)	(0.9)	22%	(2.0)	(0.3)	Large
Employee Related Expenses	(15.8)	(16.7)	(5%)	(32.5)	(12.8)	154%
Administrative Expenses	(5.9)	(5.3)	11%	(11.2)	(4.5)	149%
Total Operating Expenses	(22.8)	(22.9)	(0%)	(45.7)	(17.6)	160%
Underlying EBITDA	11.3	10.5	8%	21.8	11.4	91%
Below UEBITDA Items						
Depreciation & Amortisation ¹	(2.2)	(2.0)	10%	(4.2)	(0.9)	Large
Interest Expense Lease	0.1	(0.1)	Large	—	(0.1)	(100%)
Interest Expense Other	0.6	(0.6)	Large	—	(0.2)	(100%)
Profit Before Tax (before notable items)	9.8	7.8	26%	17.6	10.2	73%
Strategic transactions and project costs ²	—	—	n/a	—	(11.3)	(100%)
Acquisition Amortisation	(5.0)	(4.9)	2%	(9.9)	(3.7)	168%
Profit/Loss Before Tax (before notable items)	4.8	2.9	66%	7.7	(4.8)	Large
Total Tech Solutions expenses	22.8	22.9	(0%)	45.7	17.6	160%
Tech Solutions Capex ³	3.5	4.3	(19%)	7.8	4.7	66%
Key margins (%)						
UEBITDA margin ⁴	33.1	31.4	1.7	32.3	39.2	(6.9)
Tech Solutions Segment Statistics						
Class Super accounts	186,190	183,239	2%	186,190	182,635	2%
Class Portfolio accounts	13,038	12,694	3%	13,038	12,413	5%
Class Trust accounts	2,921	2,686	9%	2,921	3,349	(13%)
Class accounts ⁵	202,149	198,619	2%	202,149	198,397	2%
Class Document Orders (rolling 12 months) ⁶	173,148	173,142	0%	173,148	171,309	1%
Class Companies on Corporate Messenger ⁷	645,190	621,478	4%	645,190	597,989	8%
Class Super ARPU ⁸	232	222	5%	232	222	5%
Class Portfolio ARPU ⁸	120	118	2%	120	119	1%
Class Trust ARPU ⁸	238	210	13%	238	191	25%

Tech Solutions UEBITDA margin remained stable at 39.4% prior to Class aligning to the Group capex policy.



- HUB24 has performed a review of the Class expenditure and accounting treatment for Software Intangibles. This review completed during the year with Class's accounting treatment for Software Intangibles aligned to the HUB24 accounting policy with effect from 1 July 2022.
- Includes administrative and resourcing costs related to strategic transactions and project costs.
- Tech Solutions capitalised costs including fixed assets, leasing and software costs was \$8.4m.
- UEBITDA margin excluding the alignment of the Class capitalisation policy to the HUB24 group policy remained stable year on year.
- Number of Class accounts at the end of each half and full year consists of Class Super, Class Portfolio and Class Trust licenses.
- Documents paid for by PPU and subscription customers during the year.
- Number of active companies at the end of each half and full year.
- Average Revenue Per Unit.

Segment results

continued

CORPORATE SEGMENT

Profit & Loss (\$m)	2HFY23	1HFY23	2HFY23 v 1HFY23	FY23	FY22	FY23 v FY22
Total Revenue	1.6	1.6	0%	3.2	3.0	7%
Total Operating Expenses	(4.1)	(3.6)	14%	(7.7)	(6.3)	22%
Underlying EBITDA	(2.5)	(2.0)	25%	(4.5)	(3.3)	36%
Other Items						
Share Based Payments	(6.7)	(4.4)	52%	(11.1)	(10.8)	3%
EBITDA (before notable items)	(9.2)	(6.4)	44%	(15.6)	(14.1)	11%
Interest Expense Lease	(0.3)	—	100%	(0.3)	—	n/a
Interest Expense Other	(1.4)	(0.2)	Large	(1.6)	(0.3)	Large
Profit/Loss Before Tax (before notable items)	(10.9)	(6.6)	65%	(17.5)	(14.4)	22%
Strategic transactions and project costs ¹	—	—	n/a	—	(0.1)	(100%)
Impairments	—	(3.3)	(100%)	(3.3)	—	100%
Loss Before Tax (after notable items)	(10.9)	(9.9)	10%	(20.8)	(14.5)	43%

1. Includes administrative and resourcing costs related to strategic transactions and project costs.

Balance sheet

\$m	2HFY23	1HFY23	2HFY23 v 1HFY23	FY23	FY22	FY23 v FY22
Assets						
Current assets						
Cash and cash equivalents	72.7	67.1	8%	72.7	43.4	68%
Trade and other receivables	29.5	30.6	(4%)	29.5	26.3	12%
Current tax receivables	1.9	1.1	73%	1.9	—	100%
Other current assets	6.8	5.4	26%	6.8	5.3	28%
Total current assets	110.9	104.2	6%	110.9	75.0	48%
Non-current assets						
Investment in associates	12.2	12.1	1%	12.2	15.2	(20%)
Intangible assets (including goodwill)	459.2	424.8	8%	459.2	429.4	7%
Loans receivable	1.3	0.7	86%	1.3	15.7	(92%)
Right of use asset	9.6	9.0	7%	9.6	9.5	1%
Deferred tax assets (net of deferred tax liability)	0.5	—	100%	0.5	—	100%
Property, plant and equipment	3.0	3.0	0%	3.0	2.9	3%
Total non-current assets	485.8	449.6	8%	485.8	472.7	3%
Total Assets	596.7	553.8	8%	596.7	547.7	9%
Liabilities						
Current liabilities						
Trade and other payables	16.7	13.6	23%	16.7	13.9	20%
Provisions	24.4	20.9	17%	24.4	21.2	15%
Current tax liabilities	—	—	—	—	2.7	(100%)
Borrowings	—	21.3	(100%)	—	10.0	(100%)
Lease liabilities	3.8	3.3	15%	3.8	3.3	15%
Deferred tax liabilities (net of deferred tax assets)	—	3.4	(100%)	—	0.7	(100%)
Other current liabilities	0.1	0.3	(67%)	0.1	0.3	(67%)
Total current liabilities	45.0	62.8	(28%)	45.0	52.1	(14%)
Non-current liabilities						
Lease liabilities	6.4	6.4	0%	6.4	6.9	(7%)
Provisions	4.5	2.9	55%	4.5	3.3	36%
Borrowings	30.0	15.1	99%	30.0	29.2	3%
Deferred income	0.4	0.3	33%	0.4	0.5	(20%)
Other non-current liabilities	—	—	0%	—	—	0%
Total non-current liabilities	41.3	24.7	67%	41.3	39.9	4%
Total liabilities	86.3	87.5	(1%)	86.3	92.0	(6%)
Net assets	510.4	466.3	9%	510.4	455.7	12%
Equity						
Issued capital	491.5	464.3	6%	491.5	460.4	7%
Profit reserve	67.2	55.8	20%	67.2	50.3	34%
Share based payment reserves	26.7	21.2	26%	26.7	20.0	34%
Retained earnings	(75.0)	(75.0)	0%	(75.0)	(75.0)	0%
Total equity	510.4	466.3	9%	510.4	455.7	12%

Cashflow

\$m	2HFY23	1HFY23	2HFY23 v 1HFY23	FY23	FY22	FY23 v FY22
Cash flows from operating activities						
Receipts from customers (inclusive of GST)	141.8	131.9	8%	273.7	182.2	50%
Payments to suppliers and employees (inclusive of GST)	(86.8)	(89.6)	(3%)	(176.4)	(122.2)	44%
Interest received	1.1	1.0	10%	2.1	1.6	31%
Interest paid on lease liability	(0.1)	(0.2)	(50%)	(0.3)	(0.3)	0%
Short term lease payments	(0.1)	(0.1)	0%	(0.2)	(0.1)	100%
Net cash inflow from operating activities prior to strategic costs and tax	55.9	43.0	30%	98.9	61.2	62%
Strategic transaction and project costs	(5.6)	(4.1)	37%	(9.7)	(16.8)	(42%)
Income tax payment	(4.9)	(8.8)	(44%)	(13.7)	(7.5)	83%
Net cash inflow from operating activities	45.4	30.1	51%	75.5	36.9	105%
Cash flows from investing activities						
Payments for acquisitions net of cash acquired	(0.4)	-	n/a	(0.4)	(12.5)	(97%)
Payments for office equipment	(0.8)	(0.8)	0%	(1.6)	(0.6)	167%
Payments for intangible assets	(9.3)	(6.9)	35%	(16.2)	(12.0)	35%
Dividends from associate	0.7	-	100%	0.7	0.5	40%
Net cash (outflow) from investing activities	(9.8)	(7.7)	27%	(17.5)	(24.6)	(29%)
Cash flows from financing activities						
Loan facility (advance)/repayment	(0.5)	14.9	(103%)	14.4	(8.1)	(Large)
Payments for capital raising costs	(0.1)	—	n/a	(0.1)	(0.2)	(50%)
Proceeds from share options exercised by employees	0.1	1.1	(91%)	1.2	2.5	(52%)
Repayment of borrowings	(6.3)	(3.0)	110%	(9.3)	(4.1)	127%
Payments for treasury share buy-backs	(10.0)	—	n/a	(10.0)	(10.0)	0%
Repayment of lease principal payments	(1.9)	(1.8)	6%	(3.7)	(2.7)	37%
Dividends paid	(11.2)	(10.0)	12%	(21.2)	(9.8)	116%
Net cash inflow/(outflow) from financing activities	(29.9)	1.2	(Large)	(28.7)	(32.4)	11%
Net increase in cash and cash equivalents	5.7	23.6	(76%)	29.3	(20.1)	(Large)
Cash and cash equivalents at the beginning of the period	67.0	43.5	54%	43.4	63.5	(32%)
Cash and cash equivalents at end of the period	72.7	67.1	9%	72.7	43.4	67%

The Group continues to generate strong operating cashflows, with FY23 net cash inflow from operating activities prior to strategic costs and tax of \$98.9 million (FY22: \$61.2 million).

The Group maintains cash reserves significantly above regulatory capital requirements.

Cash and cash equivalents at 30 June 2023 were \$72.7 million (FY22: \$43.4 million), and the Group recorded positive cashflow from operating activities of \$75.5 million (FY22: \$36.9 million). Net cash and cash equivalents after deducting borrowings was \$42.7 million.

The increase in both receipts from customers and payments to suppliers reflects increased size of the Platform business, due to business acquisitions and underlying growth in account numbers and the Tech Solutions business benefitting from the acquisition of Class.

Cash outflows from financing activities of \$28.7 million includes \$10 million for the purchase of Treasury Shares to service the long term incentive schemes, \$21.2 million of dividends, \$9.3 million repayment of borrowings partly offset by \$14.1 million proceeds from ORFR loan facility settlement.

Glossary

ARPU	Average Revenue Per Unit
Cost to income ratio (%)	Total operating expenses divided by total revenue
EBITDA	Earnings before interest, tax, depreciation, amortisation
Funds under administration (FUA)	The value of customer portfolios invested onto the Platform
Net tangible assets per basic share	Total Assets less Total Liabilities adjusted for Intangible Assets, divided by the number of outstanding ordinary paid shares
Notable Items	Includes administrative and resourcing costs related to strategic transactions and project costs, and Amortisation relating to the acquisition of Xplore, Class and Ords Minnett
ORFR	Operational Risk Financial Requirement relates to the HUB24 Superannuation Fund's requirement to hold adequate reserves against operational losses in accordance with APRA Prudential Standard SPS114
PARS FUA	Portfolio And Reporting Services – refers to the non-custodial portfolio
Platform FUA	Refers to the custodial portfolio
PPA	The purchase price accounting for the Xplore, Class and myprosperity acquisitions
PPU	Pay Per Unit
Revenue margin (bps)	Custodial revenue divided by average custodial FUA
SMSF	Self-managed super fund
STI/LTI	Short term incentive/Long term incentive
Underlying EBITDA	Refers to EBITDA excluding notable items
Underlying EBITDA margin from continuing operations (%)	Underlying EBITDA divided by total revenue

Corporate information

HUB24 LIMITED

ACN 124 891 685

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 2, 7 Macquarie Place
Sydney NSW 2000 Australia

DIRECTORS

Mr Bruce Higgins (Chairman and Independent Non-Executive Director)
Mr Andrew Alcock (Managing Director)
Mr Anthony McDonald (Independent Non-Executive Director)
Ms Catherine Kovacs (Independent Non-Executive Director)
Mr Paul Rogan (Independent Non-Executive Director)
Ms Rachel Grimes AM (Independent Non-Executive Director) appointed 29 May 2023
Ms Ruth Stringer (Independent Non-Executive Director) retired on 30 April 2023

COMPANY SECRETARIES

Ms Kitrina Shanahan
Mr Andrew Brown

AUDITOR

Deloitte Touche Tohmatsu

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HUB24 Limited shares are listed on the
Australian Securities Exchange (ASX: **HUB**)

ELECTRONIC COMMUNICATIONS

HUB24 encourages our shareholders to receive investor
communications electronically, including the Annual Report.

These reports are available on our website at www.HUB24.com.au.
To register for electronic investor communications, please go to
www.linkmarketservices.com.au and register for online services.

WEBSITE

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