

HUB²⁴


'19

ANALYST PACK FOR THE YEAR ENDED 30 JUNE 2019

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1. FINANCIAL HIGHLIGHTS FY19

 NETFLOWS FOR THE YEAR
\$3.9b ↑ 61% ON FY18

 FUA OF **\$12.9b**
 ↑ 54% ON 30 JUNE 2018

PLATFORM SEGMENT
REVENUE

\$54.1m

↑ 36%
ON FY18

PLATFORM SEGMENT
UNDERLYING EBITDA

\$18.0m

↑ 52%
ON FY18

GROUP
UNDERLYING EBITDA

\$14.8m

↑ 30%
ON FY18

GROUP
UNDERLYING NPAT

\$6.8m

↑ 27%
ON FY18

PLATFORM MARGINS (AS A PERCENTAGE OF REVENUE)

Gross profit

75% ↑ FROM 72% FY18

Underlying EBITDA

33% ↑ FROM 30% FY18 (2HFY19 35%)

2. MARKET OVERVIEW AND OUTLOOK

GROUP OVERVIEW

HUB24 Limited operates the HUB24 investment and superannuation platform, provides financial advice to clients through financial advisers authorised by Paragem Pty Limited and provides application and technology products through its subsidiary, Agility Applications Pty Limited.

The HUB24 investment and superannuation platform is a leading portfolio administration service that provides financial advisers with the capability to offer their clients access to a wide range of investments including market leading managed portfolio functionality, efficient and cost effective trading, insurance and comprehensive reporting for all types of investors – individuals, companies, trusts or self-managed super funds.

Paragem (the Licensee) provides licensee services and is a wholly owned subsidiary and boutique advice licensee group. It comprises a network of 32 financial advice businesses which deliver high quality, goals-based advice. It provides compliance, software, education and support to the practices enabling advisers to provide clients with financial advice across a range of products.

Agility (IT Services) provides application and technology products to the financial services industry, currently servicing approximately 45% of Australia's stockbroking market. It earns software license and consulting fees from data, software and technology infrastructure services.

MARKET OVERVIEW

HUB24 operates a full service wrap platform, and is a specialist in the delivery of managed account solutions. The superannuation market is underpinned by mandatory contributions, which are scheduled to increase from 9.5% of gross salaries to 12.0% by 2025¹. Due to the mandated nature of Australia's superannuation system, Australia has the fourth largest pension market globally and is expected to grow from \$2.5 trillion to over \$10 trillion by 2035 (a compound annual growth rate ("CAGR") of 8%).¹

¹ Deloitte – Dynamics of Australia's superannuation system, the next 20 years 2015 to 2035

The size of the personal investments market is expected to grow to over \$5 trillion in the next 10 years. Wrap platforms, in administering non-superannuation assets, are expected to grow at a CAGR of 10% over this period².

In this context the role of and demand for quality, unconflicted financial advice in the client's best interests and sophisticated investment platforms is increasing. HUB24 continues to be the fastest growing platform provider in the market relative to its size³ and number one rated for Managed Accounts functionality for three years running.⁴

KEY TRENDS

THE RISE OF SPECIALIST PLATFORMS (SPs)

Over the last 5 years:

- SPs have increased market share from less than 1% to over 5%
- Institutional platforms (4 banks, AMP, IOOF, Macquarie) have collectively lost market share over this same period.

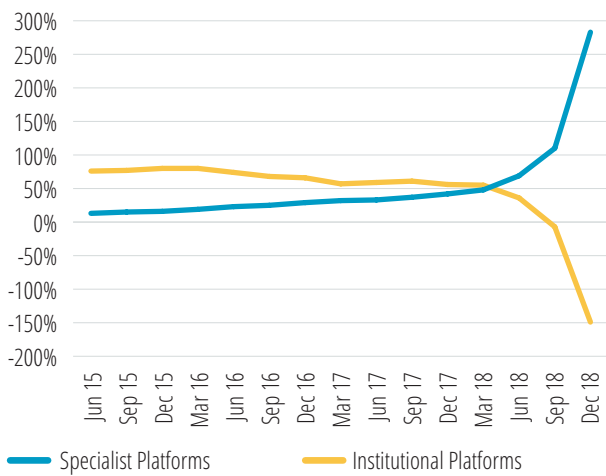
Specialist platforms are winning an increasing amount of net flows in the industry. Newer technology has been utilised in order to deliver more flexible platform solutions and broader investment choice, uninhibited by in-house legacy systems. Institutional providers have been dealing with changes in their wealth management strategies with some exiting wealth altogether. This, coupled with brand damage from the Royal Commission and a lack of platform investment, has seen them collectively move to net outflow in recent quarters with this trend accelerating.

² Rice Warner – Personal Investments Projection Report 2017

³ Source: Based on Strategic Insights. Analysis of Wrap, Platform and Master Trust Managed Funds at March 2019. HUB24 is the fastest growing platform provider relative to its size in percentage terms, 2nd highest in terms of annual dollar based net inflows and 2nd highest in terms of quarterly dollar based net inflows.

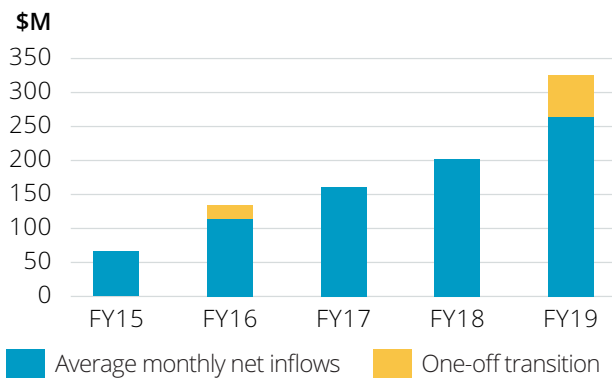
⁴ Investment Trends 2018 Platform Competitive Analysis and Benchmarking Report.

ANNUAL FLOWS*

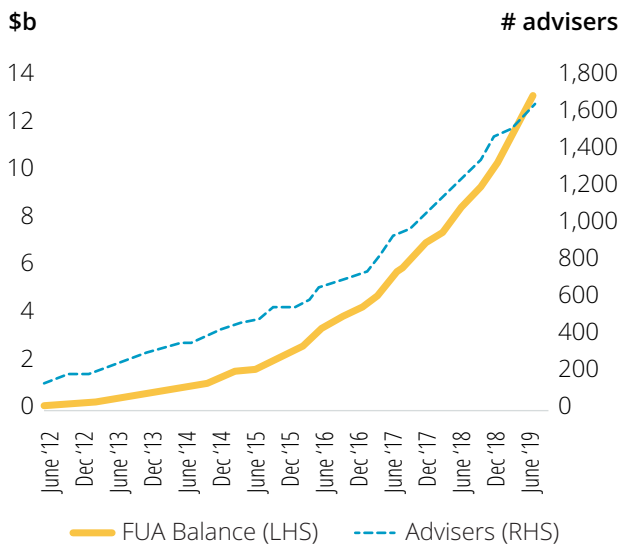


*Strategic Insights Analysis of Wrap, Platform and Master Trust Managed Funds at 31 March 2019

HUB24 AVERAGE MONTHLY NET INFLOWS



HUB24 FUA AND ADVISERS



ADVISERS LEAVING INSTITUTIONS

Compliance and regulatory pressures have led the major institutions to review their industry participation. Data from Adviser Ratings shows advisers leaving the larger institutions to become self-licensed or join non-institutional dealer groups.

Now that all of the major banks have announced changes to their wealth management advice strategies, including some exiting advice altogether, we anticipate continued escalation of these trends throughout this period of disruption.

ROYAL COMMISSION IMPACTS

HUB24 is well-positioned to leverage technology and provide innovative solutions to support licensees, advisers and clients through the Royal Commission recommendations.

As always, HUB24 is committed to connecting consumers to the best possible product solutions to help them achieve their financial goals. Particularly, we welcome the recommendations that support advisers in providing their clients with increased choice, transparency and a broader range of product options to suit their needs.

The removal of grandfathered commissions is expected to release FUA from legacy products and is a review trigger for advisers regarding platform selection. HUB24 is now seeing approved product lists being opened up to Specialist Platform Providers and is well positioned to help advisers adjust and define their value proposition in a post Royal Commission world.

TRADITIONAL FINANCIAL SERVICES SEGMENTS ARE CONVERGING

Stockbrokers are embracing annuity based income models to better service clients. For example, financial advice using platforms and managed portfolios. The use of platforms can create scalable, efficient business models with better risk management.

Financial advisers are now able to more efficiently manage directly held assets, previously the domain of stockbrokers, overlaid with professional management (managed portfolios). HUB24 expects to benefit from both these trends.

3. REVIEW OF FINANCIAL RESULTS

The Group recorded a 15% increase in operating revenues to \$96.3 million for FY19 (\$84.0 million for FY18). Record annual net inflows were achieved of \$3.9 billion in the context of challenging and disrupted markets, up 61% on FY18.

The Group's preferred measure of profitability is Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (Underlying EBITDA), which increased 30% to \$14.8 million for FY19 (\$11.4 million in FY18), with Underlying Net Profit After Tax (UNPAT) up 27% to \$6.8 million for FY19 (\$5.4 million for FY18).

The key items driving the Group Underlying EBITDA performance for FY19 were:

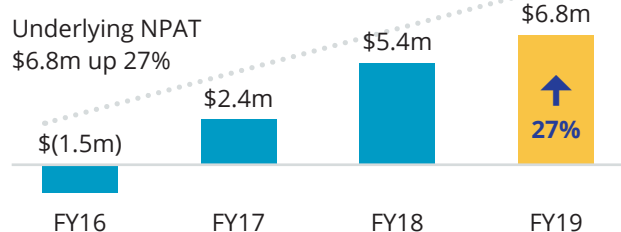
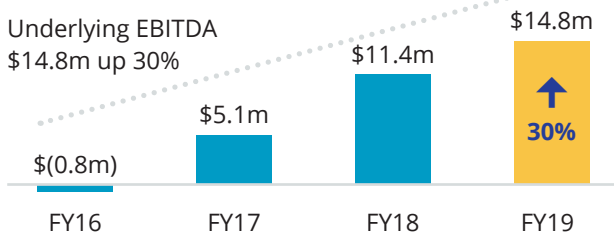
- FUA growth in the Platform segment from \$8.3 billion at 30 June 2018 to \$12.9 billion at 30 June 2019, an increase of 54%. Record net inflows of \$3.9 billion were achieved during FY19 in the context of structural change and distraction across the industry. Our capability to assist advisers with bulk FUA transitions has supplemented organic adviser flows to maintain growth in these conditions.
- Platform revenue increased by 36% to \$54.1 million for FY19 (\$39.7 million for FY18) while platform expenses (direct, operating and growth expenses) increased

by 30% to \$36.0 million (\$27.8 million for FY18). As a result of our focus on growth, Platform revenue was impacted by higher levels of assisted FUA transition which involve the in-specie transfer of assets, and as a consequence reduced trading margin revenue and cash balances for new accounts. We also saw the impact of subdued markets, as well as lower cash balances on platform. See page 8 for further detail.

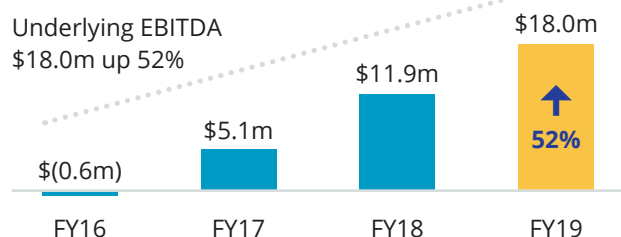
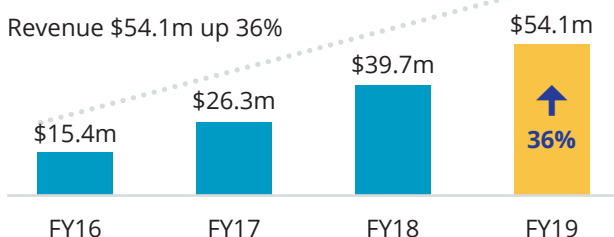
- As previously announced, the Group continues to invest in the business in order to support its growth ambitions. In the first half of the year the operating expense base included senior appointments in finance, operations and risk and compliance and the associated recruitment costs. Operating expenses also include growth investment expenses, predominantly headcount resources dedicated to distribution, future platform development and business strategy to drive future growth. In 1HFY19 two senior distribution executives were recruited. This investment in operating expenses ensures the business has the capability to reliably take-on new FUA and will be leveraged over a growing FUA base in future periods.

A statutory Net Profit after Tax (NPAT) of \$7.2 million was recorded for FY19 (\$7.4 million for FY18 which included a material non-cash fair value gain).

GROUP



PLATFORM SEGMENT



GROWTH INDICATORS AND FINANCIAL METRICS

HUB24 Group growth indicators	FY19	FY18	FY17	2H19	1H19	2H18	1H18	2H17	1H17
Funds under administration (\$m)	12,870	8,341	5,515	12,870	10,046	8,341	6,899	5,515	4,149
Net flows (\$m)	3,890	2,423	1,953	1,772	2,118	1,334	1,089	1,259	694
Advisers on the platform	1,625	1,227	917	1,625	1,456	1,227	1,040	917	737
Operating revenue (\$m)	96.3	84.0	61.9	49.1	47.1	43.4	40.6	35.2	26.6
Gross Profit (\$m)	45.4	34.3	20.8	24.0	21.5	18.2	16.1	12.5	8.3
Underlying EBITDA (\$m)	14.8	11.4	5.1	8.3	6.5	6.5	4.9	3.4	1.7
Underlying NPAT (\$m)	6.8	5.4	2.4	3.7	3.1	3.3	2.1	1.5	0.9
Group financial metrics									
Gross Profit margin (%)	47.2%	40.8%	33.6%	48.8%	45.6%	42.0%	39.6%	35.6%	31.0%
Underlying EBITDA margin (%)	15.4%	13.6%	8.3%	16.9%	13.8%	15.0%	12.1%	9.7%	6.4%
EBITDA margin (%)	13.2%	11.8%	7.0%	14.9%	11.5%	13.4%	10.1%	8.1%	5.4%
Cost to income ratio (%)	84.6%	86.4%	91.7%	83.1%	86.2%	85.0%	87.9%	90.3%	93.6%
Effective tax rate (%)	35.2%	30.7%	30.0%	41.4%	25.9%	32.3%	28.1%	30.0%	30.0%
Statutory NPAT (\$m)	7.2	7.4	18.9	4.0	3.2	5.1	2.3	17.5	1.4
Operating cashflows (\$m)	11.6	12.2	4.1	8.2	3.4	7.7	4.6	2.6	1.5
Employee benefits expense (\$m)	(32.4)	(25.2)	(17.2)	(16.7)	(15.7)	(12.7)	(12.5)	(11.0)	(6.2)
Total staff at period end (#)	222	190	148	222	215	190	163	148 ²	77
Earnings per share (cents)									
Basic – underlying	10.9	9.0	4.4	5.9	5.0	5.5	3.6	2.8	1.6
Basic – statutory	11.5	12.3	34.9	6.4	5.1	8.3	3.9	31.9	2.5
Diluted – underlying	10.7	8.7	4.1	5.8	4.9	5.3	3.5	2.6	1.6
Diluted – statutory	11.3	11.9	33.1	6.3	5.0	8.3	3.8	30.7	2.4
Share Capital									
Ordinary (closing) (m)	62.3	61.6	54.9	62.3	62.1	61.6	61.0	54.9	53.9
Weighted average (m)	62.1	60.1	54.0	62.1	61.9	60.1	58.8	54.0	53.2
Weighted average diluted (m)	63.4	61.9	56.9	63.4	63.3	61.9	60.9	56.9	56.4
Share Price – closing (\$)	11.88	11.55	6.24	11.88	11.88	11.55	9.57	6.24	5.20
Capital management									
Cash & cash equivalents (\$m)	18.5	16.9	10.8	18.5	15.5	16.9	13.6	10.8	10.5
Net assets – average (\$m)	60.9	50.2	31.3	62.7	58.7	54.2	47.6	32.7	20.4
Net assets – closing (\$m)	64.9	56.9	43.6	64.9	60.5	56.9	51.5	43.6	21.8
Net assets per basic share (\$)	1.0	0.9	0.8	1.0	1.0	0.9	0.8	0.8	0.4
Net tangible assets (\$m)	27.9	25.2	15.5	27.9	26.2	25.2	22.2	15.5	7.6
Net tangible assets per basic share (\$)	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.3	0.1
Dividend (cents)	4.6	3.5	-	2.6	2.0	3.5 ¹	-	-	-
Dividend franking (%)	0%	0%	-	0%	0%	0%	-	-	-
Underlying NPAT annual payout ratio	42%	40%	-	-	-	-	-	-	-

1. The inaugural dividend represented a payout on full year FY18 profits.

2. Agility acquisition completed in period.

GROUP FINANCIAL PERFORMANCE

HUB24 consolidated profit and loss (\$m)	FY19	FY18	FY17	2H19	1H19	2H18	1H18	2H17	1H17
Platform revenue	54.1	39.7	26.3	28.6	25.4	20.9	18.8	14.5	11.8
IT services revenue	7.0	8.5	4.7	3.5	3.5	4.0	4.5	4.7	-
Licensee revenue	35.2	35.8	30.8	17.0	18.3	18.5	17.3	16.0	14.8
Operating Revenue	96.3	84.0	61.9	49.1	47.1	43.4	40.6	35.2	26.6
Direct expenses	(50.8)	(49.7)	(41.1)	(25.2)	(25.7)	(25.2)	(24.5)	(22.7)	(18.4)
Gross Profit	45.4	34.3	20.8	24.0	21.5	18.2	16.1	12.5	8.3
Operating expenses	(30.7)	(22.9)	(15.7)	(15.7)	(15.0)	(11.8)	(11.1)	(9.1)	(6.6)
Underlying EBITDA	14.8	11.4	5.1	8.3	6.5	6.5	4.9	3.4	1.7
Other items									
Share based payment expenses	(2.1)	(1.6)	(0.9)	(1.0)	(1.1)	(0.7)	(0.9)	(0.6)	(0.3)
Other income	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.1
EBITDA (before abnormal items)	12.8	9.9	4.3	7.3	5.4	5.8	4.1	2.9	1.4
Discount on contingent consideration	(0.4)	(0.6)	(0.4)	(0.1)	(0.3)	(0.3)	(0.3)	(0.4)	(0.0)
Depreciation and amortisation	(2.6)	(2.0)	(1.4)	(1.3)	(1.3)	(1.0)	(1.0)	(0.9)	(0.5)
Interest income ¹	0.6	0.5	0.9	0.3	0.3	0.3	0.2	0.5	0.3
Profit before tax (before abnormal items)	10.5	7.8	3.4	6.3	4.2	4.9	3.0	2.1	1.3
Less: Income tax expense	(3.7)	(2.4)	(1.0)	(2.6)	(1.1)	(1.6)	(0.8)	(0.6)	(0.4)
Underlying NPAT	6.8	5.4	2.4	3.7	3.1	3.3	2.1	1.5	0.9
Abnormal items excluding tax effect:									
Fair value gain on contingent consideration	1.1	2.4	0.9	0.4	0.7	2.2	0.2	0.4	0.5
Deferred tax recognition	-	-	15.9	-	-	-	-	15.5	0.4
Share based expenses	-	0.1	0.2	-	-	-	0.1	0.2	-
Abnormal corporate costs	(0.8)	(0.5)	(0.5)	(0.1)	(0.7)	(0.4)	(0.1)	(0.1)	(0.4)
Statutory NPAT	7.2	7.4	18.9	4.0	3.2	5.1	2.3	17.5	1.4
Underlying EBITDA by segment									
Platform	18.0	11.9	5.1	10.1	8.0	6.9	5.0	3.2	1.9
Licensee	(0.2)	0.2	0.2	(0.2)	(0.1)	0.1	0.1	0.2	0.1
IT services	(0.5)	0.0	0.3	(0.3)	(0.2)	(0.2)	0.2	0.2	-
Corporate	(2.4)	(0.7)	(0.5)	(1.3)	(1.1)	(0.4)	(0.3)	(0.3)	(0.3)
Total Underlying EBITDA	14.8	11.4	5.1	8.3	6.5	6.5	4.9	3.4	1.7

1. Note that interest income will be shown as part of Underlying EBITDA from 1 July 2019.

REVENUE

Operating revenue increased to \$96.3 million, up 15% compared to FY18 due to:

- Record FUA growth in the Platform segment from \$8.3 billion at 30 June 2018 to \$12.9 billion at 30 June 2019, an increase of 54%, has resulted in platform revenue of \$54.1 million for FY19, an increase of 36% over FY18.
- The Licensee (Paragem) contributed \$35.2 million in revenue for FY19 (\$35.8 million for FY18). This slight decrease in Gross Revenue (which is also offset by a decrease in Direct Costs) was the result of some advice practices moving to self-licensing during the year, however the pipeline for future growth is strong due to the increasing migration of advisers away from institutional licensees. Paragem continues to provide strong strategic value for the HUB24 Group.
- IT Services (Agility) contributed \$7.0 million in revenue from software licensing and consulting services for FY19 compared to \$8.5 million for FY18, a decrease of 18%. As part of HUB24's acquisition rationale, Agility has been spending more time on internal development activities, including ConnectHUB, to support the Group's strategic objectives.

PLATFORM REVENUE MARGIN

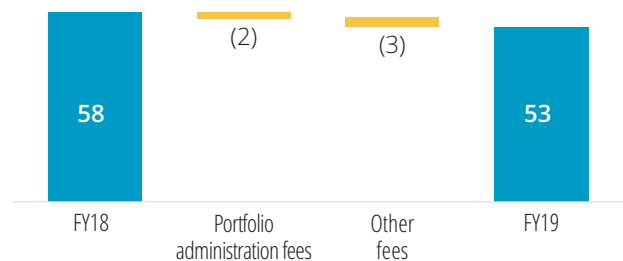
Platform revenue comprises a mix of FUA based fees, including tiered administration fees and fees on client funds held as cash, and transaction fees such as platform trading for equities, managed funds and insurance. For FY19 the revenue margin was 0.51% of average FUA (0.57% for FY18), calculated as the average of opening and closing FUA for the year. It should be noted that FUA materially increased over the course of the year, with some lumpy increases from a large transition and strong market movements. Calculating this measure on a monthly average FUA basis the revenue margin was 0.53% (0.58% for FY18). This calculation adjusts for the fact that there was a strong market movement in June 2019, which increased the closing FUA position. 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, however increase in dollar terms (see chart on following page). In FY19 average account balances were up 11%.

During FY19, revenue was impacted by higher levels of assisted FUA transition, which involve the in-specie transfer of assets, and as a consequence reduced trading margin revenue and cash balances for new accounts. However, this focus assisted in the achievement of record FUA flows. The impact of scale based pricing for the large transition completed in December 2018 also impacted margin in the second half, along with lower cash balances on platform as the equities market rebounded.

The chart below breaks down the movement of the revenue margin calculated on a monthly average FUA basis from FY18 to FY19. This measure is more reflective of the FUA that revenue was earned on during the year as it adjusts for material FUA flows, particularly those that occur at the end of the period.

PLATFORM AVERAGE MONTHLY FUA REVENUE MARGIN MOVEMENT BREAKDOWN (BASIS POINTS)



GROSS PROFIT

Gross Profit increased to \$45.4 million, up 33% compared to FY18 (\$34.3 million). Platform Gross Profit increased by \$12.0 million to \$40.4 million, up 42% compared to FY18 (\$28.4 million) due to strong platform net inflows, both from organic flows and large transitions. For the Gross Profit of the other segments see Section Four, Segment Results.

Platform direct costs of \$13.7 million (\$11.3 million for FY18) include custody, trustee, superannuation administration and headcount resources to service current client accounts while Licensee (Paragem) direct costs of \$32.2 million (\$32.6 million for FY18) include payments to advisers for advice fees and suppliers of compliance, software and training services. Paragem direct costs have slightly reduced in line with the small revenue reduction this year.

IT Services (Agility) direct costs of \$4.9 million (\$5.8 million for FY18) include headcount and infrastructure resources to support existing customer consulting arrangements and software license needs. Agility direct costs have reduced due to headcount spending more time on internal development activities, to support the Group's strategic objectives, including ConnectHUB.

OPERATING EXPENSES

The Group continues to invest in the business to support execution of its growth strategies. Operating expenses of \$30.7 million (\$22.9 million for FY18) include growth investment expenses, predominantly headcount resources dedicated to distribution and marketing, future platform development and business strategy (inclusive of M&A activity) to drive future growth.

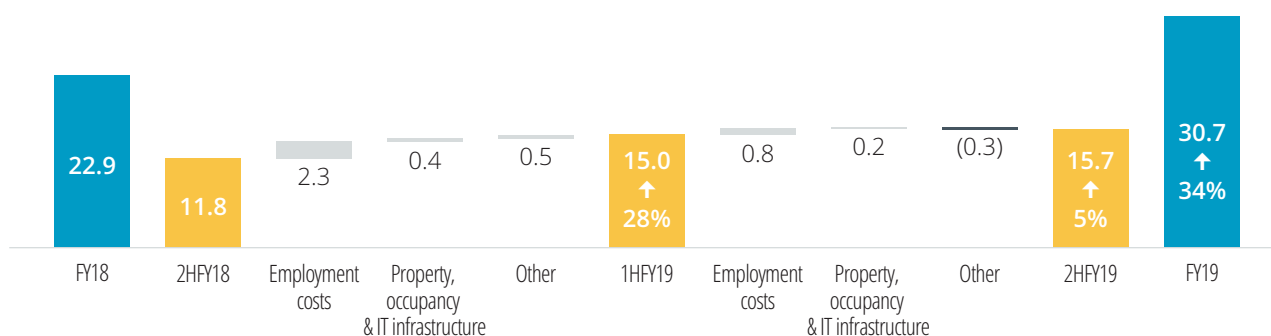
Investment in the operating expense base during the year included senior appointments in distribution, finance, operations and risk and compliance and includes the associated recruitment costs. It is expected

that this investment in operating expenses will ensure the business has the capability to reliably take-on new FUA and will be leveraged over a growing FUA base in future periods. The majority of the increase in the operating expense base occurred in the first half, with the run-rate of this investment continuing into the second half, as can be seen in the following chart which indicates strong cost control during the period.

HUB24 also moved premises in December 2017, incurring comparatively higher occupancy costs in the 12 months to 30 June 2019.

The Group's cost to income ratio improved from 86.4% in FY18 to 84.6% in FY19.

OPERATING EXPENSES BREAKDOWN (\$M)



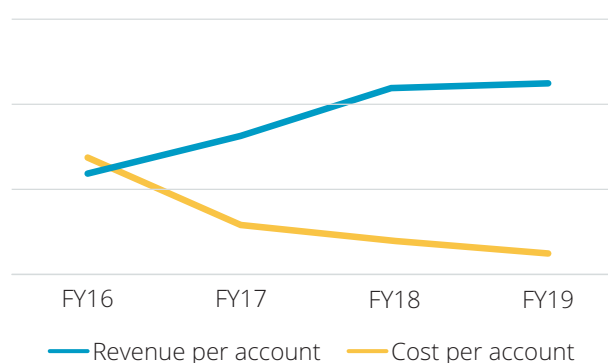
UNDERLYING EBITDA

Group Underlying EBITDA before other significant items increased by \$3.4 million to \$14.8 million, up 30% compared to FY18 due to:

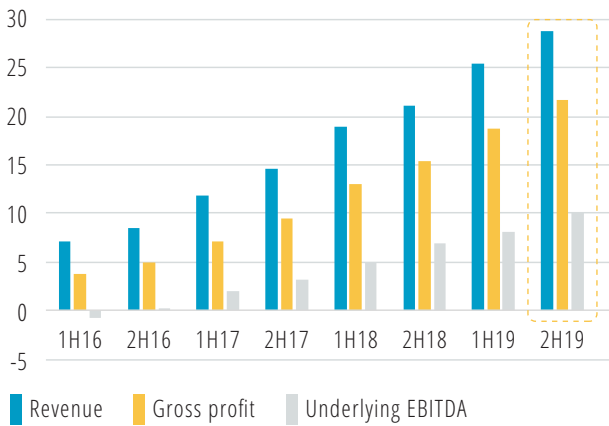
- FUA growth in the Platform segment from \$8.3 billion at 30 June 2018 to \$12.9 billion at 30 June 2019.
- Platform segment Underlying EBITDA of \$18.0 million with Underlying EBITDA margin increasing to 33.3% (30.0% for FY18). The Platform Underlying EBITDA margin in the second half of the year was 35.1%.
- Underlying EBITDA margin at a Group level improved to 15.4% in FY19 from 13.6% in FY18 driven by improving economies of platform scale.

The Platform segment continues to see the benefits of increasing scale, leading to EBITDA margin expansion. As average account balances increase, revenue per account is increasing, whilst the cost per account is decreasing.

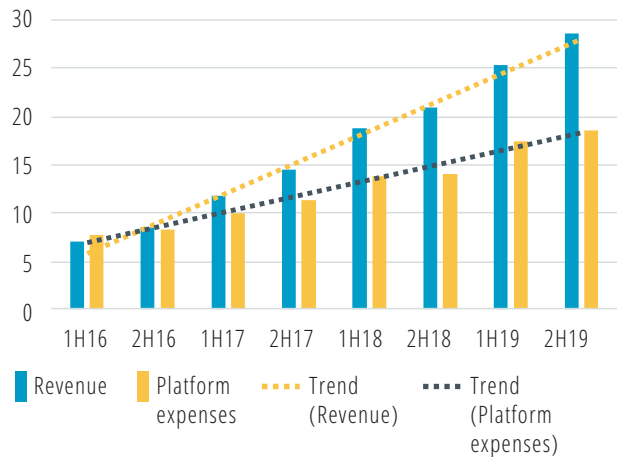
PLATFORM REVENUE AND COST PER ACCOUNT



PLATFORM REVENUE, GROSS PROFIT AND UNDERLYING EBITDA TRENDS (\$M)



PLATFORM REVENUE AND EXPENSE TRENDS (\$M)



GROSS PROFIT AND UNDERLYING EBITDA AS % OF REVENUE

Profit lines	1HFY16	2HFY16	1HFY17	2HFY17	1HFY18	2HFY18	1HFY19	2HFY19
Gross profit	53%	58%	59%	65%	69%	74%	74%	76%
Underlying EBITDA	(11%)	2%	16%	22%	26%	33%	31%	35%

OTHER ITEMS

Abnormal Platform costs of \$0.8 million were primarily incurred in the first half associated with a large client transition project and transition of IT service provider to an in-house solution.

HUB24 has a policy of capitalising investment in its Platform asset, which is then depreciated over its useful life (which is regularly assessed). During the year \$6.3 million of Platform innovation development was capitalised (\$4.2 million for FY18). Depreciation and amortisation has increased in FY19 as a result of HUB24's continued investment.

Discount on contingent consideration reflects the fair valuation of contingent consideration with regard to the Agility acquisition. The liability increases as it gets closer to crystallisation date. In FY19 it was an expense of \$0.4 million, down from \$0.6 million in FY18. The fair value gain on contingent consideration is in relation to reassessing the future contingent consideration liability. In FY19 this reassessment led to an income item of \$1.1 million, down from FY18's reassessment of \$2.4 million.

Income tax expense increased to \$3.7 million in FY19 (\$2.4 million for FY18), which primarily reflects the growth of the business. Income tax is currently a non-cash item as the HUB24 Group has historic tax losses which are being utilised. The effective tax rate for FY19 was

impacted by the finalisation of the FY18 Research and Development (R&D) claim, which was lower than initially estimated, this occurred in the second half of FY19.

DIVIDENDS

The Board intends to target a dividend payout ratio between 40% and 60% of HUB24's annual Underlying Net Profit After Tax. Subsequent to year end the directors have declared an unfranked dividend of 2.6 cents per share. The FY19 total dividends of 4.6 cents per share (up 31% from FY18) represents an Underlying Net Profit After Tax payout ratio of 42%. It is expected that once tax losses have been fully recouped, future dividends will be franked to the maximum extent possible.

The payment of a dividend by HUB24 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 second half 2019 dividend are as follows:

- Ex-date: 16 September 2019;
- Record date: 17 September 2019; and
- Dividend payment date: 18 October 2019.

The first half dividend of 2.0 cents per share was paid 11 April 2019.

4. SEGMENT RESULTS

PLATFORM SEGMENT

Profit and loss (\$m)	FY19	FY18	FY17	2H19	1H19	2H18	1H18	2H17	1H17
Revenue	54.1	39.7	26.3	28.6	25.4	20.9	18.8	14.5	11.8
Direct Expenses	(13.7)	(11.3)	(9.9)	(7.0)	(6.7)	(5.5)	(5.8)	(5.1)	(4.8)
Gross Profit	40.4	28.4	16.4	21.7	18.7	15.4	13.0	9.4	7.0
Operating expenses	(22.4)	(16.5)	(11.4)	(11.6)	(10.8)	(8.5)	(8.0)	(6.2)	(5.1)
Underlying EBITDA	18.0	11.9	5.1	10.1	8.0	6.9	5.0	3.2	1.9
Other items									
Other income	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.1
EBITDA	18.1	12.0	5.2	10.1	8.0	7.0	5.0	3.2	1.9
Depreciation and amortisation	(2.3)	(1.3)	(1.2)	(1.2)	(1.2)	(0.7)	(0.6)	(0.7)	(0.5)
Interest	0.0	0.2	0.5	0.0	0.0	0.1	0.1	0.3	0.2
Abnormal costs	(0.8)	-	-	(0.1)	(0.7)	-	-	-	-
Profit before tax	15.0	10.9	4.4	8.8	6.1	6.4	4.5	2.8	1.6
Total platform expenses									
	(36.0)	(27.8)	(21.3)	(18.6)	(17.5)	(14.0)	(13.8)	(11.3)	(10.0)
Platform Capex	6.3	4.2	2.0	3.2	3.0	2.3	1.9	1.1	0.9
Platform statistics									
FUA (\$m)	12,870	8,343	5,515	12,870	10,046	8,343	6,899	5,515	4,149
Average FUA (\$m)	10,607	6,929	4,414	11,458	9,195	7,621	6,207	4,832	3,731
Netflows (\$m)	3,890	2,423	1,953	1,772	2,118	1,334	1,089	1,259	694
Gross Flows (\$m)	5,327	3,921	2,607	2,631	2,696	1,840	2,081	1,625	982
Advisers	1,625	1,227	917	1,625	1,456	1,227	1,040	917	737
Performance analysis									
Basis Points (% of average FUA)									
Revenue	0.51%	0.57%	0.60%	0.50%	0.55%	0.55%	0.60%	0.60%	0.63%
Direct expenses	0.13%	0.16%	0.22%	0.12%	0.15%	0.15%	0.19%	0.21%	0.26%
Gross Profit	0.38%	0.41%	0.37%	0.38%	0.41%	0.40%	0.42%	0.39%	0.37%
Operating expenses	0.21%	0.24%	0.26%	0.20%	0.23%	0.22%	0.26%	0.26%	0.27%
Underlying EBITDA	0.17%	0.17%	0.11%	0.18%	0.17%	0.18%	0.16%	0.13%	0.10%
Platform expenses	0.34%	0.40%	0.48%	0.32%	0.38%	0.37%	0.44%	0.47%	0.53%
% of revenue									
Gross profit margin	74.7%	71.5%	62.4%	75.7%	73.6%	73.5%	69.3%	65.0%	59.2%
Underlying EBITDA margin	33.3%	30.0%	19.2%	35.1%	31.3%	33.1%	26.5%	22.0%	15.8%
Cost to income ratio	66.7%	70.0%	80.8%	64.9%	68.7%	66.9%	73.5%	78.0%	84.2%

LICENSEE SEGMENT (PARAGEM)

Profit and loss (\$m)	FY19	FY18	FY17	2H19	1H19	2H18	1H18	2H17	1H17
Revenue	35.2	35.8	30.8	17.0	18.3	18.5	17.3	16.0	14.8
Direct Expenses	(32.2)	(32.6)	(28.2)	(15.5)	(16.7)	(16.8)	(15.8)	(14.6)	(13.5)
Gross Profit	3.0	3.2	2.7	1.4	1.6	1.7	1.5	1.4	1.3
Operating expenses	(3.2)	(3.0)	(2.3)	(1.6)	(1.6)	(1.6)	(1.4)	(1.2)	(1.2)
Underlying EBITDA	(0.2)	0.2	0.3	(0.2)	(0.1)	0.1	0.1	0.2	0.1
(Loss)/profit before tax	(0.2)	0.2	0.3	(0.2)	(0.1)	0.1	0.1	0.2	0.1

IT SERVICES SEGMENT (AGILITY)

Profit and loss (\$m)	FY19	FY18	FY17	2H19	1H19	2H18	1H18	2H17
Revenue	7.0	8.5	4.7	3.5	3.5	4.0	4.5	4.7
Direct Expenses	(4.9)	(5.8)	(3.0)	(2.7)	(2.3)	(2.8)	(3.0)	(3.0)
Gross Profit	2.1	2.7	1.7	0.9	1.2	1.2	1.5	1.7
Operating expenses	(2.6)	(2.7)	(1.5)	(1.1)	(1.5)	(1.3)	(1.4)	(1.5)
Underlying EBITDA	(0.5)	0.0	0.2	(0.3)	(0.2)	(0.2)	0.2	0.2
Depreciation and amortisation	(0.2)	(0.3)	(0.2)	(0.1)	(0.1)	(0.2)	(0.1)	(0.2)
(Loss)/profit before tax	(0.8)	(0.3)	0.1	(0.4)	(0.4)	(0.3)	0.0	0.1

CORPORATE SEGMENT

Profit and loss (\$m)	FY19	FY18	FY17	2H19	1H19	2H18	1H18	2H17	1H17
Operating expenses	(2.4)	(0.7)	(0.5)	(1.3)	(1.1)	(0.4)	(0.3)	(0.3)	(0.3)
Underlying EBITDA	(2.4)	(0.7)	(0.5)	(1.3)	(1.1)	(0.4)	(0.3)	(0.3)	(0.3)
Other items									
Share based payment expenses	(2.1)	(1.5)	(0.9)	(1.0)	(1.1)	(0.7)	(0.8)	(0.6)	(0.3)
EBITDA	(4.6)	(2.2)	(1.4)	(2.3)	(2.2)	(1.1)	(1.1)	(0.8)	(0.6)
Discount on consideration	(0.4)	(0.6)	(0.4)	(0.1)	(0.3)	(0.3)	(0.3)	(0.4)	(0.0)
Interest	0.6	0.3	0.2	0.3	0.3	0.2	0.1	0.1	0.2
Depreciation	-	(0.5)	-	-	-	(0.2)	(0.2)	-	-
Fair value gain on contingent consideration	1.1	2.4	0.9	0.4	0.7	2.2	0.2	0.4	0.5
Abnormal corporate costs	-	(0.5)	(0.5)	-	-	(0.4)	(0.1)	(0.1)	(0.4)
(Loss)/profit before tax	(3.1)	(1.1)	(1.2)	(1.6)	(1.5)	0.4	(1.5)	(0.8)	(0.4)

5. BALANCE SHEET

(\$m)	FY19	1H19	FY18	1H18	FY17	1H17
Assets						
Current assets						
Cash and cash equivalents	18.5	15.5	17.0	13.6	10.8	10.5
Trade and other receivables	7.6	5.8	5.1	4.9	6.9	4.5
Other current assets	0.8	1.5	0.8	0.6	0.6	1.5
Total current assets	26.8	22.8	22.8	19.1	18.4	16.4
Non-current assets						
Receivables	2.0	2.0	2.0	2.0	0.1	-
Office equipment	2.0	2.1	2.2	2.0	0.8	0.2
Intangible assets	37.1	34.3	32.0	29.3	28.1	14.2
Deferred tax assets	9.7	12.3	13.4	14.9	15.8	-
Other non-current assets	-	-	-	-	-	0.3
Total non-current assets	50.7	50.8	49.6	48.3	44.8	14.7
Total assets	77.5	73.5	72.4	67.4	63.1	31.1
Liabilities						
Current liabilities						
Trade and other payables	3.4	4.0	5.2	4.6	8.1	2.3
Provisions	5.1	3.8	4.1	3.4	3.7	1.9
Other current liabilities	0.3	0.4	0.4	0.1	0.1	3.9
Total current liabilities	8.7	8.2	9.7	8.1	11.9	8.1
Non-current liabilities						
Provisions	1.0	1.0	0.9	0.8	0.7	0.4
Other non-current liabilities	2.9	3.8	3.9	7.0	6.8	0.9
Total non-current liabilities	3.9	4.8	4.8	7.9	7.6	1.3
Total liabilities	12.6	13.0	14.6	16.0	19.5	9.4
Net assets	64.9	60.5	57.9	51.5	43.6	21.8
Equity						
Issued capital	98.2	97.4	96.2	95.5	89.1	84.9
Reserves	18.3	13.1	9.0	3.3	4.1	4.0
Accumulated losses	(51.5)	(50.0)	(47.3)	(47.3)	(49.6)	(67.2)
Total Equity	64.9	60.5	57.9	51.5	43.6	21.8

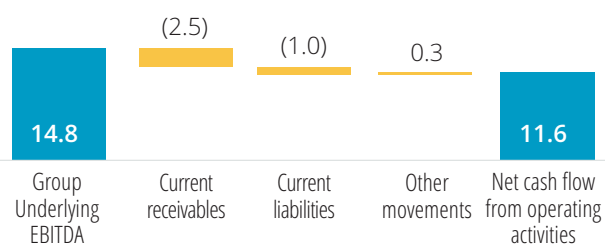
6. CASHFLOW

Statement of cashflows (\$m)	FY19	FY18	FY17	2H19	1H19	2H18	1H18	2H17	1H17
Cashflow from operating activities									
Receipts from customers	102.2	93.2	65.2	51.2	51.0	48.8	44.4	35.8	29.4
Payments to suppliers/employees	(91.2)	(81.5)	(61.9)	(43.5)	(47.7)	(41.7)	(39.8)	(33.7)	(28.2)
Other	-	0.0	0.1	-	-	0.0	-	0.1	0.0
Interest received	0.6	0.5	0.6	0.5	0.2	0.5	0.0	0.4	0.2
Net cash inflow from operating activities	11.6	12.2	4.1	8.2	3.4	7.7	4.6	2.6	1.5
Cashflow from investing activities									
Payments for office equipment	(0.5)	(2.0)	(0.3)	(0.2)	(0.3)	(0.5)	(1.5)	(0.2)	(0.1)
Payments for acquisitions	(0.4)	(2.0)	(1.3)	(0.4)	-	(2.0)	-	(1.2)	(0.1)
Payments for intangible assets	(6.9)	(4.4)	(2.1)	(3.6)	(3.3)	(2.4)	(2.0)	(1.2)	(1.0)
Other	-	-	0.1	-	-	-	-	0.1	(0.0)
Net cash inflow from investing activities	(7.8)	(8.4)	(3.6)	(4.3)	(3.5)	(4.9)	(3.5)	(2.4)	(1.1)
Cashflow from financing activities									
Payments for capital raising costs	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	-
Dividends paid	(3.4)	-	-	(1.3)	(2.2)	-	-	-	-
Proceeds from exercise of options	1.1	2.3	1.1	0.3	0.8	0.6	1.7	0.3	0.8
Net cash inflow from financing activities	(2.3)	2.3	1.1	(1.0)	(1.4)	0.6	1.7	0.3	0.8
Net increase in cash and cash equivalents	1.5	6.1	1.6	3.0	(1.5)	3.3	2.8	0.4	1.2
Cash and cash equivalents at beginning of the year	17.0	10.8	9.3	15.5	17.0	13.6	10.8	10.5	9.3
Cash and cash equivalents at end of the year	18.5	17.0	10.8	18.5	15.5	17.0	13.6	10.8	10.5

Cash and cash equivalents at 30 June 2019 were \$18.5 million and the company recorded positive Cashflow from Operating Activities of \$11.6 million for FY19.

Cashflow from Operating Activities was affected during FY19 by movements in working capital:

- a \$2.5 million increase in current receivables; and
- a \$1.0 million reduction in current liabilities.



The increase in receivables reflects the increased size of the Platform business, with receivables growing as revenue grows. At the end of the period there are Platform receivables that will subsequently be deducted from platform user accounts (credit quality is high) in the following period. The timing of this collection means that the period end receivable will continue to grow in size as Platform revenue grows.

Capitalised intangible assets have increased this year, primarily due to the ConnectHUB project and broadly in line with Platform revenue increases.

\$1.1 million was received from the exercise of employee options and the Group commenced paying dividends with \$3.4m paid during the year.

HUB²⁴