

ASX Release: 17th January 2023

HUB24 delivers \$2.8 billion net inflows for Q2 FY23

December Quarter FY23 Highlights

- Platform net inflows of \$2.8 billion, broadly flat on Q1 (down 23.6% on pcp record inflows achieved in Q2 FY22¹)
- Net inflows for 1H FY23 of \$5.8 billion (down 13.6% on pcp)
- In the latest available Plan for Life data, HUB24 achieved 1st place for quarterly net inflows and maintained 2nd place for annual net inflows²
- Total Funds Under Administration (FUA) of \$73.0 billion as at 31 December 2022, comprising Platform FUA of \$55.8 billion (up 11.7% on pcp) and Portfolio, Administration and Reporting Services (PARS) FUA of \$17.2 billion (down 6.3% on pcp due to negative market movement)
- Migrations for the discontinuation of the 'Xplore Super Admin' business are now substantively complete
- Launching enhanced Environmental, Social and Governance (ESG) platform functionality, enabling advisers to better meet clients' ESG investment preferences

Platform Net Inflows and FUA

In the context of current market dynamics and macroeconomic events, the business has achieved a strong 1H FY23 with \$5.8 billion of net inflows as at 31 December 2022 (down 13.6% on pcp). HUB24 platform net inflows for continuing operations for Q2 FY23 of \$2.8 billion were broadly flat on Q1 FY23 and down 23.6% from the record inflows achieved in Q2 FY22.¹ Average monthly net inflows (excluding the SFTs) for FY23 to date were \$960 million, broadly in line with FY22.

Following the planned discontinuation of the 'Xplore Super Admin' business (\$1.4 billion total FUA) there was a \$1.0 billion outflow via Successor Fund Transfers (SFTs) with \$0.4 million migrated to the HUB24 platform.

Platform FUA was \$55.8 billion as at 31 December 2022 (up from \$50.0 billion at 31 December 2021), which included positive market movement of \$1.6 billion for the quarter. The ASX200 price index over the 12 month period to 31 December 2022 was negative 5.5%.

HUB24's market leadership position and focus on delivering innovative solutions continues to resonate with our clients, with growth from net inflows and a solid pipeline of opportunities across all customer segments including large national licensees, brokers, boutique advice practices and self-licensed advisers.

¹ Record Platform net inflows in Q2FY22 (excluding large transactions)

² Plan for Life Master Trusts, Platforms & Wraps September 2022. Fastest growth rate as a percentage term calculated using Plan for Life data

During Q2 FY23, 26 new distribution agreements were signed and the total number of advisers using the platform increased to 3,692 (up 8.5% on pcip).

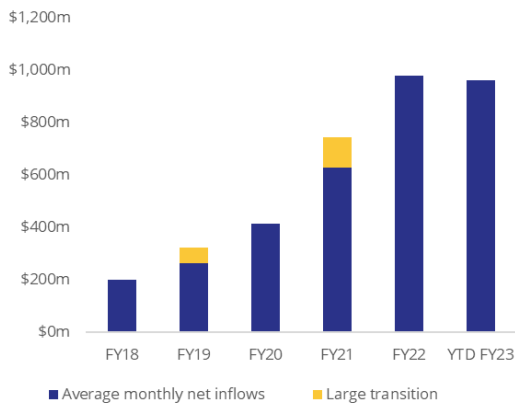
In the latest available Plan for Life data, HUB24 achieved 1st place for quarterly net inflows and maintained 2nd place for annual net inflows. HUB24's market share increased to 5.7% as at September 2022 (up 1.1% from 4.6% as at September 2021) and is ranked in 7th place. HUB24 continues to have the fastest growth rate as a percentage of FUA based on annual net inflows.²

PARS FUA

PARS FUA was \$17.2 billion at 31 December 2022 (down 6.3% on pcip), up from \$16.0 billion as at 30 September 2022. During the quarter the number of PARS accounts was stable at 7,989.

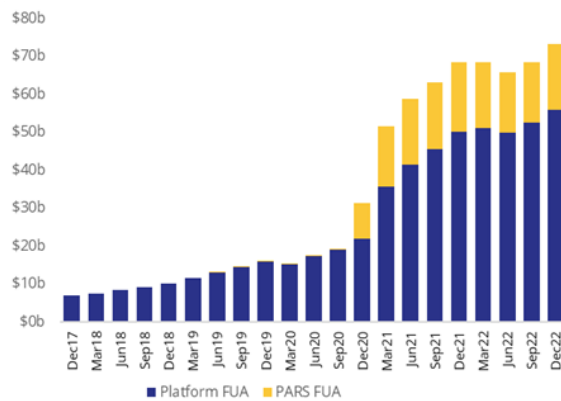
Platform Average Monthly Net Inflows

\$ Millions



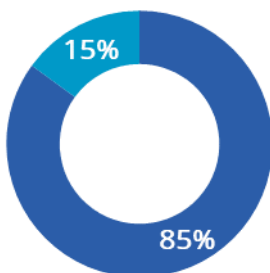
Total FUA

\$ Billions

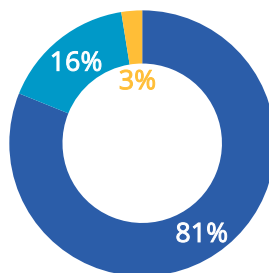


Composition of Platform FUA

FY23 Q2 Platform FUA



FY22 Platform FUA



■ Retail ■ Institutional ■ Xplore Super Admin

Platform Statistics*	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Growth on pcp
Platform FUA	\$49,992m	\$51,028m	\$49,703m	\$52,362m	\$55,822m	11.7%
PARS FUA	\$18,329m	\$17,307m	\$15,871m	\$15,992m	\$17,172m	(6.3%)
Total FUA	\$68,321m	\$68,335m	\$65,574m	\$68,354m	\$72,994m	6.8%
Platform Flows						
Platform Net Inflows**	\$3,630m	\$2,618m	\$2,454m	\$2,985m	\$2,774m	(23.6%)
Platform Gross Inflows	\$4,937m	\$3,878m	\$4,219m	\$4,970m	\$4,372m	(11.4%)
Xplore Super Admin - discontinued operations ***					(\$944m)	N/A
Platform Advisers						
Number of Advisers	3,402	3,432	3,486	3,639	3,692	8.5%

*Statistics are for each quarter, have been rounded and are not audited. Platform FUA refers to custodial administration services and PARS FUA refers to non-custodial administration services.

** Platform net inflows of \$2.8 million from continuing business operations (excluding the Xplore Super Admin discontinued operations).

*** Successor Fund Transfer (SFT) from Xplore Super Admin discontinued operations of \$944 million during Dec 22 quarter. One further transition of approximately \$10 million scheduled to occur in Q4 FY23.

Class Statistics

The number of accounts across Class Super, Class Portfolio and Class Trust products was stable on the prior quarter and is up 1.2% since the Class acquisition in March 2022. Due to current market sentiment, there were lower corporate establishments which resulted in a decrease of NowInfinity document orders from the previous quarter (up 5.4% since the Class acquisition in March 2022). The number of companies using Corporate Messenger was slightly down on the prior quarter (up 9.5% since the Class acquisition in March 2022).

Metrics ^{1, 2, 3}	Mar-22	Jun-22	Sep-22	Dec-22	Growth since Mar-22
No. of accounts	196,298	198,397	198,843	198,619	1.2%
Document Orders	164,212	171,309	177,196	173,142	5.4%
Companies on Corporate Messenger	567,518	597,989	622,324	621,478	9.5%

¹ Number of Class accounts at the end of each quarter consists of Class Super, Class Portfolio and Class Trust licenses

² Documents paid for by PAYG and subscription customers during the quarter

³ Number of active companies at the end of each quarter

Business Update

HUB24

As part of our commitment to deliver innovative solutions that deliver choice, flexibility and efficiency for financial advisers and their clients, we continued to develop additional platform capabilities over the quarter.

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

Model portfolio functionality has been enhanced to enable advisers to manage assets outside of model portfolios more efficiently and create bespoke investment strategies for clients. Additionally, regular and one-off payments can now be scheduled from customer accounts as withdrawals or payments to third parties.

As the demand for responsible investing in Australia continues to rise, and in recognising the need to support advisers to meet clients' ESG preferences, HUB24 has collaborated with Morningstar and the Responsible Investment Association Australasia to deliver new ESG ratings functionality on the platform.³

The enhanced ESG functionality provides advisers with access to data-driven insights and metrics for selected managed funds and more than 350 Australian listed securities. This additional capability complements HUB24's innovative managed portfolio stock substitution functionality and broad range of investment options, enabling advisers to tailor their investment approach to meet clients' individual ESG investment preferences.

The pilot program for HUB24 SMSF Access, the first joint product development initiative leveraging the combined capability of HUB24, Class and NowInfinity has continued over the quarter. The product is being adapted based on adviser feedback and new agreements are in progress with licensees to broaden the pilot, with a progressive rollout scheduled for 2H FY23.

The Xplore Wealth integration has continued to progress with further migrations from Xplore Wealth to HUB24 completed during the quarter in addition to SFTs resulting from the discontinuation of the 'Xplore Super Admin' business. We continue to work with licensees in preparation for upcoming product migrations and SFTs scheduled for 2H FY23.

³ Rise in demand for responsible investing as noted in RIAA Report, From Values to Riches 2022: Charting consumer demand for responsible investing in Australia

Class

During the quarter, Class has continued to focus on enhancing customer experience, delivering additional training and education, uplifting the service proposition, and developing product enhancements that deliver efficiency and value for customers scheduled for release over 2H FY23.

To enhance relationships with current customers and position the business for growth, the Class Growth team reporting to Jo Hurley, General Manager of Growth, has been re-organised. This includes the appointment of new sales team members with a depth of industry experience joining this month to enable a continued focus on engaging and supporting current clients, as well as developing new client relationships.

1HFY23 Financial Reporting Update

The 1HFY23 financial reporting due to be released Tuesday 21 February 2023 will include adjustments for the following items:

- In accordance with accounting standard AASB 136 Impairment of Assets, HUB24 regularly reviews the carrying value of assets for impairment. As part of this review for the half year 31 December 2022, HUB24 expects to recognise a pre-tax impairment charge of \$3.3 million (incorporated into the Corporate operating segment) in relation to the carrying value of its investment in Diverger Limited. The carrying value assessment has taken into consideration the latest Diverger share price, 90-day VWAP and HUB24's discounted cashflow forecast for Diverger. The impairment charge will be recognised as a notable item below underlying earnings before interest, tax, depreciation, and amortisation (UEBITDA). HUB24 continues to work alongside Diverger on developing technology solutions that address key challenges for licensees and advisers in delivering cost-effective financial advice.
- As noted in the September 2022 Market Update, HUB24 has performed a review of the Class expenditure and accounting treatment for Software Intangibles. This review completed during the quarter with Class's accounting treatment for Software Intangibles aligned to the HUB24 accounting policy with effect from 1 July 2022. As a result of the alignment of accounting policy, the operating expenses recognised in UEBITDA for Class for 1H23 (incorporated into the Technology Solutions operating segment) will increase by \$2 - 3 million partially offset by a reduction in depreciation and amortisation expenses of \$1 - 2m million. The net impact on Underlying Net Profit after Tax for 1H23 is expected to be \$1 million as shown in the table below:

1HFY23 \$ million	Previous Policy	Revised Policy	Change
Capitalised Expenditure	7 - 8	5 - 6	(2 - 3)
Increased operating expenses (pre-tax)		2 - 3	2 - 3
Depreciation & Amortisation (pre-tax)*	2 - 3	1 - 2	(1 - 2)
Underlying Net Profit after Tax (UNPAT)			(1)

* Excludes acquisition amortisation related to the HUB24 acquisition of Class



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About HUB24

HUB24 Limited is listed on the Australian Securities Exchange, and includes the award-winning HUB24 platform, HUBconnect, the Xplore Platform and Class.

The HUB24 platform offers advisers and their clients a comprehensive range of investment options, including market-leading managed portfolio solutions, and enhanced transaction and reporting functionality. As one of the fastest growing platforms in the market, the platform is recognised for providing choice and innovative product solutions that create value for advisers and their clients. HUBconnect focuses on leveraging data and technology to provide solutions to common challenges for stockbrokers, licensees and advisers and enable the delivery of professional advice to more Australians.

Class is a pioneer in cloud-based wealth accounting and is recognised as one of Australia's most innovative technology companies. Class delivers trust accounting, portfolio management, legal documentation and corporate compliance solutions to over 3,500 financial professionals across Australia who depend on Class to drive business automation, increase profitability and deliver better client service.

This release is not financial product advice. Past performance is not indicative of future performance and any forward- looking statements in this release are not representations or guarantees as to future performance.

This announcement was authorised for release to the market by the Managing Director.

For further information, please visit www.HUB24.com.au