'22

ANNUAL REPORT

for the year ended 30 June 2022

HUB24

CONTENTS

CORPORATE GOVERNANCE

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, HUB24 Limited and its Controlled entities ('the Group') have adopted the fourth edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council on 27 February 2019, effective for the financial years beginning on or after 1 January 2020.

The Group's Corporate Governance Statement for the financial year ending 30 June 2022 is dated as at 30 June 2022 and was approved by the Board on 23 August 2022. The Corporate Governance Statement is available on HUB24 Limited's website at www.hub24.com.au/corporate-governance-statement.

HUB24 has delivered strong growth during FY22 whilst remaining focussed on enhancing value for our customers and delivering on our strategic objectives and our purpose to empower better financial futures together.

APPENDIX 4E – YEAR ENDED 30 JUNE 2022 UNDER ASX LISTING RULE 4.3A

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Current period	1 July 2021 to 30 June 2022
Prior corresponding period	1 July 2020 to 30 June 2021

KEY INFORMATION

	Year ended 30 June 2022	Year ended 30 June 2021	% change
	$'000	$'000	
Income from ordinary activities	192,525	110,853	74%
Net profit/(loss) after tax for the period attributable to equity holders	14,662	9,769	50%
	Cents	Cents	
Basic earnings per share	20.18	14.83	36%
Diluted earnings per share	19.53	14.28	37%

DIVIDENDS

	Amount per security (cents)	Franked per security (%)
Interim dividend (per share)	7.50	100
Final dividend (per share)	12.50	100

Subsequent to year ended 30 June 2022 the directors have determined a fully franked final dividend of 12.5 cents per share (a fully franked 5.5 cents per share final dividend was paid following the year ended June 2021).

Dates for the dividend are as follows:

Ex-date	12 September 2022
Record date	13 September 2022
Dividend payment date	14 October 2022

EXPLANATION OF RESULTS

Refer to the attached Directors' Report and review of operations for further explanation.

	Year ended 30 June 2022	Year ended 30 June 2021
Net tangible assets (per fully paid ordinary share)[1]	$0.33	$1.13

1 Net tangible assets (NTA) used for the calculation of NTA per fully paid ordinary share are inclusive of both right of use asset and lease liabilities.

ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

HUB24 Limited completed the acquisition of Class Limited and its wholly owned subsidiaries effective 16 February 2022. Please refer to note 6.2 for more information

AUDITOR REVIEW

The Report is based on the consolidated year end report that has been audited by the Group's auditors, Deloitte Touche Tohmatsu.

FINANCIAL HIGHLIGHTS FY22

GROUP

TOTAL REVENUE	UNDERLYING EBITDA[1]	UNDERLYING NPAT[2]	COST TO INCOME RATIO
$192.5m	$70.4m	$35.9m	63.4%
↑ 76%	↑ 94%	↑ 133%	FY21: 66.3%

FULLY FRANKED FINAL DIVIDEND

12.5 cents per share

Interim dividend was 7.5 cents per share, taking the total FY22 dividend to 20 cents per share

FY21 DIVIDEND: 5.5 CENTS PER SHARE ↑ 127%

DILUTED EARNINGS PER SHARE

19.5 cents

↑ 37%

PLATFORM KEY METRICS

PLATFORM NET INFLOWS $11.7b ↑ 32%[3]

PLATFORM FUA OF $49.7b ↑ 20%[3]

PARS FUA OF $15.9b ↓ 8%[4]

NUMBER OF ADVISORS	NUMBER OF PARS ACCOUNTS	PLATFORM SEGMENT REVENUE
3,486	8,341	$160.5m
↑ 14%	↑ 11%	↑ 59%

TECH SOLUTIONS KEY METRICS

CLASS NUMBER OF ACCOUNTS[5]	CLASS DOCUMENT ORDERS[6]	COMPANIES ON CLASS CORPORATE MESSENGER[7]
198,397	171,309	597,989

All percentage changes shown above are relative to FY21.

1. Group Underlying EBITDA from continuing operations up 92% to $70.4 million (FY21: $36.7 million). Refer to Note 2.1 for more information.
2. Refer to Directors Report for more information on Group Underlying NPAT.
3. Custodial FUA Administration Services.
4. Non-custodial FUA as Portfolio Administration and Reporting Services (PARS).
5. Number of Class accounts consists of Class Super, Class Portfolio and Class Trust licenses.
6. Documents paid for by PAYG and subscription customers.
7. Number of active companies.

CHAIRMAN AND MANAGING DIRECTOR'S REPORT

1. INTRODUCTION

Dear Shareholders,

On behalf of the Board, we are pleased to present you with this Annual Report for HUB24.

HUB24 has delivered strong growth during FY22 whilst remaining focussed on enhancing value for our customers and delivering on our strategic objectives and our purpose to empower better financial futures together.

Our customers, team and community have experienced challenges throughout the year with the ongoing impacts of the COVID-19 pandemic, as well as market volatility and macroeconomic events.

While continuing to support our customers throughout these ongoing challenges, HUB24 has achieved record platform net inflows, a significant increase in revenue and profitability, and further consolidated our market-leadership position.

As market dynamics continue to transform the wealth management industry, HUB24's strong market leadership position, together with continued focus on innovation and customer service excellence has ensured our position as a financial services and product provider of choice. This has resulted in strong organic growth which is reflected in our key financial metrics.

Given these strong financial results the Company announced a fully franked full year dividend of

KEY FINANCIAL METRICS

Total Group Revenue $192.5 million up 76% on FY21

Group Underlying EBITDA $70.4 million up 92% on FY21

Total FUA $65.6 billion Platform FUA up 20% to $49.7 billion including record net inflows of $11.7 billion

PARS FUA $15.9 billion, down 8% on FY21 due to negative market movements

12.5 cents, this brings the full year dividend to 20 cents, an increase of 100% on the prior year.

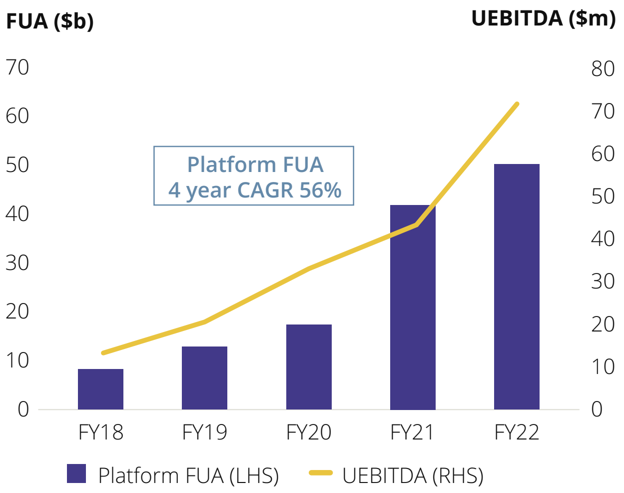
HUB24's business footprint has continued to evolve with the acquisition of Class Limited (Class), a leading SMSF administration software provider which was completed in February 2022. The acquisition provided further opportunities to leverage collective capabilities across the HUB24 Group to deliver products and solutions that enhance value for existing and new customers whilst increasing market share and growing the SMSF market. Following a full quarter of ownership, the Class business unit's key statistics are reported as part of this Annual Report. HUB24's financial report begins on page 47.

At our inaugural investor day held in June 2022, HUB24 announced the first joint product development initiative with HUB24, Class and NowInfinity. The new SMSF product solution will enable advisers to access new customer segments and is designed to meet the needs of clients who are keen to access the benefits of a cost-effective SMSF solution. The pilot will launch during the first half of FY23.

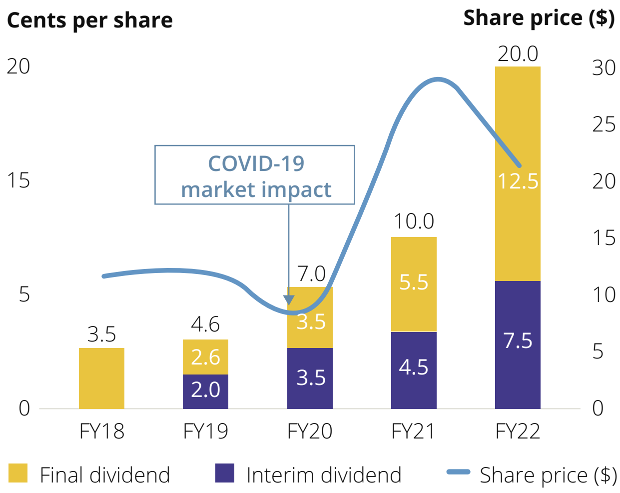
HUB24 continues to be recognised by advisers and the industry for delivering market-leading products and services. During FY22 the HUB24 platform was awarded:

- No. 1 for Value for Money[1]
- No. 1 Platform Managed Accounts functionality for the 6th year running[2]
- No. 1 Product Offer[2]
- Best Platform, Best Investment Options and Best Adviser Experience[3]

PLATFORM FUA AND UNDERLYING EBITDA TRENDS



SHARE PRICE AND DIVIDEND TRENDS



Underpinned by our strong market leadership position, focus on customer service excellence, and continued investment in innovation, HUB24 remains well placed to continue to grow market share. Our acquisition of Xplore Wealth (in FY21) and now Class will also provide further opportunities to expand into new customer segments and broaden our existing capabilities.

As the wealth management industry continues to transform and large financial institutions divest or re-evaluate their strategies, specialist platforms (such as HUB24), have continued to grow, now representing 14% of the Australian investment platform market and accounting for over $30 billion in annual net inflows. In addition, specialist platforms have grown at a CAGR of 41% over the last ten years).[4]

During FY22 the HUB24 platform experienced net inflows at a level not seen in the industry for many years, and as a recognised market-leader in the platform space with continued focus on delivering innovative solutions that enhance outcomes for clients, HUB24 is well-positioned to continue to benefit from the trend towards specialist platforms.

The growing trend for advisers to leverage managed portfolios to deliver value for their clients and efficiencies in their business has continued during FY22 as adoption rates continue to accelerate with 53% of advisers now using them to manage client portfolios and funds under management in managed portfolios in Australia have grown to more than $131 billion.[6,8]

HUB24 continues to lead the market in this growing segment having been awarded Best Platform Managed Accounts solution for the 6th year running.[2]

The financial adviser landscape is dominated by advisers who are part of privately owned and self-licensed businesses, representing 61% of the adviser market and a cohort who are increasingly embracing the use of specialist platforms. HUB24 has built strong relationships in this segment and continues to work with large national licensees who are keen to collaborate with platform, data and technology providers on solutions that solve key challenges in advice delivery.[5]

Managing increasing regulatory obligations has continued to be a challenge for advisers and licensees. During FY22 new Design and Distribution and Advice Fee Consent regulatory obligations came into force. In this environment, HUB24's approach to supporting advisers with enhanced product disclosure and flexible, digital solutions to manage regulatory requirements was well-received by advisers has delivered a key competitive advantage.

As for consumers, the demand for financial advice continues to grow with 29% of unadvised Australians looking to seek help from an adviser. However, cost remains the main barrier to accessibility, with the median advice fee per client at $3,529.[5]

Collaborating with licensees and advisers to solve key industry challenges and enable the delivery of cost-effective advice remains a priority. Over the reporting period, we continued to work with licensee 'Think Tank' participants to develop and deliver solutions that reduce friction in the advice delivery process. This included leveraging machine learning and artificial intelligence to create solutions that support licensees with their compliance obligations and improve efficiencies in their advice practices.

During FY22 HUB24 continued to advocate on behalf of our customers to help shape the future of the advice industry, including contributing to the FSC's submission for the Quality of Advice Review and also making an independent submission outlining key areas for consideration, including the need for the government, the regulators and the industry to work together to create a blueprint for a sustainable financial advice industry.

To raise awareness of this key issue, in June 2022 HUB24 co-produced a documentary with XY Adviser, 'Solving Wealth's Greatest Challenge' which featured industry leaders discussing their views on potential go-forward solutions to ensure more Australian's get access to professional advice.

2. FINANCIAL PERFORMANCE

The Group's preferred measure of profitability, which is Underlying Earnings Before Interest, Tax, Depreciation, Amortisation and Notable items (Underlying EBITDA), increased 92% to $70.4 million for FY22 ($36.2 million in FY21), with Underlying Net profit After Tax (Underlying NPAT) up 144% to $37.5 million for FY22 ($15.0 million in FY21).

The key drivers of the HUB24's financial performance for FY22 were:

Group performance

- Total Group Revenue increased by 76% to $192.5 million which includes the Platform, Tech Solutions and Corporate segments.
- Expenses increased by 69% to $122.1 million with total headcount increasing 78% to 697 (391 in FY21) from the acquisition of Class and further investment in distribution, technology, and operations staff to support growth in FUA, expand our reach, and continue product and technology innovation
- The Group's underlying EBITDA margin improved from 33.7% FY21 to 36.6% in FY22 reflecting strong revenue growth from the increasing platform scale, partially offset by investment costs and investment in people
- The Group's UNPAT, being the NPAT before notable items, forms the basis of HUB24's dividend determination. UNPAT increased by 133% to $35.9 million in FY22
- Statutory NPAT of $14.7 million was recorded in FY22 following $21.2 million of notable items post tax ($5.6 million in FY21)

Platform segment performance

- Total Funds Under Administration (FUA) increased from $58.6 billion at 30 June 2021 to $65.6 billion as at30 June 2022, an increase of 12%
- Platform FUA increased from $41.4 billion as at 30 June 2021 to $49.7 billion as at 30 June 2022, an increase of 20% with record net inflows of $11.7 billion achieved during FY22 ($8.9 billion in FY21[7]
- Platform Revenue increased by 59% to $160.5 million for FY22 ($101.1 million for FY21) while platform expenses grew by 55% to $98.2 million ($63.2 million in FY21)
- Platform underlying EBITDA increased by 64% to $62.3 million

Tech Solutions segment performance (with Class consolidated for four and half months of FY22)

- Technology Solutions revenue increased by 339% to $29.0m ($6.6m in FY21), benefitting from the acquisition of Class. Class contributed $23.9 million of revenue in FY22
- Tech Solutions expenses grew by 259% to $17.6 million with Class adding 211 FTE at 30 June 2022 and $14.4 million of expenses in FY22
- Tech Solutions underlying EBITDA increased by 671% to $11.4 million, with Class contributing $9.5 million of the uplift

GROWTH

During FY22, the Company delivered significant growth achieving record platform net inflows of $11.7 billion up 32% and overall platform FUA of $49.7 billion up 20% . According to the latest available market share data, HUB24 maintained second place for annual net inflows, increasing market share to 5.1%, and is ranked in 7th place up from 8th place at the same time last year. HUB24 was the fastest growing platform in percentage terms year on year.[4]

HUB24 has delivered a compound annual growth rate of 56% in platform FUA over the last four years and this record organic FUA growth is a result of our increased distribution footprint, product innovation and customer service excellence.

The composition of platform FUA in FY22 has remained the same as FY21 with 81% in Retail, 16% Institutional and 3% in Xplore Super Admin, the outsourced super administration business which will be discontinued with customers moving to alternative solutions during FY23.

In FY22, 112 new distribution agreements were signed and the total number of advisers using the platform at the end of the reporting period was 3,486 up 14%.

From a Portfolio, Administration and Reporting Services (PARS) perspective, FUA of $15.9 billion was down 8%, impacted by negative market movements. The total number of PARS accounts increased to 8,341 (7,538 in FY21).

Following a full quarter of ownership of Class (acquired in February 2022) the business delivered its strongest June quarter since 2019, with growth in total net accounts across Class Super, Class Portfolio and Class Trust products. As we continue to integrate the business and leverage the combined capabilities of Class and HUB24, we expect this growth momentum to continue in FY23.

HUB24 Group's market-leadership and flexible approach to supporting our customers to create efficiencies in their businesses continues to result in a strong pipeline of new opportunities across all customer segments. This includes large licensee clients, brokers, boutique advice practices, self-licensed advisers and accountants.

Overall, market conditions for the Group's value proposition continue to present significant opportunity for growth, as a result we will continue to invest appropriately to take advantage of these opportunities.

3. OPERATIONS

Throughout FY22 we continued to invest in capability, provide advisers and their clients with choice and flexibility and enable advisers to deliver advice more efficiently. This included the development of a market-leading digital reporting feature, HUB24 Present, which enables advisers to customise client presentations in real time and deliver engaging and efficient client reviews. Advisers who took part in the pilot program during the reporting period, cited a reduction in time spent consolidating data and increased client engagement. Since the end of the reporting period, the solution has been launched on the HUB24 platform and is now available to all users.

HUB24 is committed to ensuring advisers and their clients have access to a broad range of investment options and during Q4 FY22 a range of ETFs and listed managed funds available on CBOE Australia (formerly Chi-X) were also added as investment options on HUB24 Invest, and an additional international markets trade processing window was implemented providing advisers with more flexibility in accessing US and European markets.

HUB24 is committed to supporting licensees and advisers through ongoing regulatory change and during the year we launched a digital advice fee consent tool on our platform. This provided advisers with choice and flexibility to create, renew or revise client consents online, enabling them to meet their compliance obligations efficiently.

The acquisition of Class was completed in February 2022, Class now operates as a business unit under HUB24's corporate governance structure. In Q4 FY22 a new operating model was finalised for Class with business lines now aligned to client propositions, and the responsibility for supporting HUBconnect offers in market also now transitioning into the Class business unit, centralising the Group's software and data solutions. The Class technology, marketing, HR, legal and finance teams now report into the relevant HUB24 Group Executives.

Throughout the year, the integration of Xplore Wealth (acquired FY21) has progressed with the first product migration from Xplore Wealth to HUB24 completed on 1 July 2022. Future product migrations and successor fund transfers are expected to continue over FY23.

Continuing to collaborate with licensees to develop solutions that reduce friction in the advice process remains a priority for HUB24. By leveraging the Group's data and technology expertise to access and structure large sets of data, HUBconnect Licensee has been developed, which supports licensees to proactively monitor their compliance obligations and delivers real-time alerts and insights to a consolidated dashboard for reporting. The solution is now being rolled out to licensees.

Overall, our combined Group capabilities, market-leadership position and customer focus have ensured HUB24 is well-positioned to continue to leverage market dynamics and emerging opportunities for continued growth. By realigning our capabilities and leveraging scale and expertise across the HUB24 Group, we expect to enhance our customer propositions, improve customer engagement, and increase market share.

4. PEOPLE

Investment in attracting, retaining and developing talented people continued to be a focus during FY22 through initiatives aimed at leadership and career development, supporting a diverse and inclusive workplace and enhancing our client focussed culture.

During FY22, HUB24 continued to develop our 'future-fit' workplace to support future growth and ensure the wellbeing of our people. This included the establishment of a dedicated team to design and implement our future workplace initiatives which are focused on improving the employee experience, while maintaining business continuity.

With the acquisition of Class there are now approximately 700 employees across the HUB24 Group.

In line with the Group's growth and expansion into new customer segments, four strategic appointments were made to the HUB24 Executive team. In August 2021, Mr Darren Stevens joined as Chief Product Officer to lead HUB24's product development functions. In March 2022, Ms Deborah Latimer was appointed as Chief Risk Officer to lead the risk and compliance function, while Ms Chesne Stafford was appointed as Chief Growth Officer (joined July 2022) to lead the Company's distribution and marketing functions.

Following the acquisition of Class, the appointment of Mr Tim Steele as Chief Executive Officer of Class was announced (joined August 2022). All four Executives report to the Group's Chief Executive Officer and Managing Director, Andrew Alcock.

Their skillsets and experience will add significant value to our leadership team and position the Group well for future growth. Recruitment is currently underway for a Chief People Officer.

5. CORPORATE SUSTAINABILITY

HUB24 recognises the importance of ESG for the long-term prosperity of our customers, people, shareholders and the broader community. Throughout FY22 we have supported advisers with ESG education and the availability of over 150 ESG investment options on the HUB24 platform to support client ESG preferences. HUB24 is committed to reducing our environmental impact by ensuring a digital first approach to customer engagement and communications.

As part of our community and philanthropy initiatives, the HUB24 Group provided support for the Pro Bono Financial Advice Network, Save a Child's Heart, the Red Cross, the Cancer Council, Jawun Cape York and Solar Buddy.

To further support the delivery of the Group strategy, HUB24 engaged KPMG to undertake an ESG materiality assessment during the year and HUB24's inaugural Sustainability Report is being developed, which will reflect material social, environmental and governance opportunities, and align to HUB24's purpose of 'empowering better financial futures, together'. The project is well advanced, and the report will be released prior to our Annual General Meeting held in November 2022.

As part of the assessment process HUB24 have outlined seven ESG key focus areas.

6. CORPORATE GOVERNANCE

Throughout FY22, HUB24's Board of Directors and Management remained committed to the ongoing review and improvement of corporate governance practices and processes.

During the year we undertook a HUB24 Group Culture and Conduct Survey which seeks direct feedback from staff to the Board regarding their experiences working with the HUB24 Group, and formally seeking input regarding the day-to-day conduct and culture of our business.

Under its Charter, the Audit, Risk & Compliance Committee is required to review the Group Risk Management Framework at least annually to seek assurance that it is both sound and effective. Management undertook a review of the Group Risk Management Framework during FY22 and confirmed that it is operating effectively with due regard to the Risk Appetite Statement set by the Board. The HUB24 Group Risk Management Framework was reviewed in FY22 and adjusted to align risk management with the HUB24 FY22–23 strategy.

During July 2021 Ms Catherine Kovacs joined the Board as Non-Executive Director, bringing a broad skillset and experience to expand and complement the other Board members.

7. OUTLOOK

HUB24 is proud to have delivered solid FY22 results, achieving record levels of platform net inflows and FUA growth as well as the completion of the strategic acquisition of Class. We continue to be recognised as a market leader in both the platform and managed portfolios space by our customers and the industry.

The Group's strong financial and operating performance has delivered further value to our shareholders with increased profits allowing us to determine our highest dividend to date. This has been achieved in a year where advisers and their clients have experienced ongoing market volatility and advisers have been challenged with further regulatory obligations.

These results are underpinned by the continued investment in innovation, the strength of our product offer and the expertise and commitment of our team to continue to deliver outcomes for our customers and shareholders.

The acquisition of Class has brought together two highly complementary businesses focussed on the delivery of solutions that support financial professionals to implement strategic, investment and tax advice.

The business remains focussed on our key strategic pillars to deliver on our purpose to continue to lead the wealth industry as the best provider of integrated platform, technology and data solutions by developing innovative products and solutions that enhance customer value, deliver opportunities for growth, and executing our vision for the platform of the future.

As the wealth industry continues to transform HUB24 is committed to collaborating with the government, the regulators and other industry participants to build a blueprint for a sustainable financial advice industry and enable the delivery of cost-effective financial advice.

Moving forward we expect ongoing strong net inflows to the platform and increasing profitability. We have revised our Platform FUA target range to $80–$89 billion by 30 June 2024 due to the impacts of negative market movements experienced during the year.

We look forward to speaking with shareholders at the Annual General Meeting and on behalf of the Directors wish to thank our customers for their support as well as our talented and focussed team for their ongoing commitment to both our customers and HUB24.

Yours sincerely,

Bruce Higgins
Chairman

Andrew Alcock
Managing Director

1. Investment Trends Adviser Technology Needs Report 2022.
2. Investment Trends Platform Competitive Analysis and Benchmarking Report 2021.
3. Adviser Ratings Financial Advice Landscape Report 2022.
4. Strategic Insights analysis of Wrap, Platform and Master Trust Managed Funds at March 2022.
5. Adviser Ratings Musical Chairs Report Q1 2022.
6. IMAP Milliman FUM Census Dec 2021.
7. Platform FUA refers to custodial administration services.
8. Investment Trends Managed Accounts Report 2022.

DIRECTORS' REPORT

Your Directors present their report together with the financials statements, on the Consolidated Group (referred to hereafter as "the Group" or "HUB24") consisting of HUB24 Limited (referred to hereafter as "the Company") and the entities it controlled for the full year ended 30 June 2022 ("FY22") and the Auditor's Report thereon.

The Directors' Report has been prepared in accordance with requirements of the *Corporations Act 2001*, the information below forms part of this Directors' Report:

- Directors interest in shares of the Company on page 43
- Remuneration Report on pages 26 to 46
- Auditor's Independence Declaration on page 25.

DIRECTORS

The following persons were Directors of the Company, from the beginning of the financial year and up to the date of this report, unless otherwise stated:

Mr Bruce Higgins (Chairman)
Mr Andrew Alcock (Managing Director)
Mr Anthony McDonald
Mr Paul Rogan
Ms Ruth Stringer
Ms Catherine Kovacs (appointed 19 July 2021)

JOINT COMPANY SECRETARIES

Ms Kitrina Shanahan
Mr Andrew Brown

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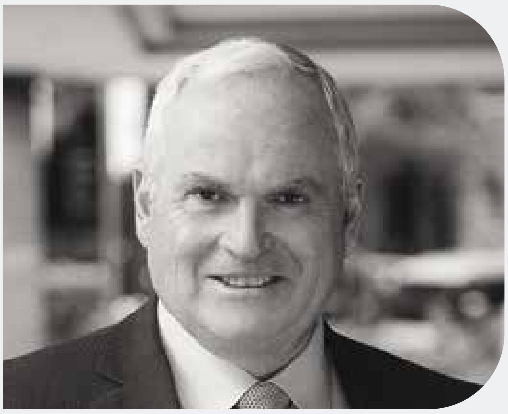


BRUCE HIGGINS

MIEAust CPEng, MBA, FAICD

CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTOR

Skills, Experience & Qualifications

Bruce has more than 20 years' experience as a senior executive or CEO, with companies such as Honeywell, Raytheon and listed technology companies. He is a specialist in rapid growth entrepreneurial companies, financial and software services companies, M&A and corporate governance and has also served on ASX boards as a Non-Executive Director or Chairman for more than 15 years. Bruce was awarded the Ernst & Young Entrepreneur of the Year award in Southern California in 2005 and has a Bachelor Degree in Electronic Engineering and an MBA in Technology Management. He is a Chartered Professional Engineer and Fellow of the Australian Institute of Company Directors.

Term

Bruce was appointed as Chairman of the Board on 19 October 2012.

Listed Company Directorships (within the last 3 years)

- Legend Corporation Limited (resigned 30 August 2019)

Board Committee Memberships

- Member of the Audit, Risk and Compliance Committee
- Member of the Remuneration and Nomination Committee

ANDREW ALCOCK

B Bus, GAICD

MANAGING DIRECTOR EXECUTIVE DIRECTOR

Skills, Experience & Qualifications

Andrew has more than 25 years' experience across wealth management encompassing advice, platforms, industry superannuation, insurance and information technology. He holds a Bachelor of Business, Accounting from the University of Technology, Sydney.

After a successful career as a senior executive in information technology , Andrew held various executive roles within the Wealth Management sector including with Genesys Wealth Advisers, Tyndall and Asteron. In these roles Andrew worked closely with financial advisers, including holding board director roles for over 20 advice practices, and was responsible for the design and delivery of financial products for the wealth market.

He was also the CEO of Australian Administration Services, a subsidiary of Link Market Services, providing superannuation administration and technology services for some of Australia's largest superannuation funds.

Term

Andrew was appointed to the HUB24 Board on 29 August 2014 as Managing Director.

Listed Company Directorships (within the last 3 years)

- Nil

Board Committee Membership

- Nil

RUTH STRINGER
B Sc, LLM, GAICD

INDEPENDENT NON-EXECUTIVE DIRECTOR

Skills, Experience & Qualifications

Ruth is an experienced financial services lawyer with particular expertise in funds management, superannuation, life insurance and financial planning. Her diverse career has included working in significant national and international law firms, as well as serving as in-house counsel with various financial institutions and as a superannuation specialist with ASIC. Ruth will join MinterEllison as a partner in September.

Ruth has served on a number of boards and committees during her career, including the Board of Taxation's Advisory Panel and the Steering Committee of the International Pension and Employee Benefit Lawyers Association. Ruth's passion for improving the superannuation system resulted in her appointment to the CIPR (Comprehensive Income Products for Retirement) Framework Advisory Group, formed to advise Treasury on aspects of the legislative framework for new retirement income products.

Term

Ruth was appointed to the HUB24 Board on 1 February 2020.

Listed Company Directorships (within the last 3 years)

- Nil

Board Committee Membership

- Member of the Audit, Risk and Compliance Committee

ANTHONY MCDONALD
B Comm LLB

INDEPENDENT NON-EXECUTIVE DIRECTOR

Skills, Experience & Qualifications

Anthony (Tony) McDonald co-founded financial planning firm Snowball Group Limited in 2000, which merged with Shadforth in 2011 to become ASX-listed SFG Australia Limited.

Tony is a director of Diverger Limited (formerly Easton Investments Limited). He is also a former Director of The Investment Funds Association of Australia (now Financial Services Council) and currently Chairman of a leading not-for-profit organisation and a private RegTech company, Fourth Line Pty Ltd.

As a financial services executive, Tony worked in a variety of senior roles with the Snowball Group, SFG, Jardine Fleming Holdings Limited (Hong Kong), and Pacific Mutual Australia Limited. Prior to entering the financial services industry, Tony worked as a solicitor with two global law firms. He holds a Bachelor of Laws (LLB) and a Bachelor of Commerce (Marketing) from the University of NSW.

Term

Anthony was appointed to the HUB24 Board on 1 September 2015.

Listed Company Directorships (within the last 3 years)

- 8IP Emerging Companies Limited (appointed 24 September 2015, resigned 1 April 2021)
- URB Investments Limited (appointed 13 October 2016, resigned 23 December 2019)
- Diverger Limited (formerly Easton Investments Ltd) (appointed 1 February 2021).

Board Committee Membership

- Chair of the Remuneration and Nomination Committee

PAUL ROGAN
FAICD, FCPA, B Bus

INDEPENDENT NON-EXECUTIVE DIRECTOR

Skills, Experience & Qualifications

Paul is a senior financial services professional with qualifications and experience in accounting and finance.

Paul has a proven track record for delivering results in different regions and markets. In his executive career he successfully drove businesses through rapid growth phases including with Challenger, NAB, and MLC. His experience spans diverse executive roles including as CFO of an ASX 200 company, CEO of UK subsidiaries of MLC/NAB, CEO of a building society as well as leading both the capital, risk and strategy, and distribution, product and marketing functions at Challenger.

Paul has more than 27 years' experience serving on entity boards and industry groups, including 13 years in the not-for-profit sector.

Term

Paul was appointed to the HUB24 Board on 20 December 2017.

Listed Company Directorships (within the last 3 years)

- Nil

Board Committee Memberships

- Chair of the Audit, Risk and Compliance Committee
- Member of the Remuneration and Nomination Committee

CATHERINE KOVACS
B.Comm , MAppFin, GAICD

INDEPENDENT NON-EXECUTIVE DIRECTOR

Catherine is an experienced Non-Executive Director, serving on the Board of OFX Group Limited (ASX listed), Universities Admission Centre, and Grapple Holding Pty Ltd. Catherine has over 30 years' experience in the financial services industry, having held senior executive leadership roles at Westpac Banking Group, Ellerston Capital, Macquarie Group and BT Financial Group. Catherine's most recent executive role was as Group Head of Business Development at Westpac until March 2019, where she was responsible for advising the Westpac Executive Committee and Board on business disruption and the future of banking and wealth strategy, as well as managing strategic partnerships. Prior to that Catherine held executive roles at BT Financial Group as Head of Equities where her responsibilities included product development and distribution of equity products to licensees, advisers and retail investors; Ellerston Capital where she was Head of Investor Relations, Sales & Marketing; and Macquarie Group as Divisions Director, Equity Markets Group.

Catherine is a Graduate of the Australian Institute of Company Directors and a Member of the Association of Superannuation Funds of Australia. She holds a Bachelor of Commerce (University of NSW) and a Master of Applied Finance (Macquarie University).

Term

Catherine was appointed to the Board on 19 July 2021.

Listed Company Directorships (within the last 3 years)

- OFX Group Limited (appointed 22 February 2021)

Board Committee Membership

- Member of the Audit, Risk and Compliance Committee

JOINT COMPANY SECRETARIES

The name and details of the Company Secretaries in office during the 2022 financial year and at the date of this report are as follows:

KITRINA SHANAHAN

CIMA, CPA, AGSM MBA

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Kitrina has over 20 years of experience in finance, governance and risk. Prior to HUB24, Kitrina was Chief Financial Officer Insurance at Westpac. She has also held roles across BTFG as Deputy Chief Financial Officer and as Group Financial Controller at Westpac. With deep experience in platforms, advice and broader financial services, Kitrina has executive leadership experience delivering large strategic transformation projects.

Kitrina was appointed Company Secretary and Chief Financial Officer on 7 September 2020.

ANDREW BROWN

Diploma in Law, FCG, MAICD

COMPANY SECRETARY

Andrew has extensive experience in the financial services industry and was appointed to the position of Company Secretary on 30 April 2021. Prior to joining the Company, Andrew held senior governance and compliance management positions at Challenger Limited.

Andrew was appointed Company Secretary on 30 April 2021.

OPERATING AND FINANCIAL REVIEW

GROUP OVERVIEW

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 newly acquired Class business, and HUBconnect. As at 19 August 2022, HUB24's market capitalisation was approximately $2.0 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. The Group employed 697 people on a full-time equivalent (FTE) basis as at 30 June 2022.

PRINCIPAL ACTIVITIES

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

HUB24 Limited (ASX: HUB)

Platform	Tech Solutions	Corporate
HUB24 platform	Class	Group support functions
Xplore platform	HUBconnect	Strategic investments
Portfolio Administration & Reporting Services (PARS)		Treasury

PLATFORM

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

The HUB24 and Xplore platforms are used by financial professionals to efficiently administer their clients' investments held through a superannuation and 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 managed accounts, superannuation services and PARS capability. Xplore's products and services are used by financial advisers, boutique financial advice businesses, stockbrokers, and institutional clients to look after their clients' investment needs.

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.

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 7,000 customers[1] across Australia who depend on Class to drive business automation, increase profitability and deliver better client service.

Class's core offer is self-managed superannuation fund (SMSF) administration software. Its solutions have gained industry recognition for product innovation and customer service excellence. Class currently holds a 30% share of the addressable market[2].

Customers using the Class Super, Class Portfolio and Class Trust solutions represented over 198,000 portfolios and accounts as at 30 June 2022.

1 Class customer base represents practices of accountants, administrators and advisers as at 30 June 2022.

2 Class SMSF market share as at 31 March 2022. Based on latest confirmed ATO figures for March 2022, raw SMSF fund numbers, total members of SMSFs and total Australian and overseas assets.

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, NowInfinity 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.

HUBconnect Broker (formerly known as Agility Applications) 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. These HUBconnect Broker relationships are of strategic importance as HUB24 seeks to expands its share of the PARS market.

HUB24 is a strategic shareholder in Diverger Limited (Diverger), which is a diversified financial services business servicing the needs of financial professionals and their clients. Under a Technology Partnership and Distribution agreement Diverger is a cornerstone client for HUBconnect's data and technology services.

3 NowInfinity is a wholly owned subsidiary of Class.

REVIEW AND RESULTS OF OPERATIONS

The key items regarding the Group's performance for FY22 were:

FUNDS UNDER ADMINISTRATION[4]

- Total Funds Under Administration (FUA) increased by 12% to $65.6 billion (FY21: $58.6 billion).
- Platform[5] FUA increased by 20% to $49.7 billion (FY21: $41.4 billion).
- PARS[6] FUA decreased by 8% to $15.9 billion (FY21: $17.2 billion).

REVENUE

- Group operating revenue increased by 76% to $192.5 million (FY21: $109.1 million).
- Platform segment revenue increased by 59% to $160.5 million (FY21: $101.1 million).

EBITDA

- The Group's preferred measure of profitability is Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) before Notable items (refer to note 2.1), increased by 94% to $70.4 million (FY21: $36.2 million).
- Underlying EBITDA performance included Group expenses increased by 62% to $141.1 million (FY21: $86.8 million).

UNDERLYING NET PROFIT AFTER TAX

- Underlying Net Profit After Tax represents NPAT before Notable Items. Underlying NPAT increased by 133% to $35.9 million (FY21: $15.4 million).
- Strategic transactions and project costs[7] of $17.9 million have been recognised in FY22 (FY21: $8.1 million). This includes strategic transaction, due diligence and implementation costs related to the Class transaction of $11.0 million, Xplore and Ord Minnett implementation related costs of $5.0 million and $1.9 million for other projects (including regulatory change and one-off client transition projects).

4 Non-IFRS measure.
5 Platform FUA refers to the custodial portfolio.
6 PARS FUA refers to the non-custodial portfolio.
7 Includes administrative and resourcing costs related to strategic transactions and project costs.

Reconciliation of Underlying NPAT to Statutory NPAT	Year ended 30 June 2022 $ million	Year ended 30 June 2021 $ million
Underlying NPAT	**35.9**	**15.4**
Strategic transactions and project costs	(17.9)	(8.1)
Acquisition Amortisation	(12.3)	(0.6)
Tax effect on notable items	9.0	1.6
Fair value gain on contingent consideration	-	1.6
Agility consideration share based payment expense	-	(1.5)
Gain on Sale of Investment		1.4
Statutory NPAT	**14.7**	**9.8**

STATUTORY NPAT

- Statutory Net Profit After Tax (NPAT) increased by 50% to $14.7 million (FY21: $9.8 million).

CASH FLOWS

- The Group generated strong operating cashflows of $36.9 million ($53.7 million before strategic transaction costs), 92% up from $19.2 million ($26.4 million before strategic transaction costs).

STRATEGIC TRANSACTIONS AND INTEGRATION UPDATE

Class

In October 2021, HUB24 announced it had entered into an agreement to acquire Class, a leading SMSF administration software provider. The acquisition of Class was completed in February 2022.

Class provides HUB24 with an opportunity to accelerate its platform of the future strategy and data services market leadership strategy.

In June 2022 the Class operating model was finalised with business lines now aligned to Class and NowInfinity client propositions, and responsibility for distribution of HUBconnect offers transitioning into the Class business unit, centralising the Group's software and data solutions. The Class technology, marketing, HR, legal and finance teams now report into the relevant HUB24 Group Executives. The new structure is expected to deliver greater focus on customer propositions, enhance engagement and leverage scale and expertise across HUB24 Group, to enable us to better deliver on our growth strategy.

As announced as part of the acquisition, Class will continue to operate as a business unit within the HUB24 Group with its own brand and leadership team.

Class has been incorporated into HUB24 Group financial results for four and half months of FY22.

Since completion, HUB24 and Class have been working together to create strategies that leverage the combined capabilities of the Group to provide compelling, efficient, and valuable solutions for new and existing customers and deliver enhanced growth for HUB24 shareholders.

Work on the delivery of a combined HUB24 and Class product initiative is well underway with a new SMSF service expected to be piloted in Q1 FY23.This service will bring together SMSF establishment, administration and investment administration leveraging the combined capabilities of HUB24, Class and NowInfinity.

The service is designed for clients who are keen to access the benefits of a cost-effective SMSF solution. The solution provides advised clients with a cost-effective, fully integrated end-to-end service bringing together SMSF establishment, administration and investment administration.

The service is designed to act as an incubator and will facilitate the transition to traditional SMSF services when appropriate, and provides financial professionals with a new solution for their superannuation clients and enable them to service new customer segments.

Furthermore, a preliminary review of Class's extensive data capabilities has been undertaken and plans are progressing to integrate Class and HUB24's data capabilities to further extend the Group's data-as-a-service capabilities.

Xplore

The Xplore integration is well progressed with the successful migration of the Xplore Wrap product to the HUB24 platform in July 2022. The remaining successor fund transfers and migrations from the Xplore platform to the HUB24 platform are scheduled throughout FY23.

Consistent with our strategy, the superannuation administration services provided through DIY Master Pty Ltd (acquired through the Xplore acquisition) will be discontinued with customers moving to alternative solutions during FY23. This represents 3% of Platform FUA as of 30 June 2022 and does not impact the achievement of the previously disclosed synergies arising from the Xplore acquisition.

Financial Impacts of the Strategic Transactions

The purchase price accounting (PPA) for the Xplore portfolio was completed in 1HFY22 with the $58.4 million consideration paid representing the fair value of the separately identifiable assets and liabilities of the transaction. The Class PPA will be completed in FY23, within twelve months of the acquisition date. For FY22 provisional fair value balances have been recognised on the balance sheet for the Class acquisition (refer to the HUB24 Annual Report for the year ended 30 June 2022 for further details).

Total implementation costs, including the Class acquisition, to be incurred between FY23 and FY24 are forecast to be $6–11 million, with annual synergies expected to be approximately $12–14 million by FY24 onwards.

CAPITAL MANAGEMENT

The Class acquisition completed 16 February 2022 and was funded through a combination of HUB24 shares ($268 million) and cash ($16 million).

Post the completion of the acquisition, the Class assets and liabilities have been consolidated into the HUB24 balance sheet. This included $30 million of bank borrowings as outlined in the Financial Statements.

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

During FY22, the Group purchased $10 million of treasury shares on market to service the Group's Employee Share Plans.

OPTIONS AND PERFORMANCE RIGHTS

The following options, performance rights and shares were issued in accordance with schemes approved by shareholders. These schemes contain ambitious targets, including Group FUA targets of greater than $100 billion by FY24, in order to incentivise and align key staff towards HUB24 achieving its strategic objectives:

- 207,894 performance rights were issued to staff, and executives in the financial year ended 30 June 2022 (FY21: 1,130,667)
- 271,870 shares were issued for options exercised by staff and executives in the financial year ended 30 June 2022 (FY21: 531,519)
- 19,570 shares were issued for performance award rights exercised by staff and executives in the financial year ended 30 June 2022 (FY21: 65,296)
- No share options were issued to staff and executives in the financial year ended 30 June 2022 (FY21: 91,384).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Apart from the Class strategic transaction mentioned previously, there have been no other significant changes in the nature or state of affairs of the consolidated group.

DIVIDENDS

Subsequent to 30 June 2022, the Directors have determined a final dividend of 12.5 cents per share fully franked to be paid on 14 October 2022.

Together with the fully franked interim dividend of 7.5 cents per share, the fully franked full year dividend of 20.0 cents per share represents a 100% increase in dividends for shareholders (FY21: 10.0 cents per share) and a payout ratio of 45% of Underlying NPAT (FY21: 44%).

The Board's dividend policy targets a payout ratio between 40% and 60% of the Group's annual underlying net profit after tax over the medium term subject to prevailing market conditions and alternate uses of capital.

SIGNIFICANT EVENTS OCCURRING AFTER BALANCE SHEET DATE

As disclosed above, subsequent to year end, the following items have occurred:

- Directors have determined a fully franked final dividend of 12.5 cents per share (a fully franked dividend of 5.5 cents per share final dividend was determined in FY21).

No other significant matter or circumstance has arisen since 30 June 2022 that has notably affected, or may notably affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

With the continued growth in FUA onto the HUB24 investment and superannuation platform and continuing success of its supporting businesses, the Group expects its financial results to continue improving with scale.

The strategic acquisition of Class is expected to accelerate HUB24's platform of the future strategy, consolidating the Group's position as a leading provider of integrated platforms, technology and data solutions for financial advisers, accountants, private banks, licensees, stockbrokers and their clients. The combined business will provide a compelling and unique competitive advantage and diversification of revenue.

GLOBAL ECONOMIC AND PEOPLE AND CULTURE IMPACTS

The Directors continue to assess potential financial and other impacts of the coronavirus (**COVID-19**) outbreak and the geopolitical impacts on the economy and workforce. The current high-level of uncertainty regarding the global economy has impacted investment outcomes and increased volatility in investment performance during the period.

At the date of signing, 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 will continue to monitor this situation.

Further to this, the current geopolitical events have also had a global market impact and uncertainty exists as to their implications. Such disruptions can adversely affect the assets, performance and liquidity.

Recognising the rising Russia/Ukraine conflict as well as Australia's broadening of its existing autonomous sanctions, the Directors and management continue to remain abreast of developments in this area and monitor the potential impacts across the Group.

RISK MANAGEMENT

HUB24 has adopted the ASX Corporate Governance Principles and Recommendations (4th Edition) and is committed to recognising and managing risk. We recognise risk as the effect of uncertainty, both positive and negative, on our objectives and we manage risk to create and sustain value for shareholders and other stakeholders. We foster a risk aware culture with consideration of risk supporting our formulation of strategy and informing business decision-making.

Our Board-approved Risk Appetite Statement and Risk Management Framework considers the full scope of risks we face, including emerging risks. These have been organised into the following seven risk categories with a description of the risk and the assessment of the risk exposures assessed. This is not intended to be a comprehensive or exhaustive list of all risks the business is exposed to and investors should form their own assessment and conclusions.

Risk Category	Risk Summary De-scription	Key risk exposures assessed
Reputational, brand, & conduct risk	The risk of erosion or other damage to our brand or reputation resulting from inappropriate or failed actions, partnerships, or other behaviours.	• ESG • Conduct and culture of workforce • Fraud
Strategic & Product Risk	The risk of failure to achieve strategic objectives and/or respond to changes in our competitive landscape with competitive products.	• Impacts of the RBA cash rate • Other economic and market developments • Geopolitical risk including the war in Ukraine • Government commitments and policies on climate and carbon emissions • Future/changing regulatory environment • Competitive environment • Changes in consumer and customer preferences including online purchasing trends • Technological changes and innovation

Risk Category	Risk Summary De-scription	Key risk exposures assessed
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events.	• People: workforce including COVID 19 conditions and restrictions, use of flexible/virtual working arrangements, availability of skilled staff and expertise • Process: third party arrangements, project portfolio, change management, business continuity • Systems: data security and management, technology vulnerabilities
Distribution risk	The risk of loss resulting from inappropriate or failed sales and distribution strategies, channels, and customer relationships.	• Attraction/retention of key clients • Advice licensee oversight
Technology & Cyber risk	The risk of loss or other damage resulting from our failure to appropriately respond to our technology, physical security, or cybersecurity being compromised.	• Platform vulnerabilities • Data security and access • Data management and control • Privacy
Regulatory, legal & Compliance risk	The risk of legal or regulatory sanctions or loss resulting from failure to comply with laws, regulations, licensing, or contractual requirements.	• Legislative and regulatory changes • Changing regulatory footprint of our business operations • Data and privacy • Financial crime compliance
Financial performance, governance, and market risk	The risk of loss resulting from our failure to meet financial obligations and/or the impact of movements in the value of equity and other investments correlated with our financial performance.	• Financial performance, profit margins, capital and liquidity management • Financial performance and the impacts of the economic environment • Financial benefits of strategic transactions

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are not subject to significant environmental regulations under either Commonwealth or State legislation and the Directors are not aware of any material non compliance with environmental regulations pertaining to the operations or activities during the period covered by this report.

NON-AUDIT SERVICES

During the year Deloitte Touche Tohmatsu (Deloitte), the Group's auditor (Auditor) provided other services in addition to their statutory duties.

In accordance with advice received from the Audit, Risk and Compliance Committee, the Directors are satisfied that the provision of non-audit services during FY22 by the Auditor is compatible with and did not compromise the general standard of auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- The Audit, Risk and Compliance Committee reviewed the non-audit services to ensure that they do not impact the integrity and objectivity of the Auditor and are of the view that they do not impact the integrity and objectivity of Deloitte; and
- the fact that none of the non-audit services provided by Deloitte during the financial year had the characteristics of acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Details of the amounts paid to the Auditor, which includes amounts paid for non-audit services and other assurance services, are set out in note 8.3 to the Financial Statements.

A copy of the Auditor's Independence Declaration, as required under Section 307C of the *Corporations Act 2001*, is included at the end of the Directors' Report.

OFFICERS OF THE GROUP WHO ARE FORMER DIRECTORS OF DELOITTE TOUCHE TOHMATSU

There are no officers of the Company who are former Directors of Deloitte Touche Tohmatsu.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, amounts have been rounded off in the Directors' Report and the Interim Financial Report to the nearest thousand dollars or, in certain cases, to dollars where indicated.

DIRECTORS', OFFICERS', AND AUDITORS' INDEMNITY

During FY22 the Group paid a premium in respect of insuring all directors and officers against liability, except wilful breach of duty, of a nature that is required to be disclosed under section 300(8) of the *Corporations Act 2001*. In accordance with commercial practice, the amount of the premium and the nature of the liabilities covered by the insurance policy has not been disclosed.

The Group has indemnified officers and directors to the extent permitted by law against any liability that arises as a result of actions as an officer or director and has not otherwise, during or since the end of FY22, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

MEETING OF DIRECTORS

The numbers of meetings of the Group's Board of Directors and of each Board Committee held during the year ended 30 June 2022, and the numbers of meetings attended by each Director were as per the table below:

	Board meetings (Chairman Mr Bruce Higgins)		Audit, Risk & Compliance Committee meetings (Chairman Mr Paul Rogan)		Remuneration & Nomination Committee meetings (Chairman Mr Anthony McDonald)	
Director	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**
Mr Bruce Higgins (Chairman)	12	12	7	7	6	6
Mr Andrew Alcock (Managing Director)	12	12	*	*	*	*
Mr Anthony McDonald	12	12	*	*	6	6
Mr Paul Rogan	12	12	7	7	6	6
Ms Ruth Stringer	12	12	7	7	*	*
Ms Catherine Kovacs	12	12	7	7	5*	6

*Not a member of committee. All Non-Executive Directors have standing invitations to all committee meetings.

This report is made in accordance with a resolution of Directors.

Mr Bruce Higgins (Chairman)
Director

Sydney
23 August 2022

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

Board of Directors
HUB24 Limited
Level 2, 7 Macquarie Place
Sydney NSW 2000

23 August 2022

Dear Board Members,

Auditor's Independence Declaration to HUB24 Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of HUB24 Limited.

As lead audit partner for the audit of the financial report of HUB24 Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stuart Alexander
Partner
Chartered Accountants

REMUNERATION REPORT

CONTENTS OF THE REMUNERATION REPORT

This Remuneration Report (on pages 28 to 46) sets out HUB24's remuneration framework and details of remuneration outcomes for key management personnel (**KMP**) for the year ended 30 June 2022 (**FY22**).

Accounting Standards define KMP as those executives and non-executive directors with the authority and responsibility for planning, directing and controlling the activities of HUB24, either directly or indirectly, being the Non-Executive Directors (**NEDs**), Managing Director and Chief Executive Officer (**MD**), Chief Financial Officer (**CFO**), Director, Strategic Development and the Chief Operating Officer (**COO**).

The FY22 Remuneration Report has been prepared and audited in accordance with the disclosure requirements of the *Corporations Act 2001*.

REMUNERATION REPORT

"During FY22 the HUB24 Group has grown significantly both organically and through strategic acquisition. Now with a talented team including Class of 700 people, we are continuing to invest to support further growth and to deliver increasing returns for our shareholders."

TO OUR SHAREHOLDERS

On behalf of the Board and its Remuneration and Nomination Committee, I am pleased to present HUB24's FY22 Remuneration Report.

We have built on the enhanced Remuneration Report structure introduced in FY21 to improve overall disclosure and to ensure shareholders can clearly evaluate the links between performance and remuneration outcomes for our KMPs across a mix of financial, strategic, operational and personal performance objectives.

HUB24's remuneration approach continues to focus on aligning challenging, personalised individual targets to our Company's strategic objectives, to align executives to deliver strong performance and deliver short, medium and longer-term outcomes.

We remain committed to providing market competitive remuneration to attract and retain high calibre talent who are critical to HUB24's continued success, and consistently review appropriate benchmark data to ensure that our knowledge of trends in remuneration structures, pay mix and market relativities are current.

RESPONDING TO EVOLVING MARKET CONDITIONS

HUB24 has continued to undertake rapid organic growth in FY22, alongside strategic M&A activity. This approach continues to deliver enhanced shareholder returns and create a strong foundation for future growth and diversification.

Throughout FY22 HUB24 has continued to support our customers to manage the ongoing challenges of the pandemic, market volatility and macroeconomic events, as well as providing advisers with solutions to manage increasing compliance obligations.

In this environment HUB24 delivered record annual net inflows, net profits and dividends and continued to deliver on our strategic objectives, including developing innovative product solutions and building the platform of the future, whilst also leveraging emerging opportunities for growth through strategic acquisitions and developing customer propositions for new segments.

INVESTING IN OUR PEOPLE

The COVID-19 pandemic continued to impact our team, our customers and the broader community during FY22. In the post-lockdown environment HUB24 has continued to support flexible work arrangements which has been highly valued by the HUB24 team who ranked HUB24's support for wellbeing and flexibility highly in recent staff engagement surveys.

HUB24 recognises our people are critical to delivering on our strategy and growing our business. As part of our focus on attracting, retaining and developing talent HUB24 has invested in leadership & development initiatives whilst continuing to support a diverse and inclusive workplace and creating a strong client-focused culture.

PERFORMANCE DURING FY22

HUB24 delivered another year of growth in FY22, achieving record platform net inflows of $11.7 billion and finishing the year with total FUA of $65.6 billion consisting of $49.7 billion of platform FUA and $15.9 billion of PARS FUA.

Our performance has translated to strong outcomes for our shareholders, delivering full year dividends of $0.20 up 100% on FY21. Our underlying profit after tax was $35.9 million (up 133%).

In February 2022 the acquisition of Class was completed bringing together two highly complementary businesses focussed on the delivery of solutions that support financial professionals to implement strategic, investment and tax advice. The acquisition has provided further opportunities to leverage collective capabilities across the HUB24 Group to enhance value for current customers, provide growth opportunities across both businesses and continue to lead transformation in financial services.

Additionally, HUB24 continues to be recognised by advisers and the industry as a market-leader in terms of innovative product solutions, customer service excellence and value.[1]

Looking ahead to FY23, the business remains committed to achieving sustainable growth for our shareholders by focussing on our key strategic pillars to deliver on our purpose to continue to lead the wealth industry as the best provider of integrated platform, technology and data solutions and empower better financial futures, together.

During FY22 the Board engaged external advisers to undertake a benchmark review of key executive remuneration, in the context of the ongoing growth and the increasing demands on executives based on the scale and complexity of HUB24. Benchmark data was assessed across both financial services and fintech industry sectors to ensure a rigorous approach to this aspect of managing key person risk. Remuneration changes for KMP were awarded in September 2021 to ensure that HUB24's remuneration remained competitive and supported the ongoing retention of key executives.

Short Term Incentive (**STI**) targets for the year were designed to foster operational excellence, financial performance, customer outcomes and the strategic development of HUB24 in order to maximise shareholder value. Specific FY22 STI performance measures included a range of financial, strategy and growth, cultural leadership and operational and measures, based on the key metrics used to assess HUB24's success over the short-term. For the Managing Director, all base targets were largely met in FY22, with significant stretch target achievement in particular across the areas of strategy and growth, customer and service delivery, people, compliance and business operations. KMP performance outcomes against scorecard deliverables ranged from 81% to 89%, reflecting a very strong performance year.

The outcomes of the 2019 Long Term Incentive (LTI) grants offered to Executive KMP (outlined on page 39) and other key senior leaders reflected our strong business performance, critical retention priorities and recognition of unique functional expertise or knowledge. This LTI grant was offered to Executive KMP as a mix of options (40%) and performance rights (60%) with a 3-year performance period.

An LTI grant was offered to the Managing Director, KMPs, and other key employees following approval by shareholders at the 2021 Annual General Meeting. The offer was for performance rights only and had a three year vesting period with performance conditions based on FUA and Absolute Total Shareholder Return (**ATSR**).

BOARD AND EXECUTIVE KMP CHANGES

Effective 19 July 2021, HUB24 welcomed the appointment of Catherine Kovacs to HUB24's Board. Catherine has brought a deep understanding of financial services having significant relevant executive experience

1 Best platform managed accounts functionality and Best Product Offer (Investment Trends Platform Competitive Analysis and Benchmarking Report 2021). Best platform, Best Investment Options, Best Adviser Experience (Adviser Ratings Financial Advice Landscape Report 2022) No.1 Value (Investment Trends Adviser Technological Needs Report 2022)

and furthers our aspiration to increase female representation on the Board.

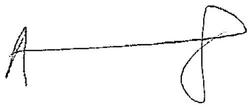
There have been no other changes to the composition of KMP for the year ended 30 June 2022.

LOOKING AHEAD TO FY23

The Board continues to consider external information around current trends in remuneration practices, particularly with regard to ongoing evolution of the regulatory landscape in the financial services sector, to ensure that HUB24's executive remuneration framework remains relevant and effective in attracting and retaining talented leaders for our business as it continues to grow.

The FY22 Remuneration Report is intended to assist shareholders to clearly understand our remuneration philosophy, framework, and alignment with outcomes. We remain committed to continuous evolution in our reward structure and our communication to shareholders as the financial services industry continues to undergo significant change and remuneration practices evolve.

Regards,



Anthony (Tony) McDonald
Chair, Remuneration and Nomination Committee
23 August 2022

1. KEY MANAGEMENT PERSONNEL

The KMP for FY22 were:

Name	Role in FY22	Term as KMP in FY22
Independent Non-executive Directors (NEDs)		
Bruce Higgins	Independent Non-Executive Director, Chairman	Full year
Anthony McDonald	Independent Non-Executive Director	Full year
Paul Rogan	Independent Non-Executive Director	Full year
Ruth Stringer	Independent Non-Executive Director	Full year
Catherine Kovacs	Independent Non-Executive Director	Commenced 19 July 2021
Executive KMP		
Andrew Alcock	Managing Director	Full year
Jason Entwistle	Director, Strategic Development	Full year
Craig Lawrenson	Chief Operating Officer	Full year
Kitrina Shanahan	Chief Financial Officer and Joint Company Secretary	Full year

2. REMUNERATION SNAPSHOT

Our remuneration framework is designed to support HUB24's objectives by engaging exceptional people to deliver strong customer value and growth in an innovative and collaborative manner. Our remuneration principles outlined below continue to shape our remuneration framework.

OUR REMUNERATION PRINCIPLES

Remuneration Principles

- Provide competitive and reasonable rewards to attract, motivate and retain high calibre individuals to drive the success of HUB24
- Ensure our people are rewarded via market competitive remuneration structures and practices
- Our incentive schemes are designed to reward achievement of targets aligned to HUB24's strategy
- Ensure key people are aligned to shareholder interest via appropriate long-term equity incentives
- Align incentives to cultural and compliance outcomes, subject to deductions for significant non-compliance

EXECUTIVE KMP REMUNERATION FRAMEWORK

HUB24's Executive KMP Remuneration Framework is made up of three components that when combined create the total remuneration opportunity for Executive KMP and senior leadership team members.

Fixed Remuneration (FR)

FR consists of Base Salary, Superannuation and Benefits.

FR is set to attract and retain Executive KMP with the right capability and experience.

FR is reviewed annually, and the process consists of a review of company-wide, functional portfolio and individual performance, relevant comparative remuneration in the market, and where appropriate, external advice on practices and market comparisons.

Short Term Incentive (STI)

STI is paid in three equal instalments, with one third paid at the end of the performance year, one third after 6 months and the remaining third, 12 months after the end of the performance period.

STI rewards Executive KMP based on structured qualitative and quantitative scorecard measures being achieved as determined by the Board. The scorecard measures include 'target' and 'stretch' Key Performance Indicators (**KPIs**).

Executive KMP are kept accountable through deferral periods that act as malus and clawback mechanisms intended to protect shareholder interests.

Long Term Incentive (LTI)

LTI has historically been delivered in a mixture of Options and/or Performance Award Rights (PARS), recently switching to 100% PARS awards that are performance-tested over a 3 or 5 year period.

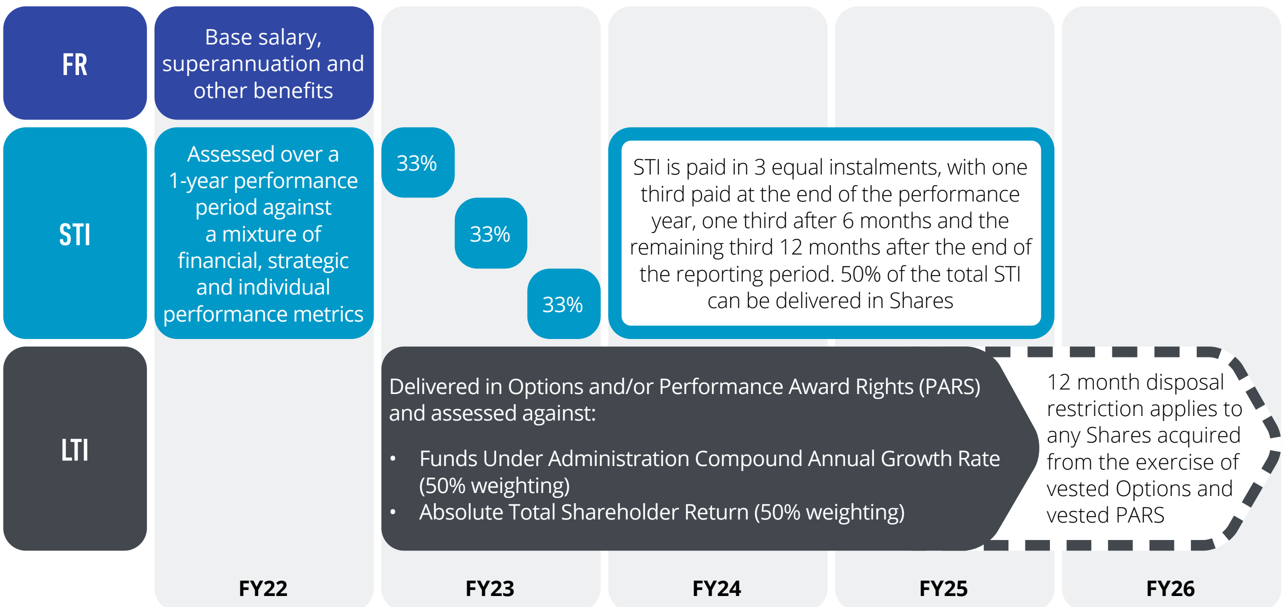
LTI rewards Executive KMP for long-term performance, encourages shareholding and delivers long-term value creation for shareholders based on:

- Compound Annual Growth Rate (**CAGR**) in FUA; and
- Absolute Total Shareholder Return (**ATSR**) performance.

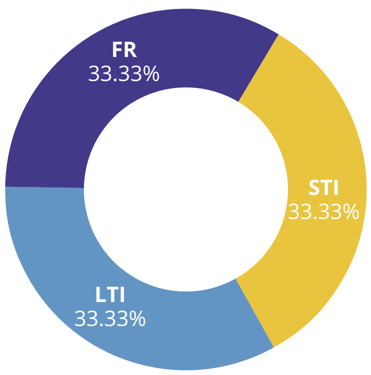
Special awards of PARS under different terms & conditions may be granted to Executives in limited circumstances to recognise their additional contribution in the growth of HUB24.

FY22 EXECUTIVE KMP REMUNERATION MIX

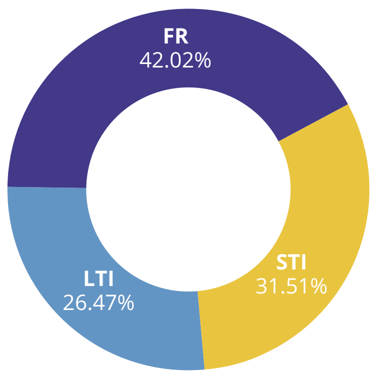
The weighting of each remuneration component of an executive's total remuneration opportunity is aligned to the executive remuneration framework outlined in section 5. The following diagrams set out the weighting of each remuneration component for the Managing Director and other Executive KMP based on their maximum potential STI and LTI opportunities and does not represent actual remuneration received for FY22.



Managing Director Pay Mix at Maximum for FY22



Other Executive KMP Pay Mix at Maximum for FY22 (average)



3. BUSINESS PERFORMANCE IN FY22

$65.6b
Total FUA

$11.7b
Net Flows

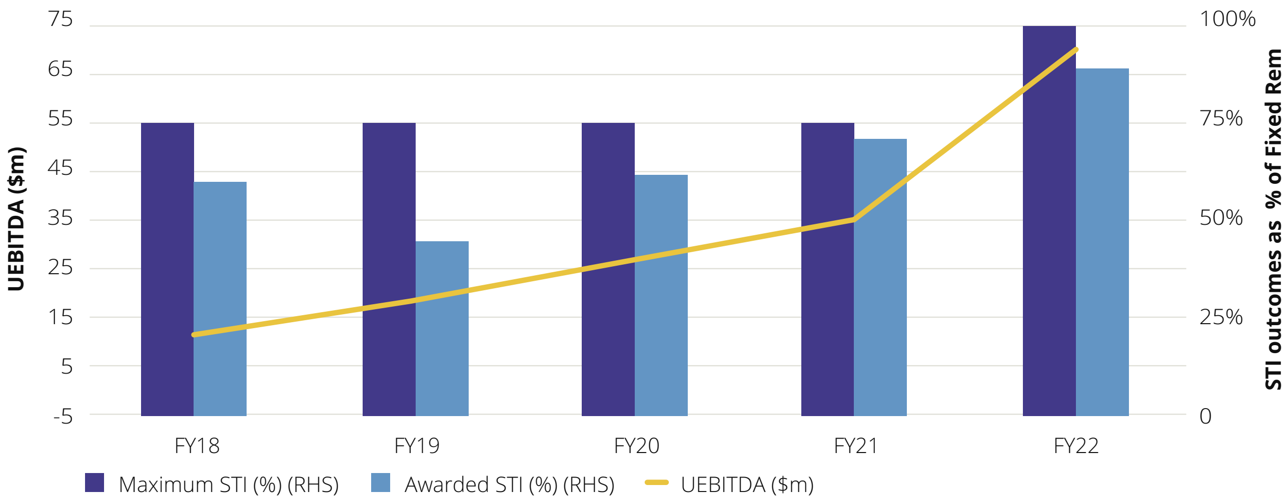
$70.4m
Underlying EBITDA

$35.9m
Underlying NPAT

20%
3 Year Total Shareholder Return

The graph below shows HUB24's Underlying EBITDA outcomes over the last five years compared to the Managing Director's STI outcomes over the same period. The graph shows that STI outcomes have been fair in comparison to Company performance against one of our key financial metrics.

Underlying EBITDA v Managing Director's STI outcome



The Managing Director's maximum STI opportunity was increased from 75% to 100% of fixed remuneration in FY22 following a remuneration review, for details please refer to page 38.

The table below details HUB24's performance against key financial and operational metrics for the five-year period ended 30 June 2022.

	FY22	FY21	FY20	FY19	FY18
PARS FUA ($b)	15.9	17.2	0.2	-	-
Platform FUA ($b)	49.7	41.4	17.2	13.1	8.3
Revenue ($m)	192.5	110.9	82.5	98.7	87.0
Underlying EBITDA ($m)	70.4	36.2	24.7	15.4	11.4
Underlying Profit/(Loss) after income tax ($m)	35.9	15.4	9.8	6.5	5.4
Earnings per share (statutory basic) ($)	20.18	14.83	13.13	11.54	12.27
Dividends per share (cents per share $)	0.20	0.10	0.07	0.046	0.035
Total dividends paid and payable ($m)	16.0	6.8	4.4	2.9	2.2
Share price at financial year end ($)	20.27	28.51	9.30	11.88	11.55
TSR in the financial year[1]	-29%	208%	-21%	3%	86%

1 TSR is calculated using the closing and opening share price and dividends for the financial year.

4. EXECUTIVE KMP REMUNERATION OUTCOMES

Executives delivered strong results against their KPIs for FY22. Our Company performance and the resulting shareholder value creation over the longer-term leads us to expect that the LTI issued in 2019 will vest at 100% once tested on 17 October 2022 using the 40 day volume weighted average price (**VWAP**) following our financial reporting.

FIXED REMUNERATION

To ensure fixed remuneration continues to be both appropriate and aligned with shareholder interests in the face of an increasingly competitive market, the Board sought advice from external advisers and benchmarked Executive KMP remuneration against a financial services, and fintech company comparator group with similar scale, revenue and market capitalisation, recognising that start-up fintech experience is a sought after skill set. A secondary comparator group of wealth management businesses within larger institutions was also considered. This detailed market data ensured that we were able to adjust fixed remuneration against comparable market conditions relative to our current size and scale, to continue to attract and retain the highest calibre of Executive KMP.

In September 2021 the Board made fixed remuneration adjustments to Executive KMP of between 4.5% and 28.9%, with higher increases awarded to the Managing Director and Director, Strategic Development to align their total remuneration position to the market reflecting HUB24's growth. The range for other KMP increases was from 4.5% to 8.2% based on their respective roles and responsibilities relative to external market benchmarks obtained in August 2021. These FY22 fixed remuneration adjustments ensured that the executive remuneration framework continues to support the achievement of our strategy and the future needs of our business by attracting and retaining key executive talent. Adjustments to fixed remuneration were effective from the standard date of 1 September 2021, after a 3 month deferral was made the previous year due to market condition uncertainty around COVID-19.

Name	Fixed Remuneration (including superannuation) effective 1 December 2020	Fixed Remuneration (including superannuation) effective 1 September 2021
A. Alcock – Managing Director	$520,000	$670,000
J. Entwistle – Director, Strategic Development	$425,000	$525,000
K. Shanahan – Chief Financial Officer and Joint Company Secretary	$425,000	$460,000
C. Lawrenson – Chief Operating Officer	$402,000	$420,000

STI OUTCOMES – LINK TO PERFORMANCE

Following the market benchmark review of remuneration completed in August 2021, STI opportunity levels were reviewed and adjusted for the Managing Director, Director, Strategic Development and Chief Financial Officer. These changes aligned the Executives to a more competitive remuneration package across fixed and variable elements. The STI opportunity for the Managing Director and Director, Strategic Development were increased from 75% to 100% of fixed remuneration, and the Chief Financial Officer from 40% to 60%. At the same time, the remuneration mix for the Chief Operating Officer was adjusted with the STI opportunity reduced from 70% to 65% offset by a larger LTI opportunity. The Managing Director's FY22 scorecard capturing corporate and individual goals, their weighting and the performance level achieved are summarised below. Further detail on the STI structure is provided in section 5.

FY22 STI		
Measure	**FY22 outcome**	**Commentary**
Financial Performance – 33% weighting		**Result – 28.38%**
Profitability	Group profitability	• Group underlying EBITDA up $34.2 million (94%) year on year.
	Base Platform profitability	• Platform underlying EBTDA up $24.4 million (64%) year on year
	Stretch Platform profitability	• The base Platform profitability measure was met, with the stretch measure partially met.
	Cost to income ratio	• Cost to Income ratio of 63.4%.
Operating Cashflow		• Positive operating cashflow outcome of $53.7million (excluding strategic transaction costs).
Strategy & Growth – 35% weighting		**Result – 31.25%**
Platform net inflows		• Record platform annual net flows of $11.7 billion up 32% on FY21.
Xplore integration and non-custody development		• Integration of Xplore Wealth into HUB24 is continuing to progress with foundational integration complete and first product migration completed. • Acquisition synergies are on track to plan with additional revenue synergies achieved. • Separation of Ord Minnett PARS is in final stages albeit later than originally planned. • PARS growth to 8,341 account.
Mergers & Acquisitions		• Completed strategic transaction acquiring Class Limited to create additional strategic opportunities for HUB24 and diversified revenue. • Initial joint HUB24/Class product development well progressed. • Achievement of planned synergies exceeded with additional opportunities identified. • Integration well progressed with go-forward Class operating model and leadership team in place.

FY22 STI		
Measure	**FY22 outcome**	**Commentary**
Current and future growth initiatives		• Signed distribution agreements with pipeline clients with expected FUA net inflows over the following 3 years. • Development of strategies and alliances to create significant future growth opportunities. • Continued evolution of Tech Solutions business including ongoing development and adoption of HUBConnect proposition, commercialisation of new products, new client opportunities and enhanced client proposition.
Customer and Service Delivery – 17% weighting		**Result – 14.88%**
Delivery and governance of strategic and operational work programs		Ongoing delivery of enterprise project portfolio across: • Regulatory change projects • Product and service enhancements • Operational efficiency • Technology scale and security • Client migrations
Customer experience and market leadership		• Customer satisfaction: High satisfaction rate maintained. • Various awards and industry recognition including: – 1st place for client advocacy from Adviser Ratings; • Best Overall Product, Best Managed Accounts and 2nd place for overall functionality from Investment Trends; and • Equal 2nd place for overall adviser satisfaction from Wealth Insights. • Average HUB24 platform usage across advisers and licensees increased year-on-year, with industry leading FUA retention rate.
Product and service development		• Expansion of our product and service offerings including: – • Launch of new market leading real-time dynamic reporting capability to support adviser and client engagement. • Increased investment choice and execution flexibility providing advice efficiency tools, functionality to support client preferences, additional security exchanges and flexibility for access to international markets.
Industry innovation and market leadership		• Development of industry leading SMSF offer utilising Class and HUB24 capabilities to provide additional solution for advisers aiming to grow the SMSF and platform market. • Progress on market leading data services that support the adviser market including HUBconnect and integrations with third party wealth management providers. • Increasing collaboration with industry participants aiming to build foundations for the future of wealth management and financial advice.

FY22 STI		
Measure	**FY22 outcome**	**Commentary**
People, Compliance and Business Operations – 15% weighting		**Result – 14.50%**
People and Culture		• Favourable employee engagement evidenced by employee survey conducted by third party expert and staff retention measures. • Positive and open culture with strong measures for integrity, company values alignment, Board and leadership effectiveness as measured by third party culture survey conducted on behalf of the Board of Directors. • Strong focus on employee development, leadership development, talent recognition and succession planning.
Risk & Compliance		• Appointment of Chief Risk Officer appropriate for enterprise scale and future growth aspirations. • Effective operation of risk and compliance framework with continuing maturation of people, system, processes and culture to support robust risk and compliance outcomes. Risk focus supported by internal and external auditors. • Responded effectively to the changing COVID-19 risk continuing to deliver high quality service to our clients, employee welfare support and establishment of a flexible hybrid working model. • Maintained HUB24 ISO 27001 accreditation. • Continued investment in cyber resilience aiming to protect all stakeholders and respond to the evolving environment and emerging threats.
Group Operating Model evolution		• Significant investment in executive leadership team to support future growth aspiration including the appointment of Chief Growth Officer, Chief Risk Officer, Class Chief Executive Officer. • Progressing with recruitment of Chief People Officer to support future talent acquisition, organisational development and 'employer of choice' aspirations. • Significant investment in systems and processes to ensure operational continuity, scalability and provide foundations for future growth. • Ongoing core system architecture and performance improvements creating operational efficiencies and improved customer service outcomes.
		Total Overall Outcome – 89%

Outcome Base and stretch targets apply Base target only Stretch target only

The STI outcomes for Executive KMP against their maximum opportunities are disclosed below.

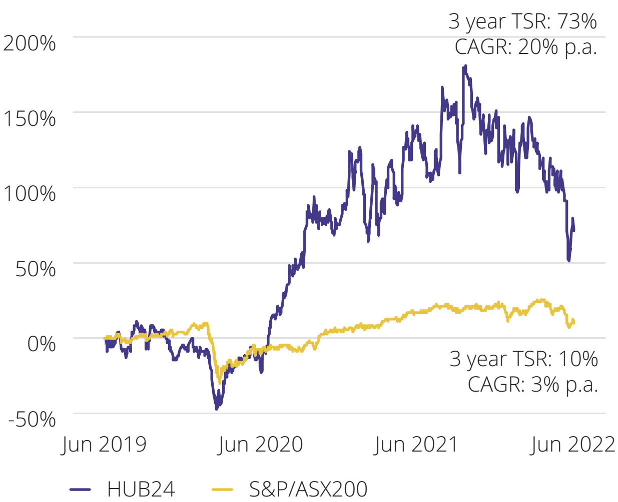
Name	STI maximum opportunity	% of maximum STI earned	%of maximum STI forfeited
A. Alcock – Managing Director	$670,000	89%	11%
J. Entwistle – Director, Strategic Development	$525,000	88%	12%
K. Shanahan – Chief Financial Officer and Joint Company Secretary	$276,000	89%	11%
C. Lawrenson – Chief Operating Officer	$273,000	81%	19%

LTI OUTCOMES – LINK TO PERFORMANCE

The FY19 LTI is tested over a 3-year period from 1 July 2019 to 30 June 2022, with the ATSR hurdle tested using the 40 day VWAP following the FY22 full year results announcement (being 17 October 2022). Executive KMP have achieved the FUA hurdle (which is 50% of the performance measures). The remaining 50% of Options and PARS that relates to the ATSR hurdle requires final performance testing on 17 October 2022. If tested as at the date of this report the ATSR stretch target would have been achieved. The following graphs also show TSR and FUA performance over the FY19 LTI performance period.

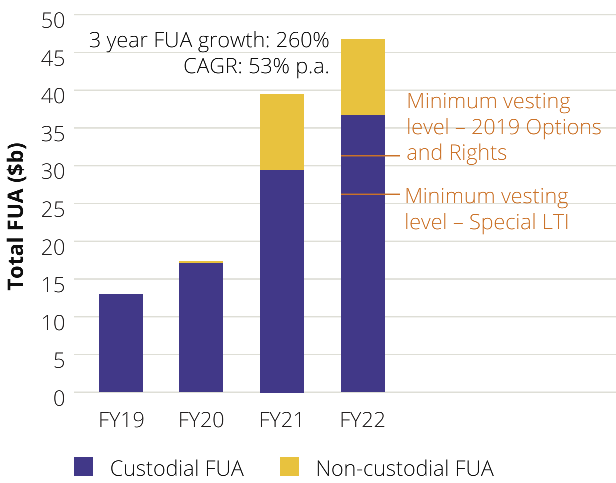
The FY18 Special PARS are tested over a 4-year period from 1 July 2018 to 20 June 2022, with 100 per cent of PARS vesting based on the FUA performance over the period. The following graph shows the FUA performance over the FY18 Special PARS performance period.

HUB24 v S&P/ASX200 3-year TSR



*TSR data sourced from Thomson Reuters' Eikon Refinitiv platform

HUB24 FUA



FY19 LTI GRANT PERFORMANCE CONDITIONS

Measure	Weighting	Vesting criteria	Result (% vested)
ATSR	50%	The CAGR in the ATSR over the three-year period until 17 October 2022 is assessed as follows: • Threshold: 12.5% ATSR CAGR – 25% vesting; and • Stretch: 17.5% ATSR CAGR – 100% vesting. Straight-line vesting will occur between threshold and stretch.	To be tested 17 October 2022
Growth in FUA	50%	The growth in FUA over the three-year period until 30 June 2022 is assessed as follows: • Zero vesting if the FUA did not exceed $27 billion by 30 June 2022; • 25% vesting if the FUA reached $27 billion by 30 June 2022; • 80% vesting if the FUA reached $29 billion by 30 June 2022; • 100% vesting if the FUA reached $32 billion by 30 June 2022; • Straight-line vesting will occur between $29 billion and $32 billion (for between 80% and 100% vesting).	100%

5. EXECUTIVE KMP REMUNERATION STRUCTURE

STI

The objective of the STI is to reward Executive KMP for delivery against tailored KPI's aligned to key strategic goals and creation of shareholder value. Below we have set out the key terms of the STI for FY22:

Element	Description
Opportunity	Managing Director: 100% of Fixed Remuneration at maximum. Other Executive KMP: 60–100% of Fixed Remuneration at maximum.
Delivery	STI is paid in three equal instalments, with one third paid at the end of the performance year, one third after 6 months and the remaining third 12 months after the end of the performance period. These deferral periods are intended to enhance malus and clawback mechanisms and mitigate risk. STI is offered in cash, however, at the election of Executive KMP, 50% of the total STI earned can be delivered in Shares.
Performance period	1 year (i.e. 1 July to 30 June).
Performance measures	HUB24's STI strategy aims to focus Executive KMPs on a balance of financial, operational and strategic targets. This ensures Executive KMPs are rewarded for achieving objectives that are fundamental to the success of HUB24. The weightings for each category in the Managing Director's FY22 scorecard are outlined below. **Financial Performance – 33% weighting** **Strategy & Growth – 35% weighting** **Customer & Service Delivery – 17% weighting** **People, Compliance & Business Operations – 15% weighting** • The financial measures were chosen as they represent key drivers of HUB24's financial performance Underlying EBITDA, Operating Cashflow and Cost to Income aimed at protecting revenue margins and profitability from the impact of price cutting), while also providing a framework for delivering shareholder returns. • Growth and strategic measures were chosen as they represent HUB24's go-forward strategy and assess progress against new initiatives that ensure HUB24's longevity and success. This may involve (not intended to be exhaustive) assessments against any mergers and acquisitions which occur, customer acquisitions and development of new target markets. • Customer & Service Delivery measures represent key metrics related to HUB24's interactions with customers (service and experience), rollout of new products and new product offerings, the progress of strategic innovation and the delivery of strategic projects. • People, Compliance & Business Operations measures focus on critical objectives related to improvements to our risk framework, our regulatory compliance and our progress in building HUB24's sustainable scalability and growth. Most importantly it drives our cultural framework and employee engagement. The Board determines the relative weighting and mix of performance measures for Executive KMP in order to deliver long-term sustainable shareholder value.

LTI

The objective of the LTI Plan is to reward Executive KMP for delivering sustained growth in shareholder value and to provide HUB24 with the ability to attract, motivate and retain high calibre senior leaders in a competitive market.

Below we have set out the key terms of the LTI issued in FY22:

Element	Description
Opportunity	Managing Director: 100% of Fixed Remuneration. Other Executive KMP: 40–100% of Fixed Remuneration.
Delivery	PARS (100%).
Performance period	3 years. A further 12-month disposal restriction applies to Shares issued upon the exercise of vested PARS.
Exercise price	No exercise price will be payable in respect of the exercise of vested Performance Rights.
Expiry period	PARS: 15 years from the date of issue.
Performance measures	50% of the Performance Rights will be subject to and will vest based on a calculated score (Score) that measures the achievement of a funds under administration (FUA) target that has been set for the three years ending on 30 June 2024. The Score will have regard to the relative growth in Platform (Custody) FUA and Portfolio Administration and Reporting Services (Non-Custody) FUA as well as the relative financial contribution of Custody FUA and Non-Custody FUA to HUB24's financial results. The PC1 hurdle has been set at a Score of between 88.5 and 100 which represents a three year CAGR of FUA between 19.5% and 24.8% p.a., and a FUA growth of between 70.6% and 94.5%, over three years to 30 June 2024. Based on data at 30 June 2021 this would equate to total FUA of $100-$114bn by 30 June 2024. 50% of the Performance Rights will be subject to, and will vest on, the achievement of a hurdle measuring the absolute total Shareholder return (ATSR) of 10% to 15% per annum over the next three years. The vesting is calibrated as follows: • 25% vesting of PC2 =Performance Rights occurs when a threshold vesting of 10% ATSR compounded annually is achieved; • 100% vesting of PC2 Performance Rights occurs when a threshold vesting of 15% ATSR compounded annually is achieved; and • vesting between 10% and 15% ATSR will be on a straight-line basis between these two levels

GENERAL TERMS APPLYING TO VARIABLE AWARDS

The occurrence of particular events may affect the grant and vesting of the STI and LTI. The table below outlines how these awards may be treated, noting that the Board retains absolute discretion with respect to the incentive plans.

Element	STI	LTI
Treatment on cessation of employment	The Board has discretion to determine how to treat an executive's STI in the case of cessation of employment, taking into account the circumstances of the executive's departure. This applies to in-year STI as well as deferred STI.	Unless the Board exercises its discretion, vested Options and PARS will remain on-foot and unvested Options and PARS will remain on-foot to be tested in the ordinary course.
Change of Control	The Board has discretion to determine how STI will be treated in the event of a change of control (CoC) event, depending on the circumstances of the transaction.	Upon a change of control (CoC) event, LTI grants will vest on a pro rata "period of time" basis unless the Board exercises discretion to allow the grant to vest in full, dependent upon circumstances.
Clawback and Malus	The Board has the discretion to reduce, cancel or recover any and all awards in 'for cause' circumstances including serious misconduct.	
Board discretion	Awards under the STI and LTI are subject to Board discretion at all times.	

6. KMP SERVICE AGREEMENTS

Remuneration and other terms of employment for Executive KMP are formalised in employment agreements.

All Executive KMP have ongoing employment agreements. HUB24 may terminate the employment agreement by providing 12 months written notice or providing payment in lieu of the notice period (based on the fixed component of the relevant KMPs remuneration).

The major provisions of the Executive KMP agreements relating to remuneration are set out below. Salaries set out below are for FY22 and are subject to review by the Remuneration and Nomination Committee.

Name	Fixed Remuneration (including superannuation)	Notice period – either party	Contractual Termination payments
A. Alcock – Managing Director	$670,000	12 months	Nil
J. Entwistle – Director, Strategic Development	$525,000	12 months	Nil
K. Shanahan – Chief Financial Officer and Joint Company Secretary	$460,000	12 months	Nil
C. Lawrenson – Chief Operating Officer	$420,000	12 months	Nil

KMP have no entitlement to termination payments in the event of termination for misconduct.

7. NED REMUNERATION

On appointment to the Board, all Non-Executive Directors enter into an agreement with HUB24 in the form of a letter of appointment. The letter summarises the Board's policies and terms, including compensation relevant to the office of Non-Executive Director.

REMUNERATION POLICY AND ARRANGEMENTS

The objective of HUB24's policy regarding NED fees is below:

- to set aggregate remuneration at a level which provides HUB24 with the ability to attract, motivate and retain NEDs of the highest calibre whilst incurring a cost which is acceptable to shareholders; and
- the Remuneration and Nomination Committee may from time to time receive advice from independent remuneration consultants or utilise market base comparative data to ensure NED fees and payments are appropriate and in line with the market.

NED fees (including superannuation) are limited to a maximum aggregate amount approved by shareholders. The current limit of $900,000 per financial year was approved by HUB24 shareholders at the 2020 AGM.

NED remuneration comprises Board fees, Committee fees and superannuation contributions at the statutory superannuation guarantee contribution rate. The payment of additional fees for serving on a Committee recognises the additional time commitment required by NEDs who serve on a Committee.

HUB24 also requires Non-Executive Directors to be shareholders in the Company. NEDs must hold either directly or indirectly at least 1,000 HUB24 shares as soon as practical and permissible following their appointment or election.

As a result of COVID-19, the Board determined to freeze NED fees at the October 2019 level until October 2021.

During FY22 the Board engaged an external adviser to undertake an independent benchmarking review of market rates for NED fees taking into account the increased scale, complexity and time commitment required of HUB24 NEDs so as to ensure we remain competitive in attracting and retaining NEDs with the right skills and experience. For FY22, the Board made the decision to increase the NED Board and Committee fees effective 1 October 2021 based on this market review.

HUB24's current Board and Committee fees are as per the table below (inclusive of superannuation).

The Chairman of the Board receives a higher fee to reflect the additional time commitment and responsibilities of the role and does not receive any additional fees for participation in Board Committees.

Paul Rogan receives a Special Fee of $10,000 for the additional work he undertakes in considering growth opportunities with the Chairman and management.

Board and Committee Fees (inclusive of superannuation)	Year	Board Fee	Audit Risk and Compliance Committee	Remuneration and Nomination Committee	Special Fee
Chairman	2022 2021	$257,500 $220,000			
Member Fee	2022 2021	$100,000 $85,000	$15,000 $10,000	$15,000 $10,000	$10,000 $Nil
Member Fee (Anthony McDonald Only)	2022 2021	$100,000 $75,000			
Committee Chair Fee	2022 2021		$30,000 $20,000	$30,000 $20,000	

ADDITIONAL FEES AND RETIREMENT ALLOWANCES

No additional amounts are paid to each NED other than reimbursements for reasonable travel, accommodation and other expenses incurred as a consequence of their attendance at Board meetings and otherwise in the execution of their duties as Directors. NEDs do not participate in any short-term or long term incentive arrangements and are not entitled to any retirement schemes or retirement benefits other than statutory superannuation benefits.

NED STATUTORY REMUNERATION

The remuneration of NEDs for the year ended 30 June 2022 and 30 June 2021 is detailed below.

		Short-term benefits			Post Employment Benefits	End of service	Share-based payments		Total remuneration
Non-Executive Directors		Cash Salary and fees $	Bonus $	Non-monetary benefits $	Super-annuation[1] $	Long Service Leave $	Shares $	Options & PARS $	Total $
B. Higgins	FY22	225,568	-	-	22,557	-	-	-	248,125
	FY21	107,033	-	-	106,537	-	-	-	213,570
A .McDonald	FY22	110,228	-	-	11,023	-	-	-	121,251
	FY21	56,489	-	-	42,696	-		89,587	188,772
P. Rogan	FY22	131,818	-	-	13,182	-	-	-	145,000
	FY21	82,192	-	-	30,270	-	-	-	112,462
R. Stringer	FY22	100,033	-	-	10,003	-	-	-	110,036
	FY21	86,758	-	-	8,242	-	-	-	95,000
C. Kovacs[2]	FY22	96,125	-	-	9,612	-	-	-	105,737
	FY21	-	-	-	-	-	-	-	-
I. Litster[3]	FY22	-	-	-	-	-	-	-	-
	FY21	23,028	-	-	36,334	-	-	-	59,362
Total	**FY22**	**663,772**	**-**	**-**	**66,377**	**-**	**-**	**-**	**730,149**
	FY21	**355,500**	**-**	**-**	**224,079**	**-**	**-**	**89,587**	**669,166**

1 During FY21, the Company revised its assessment of the obligation to pay Superannuation Guarantee Charges (SGC) to NEDs. Following the review, SGC for the period from 2013 to 2020 was paid in FY2021. Additionally, in FY2021 all relevant NED's received a reduction in their current year fee. The cumulative NED fees and SGC to date represents the fees agreed.

2 Appointed 19 July 2021.

3 Resigned 5 March 2021.

NED SHAREHOLDINGS

The number of shares in HUB24 held during the financial year by each NED, including their personally related parties, is set out below.

Ordinary Shares	Balance at the beginning of the financial year	Other changes during the year	Balance at the end of the financial year
B. Higgins	808,311	(269,700)	538,611
A. McDonald	18,874	22,770	41,644
P. Rogan	40,000	5,000	45,000
R. Stringer	3,070	2,500	5,570
C. Kovacs	0	3,750	3,750

8. REMUNERATION GOVERNANCE

HUB24's remuneration governance structure provides oversight over HUB24's remuneration practices and policies.

Activities of the Remuneration and Nomination Committee are governed by its Charter, which is available on HUB24's website at www.HUB24.com.au

The following diagram illustrates HUB24's remuneration governance framework. The Board has the ultimate responsibility for the oversight of the executive remuneration framework including variable pay outcomes, policies and processes, informed by the Remuneration & Nomination Committee's recommendations.

HUB24 Board

The Remuneration and Nomination Committee

The Remuneration and Nomination Committee is delegated responsibility by the Board for reviewing and making recommendations on remuneration policies for HUB24, including policies governing the remuneration of executives and NEDs.

The Remuneration and Nomination Committee assists the Board in its oversight of:

- remuneration policy for Executive KMP;
- the remuneration framework for Executive KMP, including STI and LTI plans;
- HUB24's compliance with applicable legal and regulatory requirements in respect of remuneration matters; and
- approval of the allocation of shares and incentives under HUB24's schemes.

Management

Management provides relevant information to the Remuneration and Nomination Committee to assist with its decision-making and advises the Remuneration and Nomination Committee of statutory requirements. Management may also seek advice from external advisors as required.

The Managing Director is responsible for reviewing the performance of HUB24's Executive KMP and the Remuneration and Nomination Committee reviews the Managing Director's performance.

External advisors

External advisors may be engaged directly by the Remuneration and Nomination Committee to provide advice or information relating to KMP that is free from the influence of management.

During FY22, the Committee sought advice from KPMG, Deloitte Touche Tohmatsu and Aon Hewitt and Egan Associates.

The Egan Associates engagement was the only engagement that involved providing remuneration recommendations as defined by the *Corporations Act 2001*.

SECURITIES DEALING POLICY

All staff are required to comply with HUB24's Securities Dealing Policy (Group Securities Trading Policy) at all times and in respect of all HUB24 shares held. Trading is subject to pre-clearance and is not permitted during designated blackout periods unless there are exceptional circumstances.

LOANS AND TRANSACTIONS

HUB24 has not provided any loans or entered into transactions with any KMP and/or related parties in FY22.

9. OTHER STATUTORY DISCLOSURES

Statutory remuneration disclosures are prepared in accordance with Australian Accounting Standards and include share-based payments expensed during the financial year, calculated in accordance with AASB 2 Share-based Payments.

EXECUTIVE KMP REMUNERATION

The following table includes statutory remuneration disclosures for FY22 and FY21.

		Short-term benefits			Post Employment Benefits	End of service	Share-based payments		Total remuneration	
AUD		Cash Salary and fees[1] $	Bonus $	Non-monetary benefits $	Super-annuation[1] $	Long Service Leave $	Shares $	Options & PARS $	Total $	Performance related %
Executive KMP										
A. Alcock	FY22	621,744	336,987	3,290	23,568	34,345	-	2,490,348	3,510,282	5%
	FY21	506,116	370,481	4,955	21,694	10,077	25,862	886,619	1,825,804	20%
J. Entwistle	FY22	485,078	276,208	5,226	23,568	25,160	1,000	2,492,747	3,308,987	8%
	FY21	380,956	302,813	-	21,694	8,118	1,000	759,396	1,473,977	21%
C. Lawrenson	FY22	381,102	227,855	5,578	23,568	-	1,000	726,474	1,365,577	17%
	FY21	363,427	237,783	-	21,694		1,000	280,165	904,069	26%
K. Shanahan[2]	FY22	430,911	104,947	-	23,568	-	1,000	687,884	1,248,310	8%
	FY21	360,009	207,420	-	17,773	-	-	39,264	624,466	25%
D. Last[3]	FY22	-	-	-	-	-	-	-	-	-
	FY21	284,477	-	-	-	-	-	-	284,477	-
Total	**FY22**	**1,918,835**	**945,997**	**14.094**	**94,272**	**59,505**	**3,000**	**6,397,453**	**9,433,156**	
	FY21	**1,894,985**	**1,118,497**	**4,955**	**82,855**	**18,195**	**27,862**	**1,965,444**	**5,112,793**	

1 Includes movements in annual leave balances.

2 K. Shanahan received $50,000 signing bonus during FY21.

3 Resigned 6 September 2020.

KMPS' INTERESTS IN OPTIONS AND PARS

We have detailed beneficial interests in Options and PARS granted as at 30 June 2022 in the table below. We discuss the service and performance criteria for the equity awards vesting in FY22 in section 4.

Name	Type	Balance at 1 July 2021	Granted	Exercised	Lapsed/ Forfeited	Other transactions	Balance at 30 June 2022
Non-Executive Directors							
A. McDonald	PARS	20,000	Nil	20,000	Nil	Nil	-
Executive KMP							
A. Alcock	Options	324,049	Nil	184,541	Nil	Nil	139,508
	PARS	486,147	35,901	Nil	Nil	Nil	522,048
J. Entwistle	Options	263,552	Nil	87,329	Nil	Nil	176,223
	PARS	434,184	28,132	19,570	Nil	Nil	442,746
C. Lawrenson	Options	39,170	Nil	Nil	Nil	Nil	39,170
	PARS	119,309	9,002	Nil	Nil	Nil	128,311
K. Shanahan	Options	10,974	Nil	Nil	Nil	Nil	10,974
	PARS	75,261	29,574	Nil	Nil	Nil	104,835
Total	**Options**	**637,745**	**Nil**	**271,870**	**Nil**	**Nil**	**365,875**
	PARS	**1,134,901**	**102,609**	**39,570**	**Nil**	**Nil**	**1,197,940**

KMP OPTIONS

KMP hold the following Options:

Name	Financial year of grant	Financial year in which Options may vest	Number of Options granted	Value of Options at grant $	Number of Options vested during the year	Number of Options lapsed/ forfeited during the year
Executive KMP						
A. Alcock	2021	2024	33,558	371,990	Nil	Nil
	2020	2023	54,764	208,083	Nil	Nil
	2019	2022	51,186	215,994	51,186	Nil
J. Entwistle	2021	2024	27,435	304,117	Nil	Nil
	2020	2023	44,848	170,406	Nil	Nil
	2019	2022	40,000	142,880	40,000	Nil
	2018	2021	63,940	191,580	Nil	Nil
C. Lawrenson	2021	2024	10,380	115,062	Nil	Nil
	2020	2023	13,438	51,059	Nil	Nil
	2019	2022	15,352	54,808	15,352	Nil
K. Shanahan	2021	2024	10,974	121,647	Nil	Nil

The assessed fair value at grant date of the Options granted to individuals is allocated over the period from grant date to expected vesting date and the amount is included in the remuneration tables in this section of this Remuneration Report. Fair values at grant date are independently determined using the Black Scholes and the Hoadleys 1 Hybrid ESO model that takes into account the exercise price, term of the Option, share price at grant date, expected price volatility of the underlying share price and the risk free rate for the term of the Option.

KMP PARS

KMP hold the following PARS:

Name	Financial year of grant	Financial year in which PARS may vest	Number of PARS granted	Value of PARS at grant $	Number of PARS vested during the year	Number of PARS lapsed/forfeited during the year
Executive KMP						
A. Alcock	2022	2025	35,901	800,882	Nil	Nil
	2021	2024	301,395	6,078,887	Nil	Nil
	2020	2023	21,932	206,507	Nil	Nil
	2019	2023	90,000	1,142,224	Nil	Nil
	2019	2022	14,072	157,034	14,072	Nil
	2018	2021	23,897	166,129	Nil	Nil
	2017	2020	34,851	113,475	Nil	Nil
J. Entwistle	2022	2025	28,132	658,538	Nil	Nil
	2021	2024	295,653	5,978,919	Nil	Nil
	2020	2023	17,961	169,117	Nil	Nil
	2019	2023	90,000	1,142,224	Nil	Nil
	2019	2022	11,000	117,852	11,000	Nil
	2018	2021	19,570	107,966	Nil	Nil
	2017	2020	28,587	93,079	Nil	Nil
C. Lawrenson	2022	2025	9,002	210,732	Nil	Nil
	2021	2024	74,706	1,500,831	Nil	Nil
	2020	2023	5,382	50,676	Nil	Nil
	2019	2023	35,000	444,198	Nil	Nil
	2019	2022	4,221	45,219	4,221	Nil
	2018	2021	11,211	71,212	Nil	Nil
K. Shanahan	2022	2025	29,574	804,450	Nil	Nil
	2021	2024	75,261	1,510,494	Nil	Nil

The assessed fair value at grant date of the PARS granted to individuals is allocated over the period from grant date to expected vesting date and the amount is included in the remuneration tables in this section of this Remuneration Report. Fair values at grant date are independently determined using the Black Scholes and the Hoadleys 1 Hybrid ESO model that takes into account the term of the PAR, share price at grant date, probability of service condition being met, expected volatility of the underlying share price and risk free rate.

PARS granted carry no dividend or voting rights.

EXECUTIVE KMP SHAREHOLDINGS

The number of shares held in HUB24 during the financial year by each Executive KMP, including their personally related parties, is set out below.

Ordinary Shares	Balance at the start of the year	Received due to tax exempt share plan issue	Other changes during the year	Balance at the end of the year
A. Alcock	1,061,383	-	20,641	1,082,024
J. Entwistle	820,897	34	(142,209)	678,722
C. Lawrenson	66,321	34	(8,802)	57,553
K. Shanahan	-	34	-	34

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 $'000	2021 $'000
Income			
Revenue	2.1, 2.2	189,508	107,957
Fair value gain on contingent consideration		-	1,568
Interest and other income	2.3	1,895	856
Share of profit from associates	6.4	1,122	472
Total income		**192,525**	**110,853**
Expenses[1]			
Platform and custody fees[1]		(21,408)	(14,057)
Employee related expenses	2.4	(80,348)	(47,096)
Depreciation and amortisation expense	2.4	(19,831)	(6,957)
Administrative expenses[1]	2.4	(38,246)	(19,345)
Share based payments expense	7.1	(10,783)	(7,747)
Interest expense – lease liability	3.4.2	(254)	(303)
Interest expense – other		(524)	-
Total expenses		**(171,394)**	**(95,505)**
Profit/(loss) before income tax from continuing operations		**21,131**	**15,348**
Profit/(loss) before income tax from discontinued operations	**6.1**	**-**	**823**
Income tax expense	5.1	(6,469)	(6,402)
Profit after income tax for the year		**14,662**	**9,769**
Total comprehensive income for the year attributable to ordinary equity holders of HUB24 Limited		14,662	9,769

		Cents	Cents
Earnings per share, attributable to ordinary equity holders of HUB24 Limited			
Basic earnings per share	2.5	20.18	14.83
Diluted earnings per share	2.5	19.53	14.28
Earnings per share from continuing operations, attributable to ordinary equity holders of HUB24 Limited			
Basic earnings per share – continuing operations	2.5	20.18	13.58
Diluted earnings per share – continuing operations	2.5	19.53	13.07

1. Prior period comparatives have been reclassified for presentation and consistency purposes with the current period disclosures between platform and custody fees and administrative expenses, employee related expenses, share based payments expense, interest expense on lease liability, and property and occupancy costs.

The *consolidated statement of profit or loss and other comprehensive income* should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Notes	2022 $'000	2021 $'000
Assets			
Current assets			
Cash and cash equivalents		43,454	63,461
Trade and other receivables	3.1	26,306	16,633
Other current assets		5,283	2,570
Total current assets		**75,043**	**82,664**
Non-Current assets			
Investment in associates	6.4	15,167	14,519
Intangible assets	3.5	429,372	103,976
Loans	4.2	15,655	7,550
Right of use assets	3.4.1	9,525	6,093
Deferred tax assets (net of deferred tax liabilities)	5.2	-	12,761
Property, plant and equipment	3.6	2,956	1,455
Total non-current assets		**472,675**	**146,354**
Total assets		**547,718**	**229,018**
Liabilities			
Current liabilities			
Provisions	3.3	23,858	16,118
Trade and other payables	3.2	13,945	9,095
Borrowings	4.1	10,059	3,125
Lease liabilities	3.4.2	3,253	2,204
Deferred tax liabilities (net of deferred tax assets)	5.2	725	-
Other current liabilities		283	316
Total current liabilities		**52,123**	**30,858**
Non-current liabilities			
Lease liabilities	3.4.2	6,931	4,550
Provisions	3.3	3,252	2,348
Borrowings	4.1	29,236	9,375
Deferred income		492	776
Other non-current liabilities		24	41
Total non-current liabilities		**39,935**	**17,090**
Total liabilities		**92,058**	**47,948**
Net assets		**455,660**	**181,070**
Equity			
Issued capital	4.3.1	460,447	199,214
Profit reserve	4.3.3	50,231	45,342
Reserves	4.3.2	19,975	11,507
Retained earnings		(74,993)	(74,993)
Total equity		**455,660**	**181,070**

The *consolidated statement of financial position* should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

Consolidated 2022 $'000	Notes	Issued capital	Reserves	Profit reserves	Retained earnings	Total
Opening balance as at 1 July 2021		199,214	11,507	45,342	(74,993)	181,070
Total comprehensive income for the year		-	-	-	14,662	14,662
Transfer to profit reserves		-	-	14,662	(14,662)	-
Transactions with owners in their capacity as owners:						
Dividends paid on ordinary shares		-	-	(9,773)	-	(9,773)
Shares issued transaction costs		(162)	-	-	-	(162)
Shares issued		1,418	-	-	-	1,418
Xplore settlement consideration adjustment		(1,503)	-	-	-	(1,503)
Options and rights exercised	4.3.1	3,489	(2,056)	-	-	1,433
Options and rights granted – employees		-	10,524	-	-	10,524
Class settlement consideration	6.2	268,003	-	-	-	268,003
Treasury shares purchased on-market	4.3.1	(10,012)	-	-	-	(10,012)
Balance as at 30 June 2022		**460,447**	**19,975**	**50,231**	**(74,993)**	**455,660**

Consolidated 2021 $'000	Notes	Issued capital	Reserves	Profit reserves	Retained earnings	Total
Opening balance as at 1 July 2020		100,146	8,823	40,848	(74,993)	74,824
Total comprehensive income for the year		-	-	-	9,769	9,769
Transfer to profit reserves		-	-	9,769	(9,769)	-
Transactions with owners in their capacity as owners:						
Dividends paid on ordinary shares		-	-	(5,275)	-	(5,275)
Capital raising costs		(1,315)	-	-	-	(1,315)
Options and rights exercised	4.3.1	3,820	(1,604)	-	-	2,216
Options and rights granted – employees		-	4,516	-	-	4,516
Share based payments – Agility		1,568	-	-	-	1,568
Capital raise		70,000	-	-	-	70,000
Xplore settlement		29,753	-	-	-	29,753
Treasury shares purchased on-market	4.3.1	(4,986)	-	-	-	(4,986)
Issue of treasury shares to employees	4.3.2	228	(228)	-	-	-
Balance as at 30 June 2021		**199,214**	**11,507**	**45,342**	**(74,993)**	**181,070**

The *consolidated statement of changes in equity* should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers		182,193	129,176
Payments to suppliers and employees		(121,959)	(101,034)
Interest received		1,618	850
Interest paid on lease liability	3.4.2	(254)	(211)
Short-term lease payments	3.4.2	(310)	(187)
Strategic transactions and project costs		(16,822)	(7,167)
Income tax payment		(7,535)	(2,262)
Net cash inflow from operating activities	**4.6**	**36,931**	**19,165**
Cash flows from investing activities			
Payments for acquisitions net of cash acquired	6.2	(12,452)	(47,730)
Payments for office equipment		(591)	(588)
Payments for intangible assets		(12,000)	(5,458)
Proceeds from disposal of controlled entities, net of cash disposed	4.6	-	(1,332)
Dividends received from investment in associate		474	-
Net cash outflow from investing activities		**(24,569)**	**(55,108)**
Cash flows from financing activities			
ORFR loan facility advance		(8,105)	(7,550)
Payments for capital raising costs		(232)	(1,315)
Proceeds from capital raising		-	70,000
Proceeds from issues of shares and other equity securities		2,552	3,635
Proceeds from borrowings		-	13,200
Repayment of borrowings		(4,125)	-
Payments for treasury share buy-backs	4.3.1	(10,012)	(5,012)
Principal elements of lease payments		(2,674)	(2,088)
Dividends paid		(9,773)	(5,275)
Net cash (outflow) from financing activities		**(32,369)**	**65,595**
Net increase in cash and cash equivalents		**(20,007)**	**29,652**
Cash and cash equivalents at beginning of year		63,461	33,809
Cash and cash equivalents at end of year	4.6	43,454	63,461

The *consolidated statement of cash flows* should be read in conjunction with the accompanying notes.

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

1. OVERVIEW

1.1 CORPORATE INFORMATION

The Annual Report of HUB24 Limited and its controlled entities ('the Group or HUB24') for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Board of Directors on 22 August 2022 and covers the company as an individual entity as well as the Group consisting of the company and its subsidiaries as required by the *Corporations Act 2001*.

HUB24 is a public company limited by shares. It was incorporated and is domiciled in Australia. Its shares are publicly traded on the Australian Securities Exchange (ASX:HUB).

The nature of the operations and principal activities of the Group are described in the Directors' report.

1.2 BASIS OF PREPARATION

This general purpose consolidated financial report for the year ended 30 June 2022 has been prepared in accordance with Australian Accounting Standards (AAS) as issued by the Australian Accounting Standards Board and the *Corporations Act 2001*, as appropriate for profit orientated companies. The financial statements have also been prepared under the historical cost convention, except for, where applicable, the revaluation of certain classes of assets and liabilities.

The Report includes the four primary statements, namely the consolidated statement of profit and loss, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows as well as associated notes which the directors believe is required to understand the financial statements and is material and relevant to the performance and results of the Group. Disclosures have been grouped into the following categories in order to assist users in their understanding of the financial statements:

1. **Overview** contains information that impacts the Annual Report as a whole;
2. **Group Performance** brings together the results and operating segment disclosures relevant to the Group's activities;
3. **Financial Position** provides disclosure on the Group's assets and liabilities;
4. **Capital structure and financing** provides information about the debt and equity components of the Group's capital, and commentary on the Group's exposure to various financial and capital risks, including the potential impact on the results and how the Group manages these risks;
5. **Income Tax** includes disclosures relating to the Group's tax expense and balances;
6. **Group structure** includes disclosures in relation to transactions impacting the Group structure;
7. **Employee remuneration** provides commentary on the Group's share based payment expenses;
8. **Other** includes additional disclosures required to comply with AAS.

Where applicable within each note, disclosures are further analysed as follows:

- **Overview** provides some context to assist users in understanding the disclosures
- **Disclosures** (both numbers and commentary) provide analysis of balances as required by AAS
- **Accounting policies** summarises the accounting policies relevant to an understanding of the numbers
- **Critical accounting judgements and estimates** explains the key estimates and judgements applied by HUB24 in determining the numbers.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 6.5.

Compliance with IFRS

The financial report complies with AAS and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

New and amended Accounting Standards and Interpretations

New and amended Accounting Standards and Interpretations issued by the AASB that are now effective are detailed in note 8.1. These Accounting Standards and Interpretations did not have any notable impact on the financial performance or position of the Group. The Group has not adopted any Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

Rounding

The group is of a kind referred to in the ASIC *Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Group has elected to round off amounts in the Annual Report (and subsequent reports) for the current period and prior comparative period to the nearest thousand dollars or, in certain cases, to dollars in accordance with that instrument.

Going concern

The financial report has been prepared on a going concern basis. The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has the power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars ($), which is HUB24 Limited's functional and presentation currency.

Comparatives

Where required by the Accounting Standards and/or for improved presentation purposes, certain comparative figures have been adjusted to conform to changes in presentation for the current year.

1.3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management regularly evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

The Directors continue to assess the potential financial and other impacts of the coronavirus ("COVID-19") outbreak to the Group. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the year.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Group are uncertain. The Directors and management will continue to monitor this situation.

Further to this, the current geopolitical events and global inflation concerns have also had a global market impact and uncertainty exists as to their implications. Such disruptions can adversely affect the assets, performance and liquidity.

Recognising the Russia/Ukraine conflict as well as Australia's broadening of its existing autonomous sanctions, the Directors and management continue to remain abreast of developments in this area and monitor the potential impacts across the Group.

Market volatility may impact Funds Under Administration (FUA) and trading based fees, and any movement in the RBA Official Cash Rate may impact cash account fee income. Net inflows have proven to be resilient, our new business pipeline remains strong and assisted FUA transitions are continuing.

HUB24's priority has been, and remains, ensuring the health and safety of the team whilst continuing to operate our business to meet the needs of licensees, advisers and their clients as well as other key stakeholders.

Our estimates and assumptions have been prepared based upon conditions existing at the date of this report.

The key areas in which critical estimates and judgements are applied are as follows:

- recognition of intangible assets and impairment testing (note 3.5.2).
- recoverability of deferred tax assets (note 5.2); and
- valuation of share based payments (note 7.1).
- valuation and impairment testing of investment in associates (note 6.4)

2. GROUP PERFORMANCE

OVERVIEW

This section provides analysis and commentary on the Group's operating activities.

The HUB24 and Xplore Wealth platforms are used by financial advisers to efficiently administer their clients' investments held through a custodial agreement, and PARS is a non-custody portfolio service which provides administration, corporate action management and tax reporting services for stockbrokers and financial advisers.

HUB24 provides technology and data services to the wealth industry, bringing innovative solutions to support licensees, advisers and stockbrokers to deliver services to their clients, these services are provided through HUBconnect Pty Ltd (HUBconnect) and Agility Applications Pty Ltd (Agility).

On 16 February 2022, HUB24 acquired 100 per cent of the issued share capital of Class Limited (Class), obtaining control of Class Limited and it's wholly owned subsidiaries (Class). Class is a market-leading SMSF administration software provider. Their customers include Accountants, SMSF Administrators, Investment Advisors, Financial Planners and Lawyers. Class's revenue comprises both subscription and recurring PAYG transactional revenue.

2.1. OPERATING SEGMENTS

OVERVIEW

Information is provided by operating segment to assist the understanding of the Group's performance. The operating segments are consistent with the basis on which information is provided to the Group Executive (identified as the Chief Operating Decision Maker ("CODM")) for measuring performance, being the basis upon which the Group's operating activities are managed within the various markets in which HUB24 operates. The Board and Group Executive reviews segment revenues and profits (Underlying EBITDA) on a monthly basis.

No single customer contributed 10 per cent or more to the Group's income in either 2022 or 2021.

This note presents the results of continuing operations only. The results of discontinued operations are presented in note 6.1. The Group's operating segments are as follows:

Platform

Platform operating segment comprises the Platform and PARS businesses. The segment provides development of investment and superannuation platform services to financial advisers, stockbrokers, accountants and their clients. This segment includes both custody and non-custody products, and as noted above, incorporates the HUB24, Xplore and PARS businesses.

Tech Solutions

Tech Solutions segment comprises Class, HUBconnect and Agility. Class provides cloud-based wealth accounting and corporate compliance services to its clients. Fees are generated via licensing, subscription and PAYG fees.

HUBconnect and Agility provide application and technology products for the financial services sector. Fees are generated from license and consulting services relating to data management, software and infrastructure.

Corporate

Provision of support services to the two operating segments which includes property, strategy, finance, risk and compliance, legal, human resources, and other corporate services. Investments in associates are also recognised within this segment.

Prior period comparative segment impacts

The sale of Paragem Pty Ltd (Paragem) has led to the discontinuation of the Licensee segment, with the transfer of control of Paragem to Diverger occurring on 1 February 2021. The results of Paragem are disclosed in note 6.1.

The changes to operating segments in the prior period reflect Paragem as a discontinued business.

Year ended 30 June 2022 ($'000)	Platform	Tech Solutions	Corporate	Total
Sales to external customers	160,466	29,042	-	189,508
Share of profit from associates	-	-	1,122	1,122
Interest and other income			1,895	1,895
Total income	**160,466**	**29,042**	**3,017**	**192,525**
Expenses	(98,211)	(17,662)	(6,277)	(122,150)
Underlying EBITDA	**62,255**	**11,380**	**(3,260)**	**70,375**
Share based payment expense	-	-	(10,783)	(10,783)
Strategic transactions and project costs[1]	(6,485)	(11,249)	(118)	(17,852)
Depreciation and amortisation	(15,240)	(4,591)	-	(19,831)
Interest expense	(199)	(340)	(239)	(778)
Profit/(loss) before income tax	**40,331**	**(4,800)**	**(14,400)**	**21,131**
Income tax expense	-	-	(6,469)	(6,469)
Profit/(loss) after income tax	**40,331**	**(4,800)**	**(20,869)**	**14,662**
Reconciliation of income from ordinary activities				
Sales to external customers				189,508
Interest and other income				1,895
Share of profit from associates				1,122
Income from ordinary activities				**192,525**

1. Strategic transactions and project costs of $17.9 million. Costs related to the Class transaction of $11.0 million, Xplore and Ord Minnett implementation related costs of $5.0 million and $1.9 million for other projects (including regulatory change and one-off client transition projects). Refer to page 19 within the Directors' report for more information.

Year ended 30 June 2021 ($'000)	Platform	Tech Solutions	Corporate	Total
Sales to external customers	101,149	6,634	-	107,783
Share of profit from associates			472	472
Interest and other income	2	-	854	856
Total income	**101,151**	**6,634**	**1,326**	**109,111**
Expenses	(63,210)	(4,845)	(4,314)	(72,369)
Underlying EBITDA	**37,941**	**1,789**	**(2,988)**	**36,742**
Non-recurring revenue	174	-	-	174
Fair value gain – contingent consideration	-	-	1,568	1,568
Agility consideration share based payments expense			(1,568)	(1,568)
Share based payments	-	-	(6,179)	(6,179)
Strategic transactions and project costs[1]	(8,129)	-	-	(8,129)
Depreciation and amortisation	(6,703)	(254)	-	(6,957)
Interest expense	(210)	(1)	(92)	(303)
Profit/(loss) before income tax	**23,073**	**1,534**	**(9,259)**	**15,348**
Profit before income tax on discontinued operations	-	-	823	823
Income tax expense	-	-	(6,402)	(6,402)
Profit/(loss) after income tax	**23,073**	**1,534**	**(14,838)**	**9,769**
Reconciliation of income from ordinary activities from continuing operations				
Sales to external customers				107,783
Interest and other income				856
Share of profit from associates				472
Non-recurring revenue				174
Fair value gain – contingent consideration				1,568
Income from ordinary activities from continuing operations				**110,853**

1. Strategic transaction due diligence and implementation costs of $7.5 million and $0.6 million in relation to the implementation of Private Label capability for both ClearView and IOOF and finalising the transfer of the Group's management portfolio into a Management Investment Scheme (MIS). Refer to page 19 within the Directors' report for more information.

2.2. REVENUE FROM CONTINUING OPERATIONS

OVERVIEW

Platform revenue comprises fees (both FUA and transaction fees) charged for providing custodial and non-custodial wealth management services to customers. Such services include:

- Custodial platform services via superannuation, MIS, and IDPS products;
- Managed Discretionary Account solutions that incorporate specific requirements of advisory firms, wealth managers and stockbrokers into a private label service;
- Superannuation administration services through DIY Master Pty Ltd; and
- Non-custodial portfolio administration and reporting services.

Tech Solutions revenue comprises fees (license and transaction fees) and commissions from services that include:

- Class develops and distributes cloud-based accounting, investment reporting, document and corporate compliance and administration solutions.
- HUBconnect and Agility – Provision of application and technology products for the financial services sector. Fees are generated from license and consulting services relating to data management, software and infrastructure as well as fees charged for the provision and maintenance of existing licenses.

	2022 $'000	2021 $'000
Platform fees	**160,466**	**101,323**
License fees	24,377	6,118
Transaction fees	3,667	516
Commissions	998	-
Tech Solutions fees	**29,042**	**6,634**
Total	**189,508**	**107,957**

ACCOUNTING POLICIES

Revenue is measured by reviewing each revenue contract and its respective services to customers to determine its performance obligation while allocating the transaction price to each performance obligation either over time or at a point in time.

Platform fees

- FUA fee revenue is recognised over time which include tiered administration fees and fees on client funds held as cash. FUA fees are accrued daily, paid monthly in arrears for the ongoing provision for agreed services.
- Transaction fees are recognised at a point in time when platform trading for equities, managed funds and insurance occurs.

Tech Solutions fees

Class

- License fee revenue is recognised over time over the duration of the agreement or for as long as the customer has been provided access, the fee is fixed or determinable and collectability is probable.
- Transaction revenue is recognised at a point in time when the documents are sold to customers on a pay per use basis (PAYG).
- Commissions revenue is recognised commission and partner fees at the point in time of sale of a third party's products to customers which provides these customers with a right to access such products.

HUBconnect and Agility

- Licence fee revenue is recognised over time in accordance with the performance delivery of agreed services, within a period of 1–6 months.
- Consulting and transaction fee revenue is recognised at a point in time when advice provided to clients on a time and materials basis.

2.3. OTHER INCOME

	2022 $'000	2021 $'000
Interest Income	1,472	856
Other Income	423	-
	1,895	**856**

ACCOUNTING POLICIES

Interest revenue is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that discounts the estimated future cash receipt thorough the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4. EXPENSES FROM CONTINUING OPERATIONS

	2022 $'000	2021[1] $'000
(a) Employee benefits expenses		
Wages and salaries (including superannuation and payroll tax)	59,490	34,450
Other employee benefits expenses	19,991	12,030
Travel and entertainment	867	616
	80,348	**47,096**
(b) Depreciation and amortisation		
Depreciation of right-of-use assets	2,671	2,057
Depreciation of office equipment	1,428	793
Amortisation of intangible assets	15,732	4,107
	19,831	**6,957**
(c) Administrative expenses		
Corporate fees	2,770	1,958
Professional and consultancy fees	4,994	3,079
Information services and communication	9,630	4,754
Property and occupancy costs	631	311
Strategic transactions and project costs[2]	17,962	8,129
Other administrative expenses	2,259	1,114
	38,246	**19,345**

1 Prior comparatives have been reclassified for presentation purposes and consistency with the current period.
2 Includes administrative and resourcing costs related to strategic transactions and project costs.

2.5. EARNINGS PER SHARE

OVERVIEW

Earnings per share (EPS) is the amount of profit or loss after income tax attributable to each share. Diluted EPS adjusts the EPS for the impact of shares that are not yet issued but which may be in the future, such as shares potentially issuable from rights, options and employee share-based payments plans.

	2022 Cents	2021 Cents
Earnings per share, attributable to ordinary equity holders of HUB24 Limited		
Basic earnings per share	20.18	14.83
Diluted earnings per share	19.53	14.28
Earnings per share from continuing operations, attributable to ordinary equity holders of HUB24 Limited		
Basic earnings per share from continuing operations	20.18	13.58
Diluted earnings per share from continuing operations	19.53	13.07

2.5.1 Reconciliation of earnings used for earnings per share measures

Earnings per share is based on profit or loss after income tax attributable to ordinary equity holders of the Company, as follows:

	2022 $'000	2021 $'000
Profit after income tax attributable to the owners of HUB24 Ltd used in calculating basic and diluted earnings per share from continuing operations	14,662	9,769
Profit after tax from continuing operations	14,662	9,769

2.5.2 Reconciliation of weighted average number of ordinary shares

	2022 Number	2021 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	72,674,651	65,865,008
Weighted average number of ordinary shares used in calculating diluted earnings per share	75,087,748	68,433,859

3. FINANCIAL POSITION

3.1 TRADE AND OTHER RECEIVABLES

OVERVIEW

Trade and other receivables are principally amounts owed to HUB24 by Platform or Tech Solutions customers. Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables. Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level.

	2022 $'000	2021 $'000
Trade receivables[1]	23,688	14,877
Other receivables	2,618	1,756
	26,306	**16,633**

1 Net of a provision of doubtful debts of $237 thousand (FY21: $38 thousand).

ACCOUNTING POLICIES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

The Group's impairment model calculates expected credit losses on trade receivables using a provision matrix. Under the model, historic provision rates with current and forward looking estimates are used.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

3.2 TRADE AND OTHER PAYABLES

OVERVIEW

Trade payables, deferred consideration and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

	2022 $'000	2021 $'000
Trade payables	3,889	685
Other payables[1]	10,056	8,410
Total trade and other payables	**13,945**	**9,095**

1 Other payables includes accruals, deferred revenue and other payables due.

ACCOUNTING POLICIES

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

3.3 PROVISIONS

OVERVIEW

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Employee benefits

Short and long-term benefits

Liabilities for wages and salaries, short term incentives, including non-monetary benefits and annual leave expected to be settled within 12 months (short term) and long service leave after 12 months (long term) of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Deferred short term incentive

The provision represents the deferred portion of STI bonus of senior staff members relating to the financial year. 2022 deferred short term incentive is payable September 2023 (FY21: Payable September 2022).

Lease make good

The provision represents the present value of estimated costs of improvements to the leased premises of the Group at the end of the respective lease term.

Third party claims

The estimate of ongoing claims made by third parties in respect of Platform services.

Restructuring Provision

The Group has recognised $649 thousand in FY22 for redundancy and retention obligations primarily related to the Class acquisition. (FY21: $725 thousand related to the review of Xplore products and compliance obligations).

	2022 $'000	2021 $'000
Current Liabilities		
Employee benefits – annual leave	5,976	3,772
Employee benefits – other	13,277	6,012
Tax provision	2,694	5,241
Restructuring provision	649	725
Third party claims	704	317
Lease make good provision	558	51
Current Liabilities	**23,858**	**16,118**
Non-current Liabilities		
Employee benefits – long service leave	2,342	1,882
Employee benefits – deferred short term incentive	440	401
Lease make good provision	470	65
Non-current liabilities	**3,252**	**2,348**
Total Provisions	**27,110**	**18,466**

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Consolidated $'000	Tax provision	Third party claims	Restructuring provision	Lease make good provision
2022				
Carrying amount at the start of the year	5,241	317	725	51
Additional provisions recognised/(released)	(2,547)	387	(76)	507
Carrying amount at the end of the year	**2,694**	**704**	**649**	**558**
2021				
Carrying amount at the start of the year	-	300	-	25
Additional provisions recognised/(released)	5,241	17		26
Additional provisions recognised	-	-	725	-
Carrying amount at the end of the year	**5,241**	**317**	**725**	**51**

ACCOUNTING POLICIES

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When the effect of the time value of money is material, provision is discounted using the current pre-tax rate that reflects the risks specific to the liability.

3.4 RIGHT OF USE ASSETS AND LEASE LIABILITIES

OVERVIEW

The Group leases various property and equipment. Lease agreements are negotiated on an individual basis with bespoke terms and conditions and are typically made for fixed periods of 2 years to 7 years.

Under AASB 16 Leases, the Group will recognise for all leases with a term of more than 12 months except for those leases where the underlying asset is deemed to be of a low-value:

- a right-of-use asset representing its right to use the underlying asset; and
- a lease liability.

3.4.1 Right of use assets

	2022 $'000	2021 $'000
Total right-of-use assets	**9,525**	**6,093**

The additions to right of use assets during FY22 were $6.1 million (FY21 $2.66 million). These relate to the following:

- Acquisition of the Class business;
- An extension of a three year property lease was signed in November 2021, while related lease incentives began in December 2021;
- An extension of a one year property lease was signed in February 2022; and
- A new three year property lease was signed by Class in April 2022.

Right of Use	2022 $'000	2021 $'000
Cost	15,464	9,838
Accumulated Depreciation	(5,939)	(3,745)
Net Book amount	**9,525**	**6,093**
Reconciliations of the carrying amounts at the beginning and end of the year:		
Opening net book	6,093	5,437
Additions	6,103	2,713
Disposals	-	-
Depreciation charge	(2,671)	(2,057)
Closing net book amount	**9,525**	**6,093**

3.4.2 Lease liabilities

	2022 $'000	2021 $'000
Current	3,253	2,204
Non-current	6,931	4.550
	10,184	**6,754**
Reconciliations of the carrying amounts at the beginning and end of the year:		
Opening net book amount	6,754	6,056
Additions	6,075	2,695
Lease payments	(2,899)	(2,300)
Interest payments	254	303
Closing net book amount	**10,184**	**6,754**

30 June 2022 ($'000)	Future value of minimum lease payments	Interest	Present value of minimum lease payments
Within 1 year	3,487	(234)	3,253
After 1 year and less than 5 years	7,198	(267)	6,931
More than 5 years	-	-	-
Total	**10,685**	**(501)**	**10,184**

30 June 2021 ($'000)	Future value of minimum lease payments	Interest	Present value of minimum lease payments
Within 1 year	2,383	(179)	2,204
After 1 year and less than 5 years	4,715	(165)	4,550
More than 5 years	-	-	-
Total	**7,098**	**(344)**	**6,754**

ACCOUNTING POLICIES

Under AASB 16, as a lessee the Group recognises a right-of-use asset, representing its right to use the underlying asset, and a lease liability, for all leases with a term of more than 12 months, exempting those leases where the underlying asset is deemed to be of a low-value.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, i.e. when the underlying asset is first available for use.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate, being the rate that the lessee would pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether purchase; renewal or termination options are reasonably certain to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes purchase, renewal, or termination options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the value of lease liabilities and right-of-use assets recognised.

The Consolidated statement of profit or loss and the related Notes to the Financial Statements show the following amounts relating to leases:

	2022 $'000	2021 $'000
Depreciation charge on right-of-use assets	2,671	2,057
Interest expense on lease liabilities	254	303
Expenses relating to short-term leases	310	187
	3,235	**2,547**

The total cash outflow for leases in the year ended 30 June 2022 was $2.9 million (FY21: $2.3 million).

3.5 INTANGIBLE ASSETS

OVERVIEW

Intangible assets are assets with no physical substance. The most significant classes of intangible assets of the Group by cash generating unit are detailed below:

Platforms Segment		Technology Solutions Segment	
Investment Platform CGU	**PARS CGU**	**HUB Connect CGU**	**Class CGU**
Investment Platform (Software)	PARS customer relationships	Agility connect software	Software
Customer Relationship		Agility customer relationship	Customer Relationship
Software		HUBconnect software	Brand
Goodwill on acquisitions		Goodwill on acquisitions	Goodwill on acquisitions

Consolidated	Computer Software $'000	Customer Relationship $'000	Brand $'000	Goodwill $'000	Other[1] $'000	Total $'000
Year ended 30 June 2022						
At cost	129,662	103,102	8,761	221,630	-	463,155
Accumulated amortisation and impairment	(27,861)	(5,922)	-	-	-	(33,783)
Net carrying amount	**101,801**	**97,180**	**8,761**	**221,630**	**-**	**429,372**
Reconciliations of the carrying amount at the beginning and end of the financial year:						
Opening carrying amount	28,651	11,557	-	63,768	-	103,976
Other additions[2]	12,000	-	-	-		12,000
Addition through acquisition[3,4]	72,845	89,660	8,761	157,862	-	329,128
Amortisation from acquisition	(8,360)	(3,952)	-	-	-	(12,312)
Amortisation and impairment[5]	(3,335)	(85)	-	-	-	(3,420)
Closing carrying amount	**101,801**	**97,180**	**8,761**	**221,630**	**-**	**429,372**

1 Other is comprised of Paragem intangibles.
2 Other additions relate to internally generated software across the platform and tech solutions segments.
3 Addition through acquisition relates to finalisation of the Purchase Price Accounting (PPA) for the Xplore businesses acquired (1HFY22 $21.2 million decrease in goodwill | Final goodwill balance $27.3 million).
4 Addition through acquisition relates to the provisional PPA for the Class businesses acquired. (Provisional goodwill balance $178 miilion).
5 No impairment was recognised in the year.

Consolidated	Computer Software $'000	Customer Relationship $'000	Brand $'000	Goodwill $'000	Other[1] $'000	Total $'000
Year ended 30 June 2021						
At cost	44,818	13,441	-	63,768		122,027
Accumulated amortisation and impairment	(16,166)	(1,885)	-	-		(18,051)
Net carrying amount	**28,652**	**11,556**	**-**	**63,768**	**-**	**103,976**
Reconciliations of the carrying amount at the beginning and end of the financial year:						
Opening carrying amount	22,998	384	-	16,325	256	39,963
Other additions[2]	5,693	-	-	-	-	5,693
Addition through acquisition[3]	3,042	12,157	-	47,443	-	62,642
Disposals through business sale	-	-	-	-	(216)	(216)
Amortisation and impairment from acquisition	(255)	(900)	-	-	-	(1,155)
Amortisation and impairment	(2,826)	(85)	-	-	(40)	(2,951)
Closing carrying amount	**28,652**	**11,556**	**-**	**63,768**	**-**	**103,976**

1 Other is comprised of Paragem intangibles.
2 Other additions relate to internally generated software across the platform and tech solutions segments.
3 Addition through acquisition relates to the Provisional Purchase Price Accounting (PPA) for the Xplore businesses acquired.

The classes of asset used in the disclosure have been enhanced from the prior year to improve the users understanding of the various categories of Intangible assets held.

For FY21, this includes the following reclassifications:

- $736 million movement from 'Other' to 'Software'. This relates to Xplore and Agility related software intangibles.
- $1.1 million movement from 'Other' to Customer relationships. This relates to Xplore customer relationship intangibles.

ACCOUNTING POLICIES

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units.

When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. Impairment losses recognised for goodwill are not subsequently reversed.

Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. Refer to note below, Investment Platform estimate of useful life, for detailed information.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill above, such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis. The Group has acquired a new indefinite life intangible asset through the Class acquisition in FY22 (FY21: nil).

3.5.2 Impairment testing of intangible assets

OVERVIEW

An intangible asset's recoverable value is the greater of its value in use and its fair value less cost to sell.

For intangible assets with a finite life, if there are indicators that the intangible asset's recoverable value has fallen below its carrying value (e.g. due to changing market conditions), an impairment test is performed and a loss is recognised for the amount by which the carrying value exceeds the asset's recoverable value.

Intangible assets that have an indefinite useful life, such as goodwill, are tested annually for impairment or more frequently where there is an indication that the carrying amount may not be recoverable.

Goodwill is allocated to operating segments and are expected to benefit from synergies arising from the acquisition giving rise to the goodwill. Operating segments reflect the level at which goodwill is monitored for impairment by management. As the Group acquires or disposes of operations, or reorganises the way that operations are managed, reporting structures may change, giving rise to a reassessment of operating segments and the allocation of goodwill to those operating segments.

ACCOUNTING POLICIES

Impairment testing of goodwill and intangible assets

The recoverable amount of goodwill and other intangible assets with an indefinite useful life have been determined based on a value-in-use calculation derived from cash flow forecasts for each group of CGU's, which make up the HUB24 operating segments. Cash flow forecasts are based on a combination of extrapolated performance to date and management's expectations of future performance based on prevailing and anticipated market factors. Cash flows beyond the forecasting period are extrapolated using a terminal value. The cash flows are then used to calculate the Net Present Value and compared to the carrying value.

Key assumptions by each operating segment are detailed below:

Investment Platform

Cash generated by the Investment Platform segment has been used to assess the recoverable amount for all intangible assets associated with the Investment Platforms.

Assumptions

1. Growth in FUA on the platform – Growth in the number of client accounts and consequently FUA. Management have estimated future FUA on the platform at a 5 year CAGR of 20% (FY21: 22%) with reference to current client transition rates, industry data and pipeline monitoring.
2. Post-tax discount rate – 10.5% (FY21: 10%) which approximates the weighted average cost of capital of the Investment Platform
3. Terminal growth rate – 2.5% (FY21: 2.5%).
4. Capital expenditure has been held consistent with current expenditure across the 5 years that have been modelled.
5. Tax rate (effective) – 31%

There were no other key assumptions used for the investment platform intangible value in use calculation.

Based on the above assessment there was no impairment of the investment platform intangible in FY22 (FY21: nil).

Sensitivities of assumptions

If the post- tax discount rate was 24.5% higher (35% instead of 10.5%), there would be nil headroom.
If there were a 110% decrease in the terminal growth rate (-107.5% instead of +2.5%) there would be nil headroom.

CGU PARS Customer Relationships

The PARS Customer Relationship CGU forms part of the Investment Platform segment. No impairment indicators were identified for the PARS Customer relationship.

Technology Solutions Segment (HUBconnect and Class CGUs)

Assumptions

1. Growth in revenue. Management have estimated revenue growth of the Tech Solutions segment as a 7 year CAGR of 10% with reference to current client rates, industry data and pipeline monitoring.
   1a. Growth in HUBconnect CGU customer base – Growth in licensees, practice groups, advisors and vendors. Management have estimated future 7 year CAGR of 40%.
   1b. Growth in Class CGU customer base – Growth in the number of accounts, customers and documents ordered. Management have estimated future 7 year CAGR of 8%.
2. Post-tax discount rate – 12% (FY21: 12%). This has been determined based on the weighted average cost of capital for the Tech Solutions segment.
3. Terminal growth rate – 2.5%. (FY21: 1.5%, HUBconnect only).
4. Period over which cashflows have been discounted – 7 years.
5. Tax rates:
   5a. HUBconnect CGU tax rate (effective) – 31%
   5b. Class CGU tax rate adopted – 30%

Based on the above assessment there was no impairment of the Technology Solutions segment intangibles in FY22 (FY21:nil).

Sensitivities of assumptions

If the post-tax discount rate was 1.8% higher (13.8% instead of 12.0%), there would be nil headroom.
If there were a 3% decrease in the terminal growth rate (-0.7% instead of +2.5%) there would be nil headroom.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimate of useful life

Management have assessed the remaining useful life of the investment platform and applications based upon the separate platform components. The four components useful lives are:

- Core database with a useful life of 20 years;
- Applications with a useful life of 10 years;
- User Interface with a useful life of 5 years.
- Product Development with a useful life of 3 years.

The assessment of useful life is a key management judgement and the useful life adopted could change significantly as a result of technical innovations or some other event. The amortisation charge will increase where the useful lives are deemed shorter than previously estimated, or technically obsolete or non-strategic assets that have been abandoned or sold will be written down or off.

Goodwill and other indefinite life intangible assets

The carrying value of intangible assets with an indefinite life (including goodwill) are tested annually for impairment. Other intangible assets with a finite life are assessed for indicators of impairment and tested in accordance with AASB136 should indicators arise. The recoverable amounts of cash generating units and segments have been determined based on value-in-use calculations. These calculations require the use of assumptions including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Details of these assumptions and the potential impact of changes to these assumptions can be found above this note.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Capitalisation of development costs

The Group capitalises project development costs eligible for capitalisation in relation to the Platform and Tech Solutions. The capitalised costs are all directly attributable costs necessary to create, produce, and prepare assets to be capable of operating in the manner intended and are amortised over the asset's useful life.

3.6 PROPERTY, PLANT AND EQUIPMENT

OVERVIEW

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the office equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

	Computer equipment $'000	Office furniture and fittings $'000	Total $'000
Year ended 30 June 2022			
Cost or fair value	6,099	4,117	10,216
Accumulated depreciation	(4,306)	(2,954)	(7,260)
Net book amount	**1,793**	**1,163**	**2,956**
Reconciliations of the carrying amounts at the beginning and end of the financial year:			
Opening net book amount	721	734	1,455
Acquisitions through business combinations	1,012	414	1,426
Other Additions	718	801	1,519
Disposals	(12)	(4)	(16)
Depreciation charge	(646)	(782)	(1,428)
Closing net book amount	**1,793**	**1,163**	**2,956**

	Computer equipment $'000	Office furniture and fittings $'000	Total $'000
Year ended 30 June 2021			
Cost or fair value	2,837	2,086	4,923
Accumulated depreciation	(2,116)	(1,352)	(3,468)
Net book amount	**721**	**734**	**1,455**
Reconciliations of the carrying amounts at the beginning and end of the financial year:			
Opening net book amount	627	1,026	1,653
Acquisitions through business combinations			
Additions	499	96	595
Disposals	-	-	-
Depreciation charge	(405)	(388)	(793)
Closing net book amount	**721**	**734**	**1,455**

ACCOUNTING POLICIES

Property, plant and equipment is carried at cost less, any accumulated depreciation and impairment losses.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

- Office furniture and fittings – over 2.5 to 5 years
- Computer equipment – 3 years.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss in the period in which they arise.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

4. CAPITAL STRUCTURE AND FINANCING

OVERVIEW

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees and consultants understand their roles and obligations.

The Audit, Risk and Compliance Committee (ARCC) oversees how management monitors compliance with the Group's risk management policies, procedures and reviews the adequacy of the risk management framework in relation to risks faced. The ARCC is assisted by external professional advisors from time to time.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises from the financial assets of the Group, which comprise cash and cash equivalents and principally, trade and loan receivables.

Exposure at reporting date is addressed at each particular note. The Group does not hold any credit derivatives to offset its credit exposure.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit worthiness, financial position, past experience and industry reputation. In addition, credit risk exposures and receivable balances are monitored on an ongoing basis with the objective that the Group's exposure to bad debts is not significant. Management has assessed the expected credit losses on trade receivables and have used a provision matrix to measure the Group's impairment losses.

The Group also has credit risk in respect of its debtors. In the case of most transactions, revenue is generally earned over a period of several months due to the complexity and size of the work involved. The Group manages this risk by entering into contractual agreements with its counterparties, obtaining external legal advice where necessary, at the start of each transaction.

The Group provides financial guarantees to wholly-owned subsidiaries and has provided a guarantee to ANZ with regards to the borrowing facilities in operation during the financial year.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always maintain banking/credit facilities and typically ensures that it has sufficient cash on demand, or access to banking facilities (e.g. overdrafts) to meet operational expenses for a period of 90 days, excluding the potential impact of extreme circumstances that cannot be reasonably predicted.

Group forecasts and actual cash flows are continuously monitored, matching the maturity of assets and liabilities, to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Market Risk

Market risk is the risk that changes in market prices will affect the Group's income and include price risk.

Capital Management

It is noted that 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 2022 so as to ensure ongoing capital adequacy. Refer to note 4.2 for information on the Group's ORFR requirements.

As part of broader capital management plans, the Group has a $39 million amortising bank loan facility (refer to note 4.1) and a $5 million overdraft facility which remained undrawn during the year.

There were no other changes in the Group's approach to capital management during the year.

Interest Rate Risk

Interest rate risk is the risk that RBA Offical Cash Rate changes potentially affecting the Group's income and includes price risk.

Foreign Exchange Risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flow of an exposure will fluctuate because of a change in foreign currency rates. The Group's exposure to the risk of a change in foreign currency relate primarily to the Group's operating activities (when revenue and expenses are denominated in a foreign currency).

4.1 BORROWINGS

OVERVIEW

The Group has in place loan facilities with both The Australia and New Zealand Banking Group Ltd (ANZ) and Westpac Banking Corporation (Westpac).

A $5 million overdraft facility is available to the Group to assist with working capital requirements.

Amortising Loan Facility

	2022 $'000	2021 $'000
HUB24 – Current	3,125	3,125
Class – Current	6,934	-
Total Current	**10,059**	**3,125**
HUB24 – Non-current	6,250	9,375
Class – Non-current	22,986	-
Total Non-current	**29,236**	**9,375**
Total Group Borrowings	**39,295**	**12,500**

Overdraft facility

HUB24

The overdraft facility was undrawn throughout the year. The Group incurs a commitment fee of 0.60% per annum to maintain the overdraft facility with an interest rate of 1 month BBSY + 1.25% applied to any drawn balances and paid quarterly.

The loan facility and overdraft facility have common and referrable security charges with each facility.

Refer to note 4.5 for debt maturity profile.

4.2 LOANS RECEIVABLE

	2022 $'000	2021 $'000
ORFR Loan	15,405	7,550
Other Loans	250	
Non-current	**15,655**	**7,550**

The Group advanced a loan to HTFS Holdings Pty Ltd, a wholly owned subsidiary of EQT Holdings Limited, who used the proceeds to subscribe for capital in HTFS Holdings Nominees Pty Ltd, another wholly owned subsidiary of EQT Holdings Limited (ASX:EQT), which is the Trustee for the HUB24 Super Fund ("the Fund").

The loan agreement is entered into on an arm's length basis and on commercial terms at an interest rate of 10% per annum. Repayment of the loan is subject to the Trustee continuing to meet its obligations to the Fund, including making good any losses from operational risk events.

The capital received by the Trustee is reserved for the purpose of meeting the Operational Risk Financial Requirement (ORFR) for the Fund in accordance with APRA Prudential Standard SPS114.

The Group advanced a $250,000 loan to a FinTech who used the proceeds solely for the purpose of development of advice production and advice delivery tools.

The loan agreement is entered into on an arm's length basis and on commercial terms at an interest rate of 4% per annum from the date the loan is advanced up to and including the date on which the amount of the loan is either repaid in full or exchanged for Convertible Notes.

ACCOUNTING POLICIES

Loans receivable are financial assets initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments are adjusted against the fair value of the financial assets on initial recognition.

Financial assets are measured at Amortised Costs.

Fair value measurement assumes an orderly transaction between market participants at the measurement date under current market conditions.

4.3 CONTRIBUTED EQUITY AND RESERVES

OVERVIEW

Ordinary shares in the Company rank after all creditors, have no par value and entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

During the current year, the Group issued share capital and purchased shares on market (treasury shares) for the purposes of settling employee share scheme options and performance rights, utilising a share based payments reserve for this purpose. The Group has discretion in settling employee share scheme options and performance rights via the issuance of treasury shares or via issuance of new ordinary shares.

Incremental costs directly attributable to the issue of new equity instruments are shown in equity as a deduction, net of GST from the proceeds.

	2022 Number	2021 Number	2022 $'000	2021 $'000
Issued and paid-up capital				
Ordinary shares, fully paid	80,058,178	68,333,179	468,018	204,227
Treasury shares	(312,632)	(212,158)	(7,571)	(5,013)
Total issued and paid up capital	**79,745,546**	**68,121,021**	**460,447**	**199,214**
Movements in issued and paid up capital				
Beginning of the financial year	68,333,179	62,846,130	204,227	100,173
Shares issued	291,440	4,988,495	1,418	103,319
Xplore settlement consideration adjustment	-	-	(1,503)	-
Options and rights exercised	-	498,554	3,489	1,604
Class settlement consideration	11,433,559	-	268,003	-
Additional paid up capital	-	-	-	447
Treasury shares issued from Trust[1]	-	-	(7,454)	-
Total shares	**80,058,178**	**68,333,179**	**468,180**	**205,542**
Shares issued transaction costs	-	-	(162)	-
Capital raising costs	-	-	-	(1,315)
End of the financial year	**80,058,178**	**68,333,179**	**468,018**	**204,227**
Movement in Treasury shares				
Beginning of the financial year	212,158	39,636	5,013	27
Employee share issue[1]	(269,833)	(40,439)	(7,454)	(26)
Treasury shares purchased on-market	370,307	212,961	10,012	5,012
End of the financial year	**312,632**	**212,158**	**7,571**	**5,013**

1 Number of treasury shares transferred from trust to satisfy options and rights exercised was 269,833 in FY22 (40,439 FY21),

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Ordinary shares – for the year ended 30 June 2022

On 30 August 2021, the Group issued 184,541 ordinary shares for options exercised by employees of the Group for consideration of $1,028,395.37.

On 1 October 2021, the Group issued 106,899 ordinary shares for options and PARS exercised by employees of the Group for consideration of $389,487.34.

On 16 February 2022, the Group issued 11,433,559 ordinary shares as HUB24 Limited scrip consideration for the purchase of Class.

Ordinary shares – for the year ended 30 June 2021

On 30 September 2020, the Group issued 68,847 ordinary shares for options exercised by employees of the Group for consideration of $343,322.

On 15 October 2020, the Group issued 120,000 ordinary shares for options exercised by employees of the Group for consideration of $295,200.

On 26 October 2020, the Group issued 109,752 ordinary shares relating to the purchase of Agility Applications Pty Ltd. These shares are restricted for 12 months for 50% of the shares and 24 months for the remaining 50%. Holders of the shares are entitled to rights and benefits in line with other ordinary shareholders.

On 5 November 2020, the Group issued 2,500,000 ordinary shares under a share purchase plan for consideration of $50,000,000.

On 30 November 2020, the Group issued 999,999 ordinary shares under a share purchase plan for consideration of $19,999,980.

On 30 November 2020, the Group issued 309,707 ordinary shares for options and PARS exercised by employees of the Group for consideration of $1,358,055.

On 2 March 2021, the Group issued 1,378,744 ordinary shares as HUB24 Limited scrip consideration for the purchase of Xplore.

ACCOUNTING POLICIES

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new equity instruments are shown in equity as a deduction, net of GST from the proceeds.

4.3.2 Share based payment reserves

	2022 $'000	2021 $'000
Share based payments share reserve	19,975	11,507
Movement in reserve		
Opening balance	11,507	8,823
Reserve reclassified to share capital through exercised options and rights	(2,056)	(1,604)
Employee share based payment expense	10,524	4,516
Shares issued through HUB24 Share Ownership Trust	-	(228)
	19,975	**11,507**

For accounting policy refer to note 7.1.

4.3.3 Profit reserves

OVERVIEW

To the extent possible under the *Corporations Act 2001* and applicable tax laws, the profits reserve is preserved for future dividend payments.

	2022 $'000	2021 $'000
Opening balance	45,342	40,848
Transfer to profit reserves	14,662	9,769
Dividends paid on ordinary shares	(9,773)	(5.275)
	50,231	**45,342**

4.4 DIVIDENDS

OVERVIEW

The Group's dividend policy is a target payout ratio of 40% - 60% of the Group's Underlying Net Profit After Tax.

Our dividend policy is designed to ensure we reward shareholders relative to underlying net profit after tax and maintain sufficient capital for future investment and growth of the business, subject to market conditions.

	2022 Final	2022 Interim	2021 Final	2021 Interim
Dividend cents per share	12.5	7.5	5.5	4.5
Franking percentage	100	100	100	100
Dividend payout ($'000)	10,008	6,004	3,769	3,075
Payout ratio[1]	46%	42%	47%	40%
Payment Date	14 October 2022	18 April 2022	15 October 2021	19 April 2021

1 The 2022 Interim dividend payout ratio includes Class shareholders as part of the scheme of arrangement terms.

The Board has elected to determine a dividend of 12.5 cents per share franked at 100%.

Franking credits

Franking credits available as at 30 June 2022 to shareholders of the Company amount to $8.7 million (2021: $30 thousand) at the 30 percent corporate tax rate.

4.5 FINANCIAL INSTRUMENTS

Key accounting policies

Interest rate risk

The Group is not materially exposed to movements in short-term variable interest rates on cash and cash equivalents and borrowings. All other financial assets and liabilities are non-interest bearing. The Directors believe a 0.5% decrease is a reasonable sensitivity given current market conditions. A 0.5% increase and a 0.5% decrease in interest rates would increase/decrease profit and loss in the consolidated entity and the company by:

Consolidated	2022 $'000	2021 $'000
Cash and cash equivalents at end of period	43,454	63,461
Loans receivable	15,655	7,550
Borrowings	(39,295)	(12,500)
Financial Instruments subject to interest rate risk at the end of period	**19,814**	**58,511**
Cash and cash equivalents at end of period	43,454	63,461
0.5% increase in interest rate	217	317
0.5% decrease in interest rate	(217)	(317)
Borrowings	(39,295)	(12,500)
0.5% increase in interest rate	(196)	(63)
0.5% decrease in interest rate	196	63
Net impact on profit after tax		
Profit for the year	14,662	9,769
0.5% increase in interest rate	14,683	10,024
0.5% decrease in interest rate	14,642	9,514

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group. The Group's objective in managing credit risk is to minimise the credit losses incurred, mainly on trade and other receivables and loans. There is no significant credit risk exposure on fair value through profit and loss (FVTPL) financial assets and held to maturity investments.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets as presented in the statement of financial position.

The Group advanced a loan to HTFS Holdings Pty Ltd, who used the proceeds to subscribe for capital in HTFS Holdings Nominees Pty Ltd, a wholly owned subsidiary of EQT Holdings Limited (ASX:EQT), which is the Trustee for the HUB24 Super Fund (the Fund). The loan agreement is entered into on an arm's length basis and on commercial terms at a fixed interest rate of 10% per annum.

The capital received by the Trustee is reserved for the purpose of meeting the Operational Risk Financial Requirement (ORFR) for the Fund in accordance with APRA Prudential Standard SPS114. The credit risk on this facility is low.

The Group advanced a loan to a FinTech who used the proceeds solely for the purpose of development of advice production and advice delivery tools . The loan agreement is entered into on an arm's length basis and on commercial terms at an interest rate of 4% per annum.

The credit risk on this facility is low.

Liquidity risk

Financing arrangements and capital management

The Group had access to the following borrowing facilities during the reporting period:

Consolidated	2022 $'000	2021 $'000
HUB24 Financial Instruments		
Floating rate – Expiring within one year (bank overdraft facility)	5,000	5,000
Floating rate – 3 year term (loan facility)	12,500	12,500
Drawn at balance date	**9,375**	**12,500**
Class Financial Instruments		
Fixed rate – 3.5 year term (loan facility)	7,000	-
Floating rate – 3 year term (loan facility)	1,820	-
Floating rate – 3 year term (loan facility)	9,100	-
Floating rate – 3 year term (loan facility)	12,000	-
Drawn at balance date	**29,920**	**-**

HUB24

The $5 million bank overdraft facility may be drawn at any time, and may be cancelled by giving the bank 10 business days notice. During the year ended and as at 30 June 2022, the overdraft facility was not drawn down. The bank loan facilities are subject to annual review.

The Group incurs a line fee of 0.60% per annum to maintain the bank overdraft facility with a further rate of BBSY + 1.25% applied to any drawn balances.

The 3 year amortising ANZ bank loan facility was secured specifically for the strategic transactions. The loan has been fully drawn down on 18 February 2021 with principal repayments of $3.125m payable every calendar year in February. The bank loan facility may not be redrawn once it has been repaid.

The Group incurs a commitment fee of 0.40% per annum to maintain the loan facility with an interest rate of 1 month BBSY + 1.95% applied to any drawn balances and paid quarterly.

Both the overdraft and loan facility are guaranteed by HUB24 Limited and its operating subsidiaries: Agility Applications Pty Ltd; HUB24 Management Services Pty Ltd; HUB24 Administration Pty Ltd; HUB24 Custodial Services Ltd; HUB24 Services Pty Ltd; HUBconnect Pty Ltd. The Group's regulatory capital requirements have been ring-fenced from the ANZ security arrangements.

Class

A bank loan facility with a principal balance of $7 million outstanding. The facility is subject to a fixed rate of 2.97% per annum plus total quarterly principal repayments of $2 million due in the next 12 months with a bullet repayment for the amount outstanding on expiry of the loan term being 19 August 2023.

A bank loan facility with a principal balance of $1.82 million outstanding. The facility is subject to a variable rate of 1.93% plus BBSY per annum plus total quarterly principal repayments of $0.91 million due in the next 12 months with a bullet repayment for the amount outstanding on expiry of the loan term being 19 August 2023.

A bank loan facility with a principal balance of $9.1 million outstanding. The facility is subject to a variable rate of 1.93% plus BBSY per annum plus total quarterly principal repayments of $2.024 million due in the next 12 months with a bullet repayment for the amount outstanding on expiry of the loan term being 29 February 2024.

During the financial year Class obtained an additional bank loan facility with a principal balance of $12 million. The facility is subject to a variable rate of 1.93% plus BBSY per annum plus total quarterly principal repayments of $2 million due in the next 12 months with a bullet repayment for the amount outstanding on expiry of the loan term being 31 August 2024.

The facilities are secured by fixed and floating charges over the assets of Class Technology Reporter Pty Ltd, Class Investment Reporter Pty Ltd, Nowinfinity Pty Ltd, Nowinfinity 3505 Pty Ltd, Assuriti Pty Ltd, Company Dynamics Pty Ltd, Accounting & Legal Dynamics Pty Ltd.

Maturity analysis of financial assets and liabilities

The risk implied from the values shown in the table below is based on best estimates and reflect a balanced view of cash inflows and outflows, excluding the Groups future cashflow generated from operations. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as office equipment, platform development and investments in working capital e.g. receivables. These assets are considered in the Group's overall liquidity risk.

Consolidated	0–1 month $'000	1–3 months $'000	4–12 months $'000	1–5 years $'000	Total $'000
30 June 2022					
Consolidated financial assets:					
Cash and cash equivalents	42,339	70	1,025	20	43,454
Trade and other receivables	22,845	2,772	687	2	26,306
	65,184	**2,842**	**1,712**	**22**	**69,760**
Consolidated financial liabilities:					
Trade and other payables	8,959	3,989	997	-	13,945
Borrowings	-	-	10,059	29,236	39,295
Lease Liability	278	552	2,424	6,930	10,184
	9,237	**4,540**	**13,480**	**36,166**	**63,423**
Net Maturity	**55,946**	**(1,698)**	**(11,768)**	**(36,144)**	**6,336**

30 June 2021					
Consolidated financial assets:					
Cash and cash equivalents	62,366	70	1,025	-	63,461
Trade and other receivables	11,930	3,804	899	-	16,633
	74,296	**3,874**	**1,924**	**-**	**80,094**
Consolidated financial liabilities:					
Trade and other payables	6,610	1,841	644	-	9,095
Borrowings	-	-	3,125	9,375	12,500
Lease Liability	213	374	1,633	4,534	6,754
	6,823	**2,215**	**5,402**	**13,909**	**28,350**
Net Maturity	**67,473**	**1,659**	**(3,478)**	**(13,909)**	**51,744**

The Group monitors rolling forecasts of liquidity reserves on the basis of expected cash flow and aims to maintain a minimum cash contingency above regulatory requirements to be freely available equal to a minimum one-month average operational cashflow (on a rolling 12-month average basis).

Market risk

The Group balance sheet is not materially exposed to movements in market prices.

The net fair value of financial assets and liabilities approximates their carrying values and the methods for estimating fair values are outlined in the relevant notes to the financial statements.

Foreign exchange risk

The Group balance sheet is not materially exposed to movements in exchange rates.

Fair value measurement

No other financial instruments for the year ended 30 June 2022 required fair value assessment (FY21: nil).

4.6 RECONCILIATION OF CASH FLOWS

Key accounting policies

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings current liabilities in the balance sheet.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Consolidated	2022 $'000	2021 $'000
(a) Reconciliation of the net profit/(loss) after tax to cash flow from operations		
Net profit/(loss) after tax for the year	14,662	9,769
Non-cash items:		
Depreciation and amortisation	19,831	6,971
Share based payment expense – Employee	10,783	6,312
Share of profit from associates	(1,122)	-
Fair value (gains)/losses	-	(1,568)
Deferred (revenue)/expenses	-	579
Gain on sale of Paragem	-	(1,389)
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(6,665)	(7,250)
(Increase)/decrease in deferred tax assets	(6,010)	1,161
(Increase)/decrease in other assets	(649)	(6,447)
Increase/(decrease) in trade and other payables	(4,093)	2,868
Increase/(decrease) in provisions	10,194	8,159
Net cash flow from operating activities	**36,931**	**19,165**
(b) Reconciliation of cash and cash equivalents		
Cash and cash equivalents comprises:		
Cash on hand and at bank	43,454	63,461
(c) Terms and conditions		
For the purposes of the Statement of cash flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with fi-nancial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.		

4.7 COMMITMENTS AND CONTINGENCIES

The Group had no commitments or contingencies as at 30 June 2022 (FY21 nil).

5. INCOME TAX

OVERVIEW

Income tax expense or credit is the accounting tax outcome for the period and is calculated as the tax payable on the current period taxable income based on the applicable income tax rate for each jurisdiction, adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

The relationship between accounting profit or loss and income tax expense or credit is provided in the reconciliation of prima facie tax to income tax expense or benefit (refer to note 5.1). Income tax expense does not equate to the amount of tax actually paid to tax authorities, as it is based upon the accrual accounting concept.

Accounting income and expenses do not always have the same recognition pattern as taxable income and expenses, creating a timing difference as to when a tax expense or benefit can be recognised. These differences usually reverse over time but, until they do, a deferred tax asset or liability is recognised on the balance sheet. Note 5.2 details the composition and movements in deferred tax balances and the key management assumptions applied in recognising tax losses.

5.1 RECONCILIATION OF PRIMA FACIE TAX TO INCOME TAX EXPENSE

	2022 $'000	2021 $'000
(a) Income tax expense		
Current tax expense	10,214	5,241
Decrease/(increase) in deferred tax assets	6,891	1,303
Prior period deferred tax under/(over) provision	(2,619)	(148)
(Decrease)/Increase in deferred tax liabilities	(8,017)	(542)
Tax – debited directly to equity	-	548
Income Tax Expense/(Benefit)	**6,469**	**6,402**
(b) Reconciliation of income tax expense to pre-tax accounting profit		
Profit from continuing operations before income tax expense	21,132	15,348
Prima facie income tax at 30%	6,340	4,605
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	3,017	4,590
Non-assessable income	(127)	(662)
Tax credits (carry forward losses, franking credits and R&D tax credits)	(142)	(1,825)
Prior period deferred tax under/(over) provision	(2,619)	(148)
Tax on discounted operations	-	(158)
Income tax expense	**6,469**	**6,402**

ACCOUNTING POLICIES

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current year's taxable income. The tax rates and legislation used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Tax consolidation

Members of the tax consolidated entity and the tax sharing arrangement

The Group and its 100% owned Australian resident subsidiaries have formed a tax consolidated entity. HUB24 Limited is the head entity of the tax consolidated entity. Members of the Group have entered into a tax sharing agreement.

Tax effect accounting by members of the tax consolidated Group

The head entity and the controlled entities in the tax consolidated Group continue to account for their own current and deferred tax amounts as per UIG 1052 Tax Consolidation Accounting. The consolidated Group has applied the consolidated Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated Group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets and liabilities arising from unused tax losses and unused tax credits (if any) assumed from controlled entities in the tax consolidated Group.

5.2 DEFERRED TAXES

	2022 $'000	2021 $'000
(a) Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Intangibles	-	1,673
Accrued expenses	583	243
Provisions	7,396	3,660
Depreciable assets	-	384
Blackhole expenses	2,060	-
Carry forward tax losses	5,505	5,965
Employee Share Costs	1,843	-
Lease liabilities	198	836
Closing Balance	**17,584**	**12,761**
Movements:		
Opening balance	12,761	6,923
Additions acquired through acquisition	12,349	8,421
Capital raising costs in Equity	-	(548)
Prior period deferred tax provision	(636)	-
Regonised in the Statement of profit or loss	(6,891)	(2,035)
Closing balance	**17,584**	**12,761**
(b) Deferred tax liability		
Temporary differences attributable to:		
Intangibles	17,971	-
Prepayment Expense	1	-
Investments	74	-
Depreciable assets	263	-
Closing balance	**18,309**	**-**
Movements:		
Opening balance	-	1,822
Xplore PPA impacts	3,494	-
Additions acquired through acquisition	23,880	-
Recognised in the Statement of profit or loss	(9,065)	(1,822)
Closing balance	**18,309**	**-**
Net deferred tax asset/(Net deferred tax liability)	**(725)**	**12,761**

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- When the temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.
- Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Recovery of deferred tax assets

Deferred tax assets are recognised for prior periods income tax losses, research and development tax offsets and deductible temporary differences to the extent that Directors consider that it is probable that future taxable profits will be available to offset these amounts.

The deferred tax asset continues to be recognised based on the following management judgements:

- The Group continues to generate consistent profitable growth, with improving margins and profit line trends;
- For the year ended 30 June 2022, the Group increased profits and is expected to remain profitable.

Research and development expenditure

The income tax calculation is based upon a number of estimates. A material item relates to the estimate of Research and Development (R&D) expenditure. Remuneration expenses of the development team are the largest component of the R&D expenditure, which, comprise 73% of the total estimated R & D claim for the year ended 30 June 2022. This percentage allocation is broadly consistent with the actual R & D claim for the year ended 30 June 2021.

The Group assumes and will continue to monitor that there will be ongoing compliance with relevant tax legislation.

5.3 OTHER TAXES

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- Receivables and payables, which are stated with the amount of GST included (UIG 1031.8). The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position; and
- Cash flows are included in the statement of cash flow on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

6. GROUP STRUCTURE

6.1 DISCONTINUED OPERATIONS

In the financial year ended 30 June 2021, the licensee business Paragem Pty Ltd was classified as a discontinued operation and was disposed on 1 February 2021. The sale included a capital return of $3.2 million, and an accounting gain of $1.4 million was recorded in the financial accounts to 30 June 2021. The operating loss before income tax from discontinued operations was $0.4 million.

Summarised information relating to the year ended 30 June 2022 shown below:

Consolidated	2022 $'000	2021 $'000
Statement of profit or loss		
Revenue	-	17,569
Expenses	-	(18,135)
Loss before income tax from discontinued operations	**-**	**(566)**
Income tax benefit	-	158
Loss after income tax from discontinued operations	-	(408)
Details of Paragem assets and liabilities which were disposed of in FY21		
Assets		
Cash and cash equivalents	-	1,332
Trade and other receivables	-	52
Intangibles	-	212
Other current assets	-	116
Office equipment	-	7
Total assets	**-**	**1,719**
Liabilities		
Provisions	-	(133)
Trade and other payables	-	(332)
Total liabilities	**-**	**(465)**
Net assets	**-**	**1,254**
Consideration received (net of costs and working capital transferred)	-	2,643
Gain on disposal	-	1,389
Reconciliation of cash proceeds from disposal		
Cash proceeds received	-	-
Less: Cash deconsolidated	-	(1,332)
Net cash flow from operating activities	**-**	**(1,332)**

6.2 BUSINESS COMBINATIONS

Acquisition of Subsidiaries

Class Limited

On 16 February 2022, the Group acquired 100 per cent of the issued share capital of Class Limited, obtaining control of Class Limited.

Class Limited is a market-leading SMSF administration software provider. Their customers include Accountants, SMSF Administrators, Investment Advisors, Financial Planners and Lawyers. Class's revenue comprises both subscription and recurring PAYG transactional revenue. Class qualifies as a business as defined in AASB 3.

Class Limited was acquired primarily for the following reasons:

- The combined business will benefit from increased scale, capabilities, product offering, distribution reach and technology resources;
- Aligns to HUB24 purpose to empower better financial futures together, accelerates our platform of the future and data services market leadership strategy;
- Delivers growth opportunities by leveraging combined capabilities to increase value & efficiency for existing customers and new customers;
- Delivers Shareholder value through diversification of revenue, opportunities for growth and a compelling and unique competitive advantage; and
- Combines market leading businesses and teams with a track record of innovation and capacity for ongoing investment.

	$'000
Purchase consideration	
Cash paid – at completion	15,733
Equity instruments (11,433,559 ordinary shares of the Company)	268,003
Total purchase consideration	**283,735**

	$'000
Net cash outflow arising on acquisition	
Cash consideration	15,733
Less: cash and cash equivalent balances acquired	(8,183)
Net cash outflow arising on acquisition	**7,550**

The purchase price allocation (PPA) assessment is expected to be finalised during FY23. The fair valuation of assets acquired, liabilities assumed and intangible assets identified have been measured provisionally, pending finalisation of the Group's valuation of Class are set out in the table below.

	Fair value $'000
The provisional fair values of the acquisition are as follows:	
Cash & Cash Equivalents	**8,183**
Security Deposits	114
Trade receivables	2,866
Prepayments	2,017
Other current assets	27
Inventory	46
PP&E	1,426
ROU assets	5,067
Deferred tax assets/(liabilities)	2,963
Total Identifiable assets	**14,526**
Trade & Other payables	(5,550)
Other payables & accruals	(1,529)
Borrowings	(35,825)
Lease Liability	(5,067)
Provisions	823
Total Liabilities assumed	**(47,148)**
Brand name acquired	8,761
Customer relationships acquired	78,667
Software Platform acquired	61,664
Intangibles identified	**149,093**
Total identifiable assets acquired and liabilities assumed	**124,654**
Goodwill	178,040
Deferred tax on intangible assets identified	(18,959)
Total purchase consideration	**283,735**

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

The fair value of the financial assets includes receivables (Net trade debtors & other receivables) with a fair value of $2.9 million and a gross contractual value of $3 million.

The goodwill of $178 million represents the profitability of the acquired business and the synergistic opportunities that will arise from the acquisition. None of the goodwill is expected to be deductible for income tax purposes.

The fair value of the 11,433,559 ordinary shares issued as part of the consideration paid for Class Limited ($268 million) was determined on the basis of the Hub24 Closing Price of $23.44 on acquisition date.

Acquisition related costs (included in administrative expenses) amount to $11 million.

If the acquisition of Class Limited had been completed on the first day of the financial year, Group revenues for the year would have been $63 million.

An additional $4.9m of adviser and transaction related costs were paid by HUB24 on behalf of Class prior to acquisition.

Xplore

On 2 March 2021 HUB24 Limited completed the acquisition of investment platform provider Xplore Wealth Limited (Xplore).

Xplore brings highly complementary expertise and scale to HUB24 for both high-net worth customers as well as portfolio administration and reporting services (PARS).

The transaction, which includes the acquisition of an experienced team of 81 employees, software and related intellectual property, was completed for an upfront cash consideration of $29.8 million and issuance of 1.4 million ordinary shares to Xplore shareholders plus additional upfront cash consideration of $0.4 million to Xplore Option holders.

A PPA assessment has been completed with the outcomes included in the financial year ended 30 June 2022.

	$'000
Purchase consideration	
Cash paid – at completion	29,764
Cash settlement for Xplore options	412
HUB24 shares issued (scrip issue)	28,251
Total purchase consideration	**58,427**

	Fair value $'000
The completed fair values of the acquisition are as follows:	
Cash balances acquired	3,175
Net operating assets acquired	5,092
Computer software	14,223
Customer relationships acquired	12,388
Net identifiable assets acquired	**34,878**
Goodwill	27,266
Deferred tax on intangible assets identified	(3,717)
Net assets acquired	**58,427**

6.3 CONTROLLED ENTITIES

HUB24 subsidiaries are entities which it controls and consolidates as it is exposed to, or has rights to, variable returns from the entity, and can affect those returns through its power over the entity.

When the Group ceases to control a subsidiary, any retained interest in the entity is remeasured to fair value, with any resulting gain or loss recognised in the income statement.

Changes in the Group's ownership interest in a subsidiary which do not result in a loss of control are accounted for as transactions with equity holders in their capacity as equity holders.

In the Parent Entity's financial statements, investments in subsidiaries are initially recorded at cost and are subsequently held at the lower of cost and recoverable amount.

When the group acquires a subsidiary, the fair value of the consideration transferred and valuation of assets acquired and liabilities assumed are measured on a provisional basis.

All transactions between Group entities are eliminated on consolidation.

	% Equity Interest	
	as at 30 June 2022	as at 30 June 2021
Operating Entities		
HUB24 Custodial Services Ltd	100	100
HUB24 Share Ownership Trust	100	100
HUB24 Management Services Pty Ltd	100	100
HUB24 Administration Pty Ltd	100	100
HUB24 Services Pty Ltd	100	100
Firstfunds Pty Ltd (formerly Firstfunds Limited)	100	100
HUBconnect Pty Ltd	100	100
Marketsplus Australia Pty Ltd	100	100
Agility Applications Pty Ltd	100	100
Xplore Wealth Pty Ltd	100	100
Xplore Business Services Pty Ltd	100	100
Investment Administration Services Pty Limited	100	100
Margaret Street Financial Holdings Pty Ltd	100	100
Margaret Street Administration Services Pty Ltd	100	100
Margaret Street Promoter Services Pty Ltd	100	100
Aracon Superannuation Pty Ltd	100	100
DIY Master Pty Ltd	100	100
HUB24 Limited Employee Share Trust	100	100
Class Limited	100	-
Class Technology Pty Ltd	100	-
Class Investment Reporter Pty Ltd	100	-
Nowinfinity Pty Ltd	100	-
Non-operating Entities		
HUB24 International Nominees Pty Ltd	100	100
HUB24 Nominees Pty Ltd	100	100
Investorfirst Securities Ltd[1]	100	100
Captain Starlight Nominees Pty Ltd[1]	100	100
ACN 075 059 246 Pty Ltd	100	100
Planner Holdings Limited	100	100
PHL Securities Pty Ltd	100	100
Margaret Street Nominees Pty Ltd	100	100
Xplore Equity Finance Pty Ltd	100	100
Margaret Street Attorney Services Pty Ltd	100	100
Margaret Street Investment Consulting Services Pty Ltd	100	100
Nowinfinity 3505 Pty Ltd	100	-
Assuriti Pty Ltd	100	-
Topdocs Pty Ltd	100	-
Topdocs Edge Pty Ltd	100	-
Accounting & Legal Dynamics Pty Ltd	100	-
Company Dynamics Pty Ltd	100	-

1. As at 30 June 2022 a voluntary deregistration application lodged with ASIC.

6.4 ASSOCIATED ENTITIES

The Group has a 31.5% investment in Diverger Limited.

Consolidated	2022 $'000	2021 $'000
Investment in Diverger Reconciliation		
Opening investment in Diverger	14,519	14,225
Add: Share of associate profits	1,122	472
Less: Dividend Received	(474)	(178)
Closing investment in Diverger	**15,167**	**14,519**

ACCOUNTING POLICIES

Associates are entities in which the Group has significant influence, but not control, over the operating and financial policies. The Group accounts for associates using the equity method. The investments are initially recognised at cost (except where recognised at fair value due to a loss of control of a subsidiary), and increased (or decreased) each year by the Group's share of the associate's profit or loss. Dividends received from the associate reduce the investment in associate.

The carrying value of the investment in associate, is assessed for indicators of impairment annually.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The key judgement relates to the carrying value of the investment in associate, which is assessed for impairment annually. Whilst Diverger is listed and hence the share price is one indicator of value, other factors need to be considered including trading volumes and the strategic value of the investment to HUB24. In accordance with AASB 128 Investment in Associates and Joint Ventures, an assessment has been performed, which confirmed in the Director's opinion, currently there are no indicators of a prolonged decline in the value of the investment.

The Director's continue to monitor Diverger's performance against its strategic objectives.

6.5 PARENT ENTITY FINANCIAL INFORMATION

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group except for investments in subsidiaries which are accounted for at cost, less any impairment, in the parent entity.

Summary financial information

Set out below is the supplementary information about the parent entity.

Consolidated	2022 $'000	2021 $'000
Statement of profit or loss and other comprehensive income		
Profit after income tax	1,461	8,972
Total comprehensive income	**1,461**	**8,972**
Statement of financial position		
Total assets	468,124	211,483
Total liabilities	(23,589)	(29,819)
Net assets	**444,535**	**181,664**

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2022 or 30 June 2021.

Capital commitments

The parent entity had no capital commitments as at 30 June 2022 or 30 June 2021.

Deferred tax asset

In addition to its own current and deferred tax amounts, the parent entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits (if any) assumed from controlled entities in the Group. Refer to Note 5 for further details.

7. EMPLOYEE REMUNERATION

7.1 SHARE BASED PAYMENTS

OVERVIEW

Share-based payments are equity-based compensation schemes provided to employees, executives, and directors.

There are currently three plans in place to provide these benefits, collectively known as the Plans:

- The Employee Share Option Plan (ESOP);
- The Performance Rights (PARS); and
- The Employee Share Plan (ESP).

The Group can either issue shares from time to time, or meet any obligation via treasury shares acquired on-market. Any full-time or part-time employee of the Group or any equally-owned joint venture who is offered shares or options is eligible to participate in the Plans.

7.1.1 Recognised share-based payment expense

During the year ended 30 June 2022, the consolidated statement of profit and loss recognised $10.8 million of equity-settled share-based payment transactions (FY21: $7.7 million).

ACCOUNTING POLICIES

The cost of share based payments is recognised by expensing the fair value of options or rights granted, over the period during which the employees become unconditionally entitled to these benefits. Where the plan will be settled by issuing equity, the corresponding entry is an increase in the share based payment reserve.

At each subsequent reporting date until vesting, the vesting probability is assessed and upon board approval, the cumulative charge will be reflected to the statement of profit or loss and other comprehensive income and share based payment reserve. This takes into account factors such as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Calculating the fair value of share based payments can be complex. Independent consultants use Black-Scholes or similar option pricing models to value options and rights. This calculation includes any market performance conditions and the impact of any non-vesting conditions. Once the fair value has been determined at grant date, it is not revised.

The impact of any service and non-market vesting conditions is excluded from the fair value. Instead, this is included in assumptions about the number of options that are expected to vest. These assumptions are revised at the end of each reporting period. The impact of any revision to original estimates is recognised as an expense in the Consolidated Statement of profit and loss, with a corresponding adjustment to equity.

7.1.2 Types of share-based payment plans

1. Share based payment plans issued during the year ended 30 June 2022

Tax Exempt Share Plan – Employees	
Number of Shares Issued	8,806
Issue Date	4 February 2022
Issue Price	$30.12
Vesting Conditions for All Shares	Interests held in the shares are not at risk of forfeiture. There is no condition or requirement that needs to be satisfied in order to acquire the shares
Voting	Shareholders are entitled to vote.
Dividends	The shares provide entitlement to dividends or other distributions paid to ordinary shareholders
Specific Terms	The shares must not be sold, transferred or otherwise disposed of, or mortgaged, charged or otherwise en-cumbered, on or before the 3rd anniversary of the date employees acquired the Shares or the date they cease to be employed, whichever occurs first

Rights		
PARS (Rights)	**Issue Date**	**Number of Options Issued**
MD	14 December 2021	35,901
KMP (excluding MD)	22 November 2021	49,458
Employees	22 November 2021	101,306
Vesting Terms		
Expiry Date	15 years after date of issue	
Expected Vesting Period	3 years	
Exercise Price	Nil	
Vesting Conditions		
I. Service	[I] Must be an employee at date of issue	
II. FUA	II] Performance condition (a) 50% of the Performance Rights will be subject to, and will vest based on a calculated score (Score) that measures the achievement of a funds under administration (FUA) target that has been set for the three years ending on 30 June 2024. The Score will have regard to the relative growth in Platform (Custody) FUA and Portfolio Administration and Reporting Services (Non-Custody) FUA as well as the relative financial contribution of Custody FUA and Non-Custody FUA to HUB24's financial results. The Score is calculated as: Score = ((PR-PVC)/PFUA) x PFUA + CFUA ((CR-CVC)/CFUA) Where: • CFUA = Custodial FUA (divided by 1 billion) • PFUA = Non-custodial FUA (divided by 1 billion) • CR = Custodial Revenue • PR = Non-custodial Revenue • CVC = Custodial specified variable costs • PVC = Non-custodial specified variable costs The vesting is calibrated as follows: zero vesting will occur where the achievement is below a minimum score of 88.5 (a FUA increase of 70.6% over three years); 50% vesting will occur where the achievement reaches a score of 88.5 (an increase of 70.6% over three years); 100% vesting will occur where the achievement reaches a score of 100 (an increase of 94.5% over three years); and vesting between a score of 88.5 and 100 (for between 50% and 100% vesting) will be on a straight-line basis between these two levels.	

III. Market	[III] Performance condition (b) 50% of the Performance Rights will be subject to, and will vest on, the achievement of a hurdle measuring the Absolute Total Shareholder return (ATSR) of 10% to 15% per annum over the next three years. The vesting is calibrated as follows: 25% vesting occurs when a threshold vesting of 10% ATSR compounded annually is achieved; 100% vesting occurs when a threshold vesting of 15% ATSR compounded annually is achieved; and vesting between 10% and 15% ATSR will be on a straight-line basis between these two levels. **Thresholds** The determination of the ATSR thresholds will be based upon the 40 trading day VWAP for Shares spanning the full year results announcement on 24 August 2021 (20 days prior to and 20 days post results announcement). The 40 trading day VWAP for Shares on that basis (i.e. 27 July 2021 to 20 September 2021 was $27.92, therefore (in the absence of any dividends) the 10% threshold is $37.16 and the 15% threshold is $42.46, or $40.87 and $48.83 respectively when tested over a four year period.
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.

Rights – General Counsel & Head of Compliance	
PARS (Rights)	
Issue Date	22 November 2021
Number of Options Issued	3,979
Expiry Date	21 November 2036
Expected Vesting Period	3 years
Exercise Price	nil
Vesting Conditions	
I. Service	[I] Must be an employee at date of issue
II. Growth	[II] Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities
III. Performance conditions	[III] Performance condition (b) Effective protection of the business in relation to key legal, risk and compliance matters across the HUB24 group.
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.

Rights – Chief Financial Officer	
PARS (Rights)	
Issue Date	22 November 2021
Number issued	17,250
Expiry date	21 November 2036
Expected Vesting Period	15 years
Exercise Price	-
Vesting Conditions	
I. Service	[I] Must be an employee at date of issue
II. FUA	[II] 100% of the Performance Rights will be subject to, and will vest on, the achievement of a hurdle measuring Platform (Custody) funds under administration (FUA) over the next two years. The vesting is calibrated as follows: zero vesting will occur if Custody FUA is below a minimum level of $63 billion by 30 June 2023); 50% vesting will occur if Custody FUA reaches $63 billion by 30 June 2023); 100% vesting will occur if Custody FUA reaches $70 billion by 30 June 2023); and vesting between $63 billion and $70 billion (between 50% and 100% vesting) will be on a straight-line basis between these two levels.
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.

2. Share based payment plans issued during the year ended 30 June 2021.

Tax Exempt Share Plan – Employees	
Number of Shares Issued	13,224
Issue Date	21 October 2020
Issue Price	$17.16
Vesting Conditions for All Shares	Interests held in the shares are not at risk of forfeiture. There is no condition or requirement that needs to be satisfied in order to acquire the shares
Voting	Shareholders are entitled to vote.
Dividends	The shares provide entitlement to dividends or other distributions paid to ordinary shareholders
Specific Terms	The shares must not be sold, transferred or otherwise disposed of, or mortgaged, charged or otherwise en-cumbered, on or before the 3rd anniversary of the date employees acquired the Shares or the date they cease to be employed, whichever occurs first

Tax Exempt Share Plan – Employees	
Number of Shares Issued	696
Issue Date	17 December 2020
Issue Price	$17.16
Vesting Conditions for All Shares	Interests held in the shares are not at risk of forfeiture. There is no condition or requirement that needs to be satisfied in order to acquire the shares
Voting	Shareholders are entitled to vote
Dividends	The shares provide entitlement to dividends or other distributions paid to ordinary shareholders
Specific Terms	The shares must not be sold, transferred or otherwise disposed of, or mortgaged, charged or otherwise en-cumbered, on or before the 3rd anniversary of the date employees acquired the Shares or the date they cease to be employed, whichever occurs first

Options & Rights – Key Management Personnel (excluding MD)		
	Options	**Rights**
Issue Date	4 Feb 2021	4 Feb 2021
Number of Options Issued	57,826	54,071
Expiry Date	4 February 2026	4 February 2036
Expected Vesting Period	3 years	3 years
Exercise Price	$14.29	-
Vesting Conditions		
I. Service	[I] Must be an employee at date of issue	
II. Market	[II] 50% of the options and 50% of the performance rights will be subject to, and will vest on, the achievement of a hurdle measuring the Absolute Total Shareholder Return (ATSR) of 11.5% to 16.5% over the next three years. The vesting is calibrated as follows: 25% vesting occurs when a threshold of 11.5% ASTR compounded annually is achieved; 100% vesting occurs when a threshold of 16.5% ASTR compounded annually is achieved; and vesting between 25% and 100% will be on a straight-line basis between the two levels. **Thresholds** Determination of the TSR thresholds was $14.29, therefore the 11.5% threshold is $19.81 and the 16.5% threshold is $22.59, or $22.09 and $26.32 respectively when tested over a four year periods.	
III. FUA	[II] 100% of the performance rights will be subject to, and will vest on, the achievement of a hurdle measuring the compound annual growth (CAGR) in FUA over the next three years. The vesting is calibrated as follows: zero vesting will occur if the FUA is below a minimum level of 26.8% (an increase of 103.9% over three years representing approximately $35 billion by 30 June 2023); 50% vesting will occur if the FUA reaches 26.8% per annum; 100% vesting will occur if the FUA reaches 35.7% per annum (an increase of 150% over three years representing approximately $43 billion by 30 June 2023); and vesting for between 26.8% and 35.7% per annum (for between 50% and 100% vesting) will be on a straight-line basis between the two levels.	
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.	

Options & Rights – MD		
	Options	**Rights**
Issue Date	24 December 2020	24 December 2020
Number of Options Issued	33,558	31,395
Expiry Date	24 December 2025	24 December 2035
Expected Vesting Period	3 years	3 years
Exercise Price	$14.29	-
Vesting Conditions		
I. Service	[I] Must be an employee at date of issue	
II. Market	[II] 50% of the options and 50% of the performance rights will be subject to, and will vest on, the achievement of a hurdle measuring the Absolute Total Shareholder Return (ATSR) of 11.5% to 16.5% over the next three years. The vesting is calibrated as follows: 25% vesting occurs when a threshold of 11.5% ASTR compounded annually is achieved; 100% vesting occurs when a threshold of 16.5% ASTR compounded annually is achieved; and vesting between 25% and 100% will be on a straight-line basis between the two levels. **Thresholds** Determination of the TSR thresholds was $14.29, therefore the 11.5% threshold is $19.81 and the 16.5% threshold is $22.59, or $22.09 and $26.32 respectively when tested over a four year periods.	
III. FUA	[II] 100% of the performance rights will be subject to, and will vest on, the achievement of a hurdle measuring the compound annual growth (CAGR) in FUA over the next three years. The vesting is calibrated as follows: zero vesting will occur if the FUA is below a minimum level of 26.8% (an increase of 103.9% over three years representing approximately $35 billion by 30 June 2023); 50% vesting will occur if the FUA reaches 26.8% per annum; 100% vesting will occur if the FUA reaches 35.7% per annum (an increase of 150% over three years representing approximately $43 billion by 30 June 2023); and vesting for between 26.8% and 35.7% per annum (for between 50% and 100% vesting) will be on a straight-line basis between the two levels.	
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.	

Rights – Employees	
Issue Date	4 February 2021
Number issued	82,700
Expiry date	4 February 2036
Expected Vesting Period	3 years
Exercise Price	-
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)
II. FUA	[II] 100% of the performance rights will be subject to, and will vest on, the achievement of a hurdle measuring the compound annual growth (CAGR) in FUA over the next three years. The vesting is calibrated as follows: zero vesting will occur if the FUA is below a minimum level of 26.8% (an increase of 103.9% over three years representing approximately $35 billion by 30 June 2023); 50% vesting will occur if the FUA reaches 26.8% per annum; 100% vesting will occur if the FUA reaches 35.7% per annum (an increase of 150% over three years representing approximately $43 billion by 30 June 2023); and vesting for between 26.8% and 35.7% per annum (for between 50% and 100% vesting) will be on a straight-line basis between the two levels.
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.

Special 5 Year LTI Performance Rights – Employees		
	Special LTI – Tranche 1	**Special LTI – Tranche 2**
Issue Date	2 March 2021	
Number issued	565,000	127,500
Expiry Date	30 June 2025	
Expected Vesting Period	5 years	
Exercise Price	-	-
Performance Period	1 July 2020 to 30 June 2025	1 July 2020 to 30 June 2025
Performance Conditions[1]	Zero vesting will occur if the CAGR in FUA is below a minimum level of 23.8% per annum (an increase of 191% over five years representing approximately $50 billion by 30 June 2025). 50% vesting will occur if the CAGR in FUA reaches 23.8% per annum. 100% vesting will occur if the CAGR in FUA reaches 28.4% per annum; and vesting between 23.8% and 28.4% (representing approximately $60 billion by 30 June 2025) per annual CAGR in FUA will be on a straight-line basis between these two levels	Zero vesting will occur if the CAGR in FUA is below a minimum level of 32.4% per annum (an increase of 307% over five years representing approximately $70 billion by 30 June 2025). 100% vesting will occur if the CAGR in FUA reaches 32.4% per annum.

1 In measuring the achievement of performance and FUA targets, the Board reserves the right to vary the percentage of options and ordinary performance rights which may vest as well as the FUA dollar thresholds to account for acquisitions of businesses, assets, companies or other entities which may be undertaken by the Group during the performance period and adjust for non-custodial FUA on a proportionality basis.

Special 5 Year LTI Performance Rights – MD		
	Special LTI – Tranche 1	**Special LTI – Tranche 2**
Issue Date	24 December 2020	
Number issued	220,000	50,000
Expiry Date	30 June 2025	
Expected Vesting Period	5 years	
Exercise Price	-	-
Performance Period	1 July 2020 to 30 June 2025	1 July 2020 to 30 June 2025
Performance Conditions[1]	Zero vesting will occur if the CAGR in FUA is below a minimum level of 23.8% per annum (an increase of 191% over five years representing approximately $50 billion by 30 June 2025). 50% vesting will occur if the CAGR in FUA reaches 23.8% per annum. 100% vesting will occur if the CAGR in FUA reaches 28.4% per annum; and vesting between 23.8% and 28.4% (representing approximately $60 billion by 30 June 2025) per annual CAGR in FUA will be on a straight-line basis between these two levels	Zero vesting will occur if the CAGR in FUA is below a minimum level of 32.4% per annum (an increase of 307% over five years representing approximately $70 billion by 30 June 2025). 100% vesting will occur if the CAGR in FUA reaches 32.4% per annum.

1 In measuring the achievement of performance and FUA targets, the Board reserves the right to vary the percentage of options and ordinary performance rights which may vest as well as the FUA dollar thresholds to account for acquisitions of businesses, assets, companies or other entities which may be undertaken by the Group during the performance period and adjust for non-custodial FUA on a proportionality basis.

3. Share based payment plans issued during the year ended 30 June 2020.

Tax Exempt Share Plan – Employees	
Number of Shares Issued	16,960
Issue Date	10 October 2019
Issue Price	$12.50
Vesting Conditions for All Shares	Interests held in the shares are not at risk of forfeiture. There is no condition or requirement that needs to be satisfied in order to acquire the shares.
Voting	Shareholders are entitled to vote.
Dividends	The shares provide entitlement to dividends or other distributions paid to ordinary shareholders.
Specific Terms	The shares must not be sold, transferred or otherwise disposed of, or mortgaged, charged or otherwise encumbered, on or before the 3rd anniversary of the date employees acquired the Shares or the date they cease to be employed, whichever occurs first.

Options and Rights – Employees		
	Share Ownership Plan	**PARS (Rights)**
Issue Date	25 Nov 2019	25 Nov 2019
Number of Options Issued	323,151	129,404
Expiry Date	25 November 2024	25 November 2034
Expected Vesting Period	3 years	3 years
Exercise Price	$12.36	nil
Vesting Conditions		
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)	
II. Market	[II] 50% of the options and performance rights will be subject to, and will vest on, the achievement of a hurdle measuring the Absolute Total Shareholder Return (ATSR) of 12.5% to 17.5% over the next three years. The vesting is calibrated as follows: 25% vesting occurs when a threshold of 12.5% ASTR compounded annually is achieved; 100% vesting occurs when a threshold of 17.5% ASTR compounded annually is achieved; and vesting between 25% and 100% will be on a straight line basis between the two levels.	
III. FUA	[III] 50% of the options and 50% of the performance rights will be subject to, and will vest on, the achievement of a hurdle measuring the compound annual growth (CAGR) in FUA over the next three years. The vesting is calibrated as follows: zero vesting will occur if the FUA does not exceed $27 billion by 30 June 2022; 25% vesting will occur if the FUA reaches $27 billion by 30 June 2022; 80% vesting will occur if the FUA reaches $29 billion by 30 June 2022; 100% vesting will occur if the FUA reaches $32 billion by 30 June 2022. vesting for between $27 billion and $29 billion (for between 25% and 80%) will be on a straight line basis between the two levels; and vesting for between $29 billion and $32 billion (for between 80% and 100%) will be on a straight line basis between the two levels;	
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.	

Options and Rights – Employees		
	Share Ownership Plan	**PARS (Rights)**
Issue Date	25 Nov 2019	25 Nov 2019
Number of Options Issued	8,181	3,276
Expiry Date	25 November 2024	25 November 2034
Expected Vesting Period	3 years	3 years
Exercise Price	$12.36	nil
Vesting Conditions		
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)	
II. Leadership	[II] Effective leadership of the Group's Legal and Compliance functions together with the development of enhancements to these functions.	
III. Strategy	[III] Effective leadership and management of key legal and compliance matters across the Group such that the contribution of the Legal & Compliance team through its management of these matters supports the Group in achieving is strategic outcomes and priorities.	
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.	

4. Share based payment plans issued during the year ended 30 June 2019.

Tax Exempt Share Plan – Employees	
Number of Shares Issued	14,193
Issue Date	7 September 2018
Issue Price	$12.04
Vesting Conditions for All Shares	Interests held in the shares are not at risk of forfeiture. There is no condition or requirement that needs to be satisfied in order to acquire the shares.
Voting	Shareholders are entitled to vote.
Dividends	The shares provide entitlement to dividends or other distributions paid to ordinary shareholders.
Specific Terms	The shares must not be sold, transferred or otherwise disposed of, or mortgaged, charged or otherwise encumbered, on or before the 3rd anniversary of the date employees acquired the Shares or the date they cease to be employed, whichever occurs first.

Options and Rights – Employees						
	Share Ownership Plan	PARS (Rights)	Share Ownership Plan – Paragem	PARS (Rights) – Paragem	Share Ownership Plan	PARS (Rights)
Issue Date	7 Sep 2018	7 Sep 2018	7 Sep 2018	7 Sep 2018	7 Sep 2018	7 Sep 2018
Number of Options Issued	257,852	70,888	12,000	4,000	30,000	10,000
Expiry Date	7 Sep 2023	7 Sep 2033	7 Sep 2023	7 Sep 2033	7 Sep 2023	7 Sep 2033
Expected Vesting Period	3 years	3 years	2 years	2 years	2 years	2 years
Exercise Price	$12.04	nil	$12.04	nil	$11.73	nil
Vesting Conditions						
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)					
II. Market	[II] 50% vesting on the achievement of Performance condition 2. Absolute Total Shareholder Return (ATSR) CAGR in excess of 17.5% over three years, proportional vesting between 12.5% and 17.5%.					
III. FUA	[III] 50% vesting on the achievement of Performance condition 1. Growth in FUA CAGR in excess of 115.8% over three years, proportional vesting between 29.23% and 40.23% p.a.		[III] 0% vesting if the CAGR in FUA was below a minimum level of 25.88% p.a (99.5% over three years). 50% vesting will occur if the CAGR in FUA reaches 29.58% p.a (117.6% over three years). 100% vesting will occur if the CAGR in FUA reaches 33.09% p.a (135.7% over three years)		[III] 0% vesting if the CAGR in FUA was below a minimum level of 25.88% p.a (99.5% over three years). 50% vesting will occur if the CAGR in FUA reaches 29.58% p.a (117.6% over three years). 100% vesting will occur if the CAGR in FUA reaches 33.09% p.a (135.7%over three years)	
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.					

Options and Rights – Employees				
	Share Ownership Plan – MD	PARS (Rights) – MD	Share Ownership Plan – CFO	PARS (Rights) - CFO
Issue Date	12 Dec 2018	12 Dec 2018	12 Dec 2018	12 Dec 2018
Number of Options Issued	51,186	14,072	24,667	6,981
Expiry Date	12 Dec 2023	12 Dec 2033	12 Dec 2023	12 Dec 2033
Expected Vesting Period	3 years	3 years	3 years	3 years
Exercise Price	$12.04	nil	$13.44	nil
Vesting Conditions				
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)			
II. Market	[II] 50% vesting on the achievement of Performance condition 2. Absolute Total Shareholder Return (ATSR) CAGR in excess of 17.5% over three years, proportional vesting between 12.5% and 17.5%.			
III. FUA	[III] 50% vesting on the achievement of Performance condition 1. Growth in FUA CAGR in excess of 115.8% over three years, proportional vesting between 29.23% and 40.23% p.a.			
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.			

Options and Rights – Employees	
	PARS (Rights) – Director
Issue Date	12 Dec 2018
Number of Options Issued	20,000
Expiry Date	12 Dec 2033
Expected Vesting Period	3 years
Exercise Price	nil
Vesting Conditions	
I. Service	[I] Must be a director from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)
II. Market	[II] Performance condition (a) stipulates that the director must provide support to the HUB24 Managing Director and KMPs in relation to the securing and maintenance of key accounts over the period from 1 July 2018 to 30 June 2021.
III. Growth	[III] Performance condition (b) stipulates that the director must directly liaise with key accounts to facilitate growth and customer satisfaction as measured by the improvement in the company's customer satisfaction service levels over the period from 1 July 2018 to 30 June 2021

Options and Rights – Employees	
	PARS (Rights) – Head of Legal & Compliance
Issue Date	12 Dec 2018
Number of Options Issued	20,000
Expiry Date	12 Dec 2033
Expected Vesting Period	4 years
Exercise Price	nil
Vesting Conditions	
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)
II. Market	[II] Performance condition (a) stipulates that the employee must display effective leadership of the development and operation of the Group's risk and compliance framework and policies over the Performance Period.
III. Growth	[III] Performance condition (b) stipulates that the employee must display effective leadership and management of key legal, risk and compliance matters across the HUB24 Group.

Options and Rights – Employees	
	PARS (Rights) – Special LTI
Issue Date	12 Dec 2018
Number of Options Issued	425,000
Expiry Date	12 Dec 2033
Expected Vesting Period	4 years
Exercise Price	nil
Vesting Conditions	
I. FUA	[I] Applying to 425,000 performance rights, 100% vesting will occur if the 4 year CAGR in FUA reaches 33% per annum.
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.

5. Share based payment plans issued prior to 1 July 2018.

Tax Exempt Share Plan – Employees	
Number of Shares Issued	24,160
Issue Date	1 September 2017
Issue Price	$6.25
Vesting Conditions for All Shares	Interests held in the shares are not at risk of forfeiture. There is no condition or requirement that needs to be satisfied in order to acquire the shares.
Voting	Shareholders are entitled to vote.
Dividends	The shares provide entitlement to dividends or other distributions paid to ordinary shareholders.
Specific Terms	The shares must not be sold, transferred or otherwise disposed of, or mortgaged, charged or otherwise encumbered, on or before the 3rd anniversary of the date employees acquired the shares or the date they cease to be employed, whichever occurs first.

Options and Rights – Employees						
	Share Ownership Plan	**PARS (Rights)**	**Share Ownership Plan**	**PARS (Rights)**	**Share Ownership Plan – MD**	**PARS (Rights) – MD**
Issue Date	11 Oct 2017	11 Oct 2017	21 Aug 2017	21 Aug 2017	11 Dec 2017	11 Dec 2017
Number of Options Issued	401,686	122,942	34,247	11,211	78,077	23,897
Expiry Date	11 Oct 2022	11 Oct 2032	21 Aug 2022	21 Aug 2032	11 Dec 2022	11 Dec 2032
Expected Vesting Period	3 years	3 years	3 years	3 years	3 years	3 years
Exercise Price	$7.09	nil	$6.25	nil	$7.09	nil
Vesting Conditions						
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days).					
II. Market	[II] 50% vesting on the achievement of Performance condition 2. Absolute Total Shareholder Return (ATSR) CAGR in excess of 17.5% over three years, proportional vesting between 12.5% and 17.5%.					
III. FUA	[III] 50% vesting on the achievement of Performance condition 1. Growth in FUA CAGR in excess of 117.6% over three years, proportional vesting between 25.88% and 33.09% p.a.		[III] 50% vesting on the achievement of Performance condition 1. Growth in FUA CAGR in excess of 109.7% over three years, proportional vesting between 28% and 45% p.a.		[III] 50% vesting on the achievement of Performance condition 1. Growth in FUA CAGR in excess of 117.6% over three years, proportional vesting between 25.88% and 33.09% p.a.	
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.					

6. Share based payment plans issued prior to 1 July 2017.

Tax Exempt Share Plan – Employees	
Number of Shares Issued	14,112
Issue Date	1 September 2016
Issue Price	$4.46
Vesting Conditions for All Shares	Interests held in the shares are not at risk of forfeiture. There is no condition or requirement that needs to be satisfied in order to acquire the shares.
Voting	Shareholders are entitled to vote.
Dividends	The shares provide entitlement to dividends or other distributions paid to ordinary shareholders.
Specific Terms	The shares must not be sold, transferred or otherwise disposed of, or mortgaged, charged or otherwise encumbered, on or before the 3rd anniversary of the date employees acquired the shares or the date they cease to be employed, whichever occurs first.

Options and Rights – Employees			
FY 2017	**Share Ownership Plan**	**PARS (Rights)**	**Share Ownership Plan**
Issue Date	29 Nov 2016	29 Nov 2016	29 Nov 2016
Number of Options Issued	418,639	137,043	50,000
Expiry Date	29 Nov 2021	29 Nov 2031	29 Nov 2021
Expected Vesting Period	3 years	3 years	3 years
Exercise Price	$4.46	nil	$5.17
Vesting Conditions			
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)		
II. Market	[II] 50% vesting on the achievement of Performance condition 1. Absolute Total Shareholder Return (ATSR) CAGR in excess of 17.5% over three years, proportional vesting between 12.5% and 17.5%.		[II] Achieve share price hurdle of 52% greater than exercise price for 20 consecutive days in the period between 36 months from the issue date and expiry of options.
III. FUA	[III] 50% vesting on the achievement of Performance condition 2. Growth in FUA CAGR in excess of 45% over three years, proportional vesting between 28% and 45%.		N/A
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.		

Options and Rights – Employees			
FY 2016	**Share Ownership Plan**	**PARS (Rights) – MD**	**Share Ownership Plan**
Issue Date	14 Oct 2015	7 Dec 2015	30 Mar 2016
Number of Options Issued	620,000	150,000	50,000
Expiry Date	14 Oct 2020	7 Dec 2030	30 Mar 2021
Expected Vesting Period	3 years	3 years	3 years
Exercise Price	$2.46	$2.46	$3.98
Vesting Conditions			
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)		
II. Market	[II] Achieve share price hurdle of greater than 52% of exercise price for 20 consecutive days in the period between 36 months from the issue date and expiry of options.		
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.		

Summary of options and rights granted

The following table illustrates the number, weighted average exercise prices (WAEP) and weighted average share prices (WASP) of, and movements in, share options issued during the year:

Summaries of options granted	30 June 2022 Number	WAEP	WASP	30 June 2021 Number	WAEP	WASP
Outstanding at the beginning of the financial year	1,161,128	-	-	1,633,095	-	-
Granted during the year	-		-	91,384	$14.29	-
Forfeited during the year	(28,412)	-	-	(72,029)	-	-
Exercised during the year	(437,528)	$6.38	$30.02	(491,322)	$4.53	$21.34
Expired during the year	-	-	-	-	-	-
Outstanding at the end of the year	695,188	-	-	1,161,128	-	-
Exercisable at the end of the year	251,028	-	-	426,876	-	-

Summaries of rights granted	30 June 2022 Number	WAEP	WASP	30 June 2021 Number	WAEP	WASP
Outstanding at the beginning of the year	1,908,236	-	-	864,936	-	-
Granted during the year	207,893		-	1,130,667		-
Forfeited during the year	(9,358)	-	-	(23,481)	-	-
Exercised during the year	(88,052)			(63,886)		
Expired during the year	-	-	-	-	-	-
Outstanding at the end of the year	2,018,719	-	-	1,908,236	-	-
Exercisable at the end of the year	135,688	-	-	131,798	-	-

7.1.3 Option pricing model

The fair value of all equity-settled options issued is estimated at the grant date using the Hoadley's 1 Hybrid ESO model (monte carlo simulation method).

The following table lists the inputs to the models used:

1. Share based payment plans issued during the year ended 30 June 2022.

Options & Rights	Rights – KMP & Employees	Rights – MD
Dividend Yield (%)	0.23%	0.23%
Expected Volatility (%)	46.5%	46.5%
Risk-free Interest Rate (%)	1.38%	1.38%
Average Share price at Measurement Date ($)	30.17	29.24
Model used	Hoadleys/Black Scholes	Hoadleys/Black Scholes

2. Share based payment plans issued during the year ended 30 June 2021 and modified during the period ended 30 June 2022.

Options & Rights	Options & Rights – Employee
Dividend Yield (%)	0.34%
Expected Volatility (%)	58.8%
Risk-free Interest Rate (%)	0.35%
Expected Life of Options (Months)	60
Average Share price at Measurement Date ($)	25.37
Model used	Hoadleys/Black Scholes

3. Share based payment plans issued prior to 1 July 2021.

	2 Mar 2021 PRP (Rights) – Special LTI	4 Feb 2021 PRP (Rights)	25 Nov 2019 SOP	25 Nov 2019 PRP (Rights)	7 Sep 2018 SOP	7 Sep 2018 PRP (Rights)	7 Sep 2018 SOP – Paragem	7 Sep 2018 PRP (Rights) – Paragem	7 Sep 2018 SOP	7 Sep 2018 PRP (Rights)
Dividend Yield (%)	0.34	0.34	0.39	0.39	0.54	0.54	0.54	0.54	0.54	0.54
Expected Volatility (%)	59	59	44	47	41	41	41	41	41	41
Risk-free Interest Rate (%)	0.35	0.35	0.82	0.82	2.17	2.17	2.17	2.17	2.17	2.17
Expected Life of Options (Months)	36	60	36	36	36	36	24	24	24	24
Option Exercise Price ($)	N/A	N/A	12.36	N/A	12.04	N/A	12.04	N/A	11.73	N/A
Average Share Price at Measurement Date ($)	20.83	20.83	11.83	11.83	12.44	12.44	12.44	12.44	12.44	12.44
Model Used	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes

	12 Dec 2018 SOP – MD	12 Dec 2018 PRP (Rights) – MD	12 Dec 2018 SOP – CFO	12 Dec 2018 PRP (Rights) – CFO	12 Dec 2018 PRP (Rights) – Director	12 Dec 2018 PRP (Rights) – Special LTI
Dividend Yield (%)	0.54	0.54	0.54	0.54	0.54	0.54
Expected Volatility (%)	45	45	45	45	45	45
Risk-free Interest Rate (%)	2.12	2.12	2.12	2.12	2.12	2.12
Expected Life of Options (Months)	36	36	36	36	36	36
Option Exercise Price ($)	12.04	N/A	13.44	N/A	N/A	N/A
Average Share Price at Measurement Date ($)	12.97	12.97	12.97	12.97	12.97	12.97
Model Used	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes

	11 Oct 2017 SOP	11 Oct 2017 PRP (Rights)	21 Aug 2017 SOP	21 Aug 2017 PRP (Rights)	11 Dec 2017 SOP	11 Dec 2017 PRP (Rights)
Dividend Yield (%)	-	-	-	-	-	-
Expected Volatility (%)	45	45	45	45	45	45
Risk-free Interest Rate (%)	2.38	2.38	2.37	2.37	2.37	2.37
Expected Life of Options (Months)	36	36	36	36	36	36
Option Exercise Price ($)	7.09	N/A	6.25	N/A	7.09	N/A
Average Share Price at Measurement Date ($)	8.18	8.18	8.18	8.18	9.68	9.68
Model Used	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes

	17 Oct 2014 SOP	4 Dec 2014 SOP CEO	4 Dec 2014 SOP Paragem	14 Oct 2015 SOP	7 Dec 2015 SOP CEO	30 Mar 2016 SOP	29 Nov 2016 SOP	29 Nov 2016 SOP	29 Nov 2016 PRP (Rights)
Dividend Yield (%)	-	-	-	-	-	-	-	-	-
Expected Volatility (%)	35	35	33	48	48	50	45	45	45
Risk-free Interest Rate (%)	2.5	2.5	2.5	1.8	1.8	2.09	2.16	2.16	2.16
Expected Life of Options (Months)	36	36	12-36	36	36	36	36	36	36
Option Exercise Price ($)	0.98	0.98	1.156	2.46	2.46	3.98	4.46	5.17	N/A
Average Share Price at Measurement Date ($)	0.89	0.89	0.89	2.69	3.52	4.06	5.79	5.79	5.79
Model Used	Black Scholes	Black Scholes	Black Scholes	Hoadleys	Hoadleys	Hoadleys	Hoadleys/ Black Scholes	Hoadleys	Hoadleys/ Black Scholes

7.2 KEY MANAGEMENT PERSONNEL

Key management personnel compensation

Consolidated	2022 $'000	2021 $'000
Short term employment benefits	3,543	3,374
Post employment benefits	220	325
Share based payments	6,400	2,083
	10,163	**5,782**

Key management personnel (KMP) are those who, directly or indirectly, have authority and responsibility for planning, directing and controlling the activities of HUB24. The KMPs are outlined in the Remuneration Report on page 31.

8. OTHER INFORMATION

8.1 NEW AND AMENDED ACCOUNTING STANDARDS ADOPTED BY THE GROUP

The Group adopted all of the new, revised, or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The accounting standards did not have any significant impact on the financial performance or position of the Group.

8.2 SIGNIFICANT EVENTS AFTER REPORT DATE

Subsequent to year end, the following items have occurred:

- Directors have determined a fully franked final dividend of 12.5 cents per share (a fully franked dividend of 5.5 cents per share was determined in FY21).

No other significant matter or circumstance has arisen since 30 June 2022 that has notably affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

8.3 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by professional service firms:

Consolidated	2022 $'000	2021 $'000
Audit and review of financial statements provided by Deloitte Touche Tohmatsu	667	531
Other assurance services	642	203
Tax and other services	288	258
Total audit and other fees	**1,597**	**992**

GLOSSARY

EBITDA	Earnings before interest, tax, depreciation, amortisation
Funds under administration (FUA)	The value of customer portfolios invested onto the Platform
IDPS	Investor Directed Portfolio Service (description)
MDA	Managed Discretionary Account (description)
MIS	Managed Investment Scheme (description)
Net Tangible Asset per fully paid ordinary 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. Amortisation relating to the acquisition of Xplore, Class and Ords.
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 final purchase price accounting for the Xplore and Class acquisitions
SMSF	Self-managed super fund
STI/LTI	Short term incentive/Long term incentive
Underlying EBITDA	Refers to EBITDA excluding notable items

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2022

IN THE DIRECTORS' OPINION:

a. the financial statements and notes set out on pages 47 to 108 are in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date, and

   ii. complying with Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and

b. the financial statements and notes comply with International Financial Reporting Standards as disclosed in Note 1, and

c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

d. this declaration has been made after receiving the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors.

Bruce Higgins
Chairman

Sydney
23 August 2022

INDEPENDENT AUDITOR'S REPORT

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

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Independent Auditor's Report to the Members of HUB24 Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of HUB24 Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Acquisition of Class Limited ("Class")
 	
Refer to:
• Note 6.2 *Business combinations*
• Note 3.5 *Intangible assets*
 	
During the year ended 30 June 2022, the Group acquired Class by way of a scheme of arrangement via a combination of cash and HUB24 shares. Total value of consideration was $284million at date of completion.
 	
As a result of the transaction, the provisional purchase price allocation comprising Goodwill ($179million), Customer relationships ($79million), Software ($62million) and Brand name ($9m) intangibles were identified.
 	
Accounting for the transaction is complex and includes a number of significant judgements in relation to:
• determination of the purchase price allocation and calculation of goodwill; and
• initial recognition of deferred tax balances associated with the acquisition.
	In conjunction with our valuation specialists, our procedures included, but were not limited to:
	• Obtaining an understanding of the acquired business;
	• Assessing the design and implementation of relevant controls in place for the acquisition accounting of Class;
	• Assessing the competency and objectivity of management's external expert and the scope of their work;
	• Obtaining and reading management's external expert's report to understand and challenge the valuation methodology and key assumptions used in determining the fair values, such as:
	  o Cash flow projections;
	  o Attrition rates;
	  o Internal rate of return; and
	  o Estimated useful economic lives of the intangible assets
	• Assessing the appropriateness of the valuation methodology of the intangible assets employed by management's external expert, and evaluating the key assumptions used in determining the fair values; and
	• Assessing the appropriateness of the allocation of goodwill to the groups of cash generating units.
	
	We have also assessed the adequacy of the disclosures in Note 3.5 and Note 6.2 to the financial statements.

Impairment of Intangible assets including goodwill
 	
Refer to:
• Note 3.5 *Intangible assets*
 	
As at 30 June 2022 the carrying value of intangible assets totaling $429 million, includes the following as disclosed in Note 3.5:
 	
$'000
Computer software 101,801
Customer relationships 97,180
Brand 8,761
Goodwill 221,630
Total 429,372
 	
Evaluation of the recoverable amount of intangible assets requires significant judgement due to the estimation of future cash flows, discount and terminal growth rates, and the period over which cash flows have been discounted.
	In conjunction with our valuation specialists, our procedures included, but were not limited to:
	• Assessing the design and implementation of relevant controls in place associated with the preparation of the value-in-use models;
	• Assessing the reasonableness of key data inputs in the models;
	• Obtaining and reading management's reports to understand and challenge the valuation methodology and key assumptions used in determining the fair values, such as:
	  o Revenue and expenses projections used in the forecasted cash flows by comparing them to historical results, and where appropriate, market evidence;
	  o Long-term growth rates; and
	  o Discount rate applied.
	• Testing the mathematical accuracy and integrity of the value-in-use models;
	• Assessing managements' consideration of the sensitivity to a change in key assumptions that both individually or collectively would be required for assets to be impaired and considered the likelihood of such a movement in those key assumptions.
	
	We also assessed the adequacy of the disclosures in Note 3.5 to the financial statements.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Deloitte.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in Pages 26 to 46 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of HUB24 Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stuart Alexander
Partner
Chartered Accountants

Sydney, 23 August 2022

ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. This information is current as at 1 August 2022.

DISTRIBUTION OF EQUITY SECURITIES

Ordinary share capital – 80,058,178 fully paid ordinary shares are held by 8,628 individual security holders.

All issued ordinary shares carry one vote per share without restriction and carry the rights to dividends. The number of security holders, by size of holding, in each class are:

	Number of Shareholders	Total Number of Shares	% of Total Issued Shares
Fully paid ordinary shares – holding ranges			
1 to 1,000	6,285	1,947,683	2.43
1,001 to 5,000	1,881	4,130,786	5.16
5,001 to 10,000	235	1,644,992	2.05
10,001 to 100,000	190	5,217,324	6.52
100,001 and over	37	67,117,393	83.84
Total	**8,628**	**80,058,178**	**100.00**

There were 396 shareholders holding less than a marketable parcel of 21 securities, based on a close price of $24.27 as at 1 August 2022, and they hold 3,134 securities.

OPTIONS

695,188 options and 2,018,719 performance rights are held. Options and performance rights do not carry a right to vote.

SUBSTANTIAL SHAREHOLDERS

As at 1 August 2022 the following substantial shareholdings have been disclosed to the Company via substantial holding notices provided:

Substantial Holder	Number of Ordinary Shares Held	% of total shares issued[1]
Bennelong Funds Management Group Pty Ltd	6,051,803	8.86%
Thorney Opportunities Ltd (and its associated entities)	5,779,078	8.63%
TIGA Trading Pty Ltd (and its associated entities)	5,317,515	6.64%
ECP Asset Management Pty Ltd (and its associated entities)	5,112,596	6.40%
Hyperion Asset Management Limited	4,279,609	6.26%
Pinnacle Investment Management Group (and its associated entities)	4,034,685	5.90%

1 As at the date of the substantial shareholder's last notice lodged with the ASX.

20 LARGEST SHAREHOLDERS AT 01 AUGUST 2022

	Number held	%IC
Citicorp Nominees Pty Ltd	17,631,813	22.04%
HSBC Custody Nominees (Australia) Ltd	12,957,821	16.20%
J P Morgan Nominees Australia Pty Ltd	10,433,127	13.04%
National Nominees Limited	5,426,081	6.78%
UBS Nominees Pty Ltd	4,785,101	5.98%
BNP Paribas Noms Pty Ltd	4,433,775	5.54%
Pacific Custodians Pty Limited	1,572,638	1.97%
BNP Paribas Nominees Pty Ltd	1,201,414	1.50%
BNP Paribas Nominees Pty Ltd HUB24 Custodial Serv Ltd	848,410	1.06%
Troncell Pty Ltd <P D Kibble Family A/C>	806,449	1.01%
Litster & Associates Pty Ltd – C & C Super Fund A/C	522,488	0.65%
Mrs Jasmin Zheng-Min Zhao Litster	516,706	0.65%
Coscog Pty Ltd <Coscog Super Fund A/C>	510,000	0.64%
Troncell Pty Ltd <Kibble Super Fund A/C>	496,182	0.62%
Netwealth Investments Ltd <WRAP Services A/C>	423,592	0.53%
Firstfunds Pty Limited – <Employee Share Ownership A/C>	365,827	0.46%
HSBC Custody Nominees (Australia) Limited - A/C 2	358,078	0.45%
Mirrabooka Investments Limited	352,500	0.44%
Mr Ian James Litster	316,293	0.40%
Armelek Pty Ltd <Anthony Camuglia Family A/C>	272,741	0.34%
Total of Top 20 Holdings	**64,231,036**	**80.30%**

CORPORATE GOVERNANCE STATEMENT

The Board is committed to a high standard of corporate governance, and is responsible for establishing, maintaining and monitoring the HUB24 Group corporate governance framework.

The Corporate Governance Statement and further details about corporate governance policies, Board and Committee charters may be accessed via the Company's website:

https://www.hub24.com.au/shareholder-centre/corporate-governance

CORPORATE INFORMATION

HUB24 LIMITED

ACN 124 891 685

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 2, 7 Macquarie Place
Sydney NSW 2000 Australia

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Sydney NSW 2000

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Outside Australia: +61 2 8767 1000
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

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

DIRECTORS

Mr Bruce Higgins (Chairman and Independent Non-executive Director)
Mr Andrew Alcock (Managing Director)
Mr Anthony McDonald (Independent Non-executive Director)
Mr Paul Rogan (Independent Non-executive Director)
Ms Ruth Stringer (Independent Non-executive Director)
Ms Catherine Kovacs (Independent Non-executive Director)

COMPANY SECRETARIES

Ms Kitrina Shanahan
Mr Andrew Brown

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

hub24.com.au

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