



122

**ANALYST AND  
INVESTOR PACK**

for the half-year ended  
31 December 2021

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



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# 1. FINANCIAL HIGHLIGHTS 1HFY22

TOTAL GROUP  
INCOME

**\$81.6m**

↑ 72%

GROUP  
UNDERLYING EBITDA<sup>1</sup>

**\$29.7m**

↑ 80%

GROUP  
UNDERLYING NPAT<sup>2</sup>

**\$14.2m**

↑ 103%

GROUP COST TO  
INCOME RATIO

**63.6%**

1HFY21: 64.5%

FULLY FRANKED INTERIM DIVIDEND

**7.5 cents per share**

1HFY21 DIVIDEND: 4.5 CENTS PER SHARE  
↑ 67%

DILUTED EARNINGS PER SHARE

**11.86 cents**

↑ 27%

PLATFORM NETFLOWS **\$6.7b** ↑ 116%<sup>3</sup>

PLATFORM FUA OF **\$50.0b** ↑ 128%<sup>3</sup>

PARS FUA OF **\$18.3b** ↑ 97%<sup>4</sup>

NUMBER OF ADVISORS

**3,402**

↑ 49%

NUMBER OF PARS ACCOUNTS

**8,020**

↑ 33%

PLATFORM SEGMENT REVENUE

**\$77.3m**

↑ 76%

All percentage changes shown above are relative to 1HFY21.

<sup>1</sup> Group Underlying EBITDA from continuing operations up 76% to \$29.7 million (1HFY21: \$16.9 million). Refer to Note 2.1 for more information.

<sup>2</sup> Refer to Directors Report for more information on Group Underlying NPAT.

<sup>3</sup> Custodial FUA Administration Services.

<sup>4</sup> Non-custodial FUA as Portfolio Administration and Reporting Services (PARS).

## 2. MARKET OVERVIEW AND OUTLOOK

### ABOUT HUB24

HUB24 Limited (HUB24, the Group or the Company) is a financial services company that was established in 2007 and is a leading wealth management provider of superannuation and investment platforms, technology and data solutions to the Australian market.

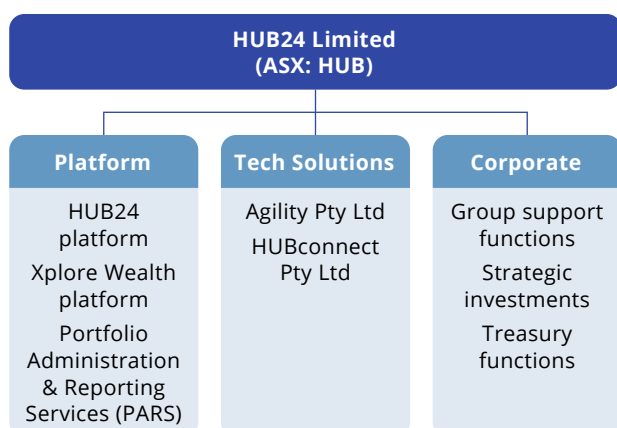
Initial HUB24 products were launched to market from 2010 growing to \$1 billion in Funds Under Administration (FUA) in 2014. Since that time, the business has grown to over \$68.3 billion in FUA (as at 31 December 2021) and employs 460 people on a full-time equivalent (FTE) basis.

HUB24's head office is based in Sydney and HUB24 provides its products and services across all Australian states and territories.

HUB24 is listed on the Australian Securities Exchange (ASX) under the code 'HUB' with a market capitalisation of approximately \$1.90 billion as at 18 February 2022.

### OPERATING SEGMENTS AND PRINCIPAL ACTIVITIES

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



#### PLATFORM

The Platform segment comprises the HUB24 investment and superannuation platform (HUB24 Platform), the

Xplore Wealth investment and superannuation platform (Xplore Wealth platform), and its Portfolio Administration & Reporting Services (PARS).

The HUB24 and Xplore Wealth platforms are used by financial professionals to efficiently administer their clients' investments held through a superannuation and investment product under custodial arrangements. In addition, HUB24 also offers PARS, a non-custody portfolio service which provides administration, corporate action management and tax reporting services for financial professionals and their clients.

The HUB24 platform offers broad product choice and a market-leading experience for financial professionals and their clients. The HUB24 platform offers broad product choice and a market-leading experience for financial professionals and their clients. In the most recent Investment Trends Platform Competitive Analysis and Benchmarking Report, HUB24 was awarded the Best Platform Managed Accounts functionality for the 6th consecutive year and was ranked 2nd place for Best Platform Overall. Additionally, HUB24 was ranked 1st for Product Offering and top 2 in 5 out of 6 functional categories. It serves a growing number of respected and high-profile financial services companies and their clients.

The Xplore Wealth platform, acquired by HUB24 in March 2021, consolidates HUB24's leadership position as a Specialist Platform Provider (SPP) and brings complementary capabilities including managed accounts, superannuation services and PARS capability. Xplore's products and services are used by financial advisers, boutique financial advice businesses, stockbrokers and institutional clients to look after their clients' investment needs.

In November 2020, HUB24 acquired the servicing rights to Ord Minnett Pty Limited's PARS. This acquisition included software, related intellectual property and the transition of an experienced team of 12 FTE.

The PARS capability acquired via the Xplore Wealth and Ord Minnett transactions facilitated HUB24 now being a leader in the non-custodial asset administration segment.

## TECH SOLUTIONS

The Tech Solutions segment provides technology and data services through HUBconnect Pty Ltd (HUBconnect) and Agility Applications Pty Ltd (Agility).

Tech Solutions provides technology and data services to the wealth industry, bringing innovative solutions to support licensees, advisers and stockbrokers to deliver services to their clients. The business benefits from Agility's years of experience of managing data for a large installed customer base of stockbrokers.

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

## HUB24'S VISION AND STRATEGY

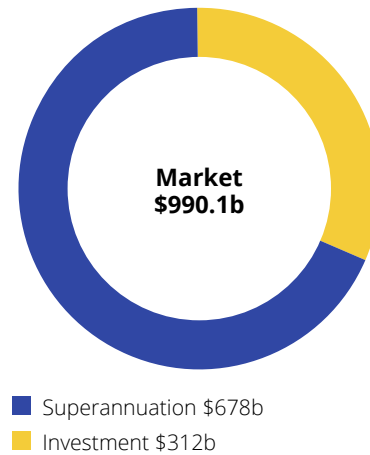
HUB24's vision is to lead the wealth industry as the best provider of integrated platform, technology and data solutions.

HUB24 is focused on three strategic priorities:

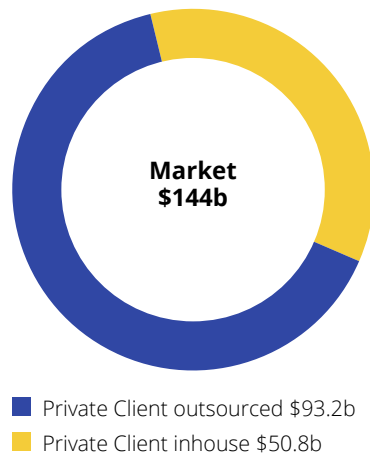
Deliver customer value & growth	Continue to build the Platform of the future	Collaborate to shape the future of the wealth industry
Continue to develop our platform proposition to meet evolving customer needs, extend our market-leadership and grow market share	Deliver new innovative solutions and an integrated customer experience across platform services and PARS	Leverage our technology & data expertise, collaborate with industry participants & build solutions that enable the evolution of our industry

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

## Australian Investment Platform Market<sup>1</sup> HUB24 has 4.6% market share



## Private Client PARS Market<sup>2</sup> HUB24 has 12% market share (as at July 2021)



The Australian Investment Platform market has funds under administration of \$990.1 billion at 30 September 2021 and has grown at a CAGR of 9.6% since September 2011<sup>1</sup>. With the acquisition of Xplore Wealth and our strong organic growth HUB24's market share is currently 4.6% (as at 30 September 2021)<sup>1</sup>.

HUB24 estimates the private client PARS market in Australia to be worth \$144 billion. The acquisition of Ord Minnett's PARS and Xplore's PARS business during FY21 facilitated HUB24's entry into this growing segment with an estimated 12% market share (as at July 2021).<sup>3</sup>

<sup>1</sup> Strategic Insights Analysis of Wrap, Platform and Master Trust Managed Funds as at September 2021.

<sup>2</sup> HUB24 estimates the Private Client PARS market to be \$144 billion based on readily identifiable participants. HUB24 Internal analysis – July 2021.

<sup>3</sup> HUB24 estimates the Private Client PARS market to be \$144 billion based on readily identifiable participants. HUB24 Internal analysis – July 2021.

## KEY MARKET TRENDS

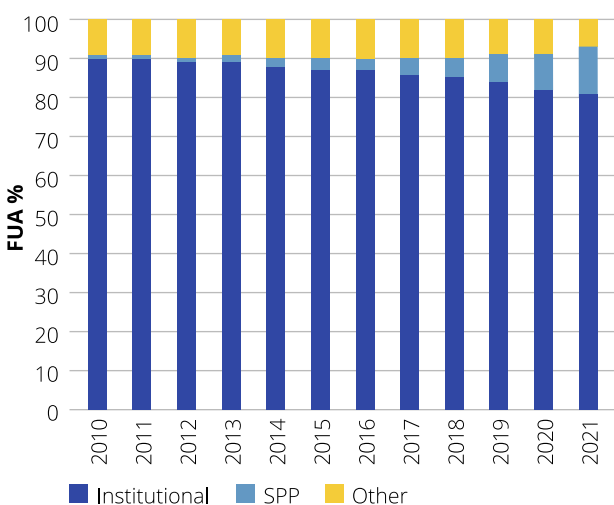
### DISRUPTION CONTINUES IN THE PLATFORM MARKET

The investment platform market is comprised of platforms operated by large financial institutions and challenger platforms known as Specialist Platform Providers (SPPs) such as HUB24.

Large financial institutions have traditionally dominated the Australian Investment Platform market. Over recent years, however, they have been losing market share to SPPs. Their market share was 80% as at 30 September 2021 but has been declining steadily since March 2014, experiencing net outflows of over \$4.83 billion in the past year alone.<sup>4</sup>

In the last 12 months, the shift towards SPPs continued as large financial institutions either partially or completely divested their wealth management divisions or re-evaluated their wealth management strategy.

### Total Australian investment platform market participants (September 2021)<sup>6</sup>



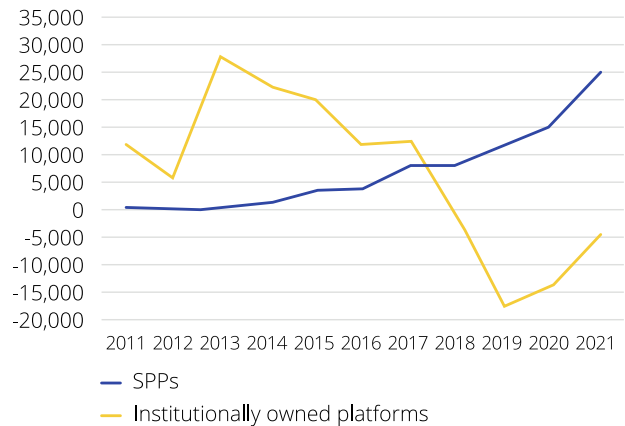
SPPs represent 12.6% of the Australian Investment Platform market (as at 30 September 2021) and have grown at a CAGR of 45.9% over the last 10 years. SPPs accounted for over \$25 billion of annual net inflows.<sup>4</sup>

A key driver of the success of SPPs has been providing advisers and their clients with choice and innovative product solutions, in particular Managed Accounts. Managed Accounts now represent more

<sup>4</sup> Strategic Insights Analysis of Wrap, Platform and Master Trust Managed Funds as at September 2021.

than \$111 billion in Funds Under Management in Australia.<sup>5</sup>

### Institutionally owned v SPP platform annual netflows \$m<sup>6</sup>



HUB24, who has built a strong base of support based on operational robustness, customer service excellence and innovative product solutions, is well placed in this environment to continue to grow market share. HUB24's market share growing to 4.6% from 2.3% in the last 12 months demonstrates the significant growth potential.<sup>7</sup>

### INCREASING DEMAND FOR FINANCIAL ADVICE

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

### Advice Industry Composition<sup>8</sup>

The new dominant advice segment in the wealth industry is advisers who are part of either a privately owned licensee or who are self licensed. This segment represents 77.8% of the adviser market. These groups are increasingly embracing the use of independent SPPs.

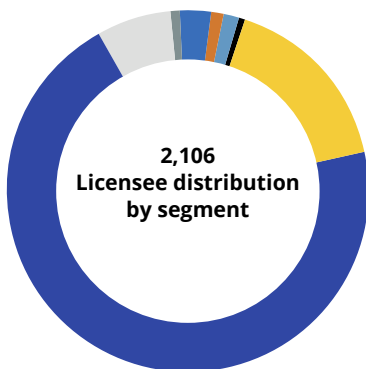
<sup>5</sup> IMAP/Milliman Managed Accounts FUM Census June 2021.

<sup>6</sup> HUB24 internal analysis of Strategic Insights Analysis of Wrap, Platform and Master Trust Managed Funds as at September 2021.

<sup>7</sup> Strategic Insights Analysis of Wrap, Platform and Master Trust Managed Funds, September 2021 and September 2020.

<sup>8</sup> Industry overview Q2 FY22 (by number of advice licensees). Source: Adviser Ratings, ARdata

## INCREASING DEMAND FOR FINANCIAL ADVICE (CONTINUED)

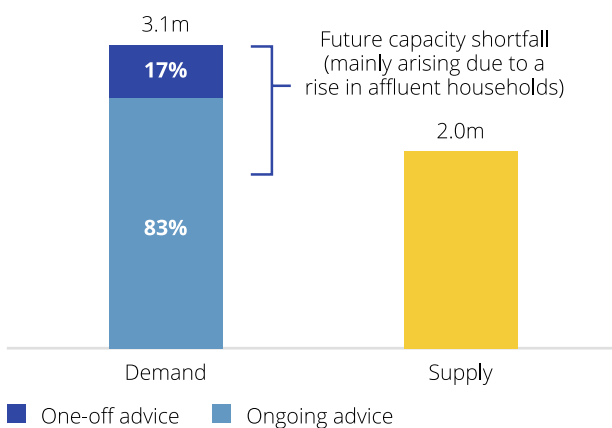


Diversified	61	(2.9%)
Industry superfund/not for profit	21	(1.0%)
Stockbroker	30	(1.4%)
Bank	8	(0.4%)
Limited licensee	347	(16.5%)
Privately owned (1-10 advisers)	1,484	(70.5%)
Privately owned (11-100 advisers)	140	(6.6%)
Privately owned (100+ advisers)	15	(0.7%)

HUB24 has built strong relationships in the privately-owned licensee sector by collaborating with licensees to develop solutions that deliver efficiency for their advisers and create value for their clients. HUB24 has grown the number of advisers using its platforms to 3,402 at 31 December 2021 from 737 at 31 December 2016.<sup>9</sup>

The demand for financial advice continues to increase and is expected to exceed the capacity of the projected adviser force. Whilst demand is increasing so is the cost of delivering financial advice with the median advice fee per client rising to \$3,256, making it inaccessible for many.<sup>10</sup>

### Projected Supply and Demand for Advice (# households, 2025P)<sup>11</sup>



<sup>9</sup> HUB24 internal analysis.

<sup>10</sup> Adviser Ratings Financial Advice Landscape Report April 2021.

<sup>11</sup> NMG Australian Advice Model 2020.

HUB24 is well-placed to deliver innovative product solutions that leverage technology to provide efficiencies to licensees and advisers to help reduce the cost of advice delivery and make financial advice accessible for more Australians.

Additionally, retirement products are increasingly complex, and clients need access to professional financial advice to guide them through their retirement. By 2034 it is expected that retirement assets will make up 30% of all superannuation assets in Australia.<sup>12</sup> HUB24, through collaboration with other industry participants, is well positioned to leverage its product development expertise to deliver retirement solutions and empower advisers to help their clients reach their retirement objectives.

## GROWTH OF MANAGED ACCOUNTS

The use of Managed Accounts accelerated in FY21 with 44% of financial advisers now using them to manage their clients' investments. Allocations of new client inflows into managed accounts have increased from an average of 12% to 17% in the last 12 months.<sup>13</sup>

Funds Under Management in Managed Accounts in Australia has grown to more than \$111 billion as advisers increasingly recognise the benefits of using them to access professional investment management for their clients.<sup>14</sup> HUB24 estimates that it has 19% market share of this segment at June 2021.

As Australia's leading provider of Managed Accounts functionality for the 5th year running,<sup>15</sup> HUB24 expects to continue to benefit from the growth in popularity of Managed Accounts. During FY21 HUB24 launched the Managed Portfolio Academy to educate advisers on the benefits of Managed Portfolios to solidify its leadership position.

<sup>12</sup> Rice Warner Superannuation Market Projects Report 2019, sum of flows June 2020 to June 2035 (in 2019 dollars).

<sup>13</sup> Investment Trends February 2021 Managed Accounts Report.

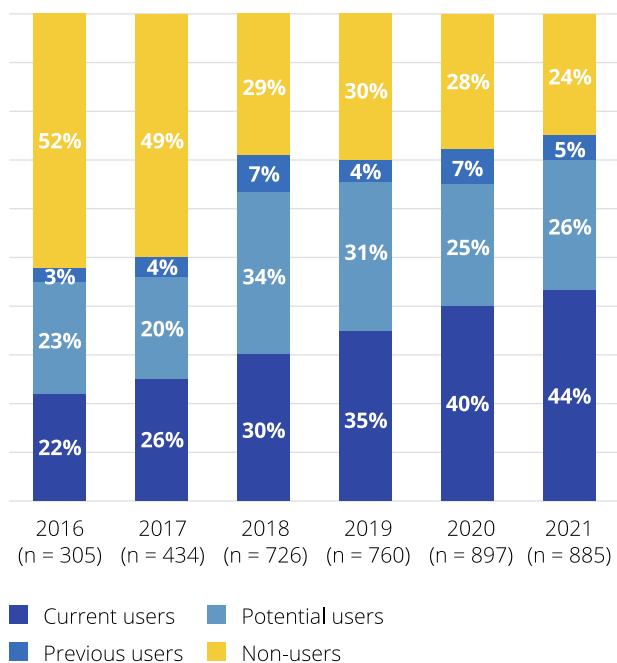
<sup>14</sup> IMAP/Milliman Managed Accounts FUM Census June 2021.

<sup>15</sup> Best Platform Managed Accounts Functionality for the 5th year running by Investment Trends in the 2020 Platform Competitive Analysis and Benchmarking Report.



## GROWTH OF MANAGED ACCOUNTS (CONTINUED)

### Managed account adoption continues to accelerate<sup>16</sup>



## DEMAND FOR PORTFOLIO REPORTING SOLUTIONS

There is growing demand from licensees and advisers for integrated solutions that facilitate seamless transacting and reporting between custody and non-custody assets to provide a single view of wealth for their clients.<sup>17</sup>

The acquisition of Ord Minnett's and Xplore Wealth's PARS business during FY21 facilitated HUB24's entry into this growing segment, with an estimated 12% market share to be a leader in this market segment.

HUB24 anticipates that the size of the opportunity will grow as stockbroking firms look to outsource non-custodial services rather than operate them inhouse as high net-worth and private clients increasingly look to use these services. HUB24 will continue to invest and develop its PARS capabilities to meet the growing demand.

## TECHNOLOGY AND DATA SOLUTIONS KEY TO FUTURE OF ADVICE

A significant challenge for licensees is the cost of compliance and the complexities associated with delivering the core functions of running an Australian Financial Services license, such as governance, revenue

processing, and monitoring fee disclosure statements and ongoing fee consents. Advisers also cite the compliance burden as one of their biggest challenges.

HUB24 collaborates with licensees to develop solutions that leverage the HUBconnect data and technology expertise to solve key challenges in the delivery of advice and assist in reducing the cost of advice delivery.

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

Consumers are looking for innovative solutions that provide an integrated view of their wealth, with advisers stating it was the second most valued feature for client portals after performance reporting.<sup>18</sup> HUB24 continues to leverage its HUBconnect infrastructure to extend its 'single view of wealth' capabilities to advisers and their clients.

## STRATEGIC TRANSACTIONS IN 1HFY22

Subsequent to 31 December 2021, the acquisition of Class Limited (Class) by way of a scheme of arrangement was completed on 16 February 2022.

Class are industry leaders in developing and distributing cloud-based accounting, investment reporting, document and corporate compliance and administration software, including their market leading Class Super accounting software for Self Managed Super Funds (SMSF).

The acquisition is expected to accelerate HUB24's platform of the future strategy, consolidating the Group's position as a leading provider of integrated platforms, technology and data solutions for financial professionals and their clients, and enhance the Group's purpose of empowering better financial futures together.

A joint project team has been established to develop a product strategy and roadmap that leverages joint business opportunities and collaborate on solutions to simplify the implementation of strategic, tax and investment advice.

Class will continue to operate as a distinct business unit within the HUB24 Group.

The combined pro forma 1HFY22 UEBITDA of the Group is \$40.4 million (based on unaudited \$10.7 million of 1HFY22 Class EBITDA).

<sup>16</sup> Investment Trends Managed Accounts Report February 2021.

<sup>17</sup> HUB24 internal analysis.

<sup>18</sup> Investment Trends Adviser Needs Report 2021.

## FINANCIAL IMPACTS OF THE STRATEGIC TRANSACTIONS

- The purchase price accounting (PPA) for the Xplore portfolio was completed within 1HFY22 with the \$58.4 million consideration paid representing the fair value of the separately identifiable assets and liabilities of the transaction. Refer to the HUB24 Interim Report for the half year ended 31 December 2021 for further details.
- Total implementation costs, including the Class acquisition, to be incurred between FY22 and FY24 are forecast to be \$12–14 million, with annual synergies expected to be approximately \$12 million by FY24 onwards.

\$m	FY21 Actuals	1HFY22 Actuals	FY22 Expected	FY23 Expected	FY24 Onwards	Total
<b>Xplore and Ord Minnett Acquisitions</b>						
<b>Expected Implementation Costs and Synergies</b>						
Implementation Costs <sup>1</sup>	(4)	(2)	(5–6)	(1–2)		(10–12)
Expected Synergies	1	1	2–4	6–10	10	n/a
Earnings Per Share Growth			13%			
<b>Class Ltd Acquisition</b>						
<b>Expected Transaction Costs and Synergies</b>						
Transaction and Due Diligence Costs <sup>1,2</sup>			(12–13)			(12–13)
Implementation Costs <sup>1</sup>			(2–3)	(3–4)		(6)
Expected Synergies				2	2	n/a
<b>Consideration and Funding Sources</b>						
Shares Issued \$m <sup>3</sup>			268			268
Cash \$m <sup>4</sup>			16			16
Earnings Per Share Growth <sup>5</sup>				8%		

1 Recognised through strategic transaction costs below underlying NPAT.

2 Transaction costs are higher than previously disclosed by HUB24 and now include transaction costs from Class. Transaction cost aligns to the scheme booklet logged with ASIC, available on the ASX website.

3 Scrip consideration of 1 HUB24 share for every 11 Class Shares on issue (11.4 million shares issued).

4 Cash consideration, \$0.125 per share for Class shares.

5 Includes full year contribution, realisation of synergies and excludes one-off implementation and non-recurring costs. Integration expected to be completed June 2023.

## CAPITAL MANAGEMENT

During the period, the Group purchased \$5 million of treasury shares on market to service the Group's Employee Share Plans.

The Class acquisition completed 16 February 2022 and was funded through a combination of HUB24 shares (\$268 million) and cash (\$16 million). This will be reflected in the 2HFY22 results.

## HUB24'S INDUSTRY RECOGNITION AND OUTLOOK

### INDUSTRY RECOGNITION

HUB24 continues to be recognised for innovative product solutions that deliver choice, value and efficiency for advisers and their clients, in the most recent Investment Trends Platform Competitive Analysis and Benchmarking

report HUB24 was awarded Best Platform Managed Accounts functionality for the 6th consecutive year and was ranked 2nd place for Best Platform Overall. Additionally, HUB24 was ranked 1st for Product Offering and top 2 in 5 out of 6 functional categories.

Financial advisers have rated HUB24's platform first for Overall Satisfaction in the 2021<sup>19</sup>, recognising HUB24's customer service excellence and innovative product solutions. Completed by more than 600 financial advisers, HUB24 ranked highly across all categories, taking out 1st place in 5 of the 9 survey categories including platform offering, administrative support, ease of doing business, communications and reporting, and IT and Web functionality.

<sup>19</sup> Wealth Insights Platform Service Level Report.

## INDUSTRY RECOGNITION (CONTINUED)



HUB24 ranked #1 by advisers for **Overall Satisfaction** in the Wealth Insights Platform Service Level Report 2021

## IMPACT OF COVID-19 PANDEMIC

The COVID-19 pandemic continues to impact our customers and team as well as the broader community. Throughout this challenging period, HUB24 has continued to deliver seamless operational and customer support, whilst ensuring the well-being of our team and continuing to deliver record growth. Having effectively and quickly mobilised all team members to work remotely in 2020, we were able to once again mobilise quickly when offices closed around the country during the current outbreak.

We continue to offer flexible working arrangement for all employees, which is highly valued and has contributed to overall employee satisfaction and well-being.

We continued to support our people in dealing successfully with the impact of the ongoing COVID pandemic, expanding our wellbeing initiatives and flexibility, and upskilling people leaders to provide effective support on an individualised basis.

Considering the frequent disruption throughout the half, we are proud of our success in balancing employee welfare whilst delivering record growth.

## CONCLUSION

In 1HFY22 HUB24 delivered strong financial results and record levels of platform net inflows and FUA growth and initiated the acquisition of Class a leader in the SMSF platform market.

These record interim results have been delivered during an ever changing global pandemic and are underpinned by the long-standing investment in our technology, the strength of our client offerings and a strong team of people who are focused on delivering better outcomes for clients and shareholders.

This solid growth is expected to continue.

## OUTLOOK

Moving forward we expect ongoing strong net inflows to the Platform and are **targeting a FUA range of \$83-\$92 billion by 30 June 2024.**

The above outlook is subject to the following key business risks:

- investment market volatility;
- ongoing impact of COVID-19 pandemic on the global economy and the ability of individuals, businesses and governments to operate;
- general uncertainty around the global economy and its impact on markets in which HUB24 operates and invests;
- regulatory and political changes impacting financial services participants;
- demand for and competition with HUB24's products and solutions; and
- operational risk.

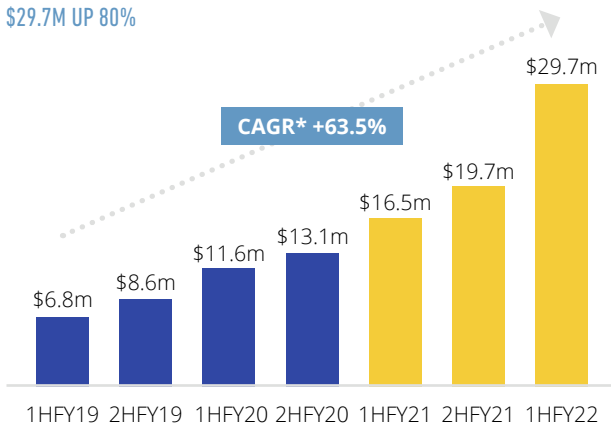
## 3. REVIEW OF FINANCIAL RESULTS

The Group recorded a 72% increase in operating revenue from continuing operations to \$81.6 million for 1HFY22 (1HFY21: \$47.5 million). Platform revenue was up 76% to \$77.3 million, and Tech Solutions revenue down (9%) to \$3.0 million.

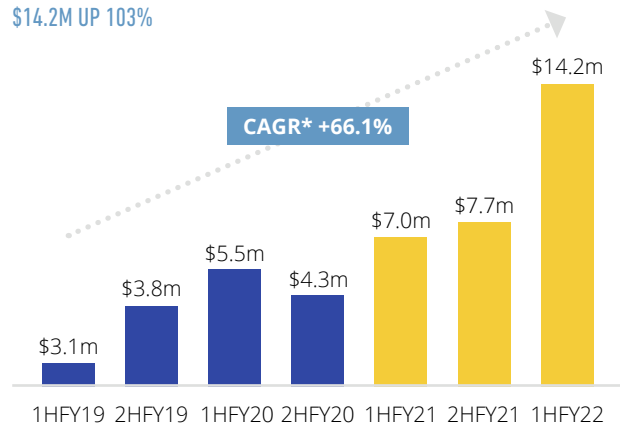
The Group's preferred measure of profitability is Underlying Earnings Before Interest, Tax, Depreciation, Amortisation and Abnormal Items (UEBITDA), which increased 80% to \$29.7 million (1HFY21: \$16.5 million). From continuing operations, the Group's UEBITDA increased to \$29.7 million (1HFY21 \$16.9 million).

### GROUP

GROUP UNDERLYING EBITDA  
\$29.7M UP 80%

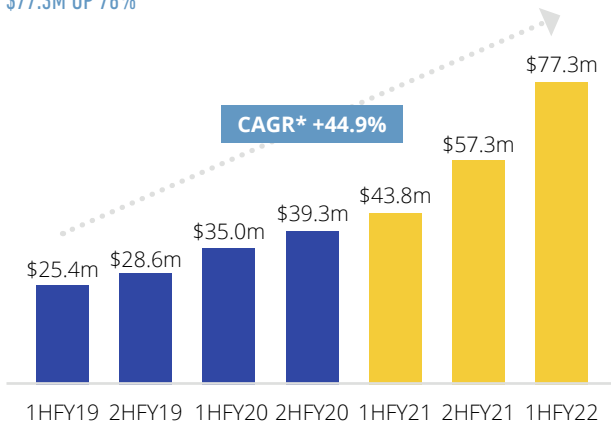


GROUP UNDERLYING NPAT  
\$14.2M UP 103%

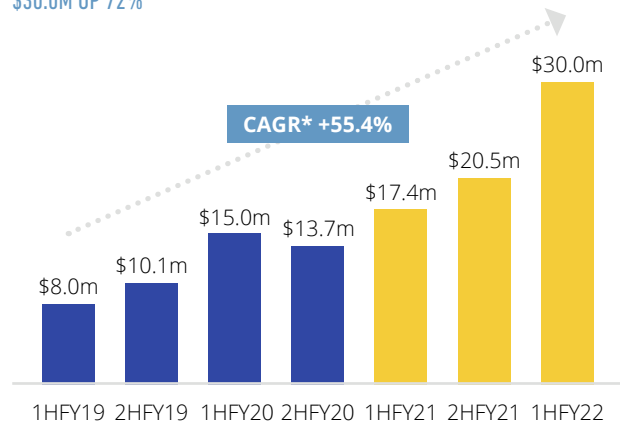


### PLATFORM SEGMENT

PLATFORM REVENUE  
\$77.3M UP 76%



PLATFORM UNDERLYING EBITDA  
\$30.0M UP 72%



\*Above CAGR represents the 12 month compound annual growth rate to 31 December.

## REVIEW OF FINANCIAL RESULTS (CONTINUED)

The key drivers the Group's UEBITDA performance were:

- Total Funds Under Administration (FUA) growing from \$31.3 billion at 31 December 2020 to \$68.3 billion as at 31 December 2021, an increase of 118%.
- Platform<sup>20</sup> FUA increased from \$22.0 billion at 31 December 2020 to \$50.0 billion, an increase of 128%. \$11.2 billion of the increase related to the acquisition FUA of the Xplore business in March 2021.
- Record net inflows of \$6.7 billion were achieved, up 116% on 1HFY21 \$3.1 billion net inflows. HUB24's continued recognition as the platform market leader and focus on providing innovative solutions to empower better financial futures has continued to resonate with strong net inflows across all client segments during the year. HUB24's new business pipeline has continued to grow with the number of advisers using the platform increasing to 3,402, up 49% from 2,280 advisers at 31 December 2020. New business is being generated from advisers in the national key account segment, mid-tier licensees, and self-licensed advisers and brokers. Additionally, increasing opportunities are being provided by the opening up of Approved Product Lists within the institutionally aligned licensee segment with HUB24 launching the ClearView and Insignia private labels.
- Platform revenue increased by 76% to \$77.3 million (1HFY21: \$43.8 million), driven by strong growth in net flows (116%), increase in FUA (118%) and an increase in ASX 300 (2%). FUA on the Platform is not fully correlated to movements in equity markets.

Lower cash margins includes the reduction in the official cash rate of 15 bps in November 2020 together with lower cash balances as a percentage of FUA.

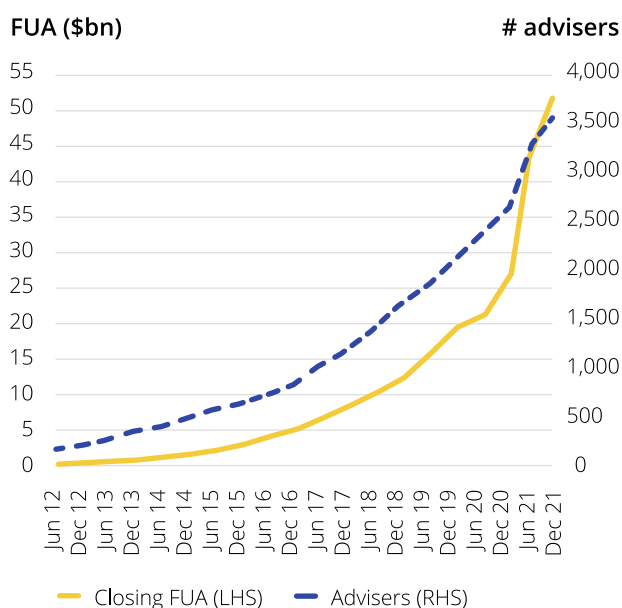
While high levels of market volatility were observed in 1HFY21, lower volatility in 1HFY22 saw reduced trading activity which, on aggregate, resulted in lower trading activity relative to 1HFY21. This has led to lower transactional revenue, partially offset by higher account balances.

- PARS<sup>21</sup> FUA increased by 97% to \$18.3 billion (1HFY21: \$9.3 billion), following the acquisition of

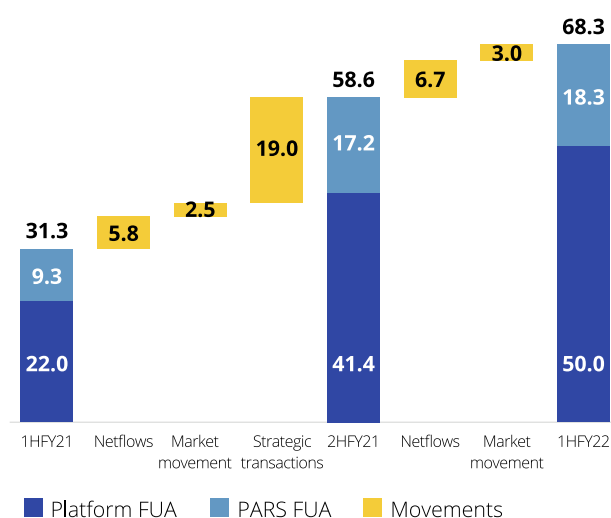
Xplore (\$6 billion transition). Post acquisition, the PARS business has grown the number of accounts significantly.

The PARS business contributed \$2.7 million of revenue in 1HFY22 (1HFY21: \$0.3 million), with more than 8,000 accounts managed across the portfolio. Both the Ord Minnett and Xplore businesses transitioned during FY21 and contributed a full six months in 1HFY22.

### Platform FUA and advisers



### FUA movements (\$bn)



<sup>20</sup> Custodial FUA Administration Services.

<sup>21</sup> Non-custodial FUA as Portfolio Administration and Reporting Services.

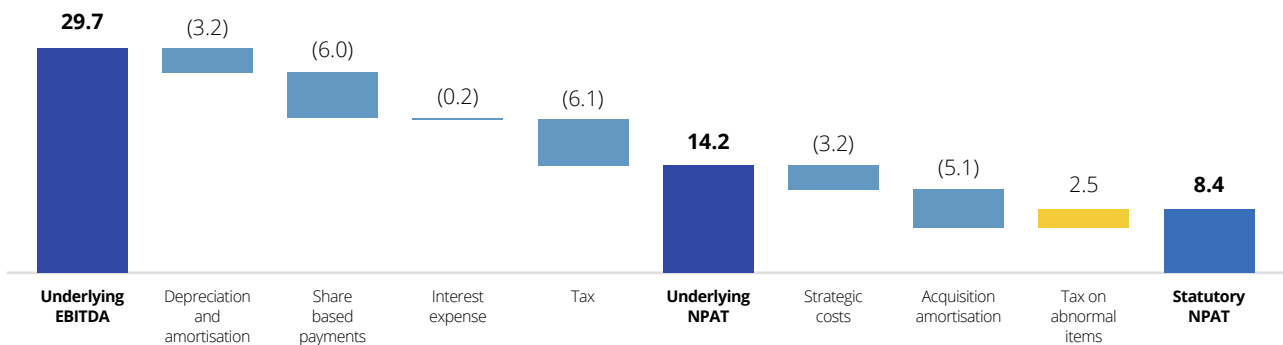
## REVIEW OF FINANCIAL RESULTS (CONTINUED)

- The Group continues to invest in the business to support its strategic growth objectives. Platform expenses increased by 79% to \$47.3 million (1HFY21: \$26.4 million). This is largely driven by FTE headcount increasing by 64% to 460 (1HFY21: 281). The acquisitions of Ord Minnett and Xplore increased headcount by 81. The investment in a further 100 people has been in sales and distribution, technology, and operations to support growth in FUA, expand our distribution footprint, and continue product and technology innovation.
- Abnormal items of \$8.3m includes acquisition amortisation costs of \$5.1 million and strategic costs

of \$3.2 million (which includes implementation costs related to Xplore and Ord Minnett of \$2.3 million and \$0.9 million for other projects).

- The Group's Statutory Net Profit after Tax increased by 35% to \$8.4 million (1HFY21: \$6.2 million).
- HUB24 generated strong operating cashflows of \$15.1 million (\$18.3 million before strategic transaction costs) 50% up from \$10.1 million (\$11.8 million before strategic transaction costs)
- HUB24 maintains cash reserves significantly above regulatory capital requirements with net cash of \$47.0 million at period end (\$51.0 million at 30 June 2021).

## RECONCILIATION OF 1HFY22 UNDERLYING NPAT TO STATUTORY NPAT



## GROWTH INDICATORS AND FINANCIAL METRICS

HUB24 Group Growth Indicators	1HFY22	2HFY21	1HFY21	1HFY21 v 2HFY21	1HFY22 v 1HFY21
Total Funds under administration (\$m)	68,321	58,643	31,289	17%	118%
Platform Funds under administration (\$m)	49,992	41,446	21,966	21%	128%
PARS Funds under administration (\$m)	18,329	17,197	9,322	7%	97%
Spot Custodial Fee Paying FUA %	80.2	80.4	82.5	(0.2%)	(2.3%)
Platform Netflows (\$m)	6,664	5,828	3,084	14%	116%
Advisers on the platform	3,402	3,063	2,280	11%	49%
PARS accounts	8,020	7,538	5,392	6%	49%
<b>Group financial metrics</b>					
Operating Revenue (\$m) <sup>22</sup>	81.6	61.6	47.5	32%	72%
<b>Underlying EBITDA from continuing operations (\$m)</b>	<b>29.7</b>	<b>19.8</b>	<b>16.9</b>	<b>50%</b>	<b>76%</b>
Discontinued Operations	-	(0.1)	(0.4)	(100%)	(100%)
<b>Underlying EBITDA</b>	<b>29.7</b>	<b>19.7</b>	<b>16.5</b>	<b>51%</b>	<b>80%</b>
<b>Underlying NPAT (\$m)<sup>23</sup></b>	<b>14.2</b>	<b>8.4</b>	<b>7.0</b>	<b>69%</b>	<b>103%</b>
Underlying EBITDA margin from continuing operations (%) <sup>22</sup>	36.4	32.3	35.5	4.1%	0.9%
Cost to income ratio (%)	63.6	67.7	64.5	(4.1%)	(0.9%)
Statutory NPAT (\$m) <sup>22</sup>	8.4	3.6	6.1	133%	38%
Effective tax rate (statutory) (%)	29.9	47.4	33.8	(17.5%)	(3.9%)
Operating cashflows (\$m)	15.1	8.7	10.5	74%	44%
Employee benefits expense (\$m) <sup>24</sup>	(39.6)	(31.1)	(23.8)	27%	66%
Total staff at period end (# FTE)	460	391	281	18%	64%
<b>Earnings per share (cents)</b>					
Basic – underlying	20.73	12.10	10.96	71%	89%
Basic – statutory	12.27	5.35	9.56	129%	28%
Basic – from continuing operations	12.27	3.66	10.20	235%	20%
Diluted – underlying	20.04	11.65	10.68	72%	88%
Diluted – statutory	11.86	5.34	9.32	122%	27%
Diluted – from continuing operations	11.86	3.52	9.95	237%	19%
<b>Dividends</b>					
Dividend (cents per share)	7.5	5.5	4.5	0%	22%
Dividend franking (%)	100	100	100	0%	0%
Underlying NPAT payout ratio (%)	42	47	40	(20%)	(13%)
<b>Share capital</b>					
Number of ordinary shares (closing) (m)	68.6	68.3	67.0	0.4%	2.4%
Weighted average number of ordinary shares (basic) (m)	68.4	65.9	64.0	4%	7%
Weighted average number of shares (diluted) (m)	70.8	68.4	65.6	4%	8%
Share Price – closing (\$)	28.30	28.51	21.34	(0.2%)	7.0%
<b>Capital management</b>					
Cash & cash equivalents (\$m)	59.5	63.5	85.3	(6%)	(30%)
Net assets – average (\$m)	186.1	168.8	113.9	10.2%	63%
Net assets – closing (\$m)	187.7	184.6	153.0	1.7%	23%
Net assets per basic share (\$)	2.73	2.70	2.29	1.1%	19%
Net tangible assets (\$m)	84.8	80.6	100.7	5.2%	(16%)
Net tangible assets per basic share (\$)	1.24	1.13	1.50	9.7%	(17%)
Borrowings (\$m)	12.5	12.5	-	0%	n/a
Net cash and cash equivalents (\$m)	47.0	51.0	85.3	25%	(26%)

22 1HFY21 and 2HFY21 Operating Revenue has been restated to include Corporate Other Income.

23 Prior period comparatives have been restated for acquisition amortisation costs for Xplore and PARS as abnormal items.

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

## GROUP FINANCIAL PERFORMANCE

Profit & Loss \$m	1HFY22	2HFY21	1HFY21	1HFY22 v 2HFY21	1HFY21 v 1HFY21
Platforms Revenue	77.3	57.3	43.8	35%	76%
Tech Solutions Revenue	3.0	3.3	3.3	(9%)	(9%)
Corporate Revenue	1.3	1.0	0.4	30%	225%
<b>Total Revenue</b>	<b>81.6</b>	<b>61.6</b>	<b>47.5</b>	<b>32%</b>	<b>72%</b>
Platform and Custody Fees	(10.7)	(8.0)	(6.1)	34%	75%
Employee Related Expenses	(33.6)	(27.4)	(19.7)	23%	71%
Administrative Expenses	(7.6)	(6.4)	(4.8)	19%	58%
<b>Total Operating Expenses</b>	<b>(51.9)</b>	<b>(41.8)</b>	<b>(30.6)</b>	<b>24%</b>	<b>70%</b>
<b>Underlying EBITDA from continuing operations</b>	<b>29.7</b>	<b>19.8</b>	<b>16.9</b>	<b>50%</b>	<b>76%</b>
<b>Underlying EBITDA by segment</b>					
Platforms EBITDA	30.0	20.5	17.4	46%	72%
Tech Solutions EBITDA	0.8	0.8	0.9	0%	(11%)
Corporate EBITDA	(1.1)	(1.5)	(1.4)	(27%)	(21%)
<b>Underlying EBITDA from continuing operations</b>	<b>29.7</b>	<b>19.8</b>	<b>16.9</b>	<b>50%</b>	<b>76%</b>
EBITDA from discontinued operations	-	(0.1)	(0.4)	(100%)	(100%)
<b>Underlying EBITDA</b>	<b>29.7</b>	<b>19.7</b>	<b>16.5</b>	<b>51%</b>	<b>80%</b>
<b>Other items:</b>					
Other Income	-	0.2	-	(100%)	n/a
Share Based Payments	(6.0)	(3.2)	(3.0)	88%	100%
<b>EBITDA (before abnormal items)</b>	<b>23.7</b>	<b>16.7</b>	<b>13.5</b>	<b>42%</b>	<b>76%</b>
Depreciation & Amortisation <sup>25</sup>	(3.2)	(3.6)	(2.8)	(11%)	14%
Interest Expense Lease	(0.1)	(0.2)	(0.1)	(50%)	0%
Interest Expense Other	(0.1)	-	-	n/a	n/a
<b>PBT (before abnormal items)</b>	<b>20.3</b>	<b>12.9</b>	<b>10.6</b>	<b>57%</b>	<b>92%</b>
Income Tax Expense <sup>25</sup>	(6.1)	(4.5)	(3.6)	36%	69%
<b>Underlying NPAT<sup>25</sup></b>	<b>14.2</b>	<b>8.4</b>	<b>7.0</b>	<b>69%</b>	<b>103%</b>
<b>Abnormal items</b>					
Fair value gain on contingent consideration – Agility	-	-	1.6	n/a	(100%)
Agility consideration share based payments expense	-	(0.4)	(1.1)	(100%)	(100%)
<b>Agility related abnormal items</b>	<b>-</b>	<b>(0.4)</b>	<b>0.5</b>	<b>(100%)</b>	<b>(100%)</b>
Gain on Sale of Investment	-	1.4	-	(100%)	n/a
Strategic transaction costs and other abnormal items	(3.2)	(5.7)	(1.8)	(44%)	78%
Acquisition Amortisation <sup>25</sup>	(5.1)	(0.6)	-	Large	n/a
Other abnormal items	-	(0.6)	-	(100%)	n/a
Tax effect on abnormal items <sup>25</sup>	2.5	1.2	0.4	108%	Large
<b>Net Profit/(Loss) After Tax</b>	<b>8.4</b>	<b>3.7</b>	<b>6.1</b>	<b>127%</b>	<b>38%</b>

<sup>25</sup> Prior period comparatives have been restated for acquisition amortisation costs for Xplore and PARS as abnormal items.



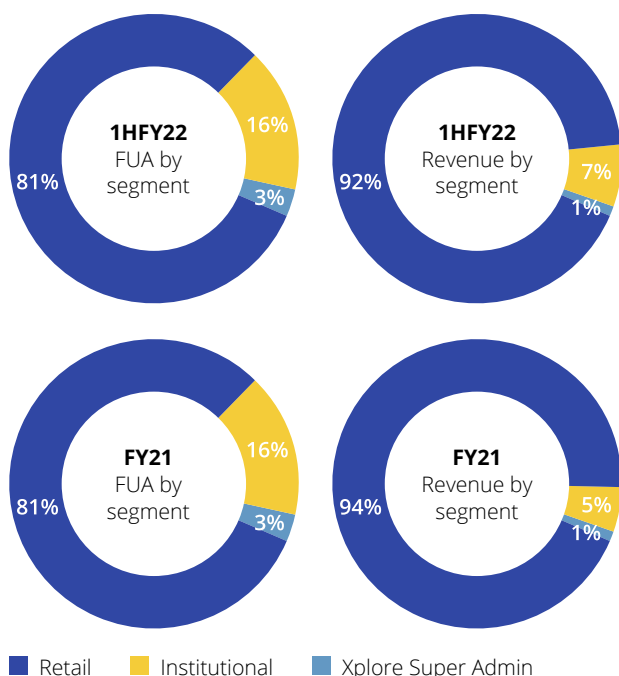
### EXPANDING CUSTOMER PROPOSITION AND THE COMPOSITION OF FUA

The Group categorises its Platform FUA book into three distinct client segments, being Retail, Institutional and Xplore Super Admin. The Group is committed to organically growing the FUA through generating scalable returns, as well as seeking inorganic opportunities to integrate existing books onto the Platform.

The acquisition of Xplore changes the underlying composition of the Group’s margin on FUA, and in turn, impacts the effective revenue margin of the Platform going forward.

In FY21 the Institutional segment increased materially as a proportion of the book over the year. This composition has held through 1HFY22. The dynamics of the market mean Institutional customers typically achieve higher efficiencies from the scale of their portfolios by accessing wholesale pricing. As the Group seeks greater FUA over time within the Institutional segment to align with the shifting market environment, the revenue margin of the Group could be lower, while ultimately improving both the quantum and quality of earnings.

#### Composition of Platform FUA and revenue



### REVENUE

Group operating revenue from continuing operations increased to \$81.6 million, up 72% compared to 1HFY21 (\$47.5 million for 1HFY21).

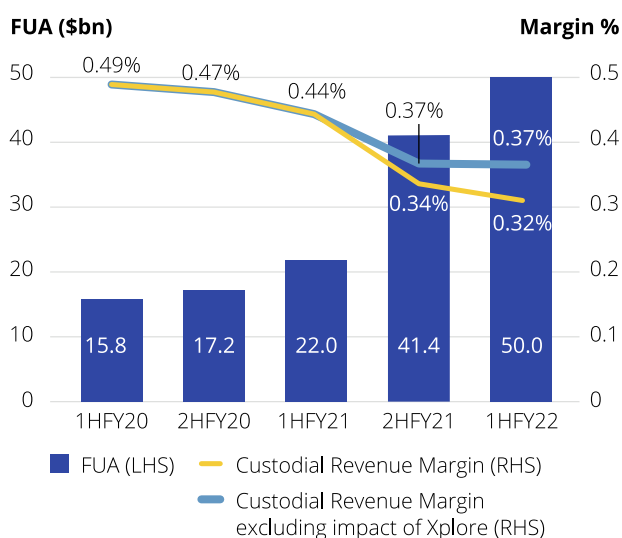
Key drivers include:

- Record FUA growth in the Platform segment, with Custodial FUA increasing by 128% to \$50.0 billion at 31 December 2021 (1HFY21: \$22.0 billion) and growth in PARS FUA to \$18.3 billion (1HFY21: \$9.3 billion), has resulted in Platform revenue of \$77.3 million, an increase of 76%.
- Tech Solutions contributed \$3.0 million in revenue (1HFY21: \$3.3 million) from software licensing and consulting services, a decrease of 9%. As part of HUB24’s series of strategic transactions to support the Group’s strategic objectives, Tech Solutions has been spending more time on internal development activities, including HUBconnect. This includes the development of our Innovation Lab, which will develop and deliver data management and integrated solutions to HUB24 clients to provide unique competitive advantage to their advisers. The business no longer offers technology hosting services to new clients, but continues to service existing clients.
- Corporate revenue was \$1.3 million, reflecting interest income and equity accounted profits from the investment in Diverger which is delivering to expectation.

### PLATFORM REVENUE AND MARGINS

Platform revenue comprises a mix of FUA based fees, including tiered administration fees, fees on client funds held as cash and transaction fees such as platform trading for equities, managed funds and insurance.

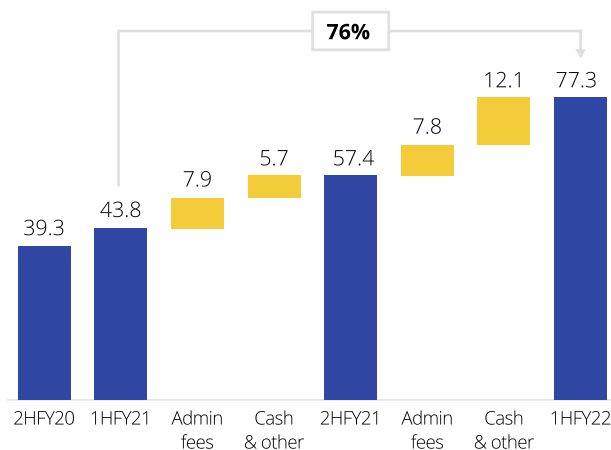
#### Platform margin and FUA



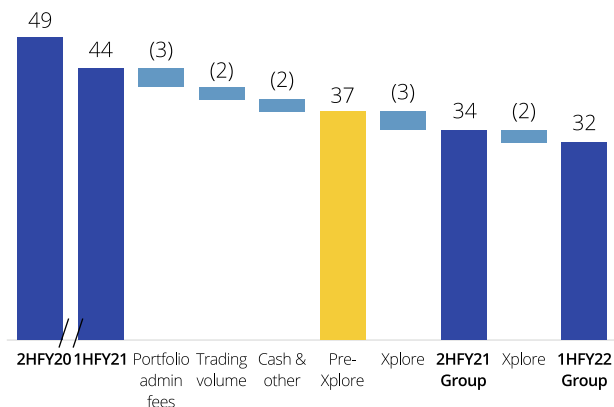
### PLATFORM REVENUE AND MARGINS (CONTINUED)

For 1HFY22, Platform revenue margin was 0.32% of average FUA (1HFY21: 0.44%), calculated as the average of opening and closing FUA of each month.<sup>26</sup>

#### Platform operating revenue (\$m)



#### Platform revenue margin (BPS)



As shown in the chart above, the 1HFY22 Platform revenue margin excluding Xplore was 0.37%, with the annualised impact of the large Xplore institutional clients and Xplore Super Admin reducing the Group's platform revenue margin to 0.32%.

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

<sup>26</sup> From FY21 onwards this methodology will be utilised, due to the timing of strategic transactions during the period.

while fees will generally increase in absolute dollar terms (see Total Platform Revenue and Expenses Trend chart on the following page). The percentage of fee paying custody FUA as at 31 December 2021 was 80.2% which was steady with 30 June 2021.

The average Platform account balance as at 31 December 2021 was up 8% on the prior year, and the average PARS account balance was up 32%, as the onboarding of Ord Minnett PARS business was completed in FY21.

During 1HFY22, revenue was driven by strong momentum from licensees with large Funds Under Advice, with access to competitive pricing. This was partially offset during 1HFY22 by the continuing low interest rate environment.

Trading activity was lower in 1HFY22 as market volatility returned to pre-COVID 19 levels compared to the elevated volumes seen in 1HFY21 which resulted in lower transaction fee income this period.

### GROUP EXPENSES

Consolidated Group expenses<sup>27</sup> (before abnormal items) from continuing operations increased to \$61.3 million,<sup>28</sup> up 68% (1HFY21 \$36.5 million).

The Group's operating expenses from continuing operations increased to \$51.9 million up 70% (1HFY21 \$30.6 million), reflecting the investment made in headcount resources dedicated to distribution and marketing, future Platform development and business strategy to drive future growth. Group FTE headcount increased by 64% to 460 as at 31 Dec 2021 from 281 in 1HFY21. The acquisition of Ord Minnett's PARS and Xplore increased headcount by 81. The investment in headcount will continue to be leveraged in future periods.

The Group's cost to income ratio from continuing operations continued to improve to 63.6% (1HFY21: 64.5%) reflecting strong revenue growth from the increasing Platform scale partially offset by the investment costs from increased headcount mentioned above.

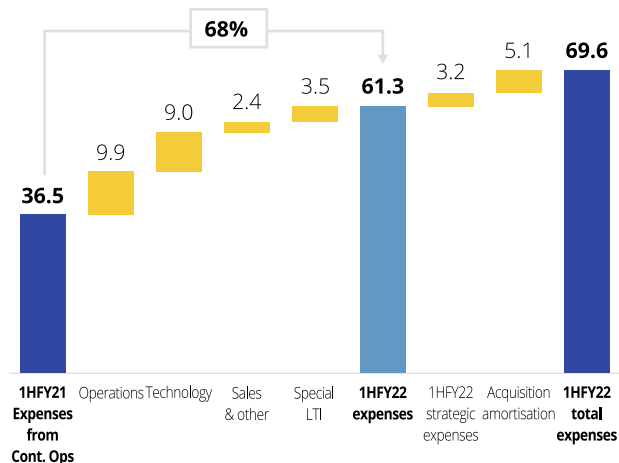
In addition, the Group incurred abnormal expenses of \$8.3 million (1HFY21 \$1.8 million), due to acquisition amortisation and strategic transactions and project costs.

<sup>27</sup> Direct expenses are included in Operating expenses. Prior periods have been restated to reflect this change.

<sup>28</sup> Consolidated Group expenses include total operating expenses, share based payments, depreciation & amortisation and interest expenses.

## GROUP EXPENSES (CONTINUED)

### Group expenses from continuing operations

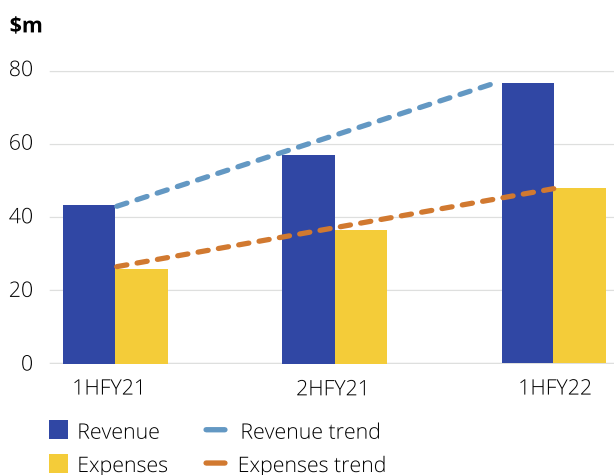


## UNDERLYING EBITDA

Group Underlying EBITDA (UEBITDA) before abnormal items increased to \$29.7 million, up 80% due to:

- Growth in Platform FUA growth to \$50.0 billion as at 31 December 2021, compared to \$22.0 billion in 1HFY21, and growth in PARS FUA to \$18.3 billion (1HFY21: \$9.3 billion);
- Platform segment UEBITDA of \$30.0 million, with UEBITDA margin easing slightly to 38.8% (1HFY21: 39.7%) given reduction in RBA rates, lower trading volumes since 2HFY21 and 6 full months of the Xplore acquisition; and
- Group UEBITDA margin from continuing operations improving to 36.4% (1HFY21: 35.5%), driven by improving economies of scale on the Platform, and efficiency improvements in Tech Solutions.

### Platform revenue and expense trends



## GROUP UNDERLYING NPAT

Group Underlying NPAT represents NPAT before abnormal items. Underlying NPAT increased 103% to \$14.2 million (1HFY21: \$7.0 million).

The key drivers impacting the movement between Underlying EBITDA and Underlying NPAT in 1HFY22 were:

- Employee share based payments increased to \$6.0 million (1HFY21: \$4.1 million). The Group uses long term incentive (LTI) schemes to underpin the growth of the business. A Special LTI was issued in FY19, in addition to the usual LTI schemes in return for capping fixed remuneration for a three year period to September 2020. This was established to create alignment with cash flow and profitability objectives of HUB24. A small number of employees have entitlements under the Special LTI issue. The performance condition for these entitlements to vest is a CAGR of FUA of 33% per annum over the four year period to June 2022. Given the strong FUA growth since the FY19 Special LTI was issued and the Group's confidence in continued FUA growth over the outlook, a \$0.8 million expense (1HFY21: \$1.0 million) has been reflected in the results.
- Following shareholder approval at the FY20 AGM, a grant of Special Performance Award Rights (SPARs) were offered to the Managing Director and a small number of key senior people, separate to the annual LTI plan. The SPARs were granted to recognise the importance of those key people in the successful delivery of the Group's strategy over the long-term, and to retain key executives through a period of significant change in the industry, and will vest over 5 years subject to the performance conditions being met. Given the acceleration in net flows and FUA growth, the probability of the FY21 SPARs vesting has increased. To reflect this the Group has recognised \$3.5 million in relation to the FY21 SPARs during the half year ended 31 December 2021, which includes a life to date catch up since the date the SPARs were issued.
- HUB24 has a policy of capitalising investment in its Platform asset, which is then amortised over its useful life. During the period, \$2.8 million of Platform innovation development and a further \$0.7 million of HUBconnect development costs were capitalised.
- Depreciation and amortisation expenses were \$3.2 million, an increase of \$0.4 million (1HFY21: \$2.8 million) due to higher levels of investment in IT development being capitalised.

### GROUP UNDERLYING NPAT (CONTINUED)

- Abnormal items of \$8.3 million have been recognised in 1HFY22. This includes \$5.1 million of acquisition amortisation and \$3.2 million of strategic transactions and project costs.
- Depreciation & Amortisation expenses have been restated for \$5.1 million of Acquisition Amortisation costs relating to the acquisition of the Xplore (\$4.5 million) and PARS (\$0.6 million) businesses as abnormal items.
- Strategic transaction costs of \$3.2 million (1HFY21: \$1.8 million) comprises of \$2.3 million in transaction costs, due diligence and implementation costs incurred in the acquisition of Ord Minnett's PARS business, Xplore and other project costs. Additional expenditure included \$0.9m for other strategic product and alliance costs.

### INCOME TAX

Income tax expense increased to \$3.6 million in 1HFY22 (1HFY21: \$3.1 million), reflecting profitability of the business partially offset by utilising tax losses acquired from Xplore. The effective tax rate for 1HFY22 was 30%.

Income tax has historically been a non-cash item as the HUB24 Group has had historical tax losses and tax offsets. The Group commenced paying income tax during FY21.

### DIVIDENDS

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

Subsequent to 31 December 2021, the Directors have determined a fully franked interim dividend of 7.5 cents per share. This represents an Underlying Net Profit After Tax payout ratio of 42% for 1HFY22. The dividend growth has taken into consideration the increase in share capital following the completion of the Class acquisition which resulted in 11.4 million shares being issued which under the scheme of arrangement terms were eligible for this dividend.

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

Dates for the interim dividend are as follows:

- Ex-date: 18 March 2022;
- Record date: 21 March 2022; and
- Dividend payment date: 18 April 2022.

## 4. SEGMENT RESULTS

### PLATFORM SEGMENT

Profit & Loss \$m	1HFY22	2HFY21	1HFY21	1HFY21 v 2HFY21	1HFY22 v 1HFY21
<b>Total Revenue</b>	<b>77.3</b>	<b>57.3</b>	<b>43.8</b>	35%	76%
Platform and Custody Fees	(10.7)	(8.0)	(6.1)	34%	75%
Employee Related Expenses	(32.7)	(25.4)	(17.3)	29%	89%
Administrative Expenses	(3.9)	(3.4)	(3.0)	15%	30%
<b>Total Operating Expenses</b>	<b>(47.3)</b>	<b>(36.8)</b>	<b>(26.4)</b>	29%	79%
<b>Underlying EBITDA</b>	<b>30.0</b>	<b>20.5</b>	<b>17.4</b>	46%	72%
Other Income	-	0.2	-	(100%)	n/a
<b>EBITDA (before abnormal items)</b>	<b>30.0</b>	<b>20.7</b>	<b>17.4</b>	45%	72%
Depreciation & Amortisation	(3.1)	(4.1)	(2.6)	(24%)	19%
Interest Expense	-	(0.1)	(0.1)	(100%)	(100%)
<b>PBT (before abnormal items)</b>	<b>26.9</b>	<b>16.5</b>	<b>14.7</b>	63%	83%
Strategic transaction costs and other abnormal items	(3.2)	(8.1)	-	(60%)	n/a
Acquisition Amortisation	(5.1)	(0.6)	-	Large	n/a
<b>Profit Before Tax (after abnormal items)</b>	<b>18.6</b>	<b>7.8</b>	<b>14.7</b>	138%	27%
Total Platform expenses	47.3	36.8	26.4	29%	79%
Platform Capex	3.5	2.6	2.8	35%	25%
<b>Key margins (%)</b>					
UEBITDA margin	38.8	35.8	39.7	3.0%	(0.9%)
Cost to Income ratio	61.2	64.2	60.3	(3.0%)	0.9%
<b>Platform Segment Statistics</b>					
Total FUA	68,321	58,643	31,289	17%	118%
<b>Platform FUA (\$m)</b>	<b>49,992</b>	<b>41,446</b>	<b>21,966</b>	21%	128%
Netflows	6,664	5,828	3,084	14%	116%
Gross Flows (excluding strategic transactions) (\$m)	9,251	7,694	4,152	20%	123%
Advisers (#)	3,402	3,063	2,280	11%	49%
Retail revenue margin (bps)	37	36	44	2%	(16%)
Institutional revenue margin (bps)	14	9	-	56%	n/a
Xplore Super Admin revenue margin (bps)	14	17	-	(18%)	n/a
<b>PARS FUA (\$m)</b>	<b>18,329</b>	<b>17,197</b>	<b>9,322</b>	7%	97%
Number of PARS Accounts	8,020	7,538	5,392	6%	49%

## TECHNOLOGY SOLUTIONS AND OTHER SERVICES SEGMENT

Profit & Loss \$m	1HFY22	2HFY21	1HFY21	1HFY21 v 2HFY21	1HFY22 v 1HFY21
<b>Total Revenue</b>	<b>3.0</b>	<b>3.3</b>	<b>3.3</b>	(9%)	(9%)
Employee Related Expenses	(1.8)	(2.0)	(2.3)	(10%)	(22%)
Administrative Expenses	(0.4)	(0.5)	(0.1)	(20%)	Large
<b>Total Operating Expenses</b>	<b>(2.2)</b>	<b>(2.5)</b>	<b>(2.4)</b>	(12%)	(8%)
<b>Underlying EBITDA</b>	<b>0.8</b>	<b>0.8</b>	<b>0.9</b>	0%	(11%)
Depreciation & Amortisation	(0.1)	(0.1)	(0.2)	0%	(50%)
<b>Profit Before Tax</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	0%	0%

## CORPORATE SEGMENT

Profit & Loss \$m	1HFY22	2HFY21	1HFY21	1HFY21 v 2HFY21	1HFY22 v 1HFY21
<b>Total Revenue</b>	<b>1.3</b>	<b>1.0</b>	<b>0.4</b>	30%	225%
<b>Total Operating Expenses</b>	<b>(2.4)</b>	<b>(2.5)</b>	<b>(1.8)</b>	(4%)	33%
<b>Underlying EBITDA</b>	<b>(1.1)</b>	<b>(1.5)</b>	<b>(1.4)</b>	(27%)	(21%)
<b>Other items</b>					
Share Based Payments	(6.0)	(3.2)	(3.0)	88%	100%
<b>EBITDA (before abnormal items)</b>	<b>(7.1)</b>	<b>(4.7)</b>	<b>(4.4)</b>	51%	61%
Interest Expense Lease	(0.1)	(0.1)	-	0%	n/a
Interest Expense Other	(0.1)	-	-	n/a	n/a
<b>PBT (before abnormal items)</b>	<b>(7.3)</b>	<b>(4.8)</b>	<b>(4.4)</b>	52%	66%
Fair value gain on contingent consideration - Agility	-	-	1.6	n/a	(100%)
Agility consideration share based payments expense	-	(0.5)	(1.1)	(100%)	(100%)
<b>Agility related abnormal items</b>	<b>-</b>	<b>(0.5)</b>	<b>0.5</b>	(100%)	(100%)
Discount on consideration	-	0.1	(0.1)	(100%)	(100%)
Strategic transaction costs and other abnormal items <sup>29</sup>	-	1.8	(1.8)	(100%)	(100%)
<b>Loss Before Tax</b>	<b>(7.3)</b>	<b>(3.4)</b>	<b>(5.8)</b>	115%	26%

## DISCONTINUED OPERATIONS IN THE LICENSEE SEGMENT (SOLD AT 1 FEBRUARY 2021)

Profit & Loss \$m	1HFY22	2HFY21	1HFY21	1HFY21 v 2HFY21	1HFY22 v 1HFY21
Revenue	0.0	2.6	15.0	(100%)	(100%)
Direct expenses	0.0	(2.3)	(13.6)	(100%)	(100%)
<b>Gross Profit</b>	<b>0.0</b>	<b>0.3</b>	<b>1.4</b>	(100%)	(100%)
Operating expenses	0.0	(0.4)	(1.8)	(100%)	(100%)
<b>Underlying EBITDA from discontinued operations</b>	<b>0.0</b>	<b>(0.1)</b>	<b>(0.4)</b>	(100%)	(100%)

29 Xplore and Ord Minnett PARS strategic transaction costs and other abnormal items were reclassified in 2HFY21 from the Corporate segment to the Platform segment. This was to align the costs to the segment in which they were incurred.

## 5. BALANCE SHEET

\$m	1HFY22	2HFY21	1HFY21	1HFY21 v 2HFY21	1HFY22 v 1HFY21
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	59.5	63.5	85.3	(6%)	(30%)
Trade and other receivables	24.2	16.6	12.9	46%	88%
Assets held for sale	-	-	4.2	n/a	(100%)
Other current assets	2.3	2.6	1.6	(12%)	44%
<b>Total current assets</b>	<b>86.0</b>	<b>82.7</b>	<b>104.0</b>	4%	(17%)
<b>Non-current assets</b>					
Trade and other receivables	-	-	7.6	n/a	(100%)
Investments	15	14.5	-	3%	n/a
Office equipment	1.4	1.4	1.4	0%	0%
Intangible assets	102.8	104.0	52.3	(1%)	97%
Deferred tax assets	9.9	12.8	3.4	(23%)	191%
Right of use assets	5.2	6.1	6.5	(15%)	(20%)
Other non-current assets	15.4	7.5	-	105%	n/a
<b>Total non-current assets</b>	<b>149.7</b>	<b>146.3</b>	<b>71.2</b>	2%	110%
<b>TOTAL ASSETS</b>	<b>235.7</b>	<b>229.0</b>	<b>175.2</b>	3%	35%
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	6.7	9.1	5.1	(26%)	31%
Provisions	19.9	16.1	7.3	24%	173%
Lease liabilities	2.2	2.2	2.0	0%	10%
Borrowings	3.1	3.1	-	0%	n/a
Other current liabilities	0.3	0.3	0.2	0%	50%
<b>Total current liabilities</b>	<b>32.2</b>	<b>30.8</b>	<b>14.6</b>	5%	121%
<b>Non-current liabilities</b>					
Borrowings	9.4	9.4	-	0%	n/a
Provisions	2.1	2.3	1.7	(9%)	24%
Lease liabilities	3.7	4.6	5.2	(20%)	(29%)
Other non-current liabilities	0.6	0.8	0.7	(25%)	(14%)
<b>Total non-current liabilities</b>	<b>15.8</b>	<b>17.1</b>	<b>7.6</b>	(8%)	108%
<b>TOTAL LIABILITIES</b>	<b>48.0</b>	<b>47.9</b>	<b>22.2</b>	0%	116%
<b>NET ASSETS</b>	<b>187.7</b>	<b>181.1</b>	<b>153.0</b>	4%	23%
<b>Equity</b>					
Issued capital	197.2	199.2	174.3	(1%)	13%
Reserves	65.5	56.9	50.3	15%	30%
Accumulated losses	(75.0)	(75.0)	(71.6)	0%	5%
<b>Total equity</b>	<b>187.7</b>	<b>181.1</b>	<b>153.0</b>	4%	23%

## 6. CASHFLOW

\$m	1HFY22	2HFY21	1HFY21	1HFY21 v 2HFY21	1HFY22 v 1HFY21
<b>Cash flows from operating activities</b>					
Receipts from customers (inclusive of GST)	72.9	64.9	49.3	12%	48%
Payments to suppliers and employees (inclusive of GST)	(54.9)	(47.1)	(37.7)	17%	46%
Strategic transaction & due diligence costs	(3.2)	(7.2)	(1.7)	(56%)	88%
Interest received	0.5	0.5	0.4	0%	25%
Interest paid on leases liability	(0.1)	(0.1)	(0.1)	0%	0%
Short-term lease payments	(0.1)	(0.1)	(0.1)	0%	0%
Income taxes paid	-	(2.2)	-	(100%)	n/a
<b>Net cash inflow from operating activities</b>	<b>15.1</b>	<b>8.7</b>	<b>10.1</b>	74%	50%
<b>Underlying net cash flows from operating activities<sup>30</sup></b>	<b>18.3</b>	<b>15.9</b>	<b>11.8</b>	15%	55%
<b>Cash flows from investing activities</b>					
Payments for office equipment	(0.3)	9.9	(0.1)	(103%)	200%
Payment for acquisitions net of cash acquired	-	(48.9)	(10.5)	(100%)	(100%)
Payments for intangible assets	(3.7)	(2.4)	(3.1)	54%	19%
Dividends received from joint venture	0.1	-	-	n/a	n/a
Proceeds from disposal of controlled entities, net of cash disposed	-	(1.3)	-	(100%)	n/a
<b>Net cash outflow from investing activities</b>	<b>(3.9)</b>	<b>(42.7)</b>	<b>(13.7)</b>	(91%)	(72%)
<b>Cash flows from financing activities</b>					
ORFR loan facility advance	(7.9)	-	(7.6)	n/a	4%
Payment dividends	(3.8)	(3.1)	(2.2)	23%	73%
Payments for capital raising costs	-	0.5	(1.8)	(102%)	(99%)
Proceeds from capital raising	-	-	70.0	n/a	(100%)
Proceeds from share options exercised by employees	2.7	1.9	1.8	42%	50%
Payments for treasury share buy-backs	(5.0)	(5.0)	-	0%	n/a
Principal elements of lease payments	(1.2)	(1.2)	(0.9)	0%	33%
Loan facility drawdown	-	13.2	-	(100%)	n/a
<b>Net cash (outflow) from financing activities</b>	<b>(15.2)</b>	<b>6.3</b>	<b>59.3</b>	Large	Large
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(4.0)</b>	<b>(26.4)</b>	<b>55.7</b>	(85%)	Large
Movement in Cashflows from discontinued operations	-	-	0.4	n/a	(100%)
Closing cash held as asset for sale	-	4.6	(4.6)	(100%)	(100%)
Cash and cash equivalents at beginning of period	63.5	85.3	33.8	(26%)	88%
<b>Cash and cash equivalents at end of period</b>	<b>59.5</b>	<b>63.5</b>	<b>85.3</b>	(6%)	(30%)

\*Some prior period comparatives have been restated to move the Licensee segment to discontinued operations.

30 Excludes strategic transaction & due diligence costs



#### CASHFLOW (CONTINUED)

The Group continues to generate positive operating cashflows and maintains cash reserves significantly above regulatory capital requirements.

Cash and cash equivalents at 31 December 2021 were \$59.5 million (1HFY21: \$85.3 million), and the Group recorded positive cashflow from operating activities of \$15.1 million (1HFY21: \$10.1 million). Net cash and cash equivalents after deducting borrowings was \$47.0 million.

The increase in both receipts from customers and payments to suppliers reflects the significantly increased size of the Platform business, due to business acquisitions and underlying growth in account numbers and balances.

Cash outflows from investing activities were lower due to the acquisition of Ord Minnett's PARS business, Xplore, the investment in Diverger in FY21.

While the effective rate of capitalisation of intangible assets has remained broadly consistent in 1HFY22, the investment in people to increase development work on HUBconnect and other client led Platform functionality has increased non-cash flow amortisation and increased payments to employees.

Cash outflows from financing activities of \$15.2 million includes increases to the ORFR loan in line with growth in the Superannuation FUA growth and \$5 million for the purchase of Treasury Shares to service the long term incentive schemes.

During FY21, the Group entered into a \$12.5 million 3 year amortising debt facility with ANZ. The Group has access to a \$5 million working capital facility, which remained undrawn during the period.

## 7. GLOSSARY

<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>Group cost to income ratio</b>	Total Operating Expenses divided by Total Income
<b>IDPS</b>	Investor Directed Portfolio Service (description)
<b>MDA</b>	Managed Discretionary Account (description)
<b>MIS</b>	Managed Investment Scheme (description)
<b>Net Tangible Asset per Ordinary Paid shares</b>	Total Assets less Total Liabilities adjusted for Intangible Assets, divided by the number of outstanding ordinary paid shares
<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>STI/LTI</b>	Short term incentive/Long term incentive
<b>Underlying EBITDA</b>	Refers to EBITDA excluding abnormal items
<b>Xplore PPA</b>	The final purchase price accounting for the Xplore acquisition

## 8. CORPORATE DIRECTORY



### HUB24 LIMITED

ACN 124 891 685



### PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 2  
7 Macquarie Place  
Sydney NSW 2000



### AUDITOR

#### Deloitte Touche Tohmatsu

Grosvenor Place  
225 George Street  
Sydney NSW 2000



### SHARE REGISTRY

#### Link Market Services Limited

Level 12, 680 George Street  
Sydney NSW 2000

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



### DIRECTORS

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



### SECRETARIES

Ms Kitrina Shanahan  
Mr Andrew Brown



### WEBSITE

hub24.com.au

HUB<sup>24</sup>

