

HUB<sup>24</sup>

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HUB24 | ANALYST AND INVESTOR PACK FY24

# Analyst and Investor Pack

# HUB24

YEAR ENDED 30 JUNE 2024

# Analyst and Investor Pack

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# FY24 Financial Highlights and Key Metrics



GROUP

Total revenue<sup>1</sup>

**\$327.3m** ▲ 17%

Underlying EBITDA<sup>2</sup>

**\$118.0m** ▲ 15%

Underlying NPAT<sup>3</sup>

**\$67.8m** ▲ 15%

Underlying EBITDA margin

**36.1%** ▼ 50bps

Underlying diluted earnings per share

**81.1¢** ▲ 14%

Fully franked final dividend

**19.5¢** per share ▲ 5%

Interim dividend was 18.5 cents per share, taking the total FY24 dividend to 38.0 cents per share (up 17%)

FY23 final dividend: 18.5 cents per share



PLATFORM

Platform revenue

**\$252.8m** ▲ 21%

Platform net inflows<sup>4</sup>

**\$15.8b** ▲ 62%<sup>4</sup>

Platform FUA of

**\$84.4b** ▲ 35%<sup>5</sup>

PARS FUA of

**\$20.3b** ▲ 15%<sup>6</sup>

Number of active advisers

**4,525** ▲ 13%



TECH SOLUTIONS

Tech Solutions revenue

**\$70.7m** ▲ 5%

Class number of accounts<sup>7</sup>

**207,669** ▲ 3%

Class document orders<sup>8</sup>

**191,094** ▲ 7%

Companies on Class corporate messenger<sup>9</sup>

**792,922** ▲ 23%

All percentage changes shown above are relative to FY23, unless stated otherwise.

- Includes revenue from customers, interest and income from investments in associates excludes gain on sale on investment in associate. Refer to Note 2.1 in the FY24 Annual Report for further details.
- Refer to Note 2.1 in the FY24 Annual Report for more information.
- Refer to Director's Report in the FY24 Annual Report for more information on Group Underlying NPAT.
- Platform net inflows of \$15.8 billion from continuing business operations (including \$4.4 billion large migrations).
- Custodial FUA Administration Services.
- Non-custodial FUA as Portfolio Administration and Reporting Services (PARS).
- Number of Class accounts as at 30 June 2024 consists of Class Super, Class Portfolio and Class Trust licenses.
- Documents paid for by PAYG and subscription customers for the last 12 months. Prior periods have been adjusted to reflect an updated methodology.
- Number of active companies as at 30 June 2024.

# Overview of HUB24, our markets and outlook

## FY24 YEAR IN REVIEW

FY24 has been a successful year for the HUB24 Group with strong financial results and progress on our strategic objectives.

HUB24 delivered strong growth in revenue, Underlying EBITDA and Underlying NPAT supported by FUA growth. Net inflows increased to a record \$15.8 billion, including \$4.4 billion of large migrations, reflecting our strong customer relationships, leading products and service and proven ability to undertake large, complex migrations. Our platform market share continued to increase driven by growth from both new and existing licensees and advisers.

During FY24, HUB24's commitment to delivering customer service excellence and innovative solutions that create value for advisers and their clients continued to be recognised by financial advisers and the broader industry, consolidating HUB24's market leadership position.

HUB24 continued to broaden its product offering, expanding into new markets. In FY24 HUB4 launched Discover, a cost-effective solution leveraging HUB24's managed portfolio technology and designed for clients with less complex needs, which has seen strong initial uptake. HUB24 also invested in its High Net Wealth capability with the launch of a pilot for a non-custodial administration and reporting functionality for directly held assets which compliments the existing PARs capability.

Following the acquisition of myprosperity in FY23, HUB24 launched an enterprise offer for myprosperity during the year and enters FY25 with a strong sales pipeline. myprosperity enhances HUB24's existing offerings to financial advisers and accountants, enabling a whole of wealth view, increased efficiency and secure communication and storage of documents.

Within Tech Solutions, Class continued to deliver consistent growth maintaining its position as the second largest SMSF software provider in Australia while NowInfinity grew the number of companies administered on its platform above system.

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

The Group remains focused on delivering our strategic objectives to continue to lead the industry as the best provider of integrated platform, technology and data solutions. We enter FY25 with positive momentum across our business and remain well positioned for ongoing success.

## ABOUT HUB24

HUB24 Limited ('the Company', 'the Group') 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 Limited is listed on the Australian Securities Exchange (ASX) under the code 'HUB' and includes the award-winning HUB24 platform, the Class businesses, HUBconnect and myprosperity. As at 16 August 2024, HUB24 Group's market capitalisation was approximately \$4.1 billion.

The HUB24 Group's purpose is to "empower better financial futures, together." To fulfil this purpose, the HUB24 Group delivers platform and technology solutions that allow financial professionals to manage their clients' wealth and deliver superior outcomes for their clients.

The HUB24 Group's head office is based in Sydney and it provides its products and services across all Australian states and territories. As at 30 June 2024, the HUB24 Group employed 893 people on a full-time equivalent (FTE) basis.

## HUB24'S VISION AND STRATEGY

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



### Lead today

Delivering customer value and growth



### Create tomorrow

Creating integrated wealth technology and platform solutions



### Build together

Collaborating to shape the future of the wealth industry



### Be future ready

Developing our people, capabilities and infrastructure to support our future growth strategies

# Overview of HUB24, our markets and outlook

## PARTNERING WITH THE WEALTH INDUSTRY

HUB24's vision is to lead the wealth industry as the best provider of integrated platform, technology and data solutions to financial advisers and their licensees, accountants, stockbrokers and a range of other participants operating within the wealth management value chain.

There is significant demand for financial advice in Australia underpinned by structural demographic shifts which is driving intergenerational wealth transfer and the transition of superannuation from the accumulation phase to pension phase, the natural point to seek advice. While creating a significant opportunity for financial professionals, there is undersupply, underinvestment in technology and a high cost of advice, which is leaving many Australians with unmet advice needs.

The advice industry has undergone significant disruption. Regulatory changes including the banning of conflicted remuneration and introducing client best interest duties is providing financial professionals with greater choice but also significantly disrupting their business models. Thousands of advisers have exited the industry in conjunction with a large shift of advisers from aligned advice groups to independent advice groups. Many large vertically integrated institutional financial services groups, whom owned platforms, exited or internalized the management of their advice businesses with some also selling their platforms.

This has led to underinvestment in the advice industry, particularly in technology where many processes remain inefficient and manual, and the technology infrastructure relies on unintegrated solutions and products. The client experience could be improved with many Australians unable to easily access a 'whole of wealth' view and communication often relying on email, increasing cyber security risks.

Following a period of significant disruption there is investment returning to the advice industry and business models are evolving. There is the emergence of a new category of mid-to-large sized independent advice firms, who see an opportunity to invest and grow.

Independent advice, accounting and multidisciplinary firms are more willing to invest in technology and data solutions that provide them access to best of breed solutions to build their own technology stack and empower them to grow and operate sustainable businesses.

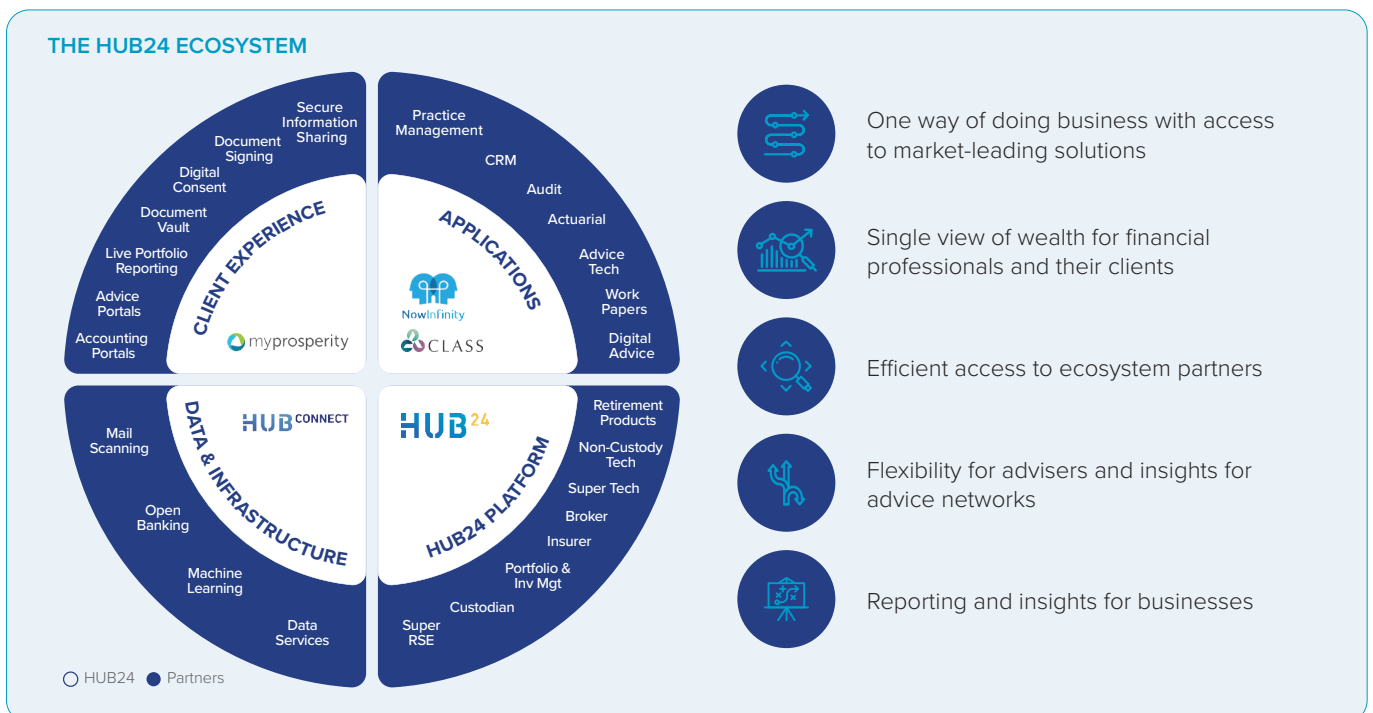
The HUB24 Group is partnering with these firms to design, develop and deliver innovative and leading solutions that offer great value for customers, an excellent customer experience and improve productivity across the industry.

HUB24 Group is building an ecosystem of integrated and open architecture solutions across platform (HUB24), non-custody administration and reporting (PARS), SMSF and trust software (Class), corporate compliance solutions (NowInfinity), technology and data services (HUBconnect) and client portals (myprosperity) which are supported by over 300 data integrations and provide HUB24 with a combined capability that is unparalleled.

Through these capabilities HUB24 is uniquely positioned to continue to lead and innovate across the wealth industry. This provides HUB24 with the opportunity to lead, disrupt and transform the industry by creating a common technology spine, unlocking value to help wealth firms deliver enhanced service and grow through increased productivity and expanded markets.

Australians will have greater access to affordable advice, a secure channel for storage, access and communication of data and documents and a 'whole of wealth' view.

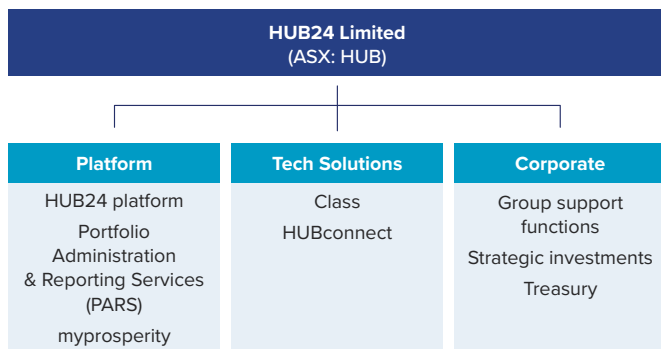
This provides the HUB24 Group with the opportunity to grow its addressable markets while increasing penetration through broader relationships and an increase in the number of products per customer.



# Overview of HUB24, our markets and outlook

## OPERATING SEGMENTS AND PRINCIPAL ACTIVITIES

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



### PLATFORM

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

#### HUB24 platform

The HUB24 Group is an issuer of financial services products including the HUB24 platform, which is used by financial professionals to efficiently administer, invest and report on their clients' assets. The HUB24 platform offers superannuation or investment products to suit a range of client needs.

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.

#### PARS

The HUB24 Group also offers PARS, a non-custody portfolio service which provides administration, corporate action management and tax reporting services for financial professionals and their clients. PARS enables financial professionals and their clients with a 'whole of wealth' view of their assets.

#### myprosperity

myprosperity is a leading provider of client portals for financial professionals. The all-in-one secure portal delivers a total view of household wealth, making it easier for households to collaborate with their financial professionals across all aspects of their financial lives. myprosperity's client portal is used by 497 accounting and financial advisory firms, as well as circa 75,000 households, as at 30 June 2024.

## TECH SOLUTIONS

The Tech Solutions segment comprises Class and HUBconnect.

### Class

Class delivers trust accounting, portfolio management, legal entity documentation, corporate compliance and SMSF administration solutions to around 6,500 service providers<sup>1</sup> across Australia who depend on Class to drive business automation, increase profitability and deliver quality client service.

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

Customers using the Class Super, Class Portfolio and Class Trust solutions represented circa 208,000 accounts as at 30 June 2024.

Class also operates in the legal entity document and corporate compliance segment through the service offerings provided under the NowInfinity brand which is a wholly owned subsidiary of Class.

### HUBconnect

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

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

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

For financial advisers and licensees HUBconnect utilises 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.

### CORPORATE

Prior to 1 March 2024, the HUB24 Group was a strategic shareholder in Diverger Limited (Diverger).

In September 2023, Diverger and Count Limited (Count) entered into a Scheme Implementation Agreement under which Count acquired 100% of the issued shares in Diverger by way of a Scheme of Arrangement (Scheme) between Diverger and its shareholders. On 23 January 2024 Diverger shareholders approved the Scheme of Arrangement and following Court approval on 15 February 2024 the Scheme became effective on 16 February 2024.

Count completed the acquisition of Diverger on 1 March 2024 resulting in an accounting gain on sale of \$3.0 million pre tax (which was recorded as a notable item in FY24) and an 11.55% investment in Count.

1. Class service providers represent practices of accountants, administrators and advisers as at 30 June 2024.

# Overview of HUB24, our markets and outlook

## OUR MARKETS

The HUB24 Group operates in large addressable markets. Our solutions are designed to enable the circa 15,600 advisers<sup>1</sup> and 10,000 accounting firms<sup>2</sup> in Australia to manage and administer the wealth of the 2.0 million Australians who have a relationship with a financial adviser<sup>3</sup> and the 6.0 million Australians who have a relationship with an accountant<sup>4</sup>.

Australian households had \$15.1 trillion of net assets as at 30 June 2023 which includes \$6.9 trillion of financials assets<sup>5</sup>.

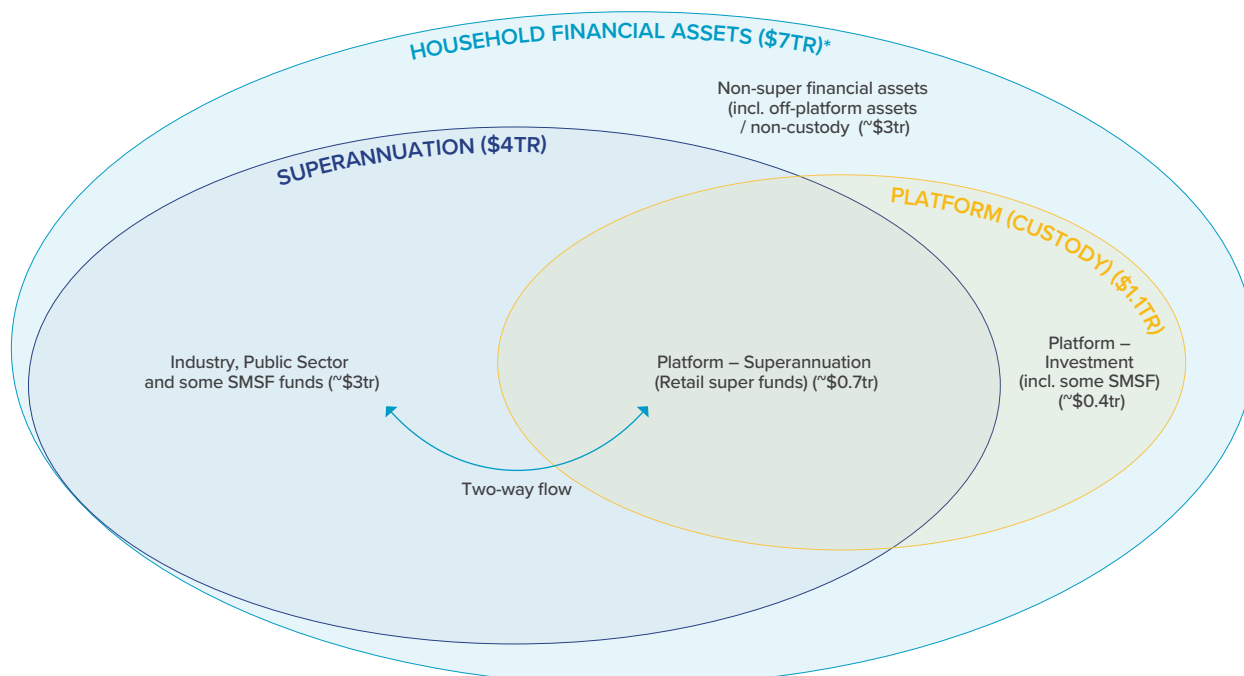
Financial advisers, accountants and their clients utilise a range of financial products and solutions to help them manage their assets and achieve their financial objectives and HUB24 Group operates in many of these markets. This includes the platform (comprising both superannuation and investment assets), non-custody reporting and the Self Managed Super Fund (SMSF) markets.

Financial professionals are using a growing number of products, solutions and technologies but underinvestment has resulted in inefficient and unintegrated systems and data providing a poor customer experience. At the same time, demand for wealth services is high with the supply of providers constrained limiting the ability for Australians to access wealth services. The business models of advice licensees continue to evolve following a period of significant disruption from regulations and adviser movements, while also working more closely with accounting practices which is resulting in more multidisciplinary practices.

HUB24 Group is delivering innovative products and solutions that drive productivity for financial professionals and create value for their clients. By leveraging our data and technology expertise, HUB24 Group is building an ecosystem that integrates data, products, solutions and technologies to create efficiencies across the industry and provide financial professionals with choice and flexibility to meet their clients' needs. This is intended to increase the accessibility of wealth services to Australians and provide them with a 'whole of wealth' view while also empowering financial professionals to operate sustainable businesses and benefit from 'one way of doing business.'

HUB24 Group is redefining the platform market with new products and solutions that expand the addressable markets, and its integrated ecosystem of solutions designed to provide advisers with a step change in productivity that will empower them to provide more Australians with access to advice. Combined with structural growth from intergenerational wealth transfer and maturing of the superannuation system, the outlook in the HUB24 Group's markets is strong.

### HUB24 Group Addressable markets<sup>6</sup>



\*\$15tr household net assets including housing, net of debt

1. Adviser Ratings 1Q 2024 Adviser Musical Chairs Report. As at March 2024.

2. HUB24 and myprosperity internal estimates.

3. Adviser Ratings, 2024 Australian Financial Advice Landscape.

4. <https://www.abs.gov.au/statistics/people/people-and-communities/snapshot-australia/latest-release#our-families-and-households>

5. ABS data, Australian National Accounts: Finance and Wealth, Table 35.

6. Sources include (1) ABS data, Australian National Accounts: Finance and Wealth, Table 35. Household assets net assets and household financial assets as at June 2023; (2) APRA March 2024 Quarterly Superannuation Statistics.; and (3) Plan for Life data. Platform industry data as at March 2024.

# Overview of HUB24, our markets and outlook

## Adviser growth and increased use of HUB24 platform underpin significant growth opportunity

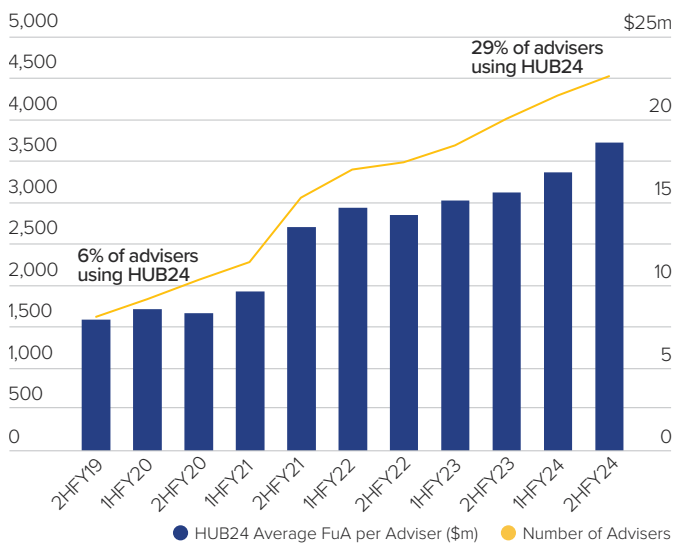
The HUB24 Group has built strong relationships within the advice industry by collaborating with licensees to develop solutions that deliver efficiency for their advisers and create value for their clients. This has led to a significant increase in the number of advisers using the HUB24 platform. As at June 2024 there were 4,525 (29% of total advisers) who were actively using the HUB24 platform which has grown from 1,625 (6% of total advisers) as at June 2019.<sup>1</sup> Net adviser growth over this period has been approximately circa 580 per annum.

The HUB24 Group expects to continue to grow its adviser footprint and has signed distribution agreements providing it with access to 76% of the total adviser market.<sup>2</sup> This share continues to grow with HUB24 Group signing 141 new distribution agreements in FY24 providing significant opportunity to continue to grow the number of advisers using the HUB24 platform.

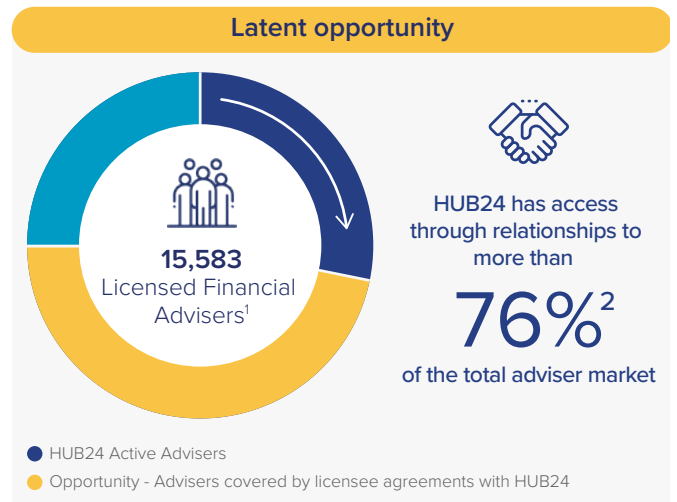
Advisers who are using HUB24 have increased their usage of the HUB24 platform. The average FUA per adviser has increased to \$19 million in FY24 from \$8 million in FY19. In addition, 68% of net inflows in FY24 were from advisers who begun using the HUB24 platform prior to FY24 with new adviser relationships historically delivering transition benefits for up to six years which are incremental to ongoing BAU net flows. The HUB24 Group is delivering solutions that will increase adviser productivity and potentially grow the number of clients each adviser can serve, supporting growth in FUA per adviser.

The combination of growth in advisers using the HUB24 platform and increased usage of the platform by those advisers is expected to support continued net inflows onto the HUB24 platform.

**Number of advisers using HUB24 platform and FuA per adviser<sup>1</sup>**



**Composition of total industry advisers by ownership of licensee<sup>2</sup>**



For further information on our markets please see pages 25 to 32 'Background on our Markets'.

1. Market share based on Adviser Ratings data.

2. HUB24 analysis based on ASIC - Financial Adviser dataset



# Overview of HUB24, our markets and outlook

## INDUSTRY RECOGNITION

The HUB24 Group continues to be recognised by financial professionals and the industry for delivering market-leading products, customer service excellence and continued customer advocacy.

HUB24 was awarded Best Platform Overall, Best Managed Accounts Functionality, Best Mobile Platform, Best Online Business Management and Best in Reporting in the Investment Trends Platform Competitive Analysis and Benchmarking Report 2023.

In the Adviser Ratings Financial Advice Landscape Report 2024, which asks advisers to rate their experience across several categories, HUB24 was awarded Overall Best Platform, ranking first in eight out of nine categories including Overall Functionality, Adviser Experience, Client Experience, Ease of Onboarding, Investment Options, Online/Call Centre Support and Business Development Manager (BDM) Support.

In addition, the HUB24 platform was awarded SMSF Advice Platform of the Year in the 2023 SMSF Adviser Awards, which acknowledges excellence in the SMSF segment. In the same awards, Class Super was awarded SMSF Software Platform of the Year.

In the 2024 Wealth Insights Platform Service Level Report, which measures customer satisfaction, HUB24 ranked first place for Overall Satisfaction, Platform Offering, BDM Support, Reporting and Communication, IT/Web Functionality, and Brand Image and Reputation.

In addition, HUB24 also achieved the highest Net Promoter Score (NPS) in the latest Investment Trends 2024 Adviser Technology Needs Report. HUB24 ranked amongst the top two platforms in 23 out of 29 categories and ranked first for Platform Advocacy, Tax Optimisation Tools, Range of Investment Options, Contact Centre Support and Online Transaction Capabilities.



### SMSF Adviser Awards 2023

- Class awarded SMSF Software provider of the Year
- HUB24 awarded SMSF Advice Platform of the Year



#1

### Investment Trends Platform Competitive Analysis and Benchmarking Report 2023

HUB24 was awarded:

- #1 Best Platform Overall
- #1 Best Platform Managed Accounts Functionality
- #1 Best Mobile Platform
- #1 Best in Reporting
- #1 Best in Online Business Management



#1

### Investment Trends 2024 Adviser Technology Needs Report

HUB24 rated first in the following categories:

- #1 NPS for all platform users
- #1 Platform Advocacy
- #1 Overall Satisfaction: Wrap Platforms
- #1 Tax Optimisation Tools
- #1 Contact Centre Support
- #1 Practice Management Reporting
- #1 Regulatory Support Tools
- #1 Online Transaction Capabilities



#1

### Adviser Ratings Financial Advice Landscape Report 2024

HUB24 ranked first in the following categories:

- #1 Best Overall Advice Platform
- #1 Overall Satisfaction
- #1 Best Adviser Experience
- #1 Best Client Experience
- #1 Ease of Onboarding
- #1 Best Investment Options
- #1 Online/Call Centre Support
- #1 BDM Support



#1

### 2024 Wealth Insights Platform Service Level Report

- #1 Overall Satisfaction
- #1 Platform Offering
- #1 Brand Image and Reputation
- #1 BDM Support
- #1 Reporting/Communication
- #1 IT/Web Functionality

# Overview of HUB24, our markets and outlook

## SUSTAINABILITY

### Environmental, social and governance ESG

At HUB24, we recognise the importance of sustainability for the long-term prosperity of our customers, people, shareholders and communities. Our FY24 Sustainability Report issued on 20 August 2024, and available at [www.hub24.com.au/sustainabilityreportfy24](http://www.hub24.com.au/sustainabilityreportfy24), details our environmental, social and governance (ESG) focus areas and how we have progressed our targets over the year.

Throughout FY24 we've made significant progress towards evolving our sustainability agenda and delivering on our objectives. Some of the key highlights have included:

- Achieved whole of company gender diversity targets;
- Increased employee engagement to 76%;
- Continued to prioritise customer experience and delivering innovative products and solutions;
- Achieved our community contribution target by contributing to a range of initiatives and increased employee engagement and awareness around our programs;
- Established emissions reduction plan to achieve our target of net zero by 2030 for Scope 1 and 2 carbon emissions; and
- Continued to enhance our cyber and data security protocols across the Group.

We also formalised our commitment to the United Nations (UN) Global Compact on human rights, labour, environment and anti-corruption. As part of this, over FY25 and beyond, we commit to further embedding our sustainability strategy through all aspects of our business, aligning our actions and progress to the UN Sustainable Development Goals, and to our purpose of empowering better financial futures, together.

## DELIVERING ON OUR STRATEGIC OBJECTIVES

Lead today	Create tomorrow	Build together	Be future ready
<p><b>Consolidate market-leadership</b></p> <ul style="list-style-type: none"> <li>• Enhance HUB24 Present reporting capabilities</li> <li>• Direct feeds from share registries and product providers strengthening Class Super</li> <li>• New retirement capabilities for SMSF clients on HUB24 Platform</li> </ul> <p><b>Develop products &amp; solutions for customer needs</b></p> <ul style="list-style-type: none"> <li>• Additional investment options targeted to individual client segments</li> <li>• Enhanced FX capability</li> </ul> <p><b>Leverage technology to improve customer experiences</b></p> <ul style="list-style-type: none"> <li>• Enhanced digital advice fee consent</li> <li>• New client interface for Class customers</li> </ul>	<p><b>Further development of data infrastructure</b></p> <ul style="list-style-type: none"> <li>• Capability to access trusted data sources</li> </ul> <p><b>Holistic reporting &amp; admin across a client's wealth</b></p> <ul style="list-style-type: none"> <li>• Enhanced non-custody capability for HUB24 Invest</li> <li>• Leverage myprosperity and Class Portfolio Engine capability</li> </ul> <p><b>Drive productivity with emerging technology</b></p> <ul style="list-style-type: none"> <li>• Expanding HUBconnect with insights and benchmarking for advisers and practices</li> <li>• Digital mail house AI capability for institutional clients</li> </ul>	<p><b>Advocate for positive industry change</b></p> <ul style="list-style-type: none"> <li>• Work with Industry bodies</li> <li>• Engage with regulators</li> <li>• Collaborate with clients through 'think tanks'</li> <li>• Leverage our leadership position to represent our customers</li> </ul> <p><b>Integrate with leading providers to enable open architecture wealth ecosystem</b></p> <ul style="list-style-type: none"> <li>• Advice technology</li> <li>• CRM</li> <li>• Data APIs</li> </ul> <p><b>Supporting advice networks to efficiently deliver advice</b></p> <ul style="list-style-type: none"> <li>• Continued rollout of myprosperity for large networks and their advisers</li> <li>• HUBconnect supporting compliance obligations</li> </ul>	<p><b>Continued investment in attracting, retaining &amp; developing our people</b></p> <p><b>Build operational scale and profitability</b></p> <ul style="list-style-type: none"> <li>• Building infrastructure to support future scale</li> <li>• Leverage AI, robotics and automation for efficiency</li> </ul> <p><b>Continued focus on risk management, cyber resilience and data security</b></p>

# Overview of HUB24, our markets and outlook

## HUB24 GROUP'S STRATEGIC PROGRESS AND OUTLOOK



Industry leading platform net inflows



Strong pipeline of opportunities



New products (Discover) and functionality (non-custody)



Increasing profitability, EPS and operating cash flows



Building an ecosystem of integrated solutions

### Pursuing profitable growth and maintaining leadership



Strong and reliable growth from both existing and new customer relationships



Disciplined management to deliver EBITDA margin expansion whilst extending out market leadership



Strong balance sheet, increasing profitability and cash flows supporting ongoing investment and shareholder dividends



Leverage market dynamics to maximise opportunities for growth



Highly scalable, profitable and capital light business with significant recurring revenue



Capitalise on unique Group capabilities to unlock value for customers and shareholders



**Platform FUA target (excluding PARS FUA)**

**\$115b-\$123b**

for FY26<sup>1</sup>

**FUA target comprises**

- Net flows >\$11b p.a. ex large migrations
- Opportunities for large migrations (e.g. Equity Trustees)<sup>2</sup>
- Range of market growth assumptions

### OUTLOOK

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

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

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

1. The company expects strong growth and increasing profitability moving forward subject to consistent and stable investment markets and HUB24 terms of business that may affect platform FUA and revenue.

2. HUB24 expects total migrations of approximately \$5b from Equity Trustees with \$2.6b in FY24 and the remainder expected to migrate in 1HFY25.

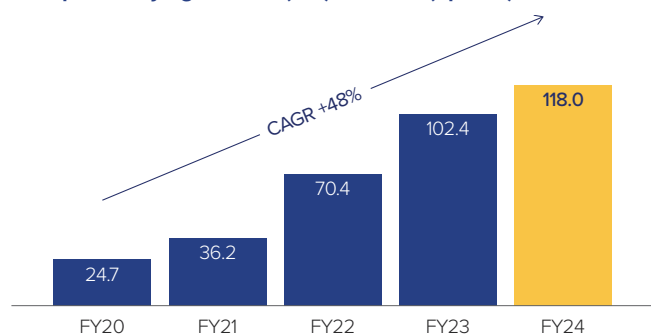
# Review of financial results

The HUB24 Group operating revenue increased by 17% to \$327.3 million (FY23: \$279.5 million). Platform revenue increased by 21% to \$252.8 million (FY23: \$208.8 million), and Tech Solutions revenue increased by 5% to \$70.7 million (FY23: \$67.5 million).

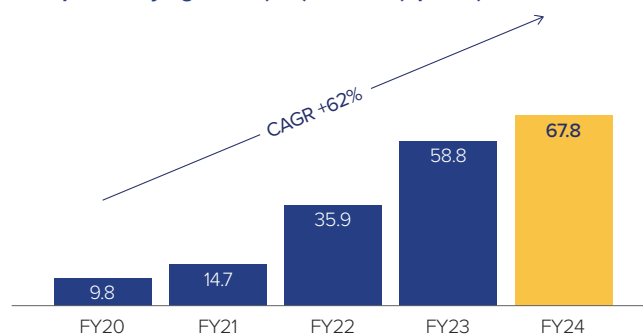
The HUB24 Group's preferred measure of profitability is Underlying Earnings Before Interest Expense, Tax, Depreciation, Amortisation and Notable Items (UEBITDA), which increased by 15% to \$118.0 million (FY23: \$102.4 million).

## GROUP (5 YEAR TREND)

**Group Underlying EBITDA (\$m) \$118.0m (up 15%)**

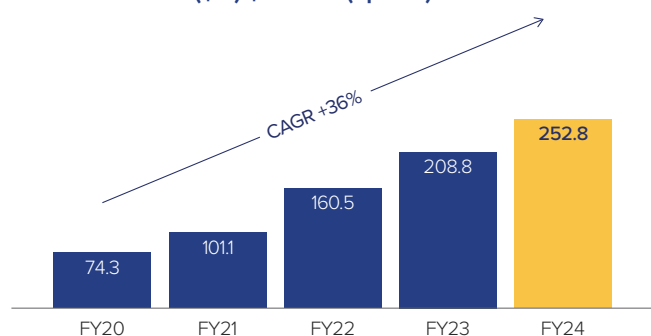


**Group Underlying NPAT (\$m) \$67.8m (up 15%)**

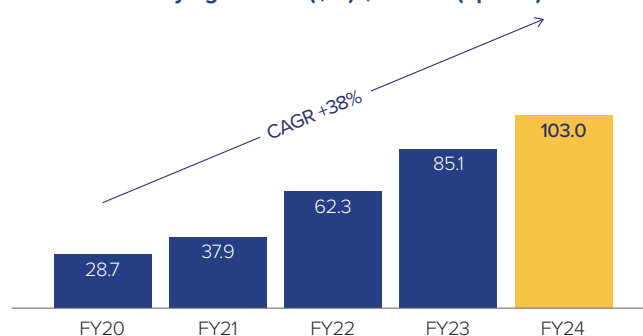


## PLATFORM (5 YEAR TREND)

**Platform revenue (\$m) \$252.8m (up 21%)**

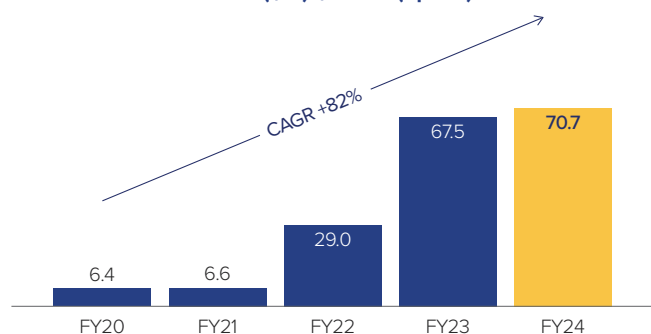


**Platform Underlying EBITDA (\$m) \$103.0m (up 21%)**

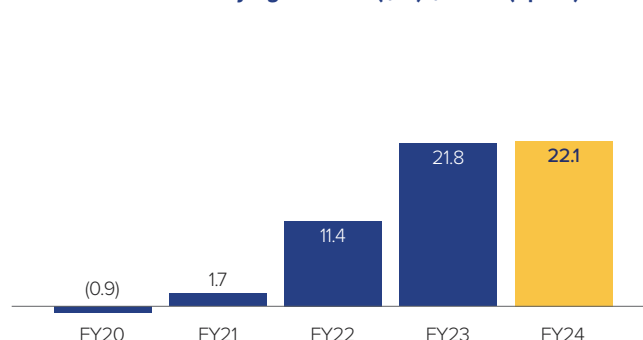


## TECH SOLUTIONS (5 YEAR TREND)

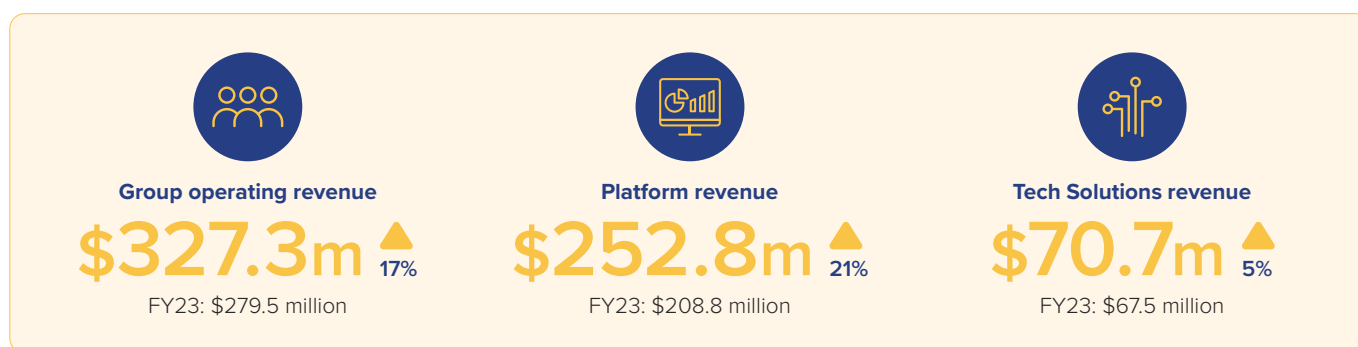
**Tech Solutions revenue<sup>1</sup> (\$m) \$70.7m (up 5%)**



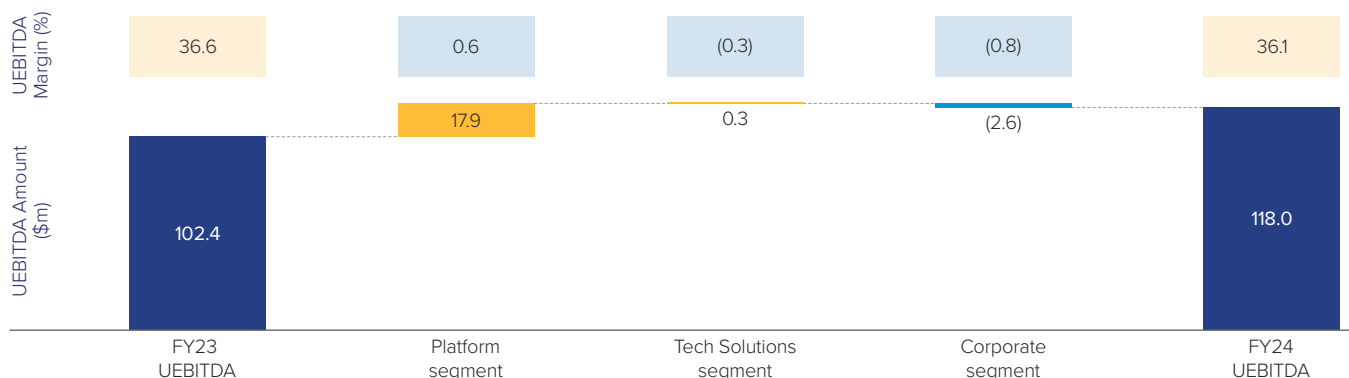
**Tech Solutions Underlying EBITDA<sup>1</sup> (\$m) \$22.1m (up 1%)**



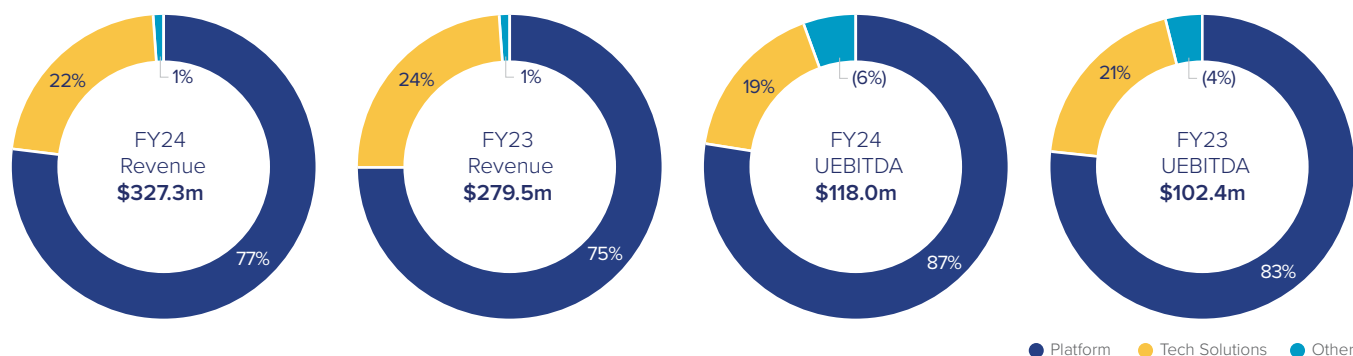
1. Class purchased on 16 February 2022 and consolidated from this date.



### FY24 Group UEBITDA margin was 36.1% (FY23: 36.6%).



### Composition of Revenue and UEBITDA



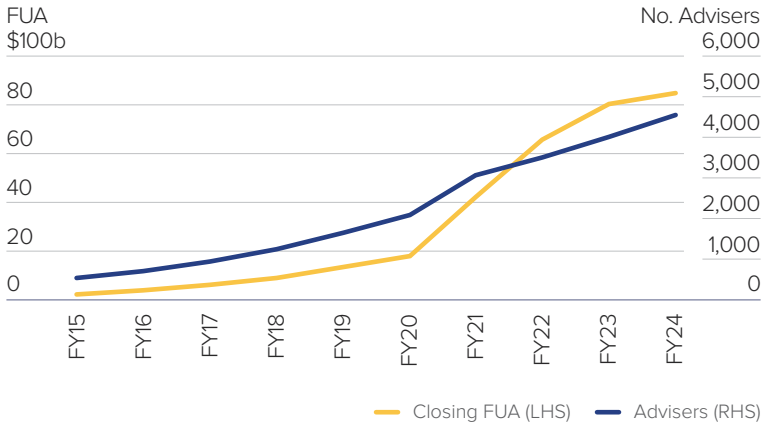
The key drivers of the HUB24 Group's UEBITDA performance were the growth in platform FUA and increasing revenue, partly offset by a reduction in the cash management fees margin<sup>1</sup> from 2HFY23 onwards due to lower deposit spreads following a change in ADI provider and a reduction in average cash as a % of FUA held on platform in 2HFY24. Operating expense growth of 18% over the year was driven by an increase in employment related costs following an uplift in FTE to 893 and a full twelve months of contribution from myprosperity which was acquired in May 2023. Expense growth in 2HFY24 slowed from 1HFY24 with growth of 6% relative to the prior half, supported by strong operating leverage and disciplined expense management.

- Total Funds Under Administration (FUA) increased by 30% to \$104.7 billion (FY23: \$80.3 billion);
- Platform FUA increased by 35% to \$84.4 billion (FY23: \$62.7 billion) driven by record net inflows of \$15.8 billion together with positive market movements of \$5.9 billion. The ASX300 increased 7.7% between 1 July 2023 and 30 June 2024. FUA on the Platform is not fully correlated to movements in equity markets given the portfolio construction includes non-equity assets and client trading activities. PARS FUA increased by 15% to \$20.3 billion (FY23: \$17.6 billion) supported by both account growth and positive market movements.
- Platform revenue increased by 21% to \$252.8 million (FY23: \$208.8 million) driven by:
  - Platform FUA growth, which was partly offset by a decline in the custody revenue margin as a result of admin fee tiering and capping and a lower revenue margin contribution from cash management fees;
  - The PARS revenue contribution increased \$0.2m in line with the growth in customer account numbers.
- Tech Solutions revenue increased by 5% to \$70.7 million (FY23: \$67.5 million) as a result of growth in the number of Class accounts and companies on Corporate Messenger;
- The HUB24 Group continues to invest in the business to support its strategic growth objectives.
  - Platform expenses increased by 21% to \$149.8 million (FY23: \$123.7 million). This includes the acquisition of myprosperity and the investment in people within technology and operations, to support growth in FUA, expand distribution capabilities and continue product and technology innovation;
  - Tech Solutions expenses increased by 6% to \$48.6 million (FY23: \$45.7 million).
- FTE at 30 June 2024 of 893 increased by 55 or 7% (FY23: 838) driven by the continued investment in the business. Average FTE increased by approximately 127 FTE FY24 compared to FY23 given the timing of hiring tilted towards Q4FY23 and 1HFY24. In conjunction with salary inflation and the acquisition of myprosperity this has seen a \$19.2 million increase in employment related expenses compared to FY23.

1. Cash management fees margin is cash management fees divided by average FUA

# Review of financial results

## Platform FUA and advisers



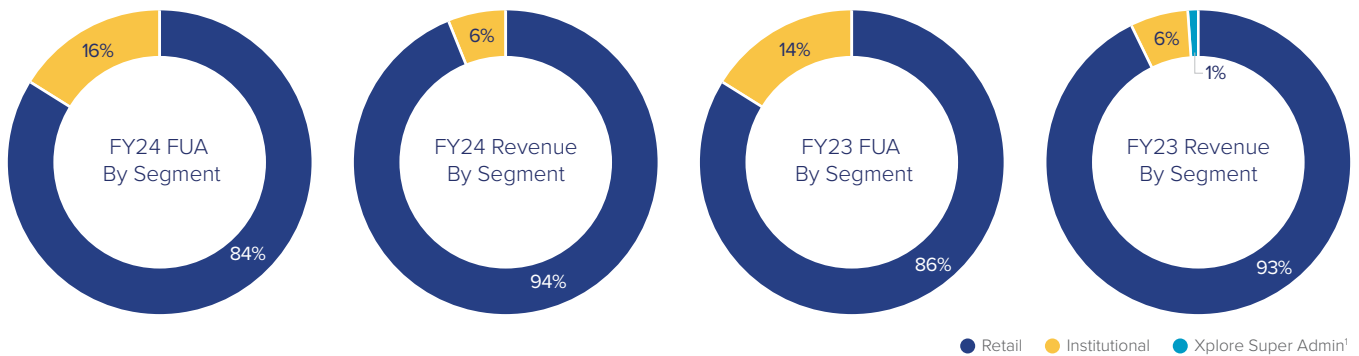
- HUB24 Group's market leadership position and focus on delivering innovative solutions continues to resonate with our clients, with growth from net inflows across all customer segments including large national licensees, brokers, boutique advice practices and self-licensed advisers. HUB24 Group's new business pipeline has continued to grow with the number of Active Advisers using the platform increasing to 4,525 (29% of total advisers), up 13% from 4,011 advisers (25% of total advisers) at 30 June 2023.

## Customer proposition and the composition of FUA

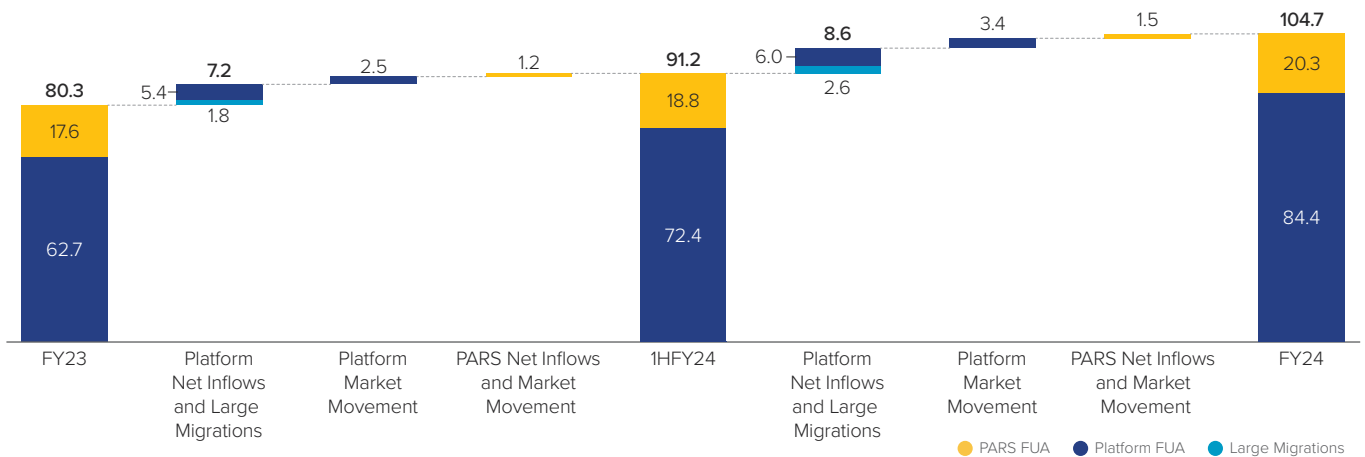
The HUB24 Group categorises its Platform FUA into two distinct client segments, being Retail and Institutional following the migrations for the discontinuation of the 'Xplore Super Admin' business in FY23<sup>1</sup>. The HUB24 Group is committed to organically growing the FUA from both new and existing advisers, as well as reviewing inorganic opportunities.

The dynamics of the institutional market mean customers typically access wholesale pricing, and operationally higher efficiencies are achieved from the scale of their portfolios. Margins will fluctuate based on the mix of Institutional and Retail FUA composition however revenue should continue to increase as the HUB24 Group FUA continues to grow over time.

## Composition of Platform FUA and revenue



## FUA movements (\$B)

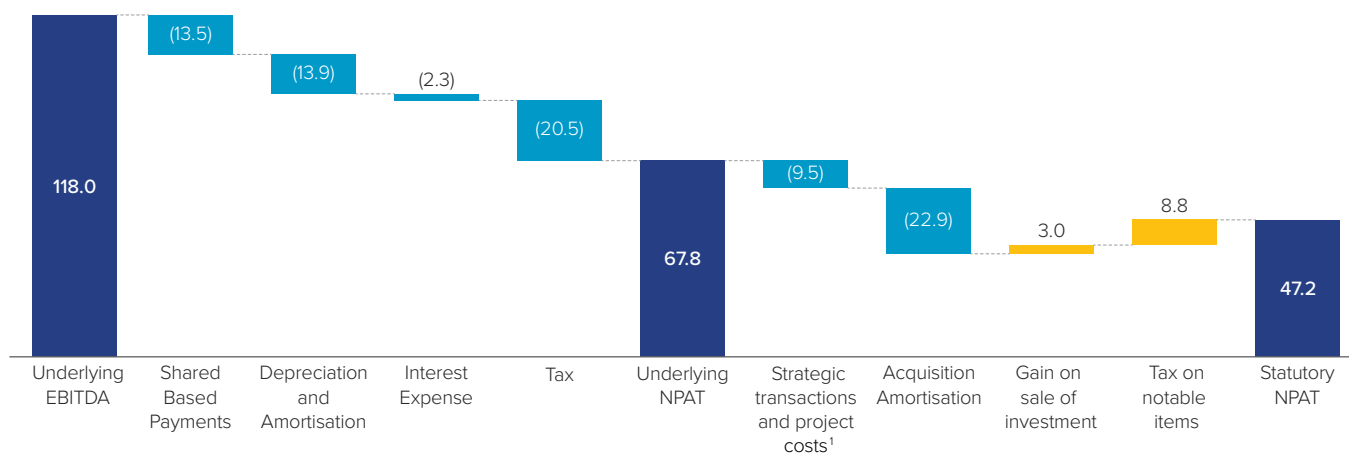


1. Successor Fund Transfers (SFT) substantively completed in FY23 with the revenue for the Xplore Super Admin ceasing in FY23 with no impact to UEBITDA.

# Review of financial results

## Reconciliation of FY24 Underlying NPAT to statutory NPAT (\$m)

- The HUB24 Group's Underlying Net Profit after Tax increased by 15% to \$67.8 million (FY23: \$58.8 million);
- Notable Items impacts of \$29.4m includes:
  - Strategic transactions and project costs<sup>1</sup> of \$9.5 million includes Xplore integration and large migrations; and
  - Acquisition amortisation of \$22.9 million includes Class of \$14.8 million, Xplore of \$5.1 million, myprosperity of \$1.9 million and Ord Minnett of \$1.1 million. During 2HFY24, the HUB24 Group completed a review of the useful life of acquired software intangibles, which predominantly relate to Class and myprosperity, and has determined to align them with the useful life of internally developed software intangibles. This change in useful life estimates has been applied prospectively from 2HFY24 and has increased acquisition related amortisation by \$7.0 million in the half.
  - Gain on sale of investment in associate<sup>2</sup> (\$3 million).
- The HUB24 Group's Statutory Net Profit after Tax increased by 24% to \$47.2 million (FY23: \$38.2 million);



1. Includes administrative and resourcing costs related to strategic transactions and project costs including Xplore integration and large migrations.

2. Count completed the acquisition of Diverger Limited (ASX:DVR) on 1 March 2024 resulting in an accounting gain on sale of \$3.0 million.

# Review of financial results

## GROUP GROWTH INDICATORS AND FINANCIAL METRICS

HUB24 Group Growth Indicators	2HFY24	1HFY24	2HFY24 v 1HFY24	FY24	FY23	FY24 v FY23
Total Funds under administration (\$m)	104,729	91,228	15%	104,729	80,346	30%
Platform Funds under administration (\$m)	84,407	72,438	17%	84,407	62,710	35%
PARS Funds under administration (\$m)	20,322	18,790	8%	20,322	17,636	15%
Spot Custodial Fee Paying FUA %	80.8	78.9	1.9	80.8	79.3	1.5
Platform Net Inflows (from continuing operations) (\$m) <sup>1</sup>	8,521	7,248	18%	15,769	9,722	62%
Active Advisers on the platform (#)	4,525	4,297	5%	4,525	4,011	13%
PARS accounts (#)	8,362	8,262	1%	8,362	8,154	3%
Number of accounts (Class)	207,669	203,860	2%	207,669	202,149	3%
Document orders (Class) <sup>2</sup>	191,094	182,204	5%	191,094	178,644	7%
Companies on Corporate Messenger (Class)	792,922	697,573	14%	792,922	645,190	23%
<b>Group Financial Metrics</b>						
Operating Revenue (\$m)	170.6	156.7	9%	327.3	279.5	17%
<b>Underlying EBITDA (\$m)</b>	<b>63.0</b>	<b>55.0</b>	<b>15%</b>	<b>118.0</b>	<b>102.4</b>	<b>15%</b>
<b>Underlying NPAT (\$m)</b>	<b>37.4</b>	<b>30.4</b>	<b>23%</b>	<b>67.8</b>	<b>58.8</b>	<b>15%</b>
Underlying EBITDA margin (%)	36.9	35.1	1.8	36.1	36.6	(0.5)
Cost to income ratio (%)	63.1	64.9	(1.8)	63.9	63.4	0.5
Statutory NPAT (\$m)	25.7	21.5	20%	47.2	38.2	24%
Effective tax rate (statutory) (%)	15.2	24.8	(9.6)	19.8	21.7	(1.9)
Operating cashflows (\$m)	53.1	35.1	51%	88.2	75.5	17%
Employee benefits expense (\$m) <sup>3</sup>	(78.9)	(76.2)	4%	(155.1)	(133.5)	16%
Total staff at period end (# FTE)	893	883	1%	893	838	7%
<b>Earnings per share (cents)</b>						
Basic – underlying	46.12	37.33	24%	83.45	73.49	14%
Basic – statutory	31.62	26.53	19%	58.15	47.69	22%
Diluted – underlying	44.89	36.17	24%	81.06	70.92	14%
Diluted – statutory	30.68	25.70	19%	56.38	46.06	22%
<b>Dividends</b>						
Dividend (cents per share)	19.5	18.5	5%	38.0	32.5	17%
Dividend franking (%)	100	100	—	100	100	—
Underlying NPAT annual payout ratio (%)	42	49	(7)	46	45	1
<b>Share Capital</b>						
Number of ordinary shares (closing) (m)	81.2	81.2	0%	81.2	81.5	0%
Weighted average number of ordinary shares (basic) (m)	81.0	81.1	0%	81.1	80.0	1%
Weighted average number of shares (diluted) (m)	83.6	83.8	0%	83.6	82.9	1%
Share Price – closing (\$)	46.50	35.99	29%	46.50	25.45	83%
<b>Capital management</b>						
Cash & cash equivalents (\$m)	88.0	60.8	45%	88.0	72.7	21%
Net assets – average (\$m)	512.2	507.5	1%	515.1	483.1	7%
Net assets – closing (\$m)	519.7	504.6	3%	519.7	510.4	2%
Net assets per basic share (\$)	6.40	6.21	3%	6.40	6.26	2%
Net tangible assets (\$m)	70.3	46.6	51%	70.3	51.2	37%
Net tangible assets per basic share (\$)	0.87	0.57	53%	0.87	0.63	38%
Borrowings (\$m)	30.0	30.0	0%	30.0	30.0	0%
Net cash and cash equivalents (\$m)	58.0	30.8	88%	58.0	42.7	36%

1. Excludes the Xplore Super Admin discontinued operations.

2. Documents paid for by PAYG and subscription customers during the last 12 months. Prior periods have been adjusted to reflect an updated methodology.

3. Employee benefits expenses includes share based payments and excludes impact of strategic transactions and project costs including Xplore integration and large migrations.



# Review of financial results

## GROUP FINANCIAL PERFORMANCE

Profit & Loss (\$m)	2HFY24	1HFY24	2HFY24 v 1HFY24	FY24	FY23	FY24 v FY23
Platform Revenue	132.8	120.0	11%	252.8	208.8	21%
Tech Solutions Revenue	35.9	34.8	3%	70.7	67.5	5%
Corporate Revenue	1.9	1.9	0%	3.8	3.2	19%
<b>Total Revenue</b>	<b>170.6</b>	<b>156.7</b>	<b>9%</b>	<b>327.3</b>	<b>279.5</b>	<b>17%</b>
Platform and Tech Solution Fees	(15.9)	(12.2)	30%	(28.1)	(23.9)	18%
Employee Related Expenses	(71.2)	(70.4)	1%	(141.6)	(122.4)	16%
Administrative Expenses	(20.5)	(19.1)	7%	(39.6)	(30.8)	29%
<b>Total Operating Expenses</b>	<b>(107.6)</b>	<b>(101.7)</b>	<b>6%</b>	<b>(209.3)</b>	<b>(177.1)</b>	<b>18%</b>
<b>Underlying EBITDA</b>	<b>63.0</b>	<b>55.0</b>	<b>15%</b>	<b>118.0</b>	<b>102.4</b>	<b>15%</b>
<b>Underlying EBITDA by segment</b>						
Platform EBITDA	55.1	47.9	15%	103.0	85.1	21%
Tech Solutions EBITDA	12.0	10.1	19%	22.1	21.8	1%
Corporate EBITDA	(4.1)	(3.0)	37%	(7.1)	(4.5)	58%
<b>Underlying EBITDA</b>	<b>63.0</b>	<b>55.0</b>	<b>15%</b>	<b>118.0</b>	<b>102.4</b>	<b>15%</b>
<b>Other items</b>						
Share Based Payments	(7.7)	(5.8)	33%	(13.5)	(11.1)	22%
<b>EBITDA (before Notable Items)</b>	<b>55.3</b>	<b>49.2</b>	<b>12%</b>	<b>104.5</b>	<b>91.3</b>	<b>14%</b>
Depreciation & Amortisation	(7.0)	(6.9)	1%	(13.9)	(11.5)	21%
Interest Expense Lease	(0.2)	(0.2)	0%	(0.4)	(0.3)	33%
Interest Expense Other	(1.0)	(0.9)	11%	(1.9)	(1.6)	25%
<b>Profit Before Tax (before Notable Items)</b>	<b>47.1</b>	<b>41.2</b>	<b>14%</b>	<b>88.3</b>	<b>77.9</b>	<b>13%</b>
Income Tax Expense	(9.7)	(10.8)	(10%)	(20.5)	(19.1)	7%
<b>Underlying NPAT</b>	<b>37.4</b>	<b>30.4</b>	<b>23%</b>	<b>67.8</b>	<b>58.8</b>	<b>15%</b>
<b>Notable items</b>						
Strategic transactions and project costs <sup>1</sup>	(4.9)	(4.6)	7%	(9.5)	(9.7)	(2%)
Acquisition Amortisation <sup>2</sup>	(14.9)	(8.0)	86%	(22.9)	(16.2)	41%
Gain on sale of investment in associate <sup>3</sup>	3.0	—	Large	3.0	—	Large
Impairments <sup>4</sup>	—	—	—	—	(3.3)	(100%)
Tax effect on Notable Items	5.1	3.7	38%	8.8	8.6	2%
<b>Net Profit After Tax</b>	<b>25.7</b>	<b>21.5</b>	<b>20%</b>	<b>47.2</b>	<b>38.2</b>	<b>24%</b>

1. Includes administrative and resourcing costs related to strategic transactions and project costs including Xplore integration and large migrations.

2. During 2HFY24, the HUB24 Group completed a review of the useful life of acquired software intangibles. This change in useful life estimates will be applied prospectively from 2HFY24 and has increased acquisition related amortisation by \$7.0 million in the half.

3. Count completed the acquisition of Diverger Limited (ASX:DVR) on 1 March 2024 resulting in an accounting gain on sale of \$3.0 million.

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

# Review of financial results

## GROUP REVENUE

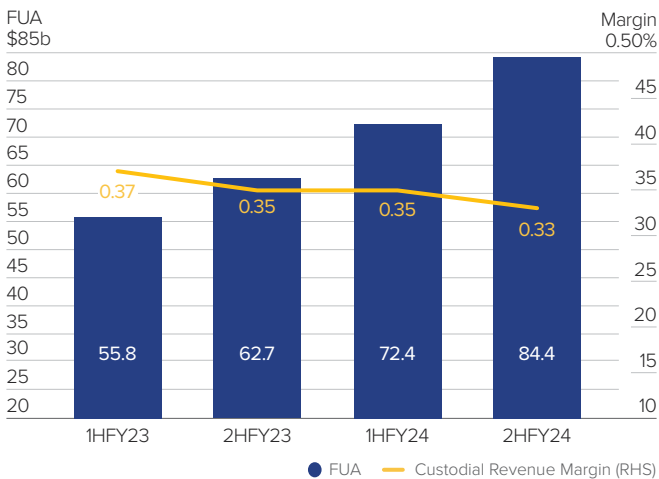
The HUB24 Group operating revenue increased by 17% to \$327.3 million (FY23: \$279.5 million). Key drivers include:

- Platform revenue increased by 21% to \$252.8 million (FY23: \$208.8 million). Revenue growth driven by Custodial FUA increasing by 35% to \$84.4 billion at 30 June 2024 (FY23: \$62.7 billion);
- Tech Solutions revenue increasing to \$70.7 million (FY23: \$67.5 million) from software licensing and consulting services; and
- Corporate revenue was \$3.8 million, reflecting interest income and equity accounted profits from the investment in Diverger<sup>1</sup>.

## Platform revenue and margins

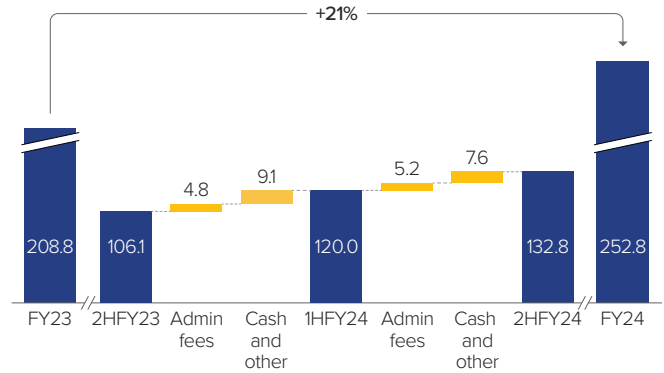
Platform revenue comprises a mix of FUA based fees, including tiered administration fees, cash management fees and transaction fees such as trading in equities.

## Platform margin and FUA

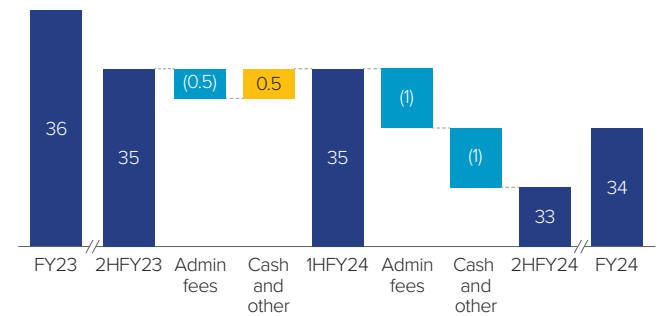


For FY24, the Platform revenue margin was 0.34% (FY23: 0.36%) which is calculated using average monthly closing FUA.

## Platform operating revenue (\$m)



## Platform revenue margin (BPS)



As shown in the chart above, FY24 Platform revenue margin decreased 2 bps to 34 bps (FY23: 36 bps) driven by lower admin fee margins due to tiering and capping impacts and lower cash management fee margin driven by lower average cash as a % of FUA, and lower deposit spreads from December 2022.

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

Generally, as average account balances on the Platform increase over time, the tiered administration fee paid by clients will tend to decrease as a percentage of FUA while fees will generally increase in absolute dollar terms.

The number of accounts on the Platform for FY24 were up 30% on the prior year, and the number of PARS accounts was up 3%.

1. Count completed the acquisition of Diverger Limited (ASX:DVR) on 1 March 2024.

# Review of financial results

## GROUP EXPENSES

The HUB24 Group's Total Expenses increased by 19% to \$271.4 million (FY23: \$227.5 million).

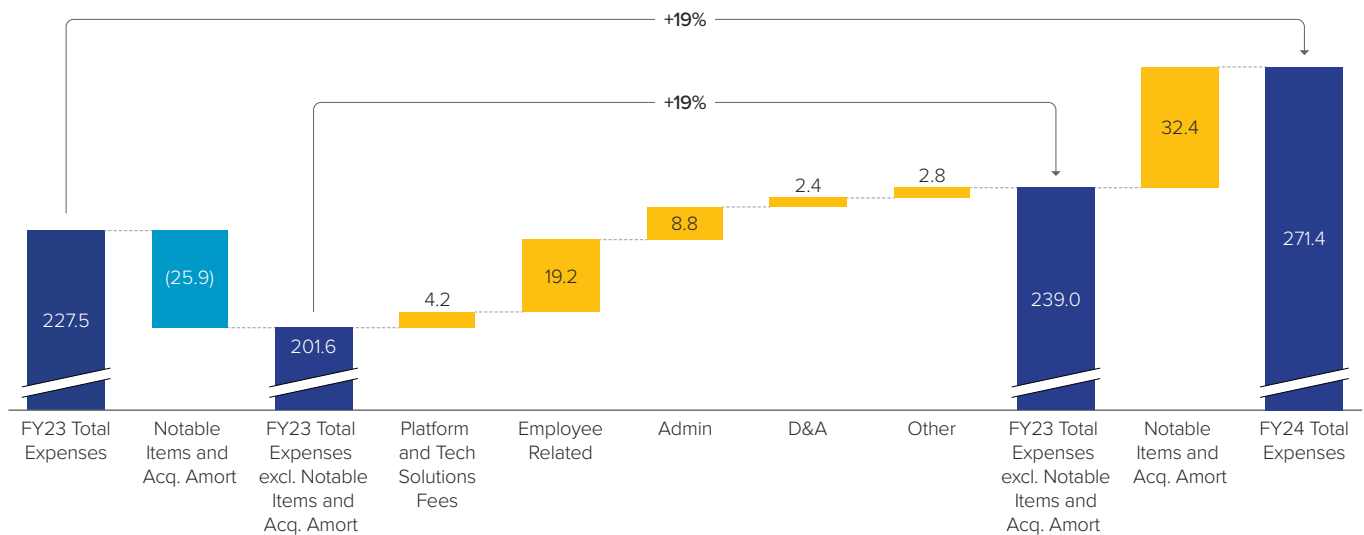
The HUB24 Group's Total Expenses excluding Notable Items & Acquisition Amortisation<sup>1</sup> increased by \$37.4 million or 19% to \$239.0 million (FY23: \$201.6 million) driven by the acquisition of myprosperity, and investment in headcount to support the scaling of the business, ongoing product development and our strategy to drive future growth. The investment in headcount will continue to be leveraged in future periods.

The HUB24 Group's FTE increased by 7% to 893 as at 30 June 2024 from 838 as at 30 June 2023. Continued investment in the business increased FTE by 55.

The HUB24 Group's cost to income ratio increased 0.5% to 63.9% (FY23: 63.4%) reflecting the increased headcount mentioned above partially offset by strong revenue growth.

In addition, the HUB24 Group incurred notable Items of \$32.4 million (FY23: \$25.9 million), due to acquisition amortisation<sup>2</sup>, strategic transactions and project costs<sup>3</sup>.

### Group expenses (\$m)



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

2. During 2HFY24, the HUB24 Group completed a review of the useful life of acquired software intangibles. This change in useful life estimates will be applied prospectively from 2HFY24 and has increased acquisition related amortisation by \$7.0 million in the half.

3. Includes Xplore integration and large migrations.

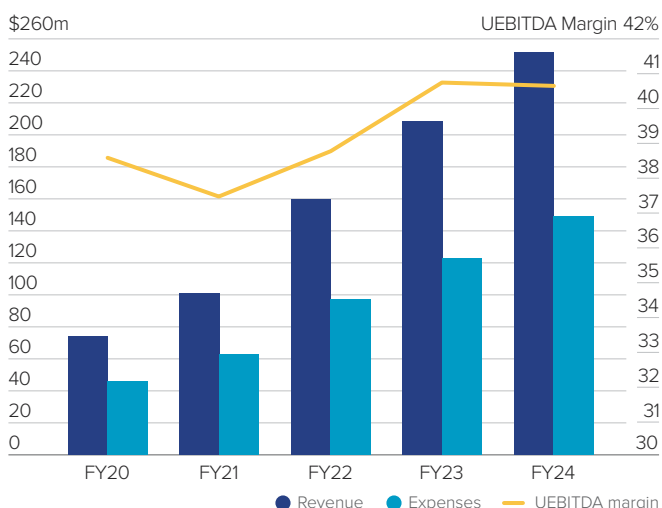
# Review of financial results

## UNDERLYING EBITDA

The HUB24 Group Underlying EBITDA (UEBITDA) before share based payments and notable items increased by 15% to \$118.0 million (FY23: \$102.4 million) due to:

- Growth in Platform FUA to \$84.4 billion as at 30 June 2024, compared to \$62.7 billion in FY23, and higher PARS number of customers accounts at 8,362 (FY23: 8,154);
- The HUB24 Group UEBITDA margin was 36.1% (FY23: 36.6%), lower on FY23 with platform revenue and volume benefits offset by increased investment in people resources for future growth and scalability and the acquisition of myprosperity; and
- myprosperity UEBITDA loss of \$1.4 million in FY24 was in line with expectations with a slower ramp up in revenue offset by expense management.

### Platform revenue and expense trends



## GROUP UNDERLYING NPAT

The HUB24 Group Underlying NPAT represents NPAT before notable items. Underlying NPAT increased 15% to \$67.8 million (FY23: \$58.8 million).

The key drivers impacting the movement between Underlying EBITDA and Underlying NPAT in FY24 were:

- Employee share based payments increased to \$13.5 million (FY23: \$11.1 million). The increase on FY23 primarily relates to the increase in probability of vesting for the FY22 Performance Awards Rights (PARs) which are now expected to fully vest. The increased probability of PARS vesting resulted in an additional \$2.0 million expense in 2HFY24;
- The HUB24 Group has a policy of capitalising investment in its assets, which are then amortised over their useful life. During the year, \$13.4 million of Platform segment and \$7.9 million of Tech Solutions software development cost were capitalised;
- Depreciation and amortisation expenses increased by 21% to \$13.9 million (FY23: \$11.5 million) driven by higher levels of investment in IT;
- Strategic transactions and project costs of \$9.5 million includes Xplore integration and large migrations;
- Acquisition amortisation of \$22.9 million has been recognised in FY24 (FY23: \$16.2 million). This includes Class of \$14.8 million, Xplore of \$5.1 million, myprosperity of \$1.9 million and Ord Minnett of \$1.1 million. During 2HFY24, the HUB24 Group completed a review of the useful life of acquired software intangibles, which predominantly relate to Class and myprosperity, and has determined to align them with the useful life of internally developed software intangibles. This change in useful life estimates has been applied prospectively from 2HFY24 and has increased acquisition related amortisation by \$7.0 million in the half.

## INCOME TAX

Income tax expense increased by 11% to \$11.7 million (FY23: \$10.5 million). The effective tax rate for FY24 was 19.8% (FY23: 21.7%), with the decrease due to movements in deferred tax balances.

# Review of financial results

## CAPITAL MANAGEMENT

The HUB24 Group has access to a \$5 million working capital facility, which remained undrawn during the period.

The HUB24 Group has in place a revolving line of credit facility with CBA which covers the whole Group totaling \$31 million. \$1 million remained undrawn during the period.

In addition, the HUB24 Group has access to an accordion facility of \$50 million specifically for strategic transactions<sup>1</sup>, which remained undrawn during the period.

The HUB24 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 2024.

During FY24, the HUB24 Group purchased \$10 million of treasury shares on market to service the HUB24 Group's Employee Share Plans (FY23: \$10 million).

During FY24, the HUB24 Group purchased 363,760 HUB24 shares on market as part of the share buy-back announced in August 2023 at an average price of \$34.34 for total consideration of \$12.5 million (FY23: \$nil). All of the shares that were purchased have been cancelled. The on market share buy-back has a targeted maximum value of \$50m over the 12 months to September 2024.

The HUB24 Group recorded a 17% increase in net cash flow from operating activities to \$88.2 million (FY23: \$75.5 million). Underlying operating cash flows were \$97.5 million (an increase of 14% on FY23) when adjusted for Strategic transactions and project costs<sup>2</sup> of \$9.3 million (FY23: \$9.7 million); and

Net cash and cash equivalents after deducting borrowings was \$58.0 million at 30 June 2024 (\$42.7 million at 30 June 2023).

## DIVIDENDS

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

Subsequent to 30 June 2024, the Directors have determined a fully franked final dividend of 19.5 cents per share. This results in a full year dividend of 38 cents per share, representing an increase of 17% and a full year payout ratio of 46%.

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

Dates for the Final dividend are as follows:

- Ex-date: 9 September 2024.
- Record date: 10 September 2024; and
- Dividend payment date: 11 October 2024.

## FINANCIAL IMPACTS OF THE STRATEGIC TRANSACTIONS

The implementation and integration costs and synergy benefits of the Xplore and Ord Minnett transactions are outlined below.

Implementation and integration costs have been recognised in notable items. Going forwards from FY25, residual costs related to finalising Xplore activities will be reflected as part of operating expenses within UEBITDA.

### Financial Impacts of the Strategic Transactions

\$m	FY21 Actuals	FY22 Actuals	FY23 Actuals	1HFY24 Actuals	2HFY24 Actuals	FY24 Actuals	Total
<b>Xplore and Ord Minnett Acquisitions</b>							
Implementation and integration Costs <sup>3</sup>	(4)	(5)	(6)	(3)	(2)	(5)	<b>(20)</b>
Synergies Benefits <sup>4</sup>	1	4	9	10	10	10	<b>n/a</b>
Earnings Per Share Growth	—	13%+	—	—	—	—	<b>—</b>

1. Subject to standard lending terms and conditions.

2. Includes administrative and resourcing costs related to strategic transactions and project costs including Xplore integration and large migrations.

3. Recognised through strategic transactions below underlying NPAT.

4. Recurring synergy benefits of \$9m FY23 and \$10m in FY24 onwards.

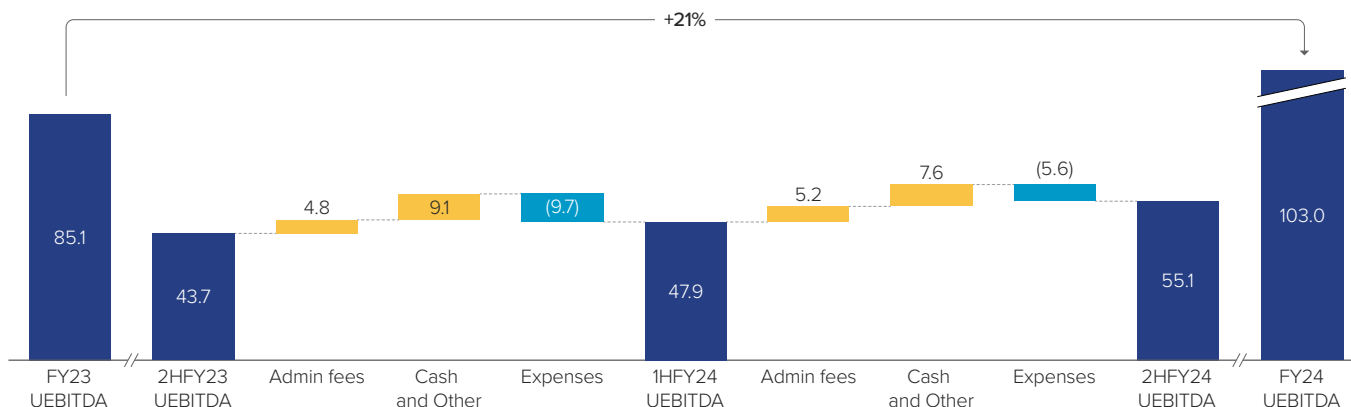
# Segment results

## PLATFORM SEGMENT

Profit & Loss (\$m)	2HFY24	1HFY24	2HFY24 v 1HFY24	FY24	FY23	FY24 v FY23
<b>Total Revenue</b>	<b>132.8</b>	<b>120.0</b>	<b>11%</b>	<b>252.8<sup>1</sup></b>	<b>208.8</b>	<b>21%</b>
Platform and Custody Expenses	(14.6)	(11.1)	32%	(25.7)	(21.8)	18%
Employee Related Expenses	(52.4)	(50.3)	4%	(102.7)	(86.4)	19%
Administrative Expenses	(10.7)	(10.7)	(0%)	(21.4)	(15.5)	38%
<b>Total Operating Expenses</b>	<b>(77.7)</b>	<b>(72.1)</b>	<b>8%</b>	<b>(149.8)</b>	<b>(123.7)</b>	<b>21%</b>
<b>Underlying EBITDA</b>	<b>55.1</b>	<b>47.9</b>	<b>15%</b>	<b>103.0</b>	<b>85.1</b>	<b>21%</b>
<b>Below UEBITDA Items</b>						
Depreciation & Amortisation	(4.6)	(4.5)	2%	(9.1)	(7.3)	25%
<b>Profit Before Tax (before Notable Items)</b>	<b>50.5</b>	<b>43.4</b>	<b>16%</b>	<b>93.9</b>	<b>77.8</b>	<b>21%</b>
Strategic transactions and project costs <sup>2</sup>	(4.9)	(4.6)	7%	(9.5)	(9.7)	(2%)
Acquisition Amortisation <sup>3</sup>	(5.0)	(3.1)	61%	(8.1)	(6.4)	27%
<b>Profit Before Tax (after Notable Items)</b>	<b>40.6</b>	<b>35.7</b>	<b>14%</b>	<b>76.3</b>	<b>61.7</b>	<b>24%</b>
Platform Capex	6.5	6.9	(6%)	13.4	8.4	60%
<b>Key margins (%)</b>						
UEBITDA margin	41.5	39.9	1.6	40.7	40.8	(0.1)
<b>Platform Segment Statistics</b>						
Total FUA (\$m)	104,729	91,228	15%	104,729	80,346	30%
<b>Platform FUA (\$m)</b>	<b>84,407</b>	<b>72,438</b>	<b>17%</b>	<b>84,407</b>	<b>62,710</b>	<b>35%</b>
Net Inflows (from continuing operations) (\$m) <sup>4</sup>	8,521	7,248	18%	15,769	9,722	62%
Gross Flows (excluding strategic transactions) (\$m)	14,015	11,740	19%	25,754	17,115	50%
Active Advisers	4,525	4,297	5%	4,525	4,011	13%
Retail revenue margin (bps)	37	38	(1)	37	40	(3)
Institutional revenue margin (bps)	13	13	0	13	14	(1)
Xplore Super Admin revenue margin (bps)	—	—	0	—	12	(12)
<b>Platform revenue margin (bps)<sup>5</sup></b>	<b>33</b>	<b>35</b>	<b>(2)</b>	<b>34</b>	<b>36</b>	<b>(2)</b>
Cash as % of FUA (average %)	7.0	7.8	(0.8)	7.4	8.4	(1.0)
<b>PARS FUA (\$m)</b>	<b>20,322</b>	<b>18,790</b>	<b>8%</b>	<b>20,322</b>	<b>17,636</b>	<b>15%</b>
PARS Accounts (#)	8,362	8,262	1%	8,362	8,154	3%
myprosperity partners (#)	497	467	6%	497	440	13%
myprosperity no. of households ('000)	75	72	4%	75	63	19%

**FY24 Platform UEBITDA was \$103.0m (FY23: \$85.1m). FY24 benefitted from higher FUA balances and associated revenue, partially offset by increased investment in people resources for future development and scale (including myprosperity).**

**FY24 Platform UEBITDA was \$103.0m (FY23: \$85.1m).**



1. FY24 Platforms revenue of \$252.8m includes \$3.6m of revenue related to myprosperity.

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

3. During 2HFY24, the HUB24 Group completed a review of the useful life of acquired software intangibles. This change in useful life estimates will be applied prospectively from 2HFY24 and has increased acquisition related amortisation by \$2.0 million in the half.

4. Excludes the Xplore Super Admin discontinued operations.

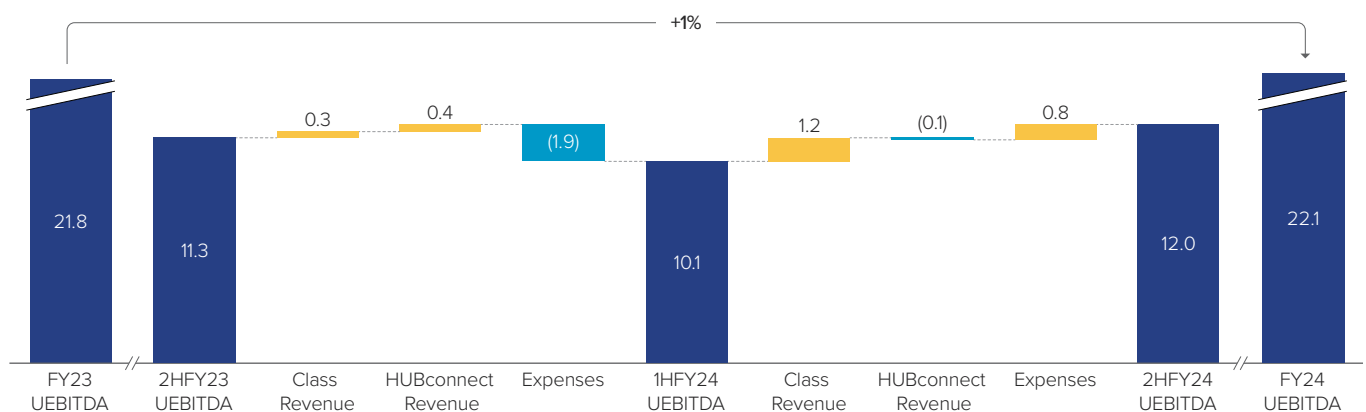
5. Custodial revenue divided by average custodial FUA.

# Segment results

## TECH SOLUTIONS SEGMENT

Profit & Loss (\$m)	2HFY24	1HFY24	2HFY24 v 1HFY24	FY24	FY23	FY24 v FY23
<b>Total Revenue</b>	<b>35.9</b>	<b>34.8</b>	<b>3%</b>	<b>70.7</b>	<b>67.5</b>	<b>5%</b>
Tech Solutions Expenses	(1.3)	(1.1)	18%	(2.4)	(2.0)	20%
Employee Related Expenses	(15.6)	(17.2)	(9%)	(32.8)	(32.5)	1%
Administrative Expenses	(7.0)	(6.4)	9%	(13.4)	(11.2)	20%
<b>Total Operating Expenses</b>	<b>(23.9)</b>	<b>(24.7)</b>	<b>(3%)</b>	<b>(48.6)</b>	<b>(45.7)</b>	<b>6%</b>
<b>Underlying EBITDA</b>	<b>12.0</b>	<b>10.1</b>	<b>19%</b>	<b>22.1</b>	<b>21.8</b>	<b>1%</b>
<b>Below UEBITDA Items</b>						
Depreciation & Amortisation	(2.4)	(2.4)	0%	(4.8)	(4.2)	14%
<b>Profit Before Tax (before Notable items)</b>	<b>9.6</b>	<b>7.7</b>	<b>25%</b>	<b>17.3</b>	<b>17.6</b>	<b>(2%)</b>
Acquisition Amortisation <sup>1</sup>	(9.9)	(4.9)	102%	(14.8)	(9.9)	49%
<b>Profit / (Loss) Before Tax (before Notable items)</b>	<b>(0.3)</b>	<b>2.8</b>	<b>(111%)</b>	<b>2.5</b>	<b>7.7</b>	<b>(68%)</b>
Tech Solutions Capex	3.9	4.0	(2%)	7.9	7.8	1%
<b>Key margins (%)</b>						
UEBITDA margin	33.4	29.1	4.3	31.3	32.3	(1.0)
<b>Tech Solutions Segment Statistics</b>						
Class Super accounts	190,088	186,961	2%	190,088	186,190	2%
Class Portfolio accounts	14,446	13,834	4%	14,446	13,038	11%
Class Trust accounts	3,135	3,065	2%	3,135	2,921	7%
Class accounts <sup>2</sup>	207,669	203,860	2%	207,669	202,149	3%
Class Document Orders (rolling 12 months) <sup>3</sup>	191,094	182,204	5%	191,094	178,644	7%
Class Companies on Corporate Messenger <sup>4</sup>	792,922	697,573	14%	792,922	645,190	23%
Class Super ARPU <sup>5</sup> (\$)	231	232	(0%)	231	232	(0%)
Class Portfolio ARPU <sup>5</sup> (\$)	123	124	(1%)	123	120	2%
Class Trust ARPU <sup>5</sup> (\$)	236	238	(1%)	236	238	(1%)

### FY24 Tech Solutions UEBITDA was \$22.1m (FY23: \$21.8m).



1. During 2HFY24, the HUB24 Group completed a review of the useful life of acquired software intangibles. This change in useful life estimates will be applied prospectively from 2HFY24 and has increased acquisition related amortisation by \$5.0 million in the half.

2. Number of Class accounts at the end of each half and full year consists of Class Super, Class Portfolio and Class Trust licenses.

3. Documents paid for by PAYG and subscription customers during the last 12 months. Prior periods have been adjusted to reflect an updated methodology.

4. Number of active companies at the end of each half and full year.

5. Average Revenue Per Unit.

# Segment results

## CORPORATE SEGMENT

Profit & Loss (\$m)	2HFY24	1HFY24	2HFY24 v 1HFY24	FY24	FY23	FY24 v FY23
<b>Total Revenue</b>	<b>1.9</b>	<b>1.9</b>	<b>0%</b>	<b>3.8</b>	<b>3.2</b>	<b>19%</b>
<b>Total Operating Expenses</b>	<b>(6.0)</b>	<b>(4.9)</b>	<b>22%</b>	<b>(10.9)</b>	<b>(7.7)</b>	<b>42%</b>
<b>Underlying EBITDA</b>	<b>(4.1)</b>	<b>(3.0)</b>	<b>37%</b>	<b>(7.1)</b>	<b>(4.5)</b>	<b>58%</b>
<b>Other Items</b>						
Share Based Payments	(7.7)	(5.8)	33%	(13.5)	(11.1)	22%
<b>EBITDA (before Notable items)</b>	<b>(11.8)</b>	<b>(8.8)</b>	<b>34%</b>	<b>(20.6)</b>	<b>(15.6)</b>	<b>32%</b>
Interest Expense - Lease	(0.2)	(0.2)	0%	(0.4)	(0.3)	33%
Interest Expense - Other	(1.1)	(0.9)	22%	(2.0)	(1.6)	25%
<b>Profit/Loss Before Tax (before Notable items)</b>	<b>(13.1)</b>	<b>(9.9)</b>	<b>32%</b>	<b>(23.0)</b>	<b>(17.5)</b>	<b>31%</b>
Gain on sale of investment in associate <sup>1</sup>	3.0	—	Large	3.0	—	Large
Impairments	—	—	—	—	(3.3)	(100%)
<b>(Loss) Before Tax (after Notable items)</b>	<b>(10.1)</b>	<b>(9.9)</b>	<b>2%</b>	<b>(20.0)</b>	<b>(20.8)</b>	<b>(4%)</b>

1. Count completed the acquisition of Diverger Limited (ASX:DVR) on 1 March 2024 resulting in an accounting gain on sale of \$3.0 million.



# Balance Sheet

Balance Sheet \$m	2HFY24	1HFY24	2HFY24 v 1HFY24	FY24	FY23	FY24 v FY23
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	88.0	60.8	45%	88.0	72.7	21%
Trade and other receivables	37.8	34.5	10%	37.8	29.5	28%
Current tax receivables	8.1	2.9	179%	8.1	1.9	Large
Other current assets	8.1	7.3	11%	8.1	6.8	19%
<b>Total current assets</b>	<b>142.0</b>	<b>105.5</b>	<b>35%</b>	<b>142.0</b>	<b>110.9</b>	<b>28%</b>
<b>Non-current assets</b>						
Investment in associates	—	13.6	(100%)	—	12.2	(100%)
Equity securities	11.1	—	Large	11.1	—	Large
Intangible assets (including goodwill)	449.4	458.0	(2%)	449.4	459.2	(2%)
Right of use asset	14.6	7.8	87%	14.6	9.6	52%
Deferred tax assets (net of deferred tax liability)	—	—	—	—	0.5	(100%)
Property, plant and equipment	3.0	2.7	11%	3.0	3.0	0%
Other non-current assets	2.6	2.1	24%	2.6	1.3	100%
<b>Total non-current assets</b>	<b>480.7</b>	<b>484.2</b>	<b>(1%)</b>	<b>480.7</b>	<b>485.8</b>	<b>(1%)</b>
<b>Total Assets</b>	<b>622.7</b>	<b>589.7</b>	<b>6%</b>	<b>622.7</b>	<b>596.7</b>	<b>4%</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Trade and other payables	14.6	14.0	4%	14.6	16.7	(13%)
Provisions	30.2	21.8	39%	30.2	24.4	24%
Lease liabilities	2.6	3.3	(21%)	2.6	3.8	(32%)
Other current liabilities	0.3	0.3	0%	0.3	0.1	Large
<b>Total current liabilities</b>	<b>47.7</b>	<b>39.4</b>	<b>21%</b>	<b>47.7</b>	<b>45.0</b>	<b>6%</b>
<b>Non-current liabilities</b>						
Lease liabilities	12.6	5.1	147%	12.6	6.4	97%
Provisions	5.0	3.7	35%	5.0	4.5	11%
Borrowings	30.0	30.0	0%	30.0	30.0	0%
Deferred tax liabilities (net of deferred tax assets)	6.6	5.8	14%	6.6	—	Large
Deferred income	0.3	0.3	0%	0.3	0.4	(25%)
Other non-current liabilities	0.8	0.8	0%	0.8	—	Large
<b>Total non-current liabilities</b>	<b>55.3</b>	<b>45.7</b>	<b>21%</b>	<b>55.3</b>	<b>41.3</b>	<b>34%</b>
<b>Total liabilities</b>	<b>103.0</b>	<b>85.1</b>	<b>21%</b>	<b>103.0</b>	<b>86.3</b>	<b>19%</b>
<b>Net assets</b>	<b>519.7</b>	<b>504.6</b>	<b>3%</b>	<b>519.7</b>	<b>510.4</b>	<b>2%</b>
<b>EQUITY</b>						
Issued capital	477.0	478.4	(0%)	477.0	491.5	(3%)
Profit reserve	84.2	73.6	14%	84.2	67.2	25%
Share based payment reserves	34.2	27.6	24%	34.2	26.7	28%
Equity securities at FVOCI reserve <sup>1</sup>	(0.7)	—	(Large)	(0.7)	—	(Large)
Retained earnings	(75.0)	(75.0)	0%	(75.0)	(75.0)	0%
<b>Total equity</b>	<b>519.7</b>	<b>504.6</b>	<b>3%</b>	<b>519.7</b>	<b>510.4</b>	<b>2%</b>

1. Fair Value through Other Comprehensive Income (FVOCI)

# Cashflow

Cashflow \$m	2HFY24	1HFY24	2HFY24 v 1HFY24	FY24	FY23	FY24 v FY23
<b>Cash flows from operating activities</b>						
Receipts from customers	165.1	148.4	11%	313.5	273.7	15%
Payments to suppliers and employees	(99.7)	(108.0)	(8%)	(207.7)	(176.4)	18%
Interest received	1.8	1.5	13%	3.3	2.1	57%
Interest paid on lease liability	(0.2)	(0.2)	0%	(0.4)	(0.3)	33%
Short term lease payments	(0.1)	(0.1)	0%	(0.2)	(0.2)	0%
<b>Net cash inflow from operating activities prior to strategic costs and tax</b>	<b>66.9</b>	<b>41.6</b>	<b>61%</b>	<b>108.5</b>	<b>98.9</b>	<b>10%</b>
Strategic transaction and project costs	(4.7)	(4.6)	2%	(9.3)	(9.7)	(4%)
Income tax payment	(9.1)	(1.9)	Large	(11.0)	(13.7)	(20%)
<b>Net cash inflow from operating activities</b>	<b>53.1</b>	<b>35.1</b>	<b>51%</b>	<b>88.2</b>	<b>75.5</b>	<b>17%</b>
<b>Cash flows from investing activities</b>						
Payments for acquisitions net of cash acquired	—	—	—	—	(0.4)	(100%)
Payments for office equipment	(0.9)	(0.4)	125%	(1.3)	(1.6)	(19%)
Payments for intangible assets	(10.6)	(10.8)	(2%)	(21.4)	(16.2)	32%
Investment in joint venture	—	(1.4)	(100%)	(1.4)	—	(Large)
Proceeds on disposal of investment in an associate	3.4	—	Large	3.4	—	Large
Dividends from associate	1.6	0.4	Large	2.0	0.7	186%
<b>Net cash (outflow) from investing activities</b>	<b>(6.5)</b>	<b>(12.2)</b>	<b>(47%)</b>	<b>(18.7)</b>	<b>(17.5)</b>	<b>7%</b>
<b>Cash flows from financing activities</b>						
Loan facility repayment	—	—	—	—	14.4	(100%)
Payments for capital raising costs	—	—	—	—	(0.1)	(100%)
Proceeds from share options exercised by employees	—	2.2	(100%)	2.2	1.2	83%
Repayment of borrowings	—	—	—	—	(9.3)	(100%)
Payments for treasury share buy-backs	—	(10.0)	(100%)	(10.0)	(10.0)	0%
Payments for on-market share buy-backs	(2.5)	(10.0)	(75%)	(12.5)	—	(Large)
Repayment of lease principal payments	(1.9)	(1.9)	0%	(3.8)	(3.7)	3%
Dividends paid	(15.0)	(15.1)	(1%)	(30.1)	(21.2)	42%
<b>Net cash (outflow) from financing activities</b>	<b>(19.4)</b>	<b>(34.8)</b>	<b>(44%)</b>	<b>(54.2)</b>	<b>(28.7)</b>	<b>89%</b>
<b>Net increase in cash and cash equivalents</b>	<b>27.2</b>	<b>(11.9)</b>	<b>(Large)</b>	<b>15.3</b>	<b>29.3</b>	<b>(48%)</b>
Cash and cash equivalents at the beginning of the period	60.8	72.7	(16%)	72.7	43.4	68%
<b>Cash and cash equivalents at end of the period</b>	<b>88.0</b>	<b>60.8</b>	<b>45%</b>	<b>88.0</b>	<b>72.7</b>	<b>21%</b>

The HUB24 Group continues to generate strong operating cashflows, with FY24 net cash inflow from operating activities prior to strategic costs and tax of \$108.5 million (FY23: \$98.9 million). Strong correlation between operating cashflows, prior to strategic costs and tax, and UEBITDA with FY24 at 92% (FY23: 97%).

The HUB24 Group maintains cash reserves significantly above regulatory capital requirements.

Cash and cash equivalents at 30 June 2024 were \$88.0 million (FY23: \$72.7 million), and the HUB24 Group recorded positive cashflow from operating activities of \$88.2 million (FY23: \$75.5 million). Net cash and cash equivalents after deducting borrowings of \$30 million was \$58.0 million (FY23: \$42.7 million).

The increase in both receipts from customers and payments to suppliers reflects mainly the increased size of the Platform business.

Cash outflows from financing activities of \$54.2 million includes \$30.1 million of dividends, \$10 million for the purchase of Treasury Shares to service the long term incentive schemes, \$12.5 million for on-market share buy backs, \$3.8 million repayment of lease principal payments partly offset by \$2.2 million proceeds from the exercising of employee options.

# Background on our Markets

## THE AUSTRALIAN SUPERANNUATION SYSTEM

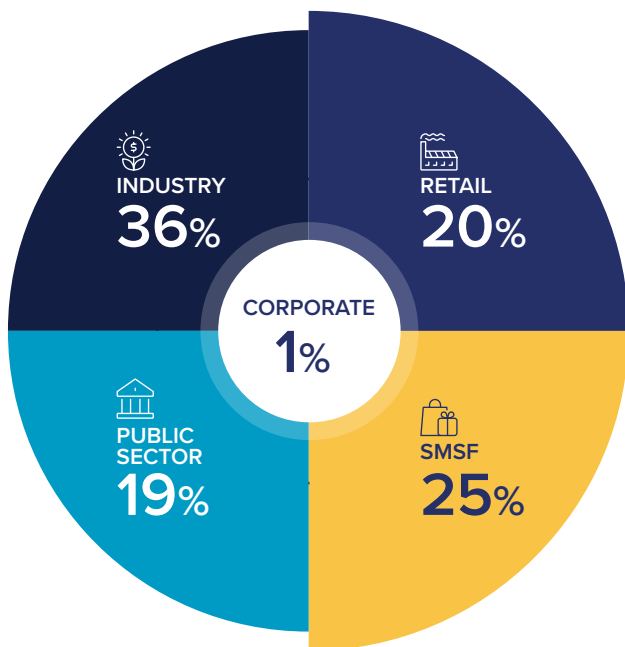
Australia’s superannuation system had \$3.9 trillion of assets as at March 2024<sup>1</sup> and is underpinned by a Government mandated contribution system requiring employers to contribute an amount equivalent to 11.5% of an employee’s salary to superannuation. These member contributions combined with robust investment returns have seen the superannuation system deliver a ten-year CAGR of 8%.<sup>2</sup>

The HUB24 Group’s Platform and Tech Solutions businesses are expected to benefit from the continued structural growth in Australia’s superannuation system. Deloitte forecast the superannuation system will grow to \$11.2 trillion by 2043, representing a 20-year CAGR of 6.5%.<sup>3</sup>

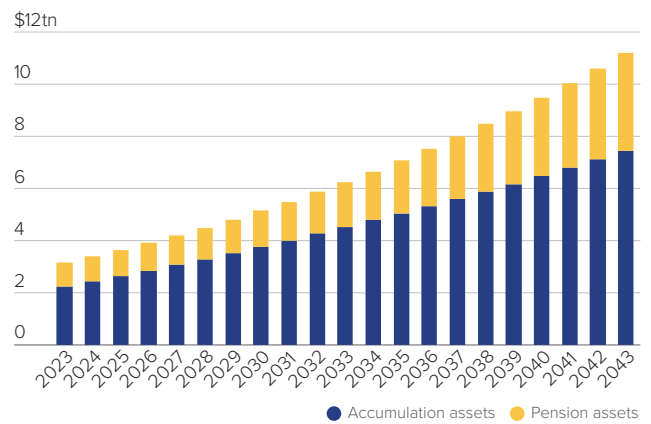
The HUB24 platform solutions are largely advised products. HUB24 Group’s superannuation products are classified as retail, with this segment accounting for 20% of superannuation assets, although also operates in the SMSF segment which accounts for 25% of superannuation assets.<sup>4</sup> Advisers who use the HUB24 platform may also source new clients from other segments of the superannuation industry including industry and public sector funds which also represent an opportunity for the HUB24 Group.

Within the Tech Solutions division, Class provides software to accountants to assist them administer and report on SMSF assets.

**Composition of superannuation assets by market segment<sup>4</sup>**



**Forecast growth in superannuation assets<sup>5</sup>**



1. APRA March 2024 Quarterly Superannuation Statistics.  
 2. Based on APRA Quarterly Superannuation Statistics excluding Life Office Statutory Funds and ATO SMSF statistics. CAGR is to March 2024.  
 3. Deloitte, Dynamics of the Australian Superannuation System, March 2024.  
 4. APRA March 2024 Quarterly Superannuation Statistics.  
 5. Deloitte, Dynamics of the Australian Superannuation System, March 2024.

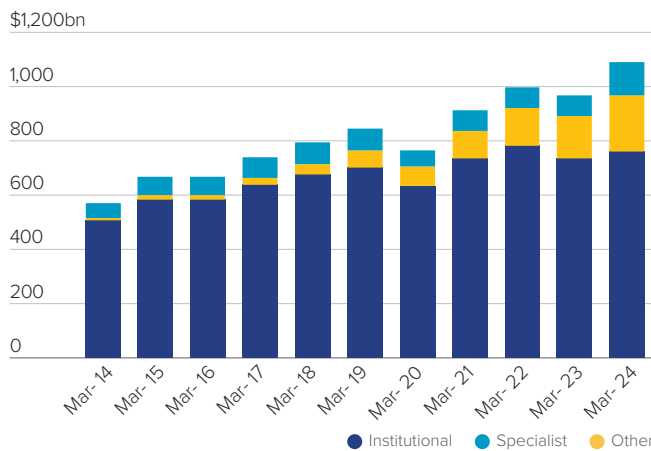
# Background on our Markets

## THE AUSTRALIAN PLATFORM MARKET (CUSTODY ASSETS)

The Australian Platform market had FUA of \$1,095bn as at March 2024 and has grown at a CAGR of 8.2% over the last 10 years.<sup>1</sup> Superannuation assets regulated by the Australian Prudential Regulation Authority (APRA) comprise 34% of the platform market while investment assets comprise 66%.<sup>2</sup> A portion of investment assets held on platform will be sourced from SMSFs which are regulated by the Australian Tax Office (ATO).

The HUB24 Group had custodial FUA of \$84bn as at June 2024. HUB24 platform's market share as at March 2024 was 7.3% which has increased from 1.3% as at March 2019.<sup>3</sup>

### Australian platform industry FUA<sup>3</sup>

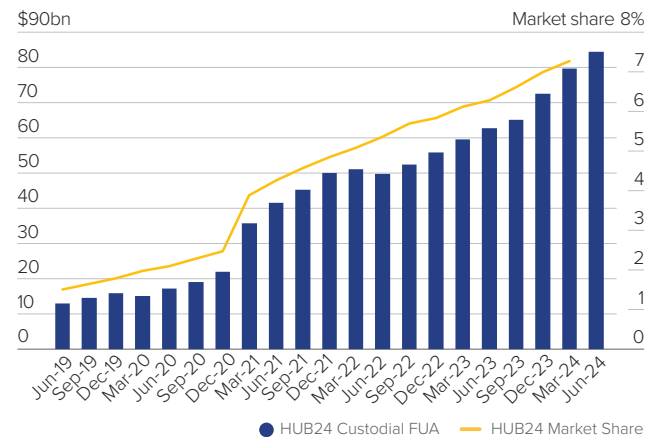


The platform market has seen a transformational shift over the last decade with the rise of specialist platforms, such as HUB24, who have increased their market share from 1% in March 2014 to 19% in March 2024. There has been a corresponding decrease in the market share of the institutionally owned platforms who have seen a decrease in their market share from 89% to 70% over the same period.<sup>5</sup>

In the year to March 2024 specialist platforms attracted net inflows of \$29 billion while the institutionally owned platforms experienced net outflows of \$25 billion.<sup>6</sup>

The shift towards specialist platforms is being driven by product leadership, regulatory reforms and a structural shift in the advice market. Innovative products and tools, especially managed accounts, provide greater choice, improve the client experience and outcomes, and increase adviser productivity. An open architecture approach provides licensees with greater choice, improving adviser productivity and client experience. Regulatory reforms including the introduction of a best interest duties for financial advisers and a ban on conflicted remuneration in 2012 (and cessation of grandfathered conflicted remuneration in 2021) encouraged greater choice of platform and lowered the barriers to switching. There has also been a structural shift of advisers from aligned licensees to independent licensees which provide advisers with greater choice of platform and increased the addressable market of specialist platforms.

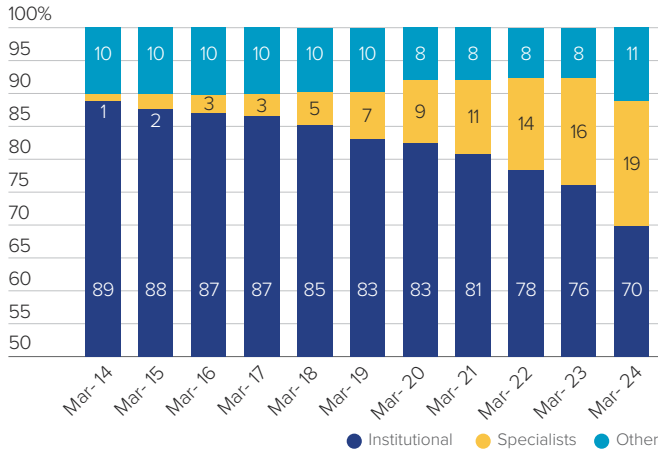
### HUB24 platform FUA and market share<sup>4</sup>



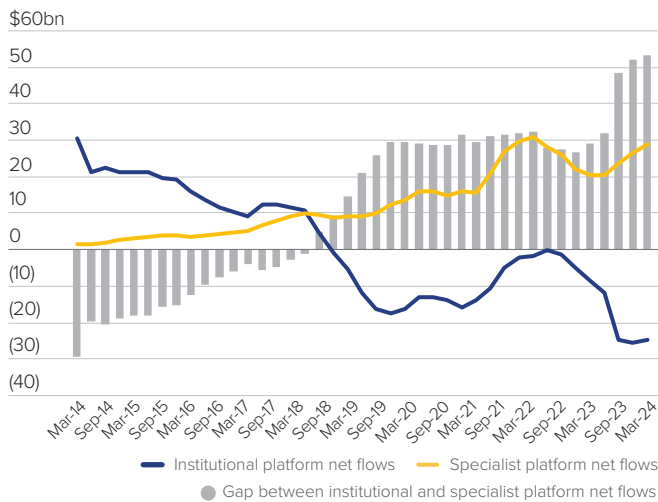
1. Plan for Life data, Administrator View.
2. Plan for Life data, Administrator View. As at March 2024.
3. Plan for Life data, Administrator View. Specialist platforms include HUB24, Centric, DASH, Mason Stevens, Netwealth, OneVue, Powerwrap, Praemium and Xplore Wealth. Institutional platforms include AMP, ANZ Wealth, BT, Colonial First State, Insignia Financial, Macquarie and MLC.
4. Market share based on Plan for Life data, Administrator View.
5. Plan for Life data, Administrator View. Specialist platforms include HUB24, Centric, DASH, Mason Stevens, Netwealth, OneVue, Powerwrap, Praemium and Xplore Wealth. Institutional platforms include AMP, ANZ Wealth, BT, Colonial First State, Insignia Financial, Macquarie and MLC.
6. Plan for Life data, Administrator View. Excludes the \$33.6 billion migration from BT Super to Mercer in the June 2023 quarter. Specialist platforms include HUB24, Centric, DASH, Mason Stevens, Netwealth, OneVue, Powerwrap, Praemium and Xplore Wealth. Institutional platforms include AMP, ANZ Wealth, BT, Colonial First State, Insignia Financial, Macquarie and MLC.

# Background on our Markets

## Australian platform industry FUA composition<sup>1</sup>



## Specialist vs Institutionally owned platform flows (12-month rolling)<sup>2</sup>



With a leading product, strong service and open architecture, the HUB24 platform is attracting significant net inflows. In FY24 the HUB24 platform captured net inflows of \$16 billion which drove strong custodial FUA growth of 35%. In the year to March 2024 the HUB24 platform was ranked #1 for platform net inflows and increased market share by 1.2%, more than any other platform (excluding Mercer’s acquisition of BT Super).<sup>2</sup>

In the 2023 Investment Trends Platform Competitive Analysis and Benchmarking survey, the HUB24 platform was awarded Best Overall Platform. As a recognised market leader of platform services with continued focus on operational robustness, customer service excellence and the delivery of innovative product solutions that enhance outcomes for clients, the HUB24 Group is well positioned to continue to attract significant net inflows.

## Managed accounts

Funds Under Management (FUM) in managed accounts in Australia have grown to \$195 billion as at December 2023, reflecting a five year CAGR of 26%.<sup>3</sup> This strong growth is driven by the increased adoption of managed accounts as advisers recognise the benefits of using them to access professional investment management for their clients.

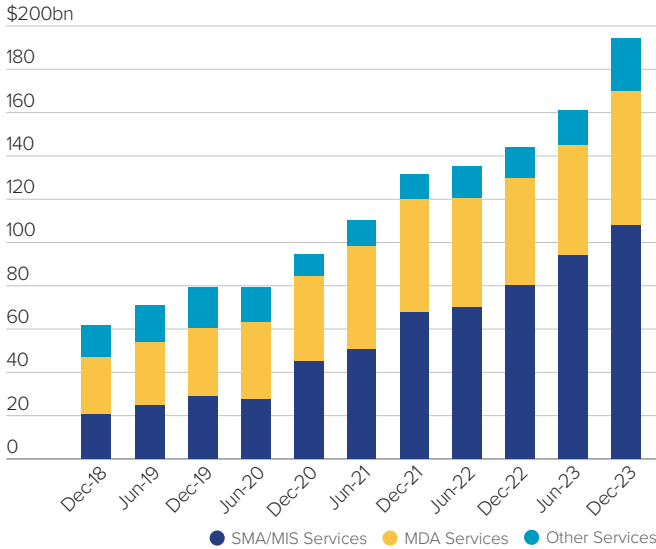
The use of Managed Accounts over the last 5 years has increased with 56% of financial advisers now using them to manage their clients’ investments, up from 35% in 2019.<sup>4</sup> A further 19% of advisers indicated that they intend to use managed accounts in the future.<sup>4</sup> Allocations of new client inflows into managed accounts have also increased to 25% up from 12% in 2019.<sup>4</sup>

The HUB24 Group had managed account FUM as at June 2024 of \$36 billion (including managed portfolios and managed discretionary accounts) which has grown at a five year CAGR of 44%. HUB24 Group’s market share of managed accounts was 17% as at December 2023.<sup>5</sup>

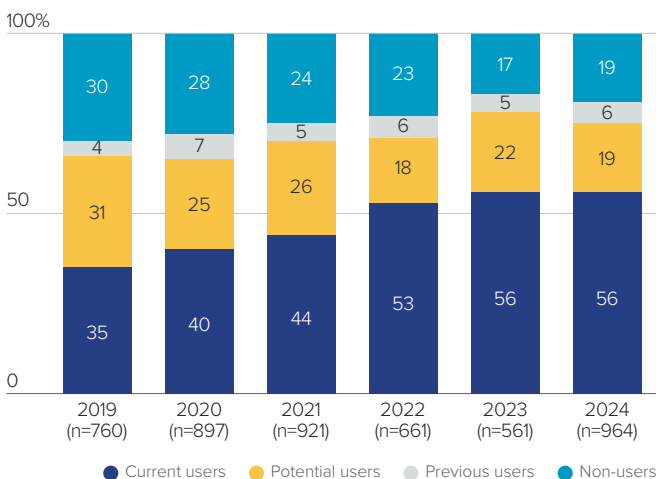
1. Plan for Life data, Administrator View. Specialist platforms include HUB24, Centric, DASH, Mason Stevens, Netwealth, OneVue, Powerwrap, Praemium and Xplore Wealth. Institutional platforms include AMP, ANZ Wealth, BT, Colonial First State, Insignia Financial, Macquarie and MLC.  
 2. Plan for Life data, Administrator View. Excludes the \$33.6 billion migration from BT Super to Mercer in the June 2023 quarter.  
 3. IMAP / Millman Managed Accounts FUM Census, March 2024. Data as at December 2023. Note that the number of participants in the census fluctuates.  
 4. Investment Trends, Managed Accounts Report, March 2024.  
 5. Market share based on IMAP / Millman Managed Accounts FUM Census, March 2024. Data as at December 2023. Note that the number of participants in the census fluctuates.

# Background on our Markets

## Australian industry wide managed account FUM<sup>1</sup>



## Adoption of managed accounts across the advice industry<sup>2</sup>



In the 2023 Investment Trends Platform Competitive Analysis and Benchmarking survey, the HUB24 platform was ranked 1<sup>st</sup> for its Managed Accounts Functionality. As a leading provider of Managed Accounts functionality the HUB24 Group expects to continue to benefit from the growth in popularity of Managed Accounts which should support net inflows onto the platform.

## NON-CUSTODY

HUB24 Group's strategy is to create a 'whole of wealth' view for financial advice professionals and their clients. This includes assets that are held both on- and off-platform. HUB24 Group non-custody capability includes the Portfolio Administration and Reporting Service (PARS) and an in-platform non-custody functionality, particularly suited to the needs of High Net Worths (HNW).

HUB24 Group non-custody capability is in pilot phase and targets to enhance HUB24 Group's whole of wealth offering, creating advocacy and flows for the HUB24 platform.

### Portfolio Administration and Reporting Service (PARS)

HUB24 Group's PARS provides stockbrokers with reporting and administration services on HIN-based equity portfolios that are held off platform. The HUB24 Group estimates the PARS market in Australia was \$181 billion as at June 2024 with 51% of assets administered through an outsourced service and 49% of assets administered inhouse.<sup>3</sup>

As at June 2024, the HUB24 Group's PARS FUA was \$20 billion which represented an estimated 11% market share of the PARS market.

### Other Non-Custody Assets

During FY24 HUB24 Group launched a pilot for non-custodial administration and reporting functionality integrated into HUB24 Invest. The new functionality delivers streamlined administration for directly held client assets and enables a 'whole of wealth' view.

According to the 2024 Investment Trends Adviser Technology Needs Report, 31% of advisers are either providing advice on or administering off-platform or non-custody assets.

This non-custody capability will target customers with more complex needs, especially HNW investors. In Australia there are 635,000 HNW investors (\$3.0 trillion in assets) with around 180,000 of these advised (\$1.1 trillion in assets) and whom on average hold 43% of their assets on platform.<sup>4</sup>

1. IMAP / Millman Managed Accounts FUM Census, March 2024. Data as at December 2023. Note that the number of participants in the census fluctuates.  
 2. Investment Trends, Managed Accounts Report, March 2024.  
 3. Based on internal estimates.  
 4. Investment Trends, 2023 High Net Worth Investor Report. Based on HNW investors who are aware their assets are held on platform.

# Background on our Markets

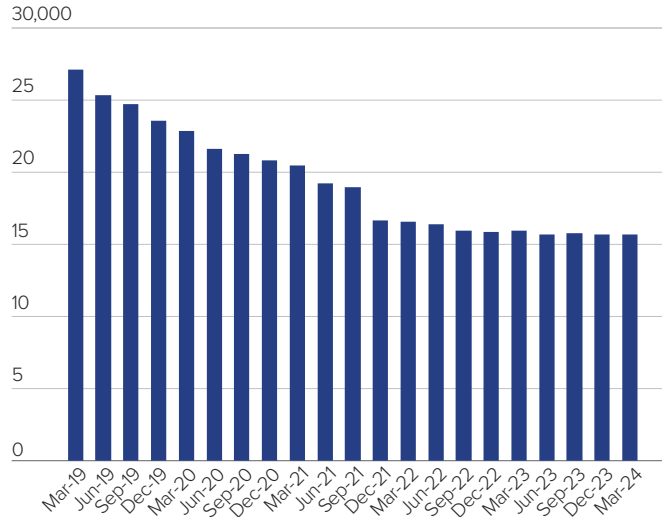
## THE FINANCIAL ADVICE INDUSTRY

HUB24 Group partners with financial advisers and their licensees who provide the HUB24 platform to end consumers and use the platform to invest, administer and report on their clients' assets.

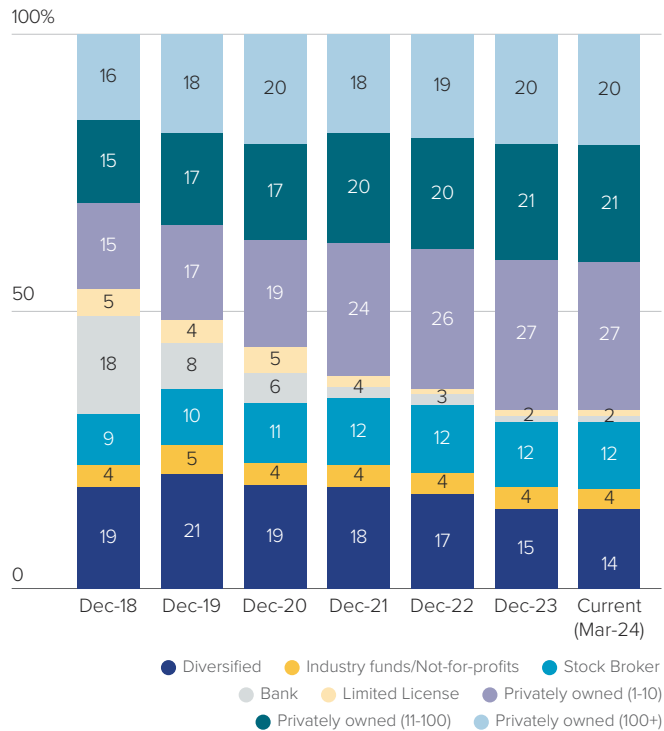
There are around ~15,600 financial advisers registered in Australia as at March 2024.<sup>1</sup> The number of financial advisers has reduced significantly over the last five years in response to adviser education standards, regulatory changes, evolving business models and the break-up of many vertically integrated businesses. More recently the pace of decline in adviser numbers has slowed and a point of stability is approaching.

The financial adviser landscape is dominated by advisers who are part of privately owned businesses. This segment represented 67% of the adviser market as at March 2024 and has increased from 46% of advisers as at December 2018.<sup>2</sup> These independent advice groups are increasingly embracing the use of specialist platforms. The HUB24 platform is also used by and available to advisers who are within stockbrokers (12% of advisers) and diversified advice groups (14% of advisers).

**Total number of advisers within industry<sup>1</sup>**



**Composition of total industry advisers by ownership of licensee<sup>2</sup>**



1. Adviser Ratings data.

2. Adviser Ratings, Adviser Musical Chairs Report, 1Q 2024.

# Background on our Markets

## Demand for financial advice

According to Adviser Ratings, there are currently 2.0 million or 10.4% Australians who receive advice which has increased from 10.0% in 2023.<sup>1</sup> There is also significant demand for advice with 2.3 million or 24% of unadvised Australians thinking of getting advice, which has increased from 22% in 2023.<sup>1</sup>

The maturing superannuation system and intergenerational wealth transfer are key drivers of growing demand for advice, however, reducing adviser numbers across the industry and the high cost of advice mean that Australians continue to have significant unmet advice needs.

Deloitte estimate that 3.6 million Australians will transition from accumulation phase to retirement phase over the next decade.<sup>2</sup> This transition and the years in the lead up to the transition can be a catalyst for superannuants to seek advice as the superannuants objectives change from capital growth during the accumulation phase to income generation and cash flow management during pension phase.

There are also significant amounts of wealth expected to transfer between generations which can create the need for the recipients to seek advice. To illustrate the size of the wealth transfer opportunity, CoreData Research estimates the Baby Boomers hold \$4.9 trillion of wealth which could be transferred across generations.<sup>3</sup>

The cost of advice is relatively high with affordability a significant barrier to Australians seeking advice. According to Adviser Ratings' 2024 Australian Financial Landscape Report, the median advice fee in 2023 was \$3,960, which has increased 58% over the last five years from \$2,510 in 2018.

## Reforming financial advice

In 2022 the Government commenced the Quality of Advice Review (QAR) to consider how the regulatory framework for financial advice could be enhanced so that more Australians are able to access high quality affordable financial advice when they need it and in the form they want it.

Responses from the Government in 2023 outlined plans to implement a modernised and flexible best interests duty, establish a new category of advice to increase availability and affordability of simple personal advice, replace Statements of Advice with a more fitting principles-based advice record and simplify the ongoing fee renewal process. There are several tranches of legislation which are in various stages of development, drafting and implementation.

The reforms will likely reduce the cost and time to provide advice, increasing the capacity of advisers and number of Australians receiving advice.

## HUB24 is building solutions with the financial advice industry

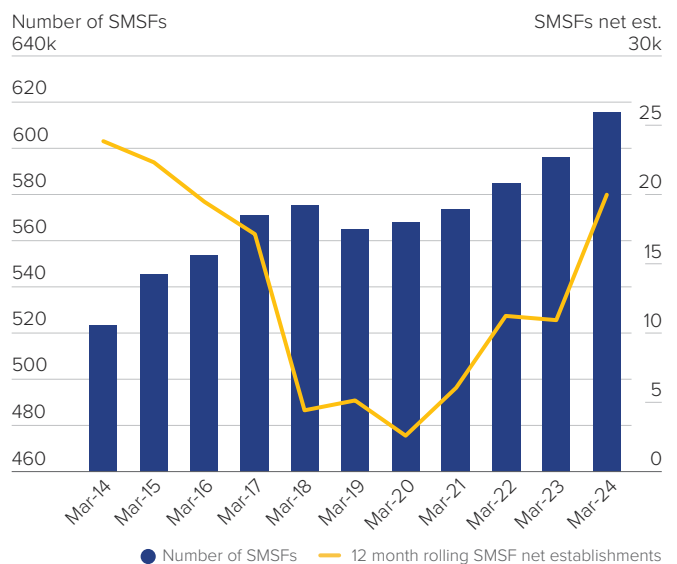
The HUB24 Group believes in the value of advice and is collaborating with advisers and licensees to develop innovative platform, data and technology solutions to reduce the cost of advice and make it accessible to more Australians. We are developing an array of solutions and services aimed at optimising the productivity of financial professionals and empowering them to expand their client base. This in turn increases HUB24 Group's contestable market and creates a mutually beneficial relationship.

## THE SELF MANAGED SUPER FUND (SMSF) MARKET

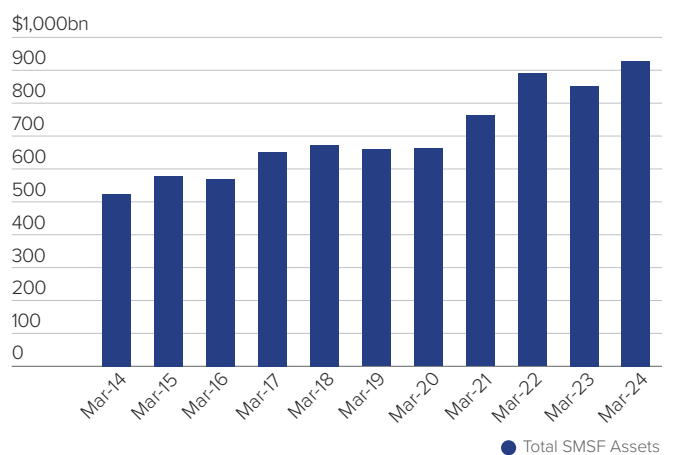
SMSFs are private super funds run for the benefit of a small group of members who retain full control over their investments.

As at March 2024 the SMSF market had ~616,000 funds, 1.1 million members and \$933 billion of assets representing 25% of all superannuation assets.<sup>4</sup> The number of SMSFs has grown at a 10-year CAGR of 3.3% while the total assets in SMSFs have grown at a CAGR of 12.1% over the same period.

### Number of SMSFs and SMSF net establishments<sup>5</sup>



### SMSF total assets<sup>5</sup>



1. Adviser Ratings: Australian Financial Advice Landscape 2024.  
 2. Deloitte, Dynamics of the Australian Superannuation System, March 2024.  
 3. JBWere, The growth of Women and Wealth, March 2024.  
 4. ATO data on SMSFs, APRA Quarterly Superannuation Statistics.  
 5. ATO data on SMSFs.



# Background on our Markets

## Platform usage amongst SMSFs

While many SMSFs are independently run, Investment Trends 2024 SMSF Adviser & Accountant Report shows that 23% of SMSFs use an adviser and that 79% of advisers are now advising on SMSFs, (up from 69% in 2019).

When advised, a portion of the SMSF assets may be invested and administered through a platform, although the assets will be reported as non-super or investment assets. Research by Investment Trends reports that SMSF advisers invest 57% of SMSF inflows via a platform. The continued growth in the SMSF industry will be supportive of net inflows onto the HUB24 platform.

HUB24 Group is working with advisers and accountants to introduce innovative new products targeting to grow the SMSF industry. SMSF Access was launched in FY23 and provides access to a more cost effective SMSF solution, leveraging the combined capability of the HUB24 platform and Class's SMSF software.

## The SMSF software market

Unlike most super funds which are regulated by the Australian Prudential Regulation Authority (APRA), SMSFs are regulated by the Australian Tax Office (ATO). Each year SMSFs must lodge their annual return with the ATO, which is typically completed by the SMSF's accountant. This means that most SMSFs have a relationship with an accountant, while not all SMSFs have a relationship with a financial adviser.

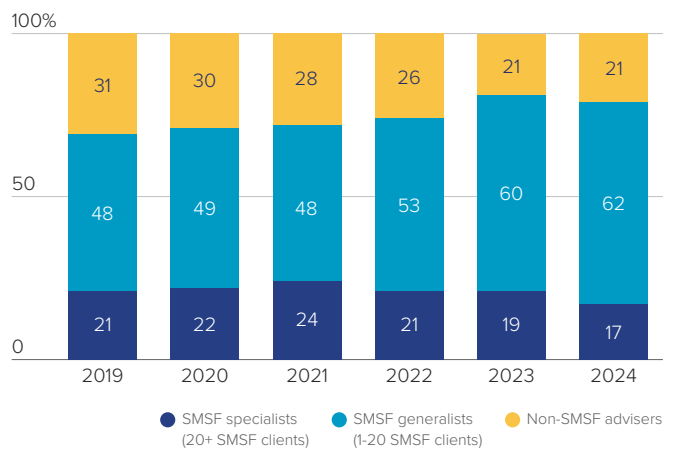
The HUB24 Group estimates that around 86% or ~532,000 SMSFs use external SMSF administration software to assist administer and lodge returns while 14% or ~84,000 SMSFs are self administered.

Class is a dominant player within the SMSF administration software market with ~190,000 SMSFs administered using Class Super as at June 2024, which has grown at a CAGR of 2% over the last five years.

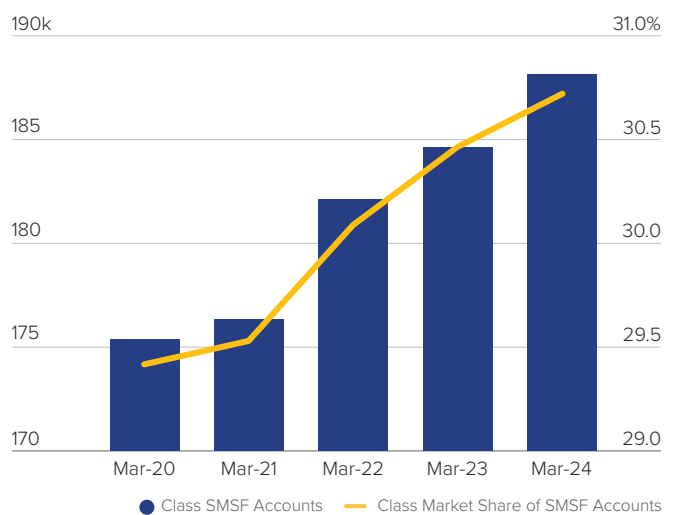
Class is the second largest provider of SMSF software, with 30.7% of all SMSFs administered on Class's SMSF software as at March 2024, which has increased from 28.3% five years ago. Over the 12 months to March 2024 the number of SMSFs administrated on Class software grew 1.5x system growth<sup>1</sup>.

Class is a market- leading software solution, recently being awarded the SMSF Software provider of the year at the 2023 SMSF Adviser Awards, and is well positioned to continue to enable financial professionals to provide superior service to their clients and grow market share.

## Portion of advisers using SMSFs<sup>2</sup>



## Class SMSFs accounts and market share



1. Based on ATO SMSF statistics. System growth calculated using first reported SMSFs.  
 2. Investment Trends 2024 SMSF Adviser & Accountant Report.

# Background on our Markets

## THE CORPORATE COMPLIANCE MARKET

NowInfinity is a leading cloud-based entity management and corporate compliance solution. NowInfinity's flagship product, Corporate Messenger, provides accountants with a platform to administer ASIC registered companies and establish entities, trusts and SMSFs.

There were 3.4 million ASIC registered companies as at June 2024 which has grown at a five year CAGR of 4.6%.<sup>1</sup> Approximately 57% of ASIC registered companies are administered using an external software provider, such as NowInfinity, while the remaining half are administered manually through the ASIC portal.<sup>2</sup>

NowInfinity administered ~793,000 companies on Corporate Messenger as at June 2024 which represented a market share of 23% of all companies registered with ASIC, increasing from 20% market share at June 2023.

In the Investment Trends 2024 SMSF Adviser & Accountant Report, it was recognised as the most used legal document provider for SMSF related legal compliance.

## CLIENT PORTALS

Client portals are transforming client engagement by delivering a holistic view of household wealth, providing secure digital engagement, and facilitating collaboration between clients and the financial professionals they have a relationship with. Furthermore they are fast becoming critical in business operating models with functionality to exchange data, documents, e-signatures, and support the client onboarding and review process.<sup>3</sup>

The importance of data security and protection of sensitive client information is accelerating the use of secure online client portals by financial advisers and accountants. Cyber security is a growing issue with 62% of small to medium businesses having experienced a cyber incident<sup>4</sup> and is an increased focus for financial professionals ranking it as one of their biggest concerns.<sup>5</sup>

myprosperity is a leading provider of client portals and the only provider offering a solution across financial advice and accounting services. HUB24 and Class have been collaborating with myprosperity to further extend integration capabilities towards a single client portal for the entire HUB24 Group portfolio of products and services. This is expected to extend HUB24 Group's market-leadership position and deliver both increased customer advocacy and new opportunities to further grow market share across the HUB24 Group.

## TECHNOLOGY, DATA AND REPORTING SOLUTIONS

Access to quality data has become critical for clients, wealth professionals and licensees. Consumers are looking for innovative solutions that provide an integrated view of their wealth, with advisers stating it was the fourth most valued feature for client portals (behind performance reporting, mobile app and multi-factor authentication).<sup>6</sup> Advisers and licensees are also looking to leverage technology and data to improve productivity and streamline compliance reporting.

HUB24 Present is HUB24 platform's market leading digital reporting feature that enables advisers to efficiently deliver and customise client presentations in real-time. Advisers using the HUB24 Present feature have advised it has allowed them to reduce report preparation time by 95% on average for client meetings.<sup>7</sup>

Access to Class's enriched data aggregation services from more than 200 data integrations, together with NowInfinity's corporate and entity data, provides a step change to HUB24's wealth reporting ambitions. HUB24 Group is leveraging the data infrastructure and capabilities of Class to accelerate the depth and breadth of our "whole of wealth" offer and increase productivity of wealth professionals by reducing friction in their processes.

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

1. ASIC company registration statistics.

2. ASIC EDGE data, ASIC company registration statistics. As at December 2023.

3. Adviser Ratings, 2022 Financial Advice Landscape Report.

4. Australian Cyber Security Centre Small Business Survey 2020.

5. Finura 2023 Wealth Tech Predictions.

6. Investment Trends 2024 Advisor Technology Needs Report.

7. HUB24 analysis, June 2023.

# Glossary

<b>Active Advisers</b>	Number of registered advisers with a FUA balance on the HUB24 Platform
<b>ARPU</b>	Average Revenue Per Unit
<b>Cost to income ratio (%)</b>	Total operating expenses divided by total revenue
<b>EBITDA</b>	Earnings before interest, tax, depreciation, amortisation
<b>Funds under administration (FUA)</b>	The value of customer portfolios invested onto the Platform
<b>Net tangible assets per basic share</b>	Total Assets less Total Liabilities adjusted for Intangible Assets, divided by the number of outstanding ordinary paid shares
<b>Notable Items</b>	Includes administrative and resourcing costs related to strategic transactions and project costs, and Amortisation relating to the acquisition of Xplore, Class and Ord Minnett
<b>ORFR</b>	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
<b>PARS FUA</b>	Portfolio And Reporting Services – refers to the non-custodial portfolio
<b>Platform FUA</b>	Refers to the custodial portfolio
<b>PPA</b>	The purchase price accounting for the Xplore, Class and myprosperity acquisitions
<b>PPU</b>	Pay Per Unit
<b>Revenue margin (BPS)</b>	Custodial revenue divided by average custodial FUA
<b>SMSF</b>	Self-managed super fund
<b>STI/LTI</b>	Short term incentive/Long term incentive
<b>Underlying EBITDA</b>	Refers to EBITDA excluding notable items
<b>Underlying EBITDA margin from continuing operations (%)</b>	Underlying EBITDA divided by total revenue

# Corporate Information

## HUB24 LIMITED

ACN 124 891 685

## PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 2, 7 Macquarie Place  
Sydney NSW 2000 Australia

## DIRECTORS

Mr Paul Rogan (Chair and Independent Non-Executive Director)  
Mr Andrew Alcock (Managing Director)  
Mr Anthony McDonald (Independent Non-Executive Director)  
Ms Catherine Kovacs (Independent Non-Executive Director)  
Ms Rachel Grimes AM (Independent Non-Executive Director)  
Ms Michelle Tredenick (Independent Non-Executive Director) appointed 11 June 2024  
Mr Bruce Higgins (Chair and Independent Non-Executive Director retired on 16 November 2023)

## COMPANY SECRETARIES

Ms Kitrina Shanahan  
Mr Andrew Brown

## AUDITOR

### Deloitte Touche Tohmatsu

Quay Quarter Tower, 50 Bridge St,  
Sydney NSW 2000

## SHARE REGISTRY

### Link Market Services Limited

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Sydney South NSW 1235 Australia

Telephone: +61 1300 554 474

Outside Australia: +61 2 8767 1000

Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

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

## ELECTRONIC COMMUNICATIONS

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

These reports are available on our website at [www.HUB24.com.au](http://www.HUB24.com.au).

To register for electronic investor communications, please go to  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) and register for online services.

## WEBSITE

[hub24.com.au](http://hub24.com.au)

## LINKEDIN

<https://www.linkedin.com/company/hub-24/>

**HUB**<sup>24</sup>