'20

ANNUAL REPORT YEAR ENDED 30 JUNE 2020

CONTENTS

CORPORATE GOVERNANCE

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, HUB24 Limited and its Controlled entities ('the Group') have adopted the third edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council on 27 March 2014, effective for the financial years beginning on or after 1 July 2014.

The Group's Corporate Governance Statement for the financial year ending 30 June 2020 is dated as 30 June 2020 and was approved by the Board on 24 August 2020. The Corporate Governance Statement is available on HUB24 Limited's website at www.hub24.com.au/corporate-governance-statement.

HUB24 has delivered another year of strong growth in terms of our key financial metrics while also continuing to deliver on our strategic objectives.

APPENDIX 4E – YEAR ENDED 30 JUNE 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Year ended 30 June 2020 $'000	Year ended 30 June 2019 $'000		% change
Revenue from ordinary activities	112,060	98,668	Up	13.6%
Net profit after tax (from ordinary activities) for the period attributable to members	8,228	7,164	Up	14.9%
Basic earnings per share (cents)	13.13	11.54	Up	13.8%
Diluted earnings per share (cents)	12.85	11.30	Up	13.7%

DIVIDENDS

	Amount per security	Franked amount per security at 30%
Interim dividend	3.50	-
Final dividend	3.50	3.50

Subsequent to year end the Directors have determined a fully franked final dividend of 3.5 cents per share (unfranked 2.6 cents per share final dividend was paid following the year ended June 2019).

Dates for the dividend are as follows:

Ex-date	14 September 2020
Record date	15 September 2020
Dividend payment date	16 October 2020

EXPLANATION OF RESULTS

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

	30 June 2020	30 June 2019
Net tangible asset (per fully paid ordinary share)	$0.56	$0.44

CHANGES IN CONTROLLED ENTITIES

HUB24 Limited has not gained or lost control over any entity during the reporting period.

AUDIT

The report is based on accounts that have been audited by the Group's auditors, Deloitte Touche Tohmatsu.

FINANCIAL HIGHLIGHTS FY20

PLATFORM SEGMENT UNDERLYING EBITDA	GROUP UNDERLYING EBITDA	GROUP UNDERLYING NPAT	FULLY FRANKED FINAL DIVIDEND
$28.7m	$24.7m	$10.1m	3.5 cents
↑ 59%	↑ 60%	↑ 49%	PER SHARE

NETFLOWS FOR THE YEAR OF

$4.9b ↑ 27%

FUA OF $17.2b ↑ 34%

PLATFORM SEGMENT REVENUE	PLATFORM MARGIN (AS A PERCENTAGE OF FUA) REVENUE	PLATFORM MARGINS (AS A PERCENTAGE OF REVENUE) GROSS PROFIT	PLATFORM MARGINS (AS A PERCENTAGE OF REVENUE) UNDERLYING EBITDA
$74.3m	0.49	75%	39%
↑ 37%	↓ FROM 0.51%	FLAT	↑ FROM 33%

All percentage changes shown above are relative to FY19.

CHAIRMAN AND MANAGING DIRECTOR'S REPORT

FY20 Platform Revenue of $74.3 million up 37% on FY19

FY20 Platform Underlying EBITDA of $28.7 million up 59% on FY19

Funds Under Administration (FUA) grew by 34% to $17.2 billion from $12.9 billion, with record net inflows of $4.95 billion

FY20 Group Underlying EBITDA of $24.7 million up 60% on FY19

1. INTRODUCTION

Dear Shareholders,

On behalf of the Directors we are pleased to present you with this annual report for HUB24.

HUB24 has maintained its focus on providing innovative solutions that create investment opportunities for our clients. In the context of continued disruption in financial services with increasing regulation on the back of the Banking & Financial Services Royal Commission, major institutions' planned divestment of their wealth businesses and also the emergence of the COVID-19 pandemic, the company has delivered another year of strong growth in terms of our key financial metrics while also continuing to deliver on our strategic objectives.

Over the past 12 months, HUB24's market-leading technology, product leadership and customer focus have continued to deliver growth in revenue, profit and shareholder returns. In addition, we have generated a number of new business opportunities in a competitive and challenging market.

The dislocation in the Australian financial services industry which we have seen over the past few years, accelerated this financial year with several of the incumbent institutions either revising their wealth strategy or opting out of wealth management altogether by selling, or announcing the sale of their wealth businesses. Due to this uncertainty licensees and advisers are increasingly looking for providers that are committed to wealth management and continuing to invest in their proposition, evidenced by increasing net flows to specialist platforms and Funds Under Administration (FUA) transitions from incumbent platforms. Additionally, there is consolidation activity in progress amongst smaller platform providers who have not been as successful in gaining market share. The need for growth and scale is increasingly important due to the competitive landscape and market volatility caused by COVID-19. In this context, HUB24 continues to be positioned as a platform of choice, given our robust operational infrastructure, customer service excellence and innovative product solutions. We are rapidly growing and gaining market share.

For advisers, the drivers for change are continuing as they transform their businesses to remain competitive and adjust to new regulations and educational requirements. The need for platforms like HUB24 to assist them in this transformation is highly valued.

In this environment, even whilst managing the client impacts of COVID-19 advisers have continued to switch licensees, with almost 700 advisers switching licensees in the last quarter of FY20. Of these, 4.3% of advisers switched into institutional licensees, 19.9% into aligned licensees and 75.8% of advisers moved into privately owned licensees[1].

We are continuing to see growth in mid-tier licensees and the emergence of aggregated self-licensed practices who are seeking to run efficient customer focussed businesses using flexible and innovative products. HUB24 is well positioned in these growing segments having established relationships with several of these licensees during FY20 who are seeking to establish their future business model.

In February, HUB24 activated its Business Continuity Plan (BCP) to seamlessly mobilise its teams across Australia to work remotely and to leverage its robust infrastructure and technology capabilities. This ensured continued connectivity and delivery of services for customers throughout this time.

As the pandemic continues to impact investment markets, our team have actively supported advisers, helping them to leverage the enhanced capability of our platform for the benefit of their clients. Apart from being able to efficiently rebalance portfolios this has meant utilising the platform's tax efficiency tools to manage CGT and minimise transaction costs. This has provided an opportunity to showcase the capability available on the platform which can create tangible benefits for clients.

1 Adviser Ratings Musical Chairs Report Q2 2020.

In FY20 HUB24 achieved the following financial results:

- FY20 Platform Revenue of $74.3 million up 37% on FY19
- FY20 Platform Underlying EBITDA of $28.7 million up 59% on FY19
- Funds Under Administration (FUA) grew by 34% to $17.2 billion from $12.9 billion, with record net inflows of $4.95 billion
- FY20 Group Underlying EBITDA of $24.7 million up 60% on FY19.

Our statutory financial results are set out on page 47 of this annual report.

We are pleased to report that given the ongoing profitability of the company, for the first time the company is in a position to issue a fully franked dividend. A fully franked final dividend of 3.5 cents has been determined by the Board. Together with the interim dividend of 3.5 cents this brings the full year dividend to 7 cents per share, representing an increase of 52% on the prior year.

Along with strong financial growth during the year, we have continued to be recognised for customer service and product excellence:

- Equal first for platform service out of 15 platforms, with the highest percentage of top ratings across all categories[2]
- Best Platform Managed Accounts functionality 4th year running[3]
- Rated No.1 for Product Offering[3]
- Rated No.1 for Integration[3]
- 1st place in terms of overall investment options and second overall in terms of adviser satisfaction[4].

In the recent Investment Trends Planner Technology report HUB24 ranked 2nd in both adviser satisfaction and adviser advocacy and has consistently ranked in the top two platforms for the past five years. Additionally,

2 Wealth Insights Platform Service Report 2020.
3 Investment Trends Competitive Analysis and Benchmarking Report December 2019.
4 Adviser Ratings – Financial Advice Landscape Report 2019.

the company's focus on supporting advisers during the pandemic has been well received, with HUB24 being ranked the top platform in terms of primary users perceiving they received good support. HUB24 was ranked first in five categories including range of investments, client portal, integration with planning software, client reporting and tax optimisation tools. Overall HUB24 was ranked in the top two in 17 out of 25 categories[5].

We have continued our market leadership in the growing managed portfolios segment. As at December 2019, Funds Under Management (FUM) in managed portfolios in Australia stood at more than $72 billion, representing a compound annual growth rate of 11%[6]. On the HUB24 platform, managed portfolio Funds Under Administration (FUA) has been growing at a much faster compound annual growth rate (CAGR) of 57% over the past four years.

HUB24 is committed to continued investment in managed portfolios, having this year hired an additional managed portfolio IT development team, and a new Head of Managed Portfolios to support advisers and promote the benefits of managed portfolios. A project nearing the final stages of completion to streamline our managed portfolio offer by moving managed portfolios on HUB24 Invest and HUB24 Super into a registered non-unitised MIS scheme, is designed to provide additional client benefits and will lay the foundations for future innovation.

This year HUB24 added 108 new managed portfolios across diversified, fixed interest and equity portfolios to our platform menus. In response to demand for low cost managed portfolio options we added ten ETF portfolios through the year, including five enhanced index portfolios from ClearView Wealth Limited (ClearView). As of 30 June 2020, Managed portfolios represented $7.4 billion of our FUA, up from $5.6 billion at the end of FY19.

2. COVID IMPACT

Even though many industries in Australia have been impacted by the COVID-19 pandemic, HUB24 remains in a solid financial position, operating profitably with cash reserves significantly above regulatory capital requirements and generating strong operating cashflow. The company has not entered into any deferred payment arrangements and has not received any government or third party concessions in relation to the COVID-19 pandemic.

5 Investment Trends Planner Technology Report May 2020.
6 IMAP Managed Account Census 2019.

Whilst net inflows were softer in April as advisers adjusted to the COVID-19 environment, momentum improved towards the end of the year with the company recording record net inflows of $4.95 billion for FY20. Given the ongoing opportunities for growth, the company remains focused on investing for the future and delivering our strategic objectives.

3. FINANCIAL PERFORMANCE

Group Revenue over the full year was up 14% while group direct costs decreased by -2%. Platform revenue was up 37% while platform direct costs increased by 26%.

The Group's preferred measure of profitability, which is Underlying Earnings Before Interest, Tax, Depreciation, Amortisation and Abnormal items (Underlying EBITDA), increased 60% to $24.7 million for FY20 ($15.4 million in FY19[7]), with Underlying Net Profit After Tax (Underlying NPAT) up 49% to $10.1 million for FY20 ($6.8 million for FY19).

They key items driving the Group Underlying EBITDA performance for FY20 were:

- FUA growth in the Platform segment from $12.9 billion at 30 June 2019 to $17.2 billion at 30 June 2020, an increase of 34%. Record net inflows of $4.95 billion were achieved during FY20, highlighting HUB24's leadership in the growing managed portfolio segment and award-winning platform functionality. HUB24's deep relationships with licensees and advisers, together with platform functionality which allows advisers to optimise outcomes for their clients in an efficient way, has resulted in record inflows
- Platform revenue increased by 37% to $74.3 million for FY20 ($54.1 million for FY19) while platform direct expenses increased by 36% to $18.6 million ($13.7 million for FY19). Whilst administration fees were impacted by negative equity markets, market volatility drove high transaction volumes and brokerage fees and higher cash balances resulting in higher overall cash fee income
- Platform costs have increased by 26% to $45.6 million for FY20 ($36.1 million for FY19). This increase reflects an investment in people including sales and distribution, IT developers and the Innovation Lab team

7 As disclosed at 30 June 2019, from 1 July 2019 interest income has been shown as part of Gross Profit and Underlying EBITDA in the Corporate segment to better represent income generation.

- Whilst HUB24 has continued to invest for growth, the Platform Underlying EBITDA margin increased from 33.3% in FY19 to 38.6% in FY20.

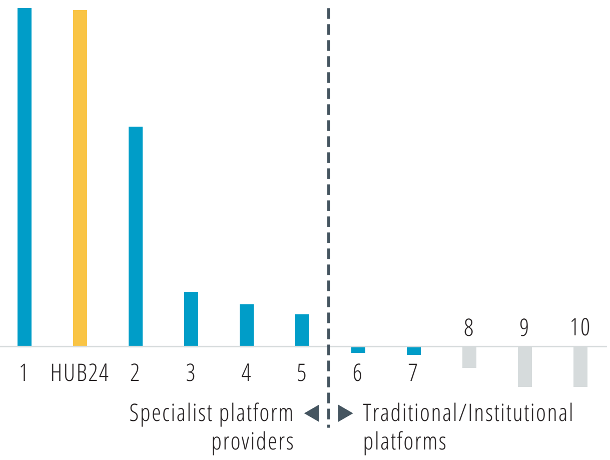
Underlying Net Profit After Tax, being NPAT before abnormal items, forms the basis of HUB24's dividend determination. This has increase by 49% to $10.1 million in FY20 ($6.8 million in FY19). A statutory Net Profit After Tax (NPAT) of $8.2 million was recorded in FY20 ($7.2 million for FY19).

4. GROWTH

During FY20 the company once again delivered significant growth and according to the latest available platform market share data HUB24 has maintained second position for both annual and quarterly net inflows and has increased market share from 1.3% this time last year to 1.9%[8]. HUB24 has now delivered a compound annual growth rate of 59% in FUA over the last five years.

Reinforcing licensees' and advisers' preference for specialist platforms and continuing the trend from FY19, institutional platforms are now collectively in net outflow, having lost more than $10 billion in FUA over the past year, whilst specialist platforms have continued to grow their market share over the last five years from less than 3% to now almost 10%[8].

Net flow share to underlying market share ratio



Our innovative product capability and delivery of customer service excellence continues to result in growth in FUA driven by strong inflows across all of our key market segments including large national licensees, stockbrokers, boutique licensees and self-licensed advisers. Our annual net inflows set a new record of $4.95 billion up 27% from FY19[9].

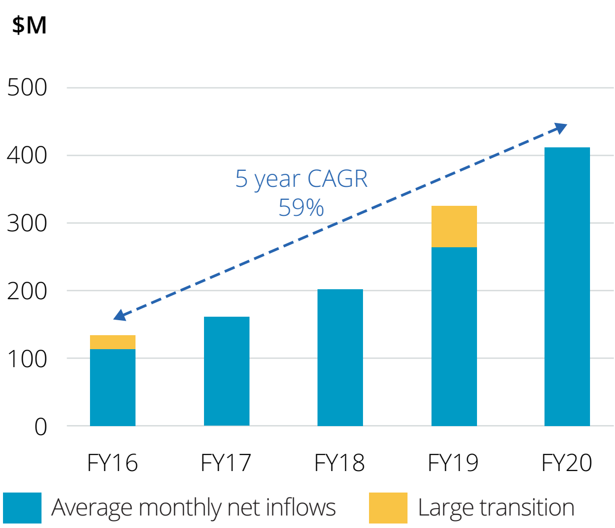
Our investment in FY19 to expand our distribution team has also helped achieve this significant growth and minimise the impact of COVID-19 as our team were better able to support advisers during this difficult time.

This financial year, HUB24 signed 105 new licensee agreements. Whilst actively pursuing new relationships, our distribution team is also focussed on working with our large national accounts and their advisers to leverage existing strong growth opportunities within their network. This year an additional 441 advisers started using the platform, an increase of 27.1% on the prior comparative period.

FUA across our Investor Directed Portfolio Service (IDPS) and Super product as at 30 June 2020 was 54% in IDPS and 46% in Super. The retail version of the platform now accounts for 77% of FUA, with 23% in customer branded white labels. The trend continues from last year for licensees to use the HUB24 retail offer with flexible pricing options rather than create their own white label version of the platform.

Overall, market conditions for HUB24's value proposition continue to present significant opportunity for growth and our sales pipeline remains strong across all segments. As a result, we will continue to invest appropriately to take advantage of this opportunity.

Average monthly net inflows



8 Strategic Insights March Quarter 2020, annual net flows share to FUA market share.

9 Net inflows represent gross inflows less outflows and do not include market movement.

Platform statistics	FY19	FY20	Growth year on year
FUA ($m)	12,870	17,217	34%
Flows*			
Gross inflows ($m)	5,327	6,748	27%
Net inflows ($m)	3,890	4,947	27%
Advisers			
Number of advisers (#)	1,625	2,066	27%

*Inflows exclude market movements.

5. OPERATIONS

HUB24's Business Continuity Plan has been effective in supporting our national teams to work remotely, leveraging our robust infrastructure and technology capabilities. Maintaining the wellbeing and effectiveness of our teams during the pandemic has been a priority. We have provided assistance for our staff to set themselves up to work from home, ensured they have regular interaction with our clients and colleagues, and encouraged employees to seek assistance through our Employee Assistance Program if needed. We are continuing to monitor and support our staff and work with them to ensure their wellbeing whilst they continue to deliver our products and services to our customers.

Market volatility during the early stages of the pandemic significantly increased asset trading volumes on the platform. These transactions were processed as usual with customers and advisers able to rebalance portfolios, purchase investments, open accounts or withdraw funds without interruption.

Our team also efficiently processed requests from customers for the early release of their superannuation. The impact of these on our FUA was less than 0.1% of FUA, given the demographic of our customers and their relationship with their adviser.

Throughout FY20 we have continued to make enhancements to the platform and in relation to COVID-19 introduced new functionality which provides the ability for advisers to adjust their clients' pension drawdown amounts and provides advisers with choice around how revised legislated pension drawdown minimums would be applied for their clients. Our approach as always was to provide flexibility and to ensure clients have choice rather than applying one approach across the board. This was well received by advisers.

Additionally, we've continued to invest in our market leading managed portfolio solution, providing portfolio managers with increased trading security around portfolio changes and delivering enhanced portfolio research for advisers and their clients.

Despite the challenges encountered as a result of the pandemic, our team remained focussed on delivering our strategic initiatives.

In March, HUB24 was appointed by ClearView as its strategic wrap platform provider. The agreement includes the development and launch of a ClearView white-label version of HUB24 Invest and HUB24 Super, along with the addition of ClearView's managed portfolio and insurance products to the HUB24 Invest and HUB24 Super retail platform offer. Under the arrangement, more than $1 billion in FUA from the current ClearView WealthSolutions wrap platform will migrate to HUB24. This opportunity is of significant importance as we'll now be providing our services as part of an institutional offer and, given the market dynamics, we expect further institutional opportunities to open up for HUB24 moving forward.

We have already delivered the white-label product for ClearView's advice networks, including their own managed portfolios, and inflows are being received. The bulk FUA transition is expected to occur during FY21.

Meanwhile, the rollout of HUBconnect has progressed well with new partners adopting the technology. HUBconnect provides advisers and their clients with a consolidated view of their wealth by facilitating the integration of data from different sources. The new HUBconnect investor app is now also available. HUBconnect is assisting the company's business development efforts and opening up new service offer opportunities.

After a comprehensive selection process, HUB24 selected HTFS Nominees (a member of the EQT Group) to be the new trustee of the HUB24 Super fund. This was due to their specialised independent trustee capabilities and the ability to support our strategic objectives as we grow. The transition to HTFS Nominees was completed in July.

This year we established the HUB24 Innovation Lab, which has been created to monitor and evaluate current and emerging technology trends, and their impact and applicability for HUB24. More specifically the Innovation Lab has been assessing opportunities in relation to open banking and the ASX block chain project. This team is currently working with a group of advice licensees on an advice enablement project which is integrating data and overlaying this with artificial intelligence to review advice documentation and provide valuable insights around compliance. A pilot program has been initiated with Fortnum Financial Group, a mid-tier licensee.

Across the market some advisers are reducing the number of clients they service and looking to service higher balance clients. This has left a gap in the market with smaller balance clients finding it more difficult to source cost-effective personal advice.

To address this market demand, this year HUB24 signed an agreement with Aberdeen Standard Investments to launch a digital client engagement and advice tool, integrated with the HUB24 platform to provide a solution for advisers to efficiently service clients with smaller balances.

After completing a strategic review of the IT Services business, HUB24 will cease to provide technology hosting services to new clients. This business will sharpen its focus on providing software, data and technology integration services to not only its traditional client base of stockbrokers but also to the broader financial services market. We are already seeing new opportunities arise with financial advice licensees and emerging data and technology providers. As a result of this refinement of strategy the leadership of this business has now been aligned under the executive currently responsible for Licensee Services (Paragem).

Meanwhile, as the licensee environment continues to evolve and advisers make decisions on their future, Paragem continues to attract advisers from the institutional space as well as practices changing from other licensees. Thirteen new practices joined Paragem this financial year, bringing its total network to 37 practices representing 77 financial advisers. The business is evolving its offer and reviewing its pricing in line with the market. Together with the growth in practices, we expect financial performance to improve going forward.

The growth in practice numbers reflects confidence in the Paragem licensee model and its ability to support businesses and their profitability while providing them with the flexibility and business community they are seeking.

6. CORPORATE GOVERNANCE

Against a backdrop of change, HUB24's Board of Directors and Management remains committed to their duties and obligations to maintain a robust system of corporate governance.

The ongoing review and improvement of corporate governance practices and processes are important aspects of business and ensuring HUB24 maintains industry best practice.

In November 2019, HUB24 appointed Ruth Stringer as Non-Executive Director of the company effective as of 1 February 2020.

Ruth is an experienced financial services lawyer with expertise in funds management, superannuation, life insurance and financial planning. She has previous experience serving on several boards and committees including the Board of Taxation's Advisory Panel and the Steering Committee of the International Pension and Employee Benefit Lawyers Association.

In November we established an internal audit function as part of the Board's commitment to further develop and improve our processes, systems and compliance effectiveness. This resulted in the appointment of KPMG to undertake a program of independent reviews in key areas of the business based on a three-year audit plan, aligned to the risk appetite of the organisation.

8. OUTLOOK

FY20 has been a successful year for HUB24 even though the COVID-19 pandemic has brought challenges that have impacted our customers, staff, shareholders and the community as we all adapt to an environment with ongoing uncertainty. In this context, our team has continued to successfully operate and grow the HUB24 business with record growth, while also building the foundations for further growth. We have been able to support our customers to manage their superannuation and investments using our reliable and robust market leading solutions and achieve better outcomes as a result.

HUB24 has maintained its market leading growth levels. Subject to market conditions, we expect this rapid growth will continue moving forward as our focus is resulting in a strengthening pipeline and is securing a number of new client relationships.

Despite the current pandemic we believe the market conditions are increasingly favourable for HUB24 as the wealth management industry continues to transform and the financial advice market continues to reshape. There are new emerging opportunities and we have been actively laying foundations to benefit from these, including our investments in technology services, the HUB24 platform, HUBconnect and managed portfolios.

Moving forward we expect ongoing strong net inflows to the platform and are now targeting a FUA range of $28–$32 billion by 30 June 2022. Subject to any unexpected impacts arising from the pandemic or broader economy, we are confident our profitable growth trajectory will continue in FY21 and beyond[10].

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

Yours sincerely

Bruce Higgins
Chairman

Andrew Alcock
Managing Director

Over the past 12 months, HUB24's market-leading technology, product leadership and customer focus have continued to deliver growth in revenue, profit and shareholder returns.

10 The company expects strong growth and increasing profitability moving forward subject to consistent and stable investment markets, HUB24 terms of business and further significant unexpected or ongoing impacts arising from the COVID-19 pandemic that may affect Platform FUA and revenue.

DIRECTORS' REPORT

Your Directors present their report together with the financials statements, on the Consolidated group (referred to hereafter as "the Group" or "HUB24") consisting of HUB24 Limited (referred to hereafter as "the Company") and the entities it controlled for the full year ended 30 June 2020 ("FY20").

In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS

The following persons were Directors of HUB24 Limited, from the beginning of the financial year and up to the date of this report, unless otherwise stated:

Mr Bruce Higgins (Chairman)
Mr Andrew Alcock (Managing Director)
Mr Ian Litster
Mr Anthony McDonald
Mr Paul Rogan
Ms Ruth Stringer (appointed 1 February 2020)

COMPANY SECRETARIES

Mr Paul Howard
Ms Debbie Last (appointed 13 March 2020)
Mr Mark Goodrick (resigned 13 March 2020)
Ms Wendy McIntyre (resigned 31 July 2019)

BRUCE HIGGINS

B Eng CP Eng, MBA, FAICD

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Bruce has more than 20 years experience as a senior executive or CEO, with companies such as Honeywell, Raytheon and listed technology companies. He is a specialist in rapid growth entrepreneurial companies, financial and software services companies, M&A and corporate governance and has also served on ASX boards as a Non-Executive Director or Chairman for more than 14 years.

Bruce was awarded the Ernst & Young Entrepreneur of the Year award in Southern California in 2005 and has a Bachelor Degree in Electronic Engineering and an MBA in Technology Management. He is a Chartered Professional Engineer and Fellow of the Australian Institute of Company Directors.

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

Previous listed company directorships held in the last three years:

- Legend Corporation Limited (resigned 30 August 2019)
- Novita Healthcare Limited (resigned 10 May 2018).

ANDREW ALCOCK

B Bus, GAICD

MANAGING DIRECTOR

Andrew has more than 25 years experience across wealth management encompassing advice, platforms, industry superannuation, insurance and information technology. Andrew was formerly Chief Operating Officer of Genesys Wealth Advisers overseeing the authorisation of more than 300 financial planners and Head of the Genesys Equity Program, where he was a Director of more than 20 financial planning practices across Australia.

Prior to this Andrew was CEO of Australian Administration Services, a subsidiary of Link Market Services, providing superannuation administration for some of Australia's largest superannuation funds. He was also previously General Manager for Asteron's wealth management business.

Andrew's extensive financial services experience solidly underpins his role as Managing Director of HUB24 Limited.

Andrew was appointed to the Group's Board on 29 August 2014 as Managing Director.

Previous listed company directorships held in the last three years:

- Nil.

IAN LITSTER

B Sc (Hons)

NON-EXECUTIVE DIRECTOR

Ian Litster has more than 13 years experience in designing and developing software for the financial services industries, particularly in the area of financial planning. He has been the founder of the companies behind the VisiPlan and COIN software packages, two of the leading financial planning systems in Australia. His main areas of expertise are the management of information technology organisations and software development. Ian has a Bachelor Degree in Science (Honours in Mathematics).

Ian was appointed to the Board on 25 September 2012 and is a member of the Remuneration and Nomination Committee. Ian was replaced by Ruth Stringer as a member of the Audit, Risk and Compliance Committee, effective 1 February 2020.

Previous listed company directorships held in the last three years:

- Nil.

ANTHONY MCDONALD

B Comm LLB

NON-EXECUTIVE DIRECTOR

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

Anthony is also a former Director of The Investment Funds Association of Australia (now Financial Services Council) and currently Chairman of a leading not-for-profit organisation. He is currently non-executive Director of 8IP Emerging Companies Limited and was appointed as non-executive Director of URB Investments Limited on 13 October 2016.

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

Anthony was appointed to the HUB24 Board on 1 September 2015 and is the Chair of the Remuneration and Nomination Committee.

Previous listed company directorships held in the last three years:

- 8IP Emerging Companies Limited (appointed 24 September 2015)
- URB Investments Limited (appointed 13 October 2016).

PAUL ROGAN

B Bus, GAICD

NON-EXECUTIVE DIRECTOR

Paul is a senior financial services professional with a background in accounting and finance, with a proven track record for delivering results in different regions and markets. In his executive career he successfully drove businesses through rapid growth phases including with Challenger, NAB, MLC and Lend Lease.

Paul has more than 26 years experience serving on entity boards and industry groups, including 13 years in the not for profit sector. Paul was appointed to the HUB24 Limited Board on 20 December 2017 and appointed as Chair of the Audit, Risk and Compliance Committee on 1 March 2018. Paul was appointed a member of the Remuneration and Nomination Committee effective 1 August 2020.

Previous listed company directorships held in the last three years:

- Nil.

RUTH STRINGER

B Sc, LLM, GAICD

NON-EXECUTIVE DIRECTOR

Ruth is an experienced financial services lawyer with particular expertise in funds management, superannuation, life insurance and financial planning. Her diverse career has included working in significant national and international law firms, as well as serving as in-house counsel with various financial institutions and more recently, working with the Australian Securities and Investments Commission. Ruth is engaged as a Consultant to Herbert Smith Freehills.

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

Ruth was appointed to the HUB24 Board on 1 February 2020 and also serves on the Audit, Risk and Compliance Committee.

Previous listed company directorships held in the last three years:

- Nil.

COMPANY SECRETARY

The names and details of the Company Secretaries in office during the 2020 financial year and at the date of this report are as follows:

PAUL HOWARD

B Comm LLB, GAICD

COMPANY SECRETARY

Paul is a senior executive and lawyer with more than 20 years experience in private practice and in-house roles.

Paul was previously General Counsel & Company Secretary at Rest, one of Australia's largest superannuation funds, responsible for the legal and company secretariat functions. Paul was also a member of the Executive Team and a trusted advisor to the Board. Prior to joining Rest, Paul was a senior lawyer at Challenger Limited, an ASX listed diversified financial services business, holding various legal roles during his time there. Before moving in house with Challenger, Paul was in private practice as a senior corporate lawyer in Sydney, Hong Kong and New Zealand.

Previous listed company directorships held in the last three years:

- Nil.

Paul was appointed Company Secretary on 31 July 2019.

DEBBIE LAST

B Comm, CA

COMPANY SECRETARY AND INTERIM CHIEF FINANCIAL OFFICER

Debbie has more than 25 years experience in governance, risk, strategy implementation, finance and process improvement in the financial services sector, bringing industrial strength together with commercial outcomes to growing businesses.

Debbie has held senior positions including CFO of NAB Asset Management, a business within NAB Wealth with more than $123 billion in funds under management across listed and unlisted asset classes, and was also a Director of a number of nabInvest related entities. She was also a partner of PwC Australia and KPMG London. Debbie holds a Bachelor of Commerce from the University of Melbourne and is a Chartered Accountant.

Previous listed company directorships held in the last three years:

- Mainstream Group Holdings Ltd.

Debbie was appointed Company Secretary on 13 March 2020 and Interim Chief Financial Officer on 5 March 2020.

MARK GOODRICK

B Acc, M App Fin, CA

PREVIOUS COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Mark has more than 15 years of experience in funds management as well as managing global finance teams in complex and fast-growing listed companies.

Mark was previously CFO at Atlas Arteria, formerly known as Macquarie Atlas Roads, a global developer and operator of private toll roads, which during his tenure as CFO grew market capitalisation significantly and is now part of the ASX Top 100 companies. Additionally, Mark held the role of CFO of Macquarie Infrastructure and Real Assets (MIRA) Australia which operates a range of infrastructure funds globally and manages approximately $13 billion in equity under management.

Previous listed company directorships held in the last three years:

- Nil.

Mark was appointed Company Secretary on 31 December 2018 and resigned on 13 March 2020.

WENDY MCINTYRE

BA LLB

(PREVIOUS COMPANY SECRETARY) GENERAL COUNSEL, COMPLIANCE & RISK

Wendy is a specialist financial services lawyer, risk and compliance professional and has more than 20 years experience across the financial services industry.

Wendy's experience includes wealth management, platforms (IDPS and super wraps), managed investment schemes, financial product advice, superannuation, life insurance and distribution arrangements. Wendy has worked at top tier law firms, including MinterEllison, with other financial services providers, such as Challenger Limited, and with ASIC.

Previous listed company directorships held in the last three years:

- Nil.

Wendy was appointed Company Secretary on 31 December 2018, and resigned on 31 July 2019.

GROUP OVERVIEW

HUB24 Limited operates the HUB24 investment and superannuation Platform (Platform), provides financial advice to clients through financial advisers authorised by Paragem Pty Ltd and provides application and technology products through Agility Applications Pty Ltd.

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

Paragem (the Licensee) provides boutique dealer group licensee services to financial planning businesses. It comprises a network of 37 financial advice businesses which deliver high quality, goals-based advice. It provides compliance, software, education and support to the practices, enabling advisers to provide clients with financial advice across a range of products.

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

PRINCIPAL ACTIVITIES

The principal activities during the year were the provision of investment and superannuation portfolio administration services, the provision of licensee services to financial advisers and software license and IT consulting services.

REVIEW AND RESULTS OF OPERATIONS

The key items regarding the Group performance for FY20 were:

FUNDS UNDER ADMINISTRATION

- Funds Under Administration in the Platform segment increased by 33.8% to $17.2 billion at 30 June 2020 (FY19 $12.9 billion), despite the uncertainty for advisers and clients and resultant market volatility impact of COVID-19 in 2H20.

REVENUE

- The Group recorded a 13.6% increase in revenue to $112.1 million for FY20 ($98.7 million for FY19)
- Platform segment revenue increased by 37.4% to $74.3 million for FY20 ($54.1 million for FY19).

EBITDA

- The Group's preferred measure of profitability is Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and abnormal items, which increased by 60.0% to $24.7 million for FY20 ($15.4 million in FY19[1])
- This EBITDA performance included Platform expenses (direct, operating and growth expenses) increasing by 26.5% to $45.6 million ($36.0 million for FY19).

NET PROFIT AFTER TAX

- Statutory Net Profit After Tax (NPAT) was up 14.9% to $8.2 million for FY20 ($7.2 million for FY19)
- Underlying Net Profit After Tax (which forms the basis of the dividend payout ratio) represents Net Profit After Tax before abnormal items. Underlying Net Profit After Tax increased 49.3% to $10.1 million for FY20 ($6.8 million in FY19).

CASH FLOWS

- The Group recorded a 118.9% increase in net cash flow from operating activities to $25.5 million for FY20 ($11.6 million for FY19).

In addition to the information disclosed in this Annual Report, readers are referred to the Group's disclosures to the ASX on 25 August 2020 for further details and analysis of the Group's performance and financial position.

CORPORATE

The following options, performance rights and shares were issued in accordance with schemes approved by shareholders. These schemes contain ambitious targets, including FUA targets of up to $32 billion, in order to incentivise and align key staff towards HUB24 achieving its strategic objectives:

- 331,332 share options were issued to staff and executives in the financial year ended 30 June 2020 (375,705 in FY19)
- 132,680 performance award rights were issued to staff and executives in the financial year ended 30 June 2020 (570,941 in FY19[2])
- 441,182 shares were issued for options exercised by staff and executives in the financial year ended 30 June 2020 (709,080 in FY19)
- 75,533 shares were issued for performance award rights earned by staff and executives in the financial year ended 30 June 2020 (nil in FY19)
- No shares were issued for part payment of consideration in the purchase of Agility Applications in the financial year ended 30 June 2020 (31,669 in FY19).

1 As disclosed at 30 June 2019, from 1 July 2019 interest income has been shown as part of Gross Profit and Underlying EBITDA in the Corporate segment to better represent income generation.

2 Director issue – Anthony McDonald in FY19.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the nature or state of affairs of the Group.

DIVIDENDS

Subsequent to the end of the year, the Directors have determined that the Group should issue a final dividend of 3.5 cents per share fully franked to be paid on 16 October 2020.

Together with the interim unfranked dividend of 3.5 cents per share, the full year dividend of 7.0 cents per share (FY19 4.6 cents per share) represents a 52% increase in dividends for shareholders for the year and a payout ratio of 43% of Underlying NPAT (FY19 42%).

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Subsequent to year end, the Directors have determined a fully franked final dividend of 3.5 cents per share (an unfranked 2.6 cents per share final dividend was declared in FY19).

This will result in an increase of 52% to the full year unfranked dividend of 6.6 cents per share, representing 40% of Underlying Net Profit After Tax (FY19: 4.6 cents per share full year unfranked dividend representing 42% of Underlying NPAT).

As of 31 July 2020 Diversa Trustees Ltd has retired as trustee of the HUB24 Super Fund. They have been replaced by HTFS Nominees Pty Ltd (the Trustee). To ensure consistent and comparable operations of the HUB24 Super Fund, the Group has entered into a loan agreement with HTFS Holding Pty Ltd, a wholly owned subsidiary of EQT Holdings Ltd, who will use the loan proceeds to purchase capital in, the Trustee. The Trustee, will reserve the funds for the purpose of meeting the Operational Risk Financial Requirement (ORFR) for the Fund in accordance with APRA Prudential Standard SPS114. The parent entity HUB24 Limited made the ORFR loan of $7 million on 31 July 2020 on an arm's length basis and on commercial terms at an interest rate of 10%.

No other significant matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

COVID-19 IMPACT

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020. The outbreak and response of governments in dealing with the pandemic has impacted the community and economy. The scale and duration of these developments remain uncertain as at the date of this report.

Even though many industries in Australia have been impacted by the COVID-19 pandemic, HUB24 remains in a solid financial position, operating profitably with cash reserves significantly above regulatory capital requirements and generating strong operating cashflow. The Company has not entered into any deferred payment arrangements and is not reliant on any government or third party concessions in relation to the COVID-19 pandemic.

Whilst net inflows were softer in April as advisers adjusted to the COVID-19 environment, momentum improved towards the end of the year with the Company recording record net inflows of $4.95 billion for FY20. Given the ongoing opportunities for growth the Company remains focused on investing for the future and delivering our strategic objectives.

Market volatility may impact Funds Under Administration (FUA) based fees and any official cash rate cut may impact cash fee income. In the second half of the year these adverse impacts were cushioned by higher cash balances and increased asset trading fees resulting from the volatile trading conditions. Net flows have proved to be resilient, our new business pipeline remains strong and assisted FUA transitions are continuing. HUB24's priority has been, and remains, ensuring the health and safety of the team whilst continuing to operate our business to meet the needs of licensees, advisers and their clients as well as other key stakeholders.

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are not subject to significant environmental regulations under Australian legislation in relation to the conduct of its operations.

DIRECTORS' INDEMNITY

During FY20 the Group paid a premium in respect of insuring all Directors and officers against liability, except wilful breach of duty, of a nature that is required to be disclosed under section 300(8) of the *Corporations Act 2001*. In accordance with commercial practice, the amount of the premium has not been disclosed.

The Group has indemnified officers and Directors to the extent permitted by law against any liability that arises as a result of actions as an officer or Director and has not otherwise, during or since the end of FY20, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

MEETINGS OF DIRECTORS

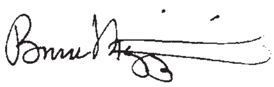
The numbers of meetings of the Group's Board of Directors and of each Board committee held during the year ended 30 June 2020, and the numbers of meetings attended by each Director were as per the table below:

	Board meetings		Audit, risk & compliance committee meetings		Remuneration & nomination committee meetings	
Director	Attended	Held*	Attended	Held*	Attended	Held*
Mr Bruce Higgins (Chairman)	10	10	7	7	2	2
Mr Andrew Alcock (Managing Director)	9	10	-	-	-	-
Mr Ian Litster**	9	10	4	5	1	2
Mr Anthony McDonald	10	10	-	-	2	2
Mr Paul Rogan	10	10	7	7	-	-
Ms Ruth Stringer (appointed 1 February 2020)	4	4	2	2	-	-

*Number of meetings held during the time the Director held office or was a member of the committee. Ruth Stringer replaced Ian Litster as a member of the Audit, RIsk and Compliance Committee during the financial year ended 30 June 2020.

**Ian Litster replaced by Ruth Stringer 1 March 2020.

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



Mr Bruce Higgins (Chairman) – Director

Sydney, 24 August 2020

INTRODUCTION TO THE REMUNERATION REPORT (UNAUDITED)

Dear Shareholders,

On behalf of the Board and its Remuneration and Nomination Committee, I am pleased to present HUB24's 2020 Remuneration Report, for which we will seek your support at our Annual General Meeting this November.

FURTHER ENHANCEMENTS TO THE REMUNERATION REPORT

The FY19 Remuneration Report marked the first inclusion of a specific letter from the Chairman of the Remuneration and Nomination Committee setting out key information, including graphical representations of various aspects of the Remuneration Report. We found that this assisted Shareholders with more readily interpreting the Company's remuneration philosophy, structure, implementation and alignment.

As mentioned in the FY19 Remuneration Report, we are committed to continual improvements to reflect shareholder expectations and to support HUB24's growth. We trust that the FY20 Remuneration Report achieves that objective and further assists Shareholders. We are also acutely aware that FY20 warrants specific commentary on the effects of COVID-19 on remuneration philosophy, structure, implementation and alignment, and have included such commentary in the FY20 Remuneration Report.

We have also been aided in FY20 with expert and independent advice from a specialist remuneration consultant and a leading accounting and tax adviser. We determined that this was necessary given the uncertainty and uniqueness of remuneration in a COVID-19 environment, further building on our external benchmarking exercises in FY16 and FY18.

More specifically, the FY20 remuneration review included three key components, utilising external services providers, namely:

1. Data collection and benchmarking of base, STI and total remuneration against an agreed comparator group
2. Review of the LTI structure and trends in LTI incentives post COVID-19
3. Overall COVID-19 impacts on remuneration strategy.

The FY20 Remuneration Report and FY21 remuneration reflect various insights gleaned from those reviews.

We have also kept abreast of best practice guidelines and regulatory developments in the area of remuneration and benefits, all with the aim of better aligning each of remuneration measures, incentives and retention mechanisms to Shareholder value and to HUB24's strategy.

Consistent with this approach, in FY20, and up until the date of this Report, we also:

1. Carried out a review of our Corporate Governance Statement as it applies to a diversity policy and our skills matrix
2. Undertook an extensive Board Performance Review, utilising an independent third-party governance expert and facilitator
3. Initiated our second HUB24 Group Culture and Conduct Survey seeking direct feedback from staff to the Board about their experiences working with HUB24 Group, and formally seeking input regarding the day to day conduct and culture of our business
4. Updated and enhanced the Remuneration and Nomination Committee Charter.

This year we have also expanded on our disclosure of Key Performance Indicators, consistent with best practice (see section 4 in the main body of this Report).

HUB24 REMUNERATION FOUNDATIONS – PERFORMANCE ALIGNMENT

A key Board priority is to ensure a high degree of alignment in outcomes between Shareholders and Management.

As reported last year, a number of initiatives were put in place to further align interests during the last few years. These are summarised in the table below. As mentioned above, we undertook research regarding potential COVID-19 effects on alignment and these are commented on below and have been considered in FY21 remuneration and benefits planning.

Table 1: Summary of various alignment arrangements for KMP in FY20

Key Remuneration Component	Arrangement	Purpose and Alignment
Fixed Remuneration	Continuation in FY20 of the capping of Fixed Remuneration in return for the issuance of the Special LTI in FY19	Alignment with cash flow and profitability objectives of HUB24
Short Term Incentive (STI)	• STI deferral provisions • STI claw-back provisions • Structured Scorecards	• 33.3% of the KMP STI is payable upon approval by the Board as recommended by the Remuneration and Nomination Committee, whilst payment of the remaining amount is deferred with half payable in a further six months and the other half in a further 12 months • Claw-back in instances of fraud or malfeasance • Structured Scorecard KPIs covering: – Growth and profitability – Future foundations – Product and service innovation – Operational certainty – Leadership and culture
Long Term Incentive (LTI)	Issuance of Special LTI in FY19 in addition to usual LTI scheme in return for capping of Fixed Remuneration until 1 September 2020	Alignment with cash flow and profitability objectives of HUB24

THE YEAR THAT WAS

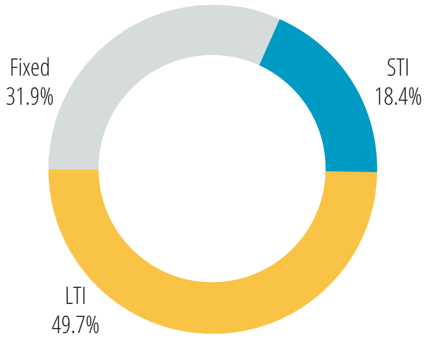
FY20 REMUNERATION OUTCOMES

The Board views it was another successful year for HUB24, particularly in light of the effects on the business late in the year as a result of COVID-19. HUB24 achieved strong growth in Funds Under Administration (FUA) (up 34%), Platform Revenue (up 37%) and Platform Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (up 59%). As a result of these strong results, incentives were awarded to the Managing Director, Mr Alcock, and Executives under the FY20 Short Term and Long Term Incentive plans (STIs and LTIs). The main FY20 remuneration outcomes for the Managing Director are summarised below. The Board believes that these outcomes appropriately align HUB24's performance, Shareholder value, market expectations and KMP incentivisation and retention.

Table 2: Andrew Alcock, Managing Director total remuneration snapshot

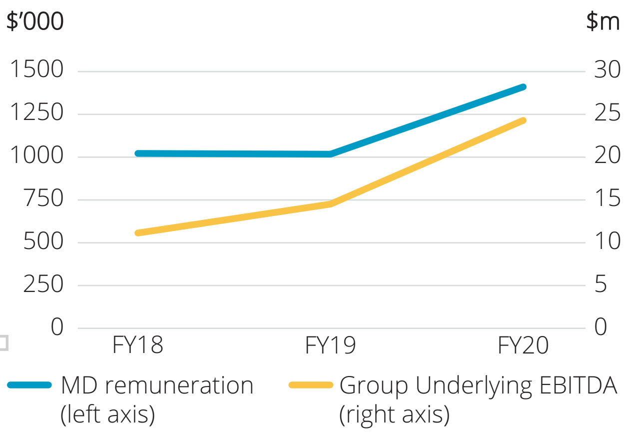
	FIXED		STI		LTI		TOTAL	
	FY20	FY19	FY20	FY19	FY20	FY19	FY20	FY19
$	468,975	470,695	270,000	203,312	728,966	353,927	1,467,941	1,027,934
% STI eligibility achieved	N/A		80%	60%	N/A		N/A	

Managing Director remuneration breakdown 2020



Note: The LTI figure above includes special LTI (PARs) expenses i.e. for those issued in FY19.

Managing Director total remuneration relative to Group Underlying EBITDA



CORPORATE GOVERNANCE STATEMENT

Towards the end of FY20, the Remuneration and Nomination Committee carried out a review of our Corporate Governance Statement as it applies to a diversity policy and our skills matrix.

As part of the review, the Remuneration and Nomination Committee developed and prepared, for Board approval, a dynamic skills matrix that also serves to assist with:

1. Future Board reviews
2. Future Board appointments
3. A template for separate skills matrices for each Board Committee
4. Future disclosures and communications to Shareholders and other stakeholders regarding the Board's priorities with regard to diversity and skills augmentation.

The skills matrix was prepared in light of the Australian Institute of Company Directors "Guidance for preparing a board skills matrix". In summary, the matrix addressed skills and diversity under the following categories and features.

Table 3: Skills and diversity matrix categories

Item	Categories	Features
Skills	• Overall culture & strategy • Strategy & business alignment – Platform – Growth – Advice enablement • General/Group wide – Financial – Operational, risk management & governance • Human capital • Technology, data & IT • Marketing & sales • Custom/strategy specific	• Level of importance ranking • Current representation rating • Immediate recruitment priority rating • Individual Director skills determination
Diversity	• Gender • Age • Geography • Ethnicity	• Current Board levels

BOARD EFFECTIVENESS REVIEW

A Board Effectiveness Review, utilising an independent third-party governance expert and facilitator, was initiated late in the year. The review scope was formed with the independent expert to cover a number of focus areas and involved detailed interviews between the third-party governance expert and each individual Director (including the Managing Director), as well as the Company Secretary.

The areas of focus included:

1. Alignment of Shareholders, the Board and Board members
2. Board dynamics and internal communications
3. Governance, culture and ethics
4. Strategy
5. Financial management
6. Risk management and compliance
7. Remuneration and nomination.

The findings were presented to the Board by the governance expert and are being considered in detail, including the suggestion of various measures that the Board can take to further enhance overall performance and cohesiveness.

The Board will be implementing improvement initiatives arising from this review in FY21, including enhancements to the formal and informal interaction between the Chairman, the Chairs of Board Committees and all Non-Executive Directors as HUB24 continues to grow and to require effective and timely Board attention to a dynamic market and regulatory environment.

CULTURE AND ORGANISATIONAL HEALTH

The Board and Management believe that culture and performance are inextricably linked, and that the culture of the organisation must be tested from time to time and fully understood in order to ensure that behaviours and incentives are aligned to the desired culture and ultimately conducive to creating long term Shareholder value. The Board initiated a company-wide culture and organisational health survey in FY19, commissioning an independent specialist research organisation to assist with format, content and implementation.

The FY19 survey canvassed a number of quantitative and qualitative (open) questions, intended to test, ascertain and verify organisational culture and health. It also served as the base case for benchmarking our organisational culture and health. A second FY20 survey was initiated late in the year. Its objectives were to:

1. Benchmark against the FY19 survey results
2. Afford staff the opportunity to comment on, and to raise any issues in relation to, their COVID-19 affected work experiences and management of COVID-19 from a culture and human resources perspective.

As foreshadowed in last year's Remuneration report, the FY19 survey produced overall positive scores, particularly relating to a culture of honesty, integrity and a willingness of staff to raise sensitive issues. The Board identified some areas of potential improvement, notably heightened staff development and training, the findings of which were passed to management with a brief to evaluate and implement suitable initiatives in the workplace, which have been acted on during the course of FY20.

The company-wide culture and organisational health survey for FY20 is underway at present and is expected to be completed by the end of August. The final analysis will be used to benchmark, to synthesise areas of further continuous improvement, and in particular, to determine any necessary adjustments to deal with a (post) COVID-19 workplace.

COVID-19 EMPLOYEE WELLBEING

The Company has continued to monitor employee wellbeing and ongoing business operations during the COVID-19 pandemic, including the use of regular employee surveys. During this period our employees have primarily been working remotely from their homes to efficiently and effectively operate the HUB24 business. Our ability to rapidly mobilise our workforce to achieve this without operational interruption is testament to the dedication of our employees and our overall cultural attributes of integrity, collaboration, excellence and customer service.

We have supported our employees during this time with assistance to establish their home working environments and ensuring all staff have regular interaction with other employees from their team and across the broader business. All employees have access to our Employee Assistance Program which offers a range of support services from qualified professionals and we are actively encouraging employees to seek assistance should they need to. The results of ongoing staff surveys are reviewed and appropriate actions are developed to provide both professional and personal assistance to employees.

REMUNERATION AND NOMINATION COMMITTEE CHARTER

Following a FY20 review of the both the Board and Audit, Risk and Compliance Committee Charters, the Remuneration and Nomination Committee undertook an evaluation of its own Charter, consistent with changes and enhancements to the other two Charters. This culminated in a substantial rewrite and upgrade of the Remuneration and Nomination Committee Charter, which is now in line with HUB24's current standards for Charters and better reflects the Committee's (and its members') roles and responsibilities.

THE YEAR AHEAD

REMUNERATION FOR 2021

As mentioned above, in FY20 we initiated a forward-looking remuneration review in three parts, utilising external services providers, ie:

1. Data collection and benchmarking of base, STI and total remuneration against an agreed comparator group
2. Review of the LTI structure and trends in LTI incentives post COVID-19
3. Overall COVID-19 impacts on remuneration strategy.

Benchmarking was undertaken in respect of the Managing Director and five of his direct reports, against two comparator groups, namely:

1. A primary comparator group comprising similar sized ASX-listed financial services and "fin-tech" companies of broadly similar scale and complexity, and
2. A secondary comparator group comprising Platform and wealth management businesses that are divisions of the major banks and other financial services organisations.

The results have been used to evaluate and determine FY21 remuneration and benefits.

The independent remuneration benchmarking organisation was also asked to comment on various aspects of HUB24's remuneration and benefits including:

1. The previously deployed Absolute Total Shareholder Return LTI performance hurdle (compared to a Relative Total Shareholder Return LTI performance hurdle)
2. FY20 and FY21 pay responses to COVID-19.

The independent organisation was supportive of HUB24 maintaining the current Absolute Total Shareholder Return LTI performance hurdle in FY21 on the basis of challenging and yet realistic hurdle rates and their disclosure around the continued drivers, being HUB24's high growth profile relative to other listed companies and the setting of targets above average market returns.

In setting FY21 remuneration and benefits, the Remuneration and Nominations Committee and the Board have also considered various comments from the independent expert relating to the effects of COVID-19, and in particular, the inherent and heightened economic and market conditions it brings. The Remuneration Committee and the Board are acutely aware of the need to adopt an appropriately flexible, yet disciplined approach to the assessment and setting of remuneration including the application of positive or negative adjustments to STIs that are structured, cognisant of COVID-19 led volatility and its effects on Company profitability and prospects and which are aligned with Shareholder interests. The Remuneration and Nomination Committee and the Board have given due consideration to these factors in setting FY21 remuneration and these will be touched on in Shareholder communications during the course of FY21.

The Board also engaged a specialist accounting and tax firm to comment on LTI structure and trends in LTI incentives post COVID-19. Again, this advice has been critically assessed and factored into FY21 remuneration.

THE 2020 REMUNERATION REPORT

The Board believes HUB24's approach to Board and Executive remuneration remains balanced, fair and equitable and motivates, retains and rewards a successful and experienced team to deliver ongoing business growth and manage the risks of the business, with Shareholder alignment over the short, medium and longer term. We believe the effectiveness of HUB24's approach is evidenced, on one principal measure, by the FY20 aggregate STI payout ratio of 80% in a period where the Company achieved a growth in basic statutory earnings per share of 13.8% from FY19 11.54 cents per share to FY20 13.13 cents per share, while also maintaining or improving our leading platform industry rankings across a number of areas.

We trust the FY20 Remuneration Report assists Shareholders to more readily review our remuneration philosophy, structures and alignment. We remain committed to continuous improvement and to open communication with Shareholders and other stakeholders, particularly around our remuneration practices and disclosures. As such, I welcome any feedback that you may have.

Regards,

Anthony (Tony) McDonald
Chairman, Remuneration and Nomination Committee

REMUNERATION REPORT – AUDITED

1. INTRODUCTION

The Directors present the Remuneration Report for HUB24 and its consolidated entities (the Group) for the year ended 30 June 2020 (FY20), prepared in accordance with the *Corporations Act 2001*. The Remuneration Report forms part of the Directors' Report and provides Shareholders with an understanding of the remuneration principles in place for Key Management Personnel (KMP).

This Remuneration Report explains the FY20 Remuneration Framework and outcomes for the KMP. The KMP comprise the Managing Director, certain Group Executives with operational and/or financial responsibility (together referred to in this Remuneration Report as 'Executives') and the Non-Executive Directors.

KMP

Name	Role in FY2020	Commencement date in role
Bruce Higgins	Non-Executive Director, Chairman	19 October 2012
Ian Litster	Non-Executive Director	25 September 2012
Anthony McDonald	Non-Executive Director	1 September 2015
Paul Rogan	Non-Executive Director	20 December 2017
Ruth Stringer[1]	Non-Executive Director	1 February 2020
Andrew Alcock	Managing Director	29 July 2013
Jason Entwistle	Director, Strategic Development	1 August 2013
Mark Goodrick[2]	Previous Chief Financial Officer and Joint Company Secretary	3 December 2018
Craig Lawrenson	Chief Operating Officer	21 August 2017
Debbie Last	Interim Chief Financial Officer and Joint Company Secretary	13 March 2020

1. Appointed effective 1 February 2020. 2. Resigned effective 31 March 2020.

2. REMUNERATION STRATEGY

The overall objective of the Board's Remuneration Strategy is to support and drive the strategic agenda of the Group, and to align remuneration with the creation of long term Shareholder value. The performance of the Group depends upon the quality of its KMP. To deliver the Group strategy and Shareholder value the Group must attract, motivate and retain highly skilled KMP and ensure reward for performance is competitive and appropriate for the results achieved. To this end, the Group embodies the following principles in its Remuneration Framework:

Remuneration Principles

- Attract, motivate and retain qualified staff to manage the profitable growth of HUB24
- Focus on sustained growth in Shareholder value
- Provide competitive & reasonable rewards to attract, motivate & retain high calibre individuals
- Focus the Executive on key drivers of Shareholder value including capital management
- Simplicity and transparency

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee is responsible for making recommendations to the Board on the remuneration arrangements for KMP. The Remuneration and Nomination Committee assesses the appropriateness of the structure and amount of remuneration on a periodic basis by reference to relevant employment market conditions, with the overall objective of delivering growth in Shareholder value from the recruitment, motivation and retention of high performing KMP.

The current members of the Remuneration and Nomination Committee are Anthony McDonald (Chair), Bruce Higgins, Ian Litster and Paul Rogan, who was appointed effective 1 August 2020. Their qualifications and experience are set out earlier in the Directors' Report.

In reviewing KMP performance, the Remuneration and Nomination Committee conducts an evaluation based on specific criteria, including the Group's business performance, whether strategic objectives are being achieved and the development and performance of KMP.

3. REMUNERATION FRAMEWORK

HUB24's overall Remuneration Framework places emphasis on rewarding Executives for achieving the Group's strategy and creating Shareholder value as follows:

- Fixed Remuneration that attracts and retains Executives with the skills and experience needed to respond to the complex challenges facing the Group and industry;
- Short Term Incentives (STIs) that drive alignment with the Group's current operational strategies including profitability, product and service innovation, risk management, change management and laying the foundations for further growth; and
- Long Term Incentives (LTIs) that align Executive outcomes over time with the delivery of sustainable Shareholder value.

HUB24 strives to create a Remuneration Framework that drives a performance culture, ensuring there is a strong link between Executive pay and the achievement of the Group's performance and long term Shareholder value.

The Board reviews the Remuneration Framework regularly to ensure it continues to be fit-for-purpose and drives performance outcomes that deliver on the Group's strategy, value creation and KMP retention. These regular reviews are also considered good governance by the Board.

Assisted by independent experts, the Board undertakes regular reviews of the Remuneration Framework. The reviews include an evaluation of remuneration practices and frameworks, as well as remuneration levels for each of Fixed Remuneration, STIs and LTIs against comparator benchmarks. The Board also gives consideration to relevant elements of APRA's Banking Executives Accountability Regime (BEAR). The purpose of these evaluations is to determine whether the Group's remuneration policies and practices remain market competitive and best practice. The outcomes of these reviews have since been incorporated into the Group's Remuneration Framework. In FY20, HUB24 engaged independent experts to ensure that any further market practices and relevant developments in remuneration are fully understood, that any stakeholder concerns are addressed at the earliest opportunity and that HUB24's Remuneration Framework and implementation remain consistent with its strategy and Shareholder alignment.

At the 11 November 2019 AGM, 96.68% of votes received supported the adoption of the Remuneration Report for the year ended 30 June 2019. The Group proactively engages with Proxy Advisers and did not receive any specific feedback at the AGM regarding its remuneration practices.

4. FY20 EXECUTIVE REMUNERATION FRAMEWORK

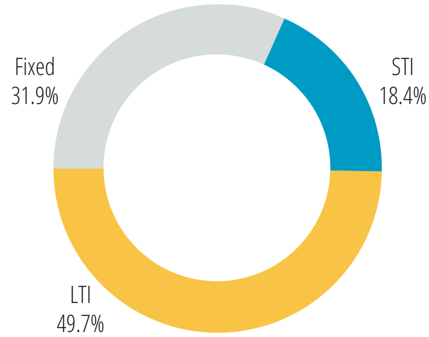
The Remuneration Framework is designed to reward the achievement of both short and longer term objectives which in turn align Executive and Shareholder outcomes. The following diagram provides an overview of the Remuneration Framework for Executives for FY20.

Fixed Remuneration	Short Term Incentive (STI)	Long Term Incentive (LTI)
Objectives		
To attract and retain Executives with the right capability and experience	To reward Executives for delivering financial returns and progress relative to the Group's current strategy	To reward Executives for long term performance, encourage shareholding and deliver long term value creation and retention for Shareholders

EXECUTIVE REMUNERATION MIX

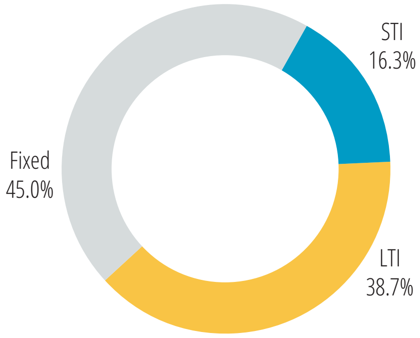
The remuneration mix is structured to attract, motivate and retain staff appropriately. The FY20 remuneration mix for Executives is summarised below:

Managing Director remuneration breakdown 2020



Note: The LTI figure above includes special LTI (PARs) expenses i.e. for those issued in FY19.

Other Executives remuneration breakdown 2020 (average)



FIXED REMUNERATION

The level of Fixed Remuneration is set in order to provide a base level of remuneration, which is both appropriate to the position and competitive in the market.

Fixed salaries are reviewed annually by the Board and the process consists of a review of company-wide business unit and individual performances, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies, practices and market comparisons. Fixed Remuneration is received in cash.

STI

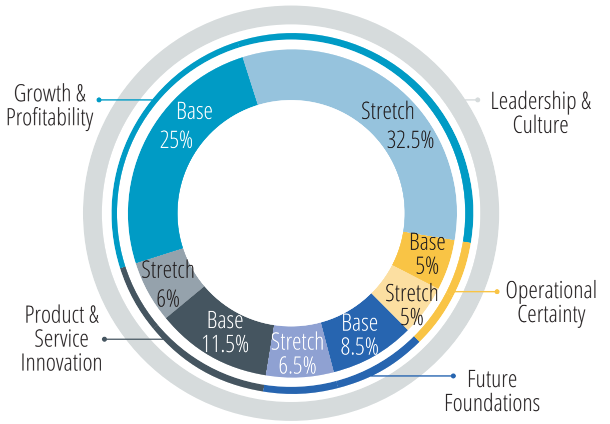
The objective of STIs is to reward KMP, who are remunerated with Fixed Remuneration, in a manner that focusses them on achieving personal and business goals which contribute to current strategies and to the creation and growth of sustained Shareholder value.

STI payments are granted to Executives based upon structured qualitative and quantitative scorecard measures being achieved as determined by the Board. The scoreboard measures include “base case” and “stretch” targets. The allocated weighting between base case and stretch may vary between KMP.

STIs are currently assessed against performance using the following categories:

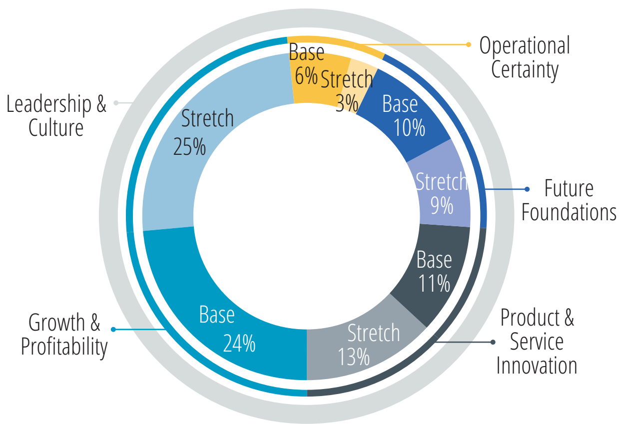
Category	Including
Growth and Profitability	• FUA growth measures • Profitability and business development measures
Building Future Foundations of the Business	• Strategic planning milestones • Brand profile, market positioning an industry relationships • Organisational and strategic development
Product and Service Innovation	• Industry product & service level benchmarking measures • Product development milestones
Operational Certainty	• Enterprise risk management measures • Regulatory, legal & compliance measures • Scalability and capacity planning
Leadership and Culture (Overarching)	• Cultural and engagement assessments • Alignment with company values • Leadership development

Managing Director STI targets



Note: 25% of the Managing Director's Growth and Profitability STI target relates to financial performance with the remaining 32.5% assessed against FUA growth and business development.

Other Executive STI targets



Note: 24% of the aggregated Executive STI Growth and Profitability target relates to financial performance with the remaining 25% assessment against FUA growth and business development. Weightings vary between each Executive.

Other KMP STI Conditions
33.3% payable upon approval by the Board as recommended by the Remuneration and Nomination Committee.
Balance deferred with half payable in a further six months and the other half in a further 12 months.
"Claw-back" mechanism for certain events such as fraud and governance failures by the relevant KMP.
Ability to convert 50% of STIs achieved and payable in cash to shares in the Group, with the Board having a discretion to allow higher levels of conversion.

Details of the STIs earned for each relevant KMP are set out in section 5 of this Remuneration Report.

LTI

KMP may be eligible to participate in the LTI Plans for the purpose of receiving Options and/or Performance Award Rights (PARs) over ordinary shares. Additionally, the Board may, at their discretion and with the approval of Shareholders (as required), elect to remunerate KMP through the issue of Options or PARs outside of these plans.

The objective of the LTI Plans is to provide KMP with the incentive to deliver sustained growth in Shareholder value and to provide the Group with the ability to attract, motivate and retain appropriate personnel.

LTIs issued under the LTI Plans currently have two performance hurdles:

- 50% of the Options and 50% of the PARs – the Compound Annual Growth Rate (CAGR) in Funds Under Administration (FUA) over a three year period; and
- 50% of the Options and 50% of the PARs – the Absolute Total Shareholder Return (ATSR) performance over a three year period.

The Remuneration and Nomination Committee regularly assesses the appropriateness of these hurdles, including in light of independent advice. For example, with the assistance of an independent adviser, the Remuneration and Nomination Committee and the Board have considered alternative hurdles such as relative Shareholder return compared to comparators in the market. At this time it was agreed that such a hurdle was not in the best interests of Shareholders given the very narrow, true listed comparator set, but that it would be monitored.

The current hurdles incentivise KMP to build scale with appropriate margins in order to deliver business growth and profitability (as currently measured by the CAGR in FUA) as well as the success in implementing the Group's long term strategic objectives (as currently measured by the CAGR in ATSR).

Other LTI Conditions
Sales restrictions on shares resulting from the exercise of Options or PARs – 12 months from the date of exercise except for the purpose of funding the exercise price of Options or to meet the tax obligations arising from the exercise of Options or PARs or from the sale of shares. The sale of shares in such circumstances is undertaken in accordance with a process overseen by the Board.
Options and PARs will expire upon resignation or termination of KMP employment unless KMP are determined by the Board to be a "Good Leaver" based upon special circumstances such as death, disablement or such other circumstances as the Board determines.
LTI awards may be forfeited in particular circumstances, or other circumstances the Board determines, such as a material misstatement or omission in the financial statements of the Group and actions by KMP that seriously damage the Group's reputation or put the Group at significant risk.
Upon a change of control event, the LTI awards vest on a pro rata period of time basis. The Board has discretion to vest the full grant of Options and PARs upon a change of control event in appropriate circumstances.

OTHER SHARE BASED INCENTIVES

The objective of other share based remuneration is to reward KMP and staff (where applicable) in a manner that aligns this element of remuneration with the creation and growth of sustained Shareholder value. As such, ordinary share and Option/PAR grants may be made to KMP who are able to influence Shareholder value and thus have an impact on the Group's performance.

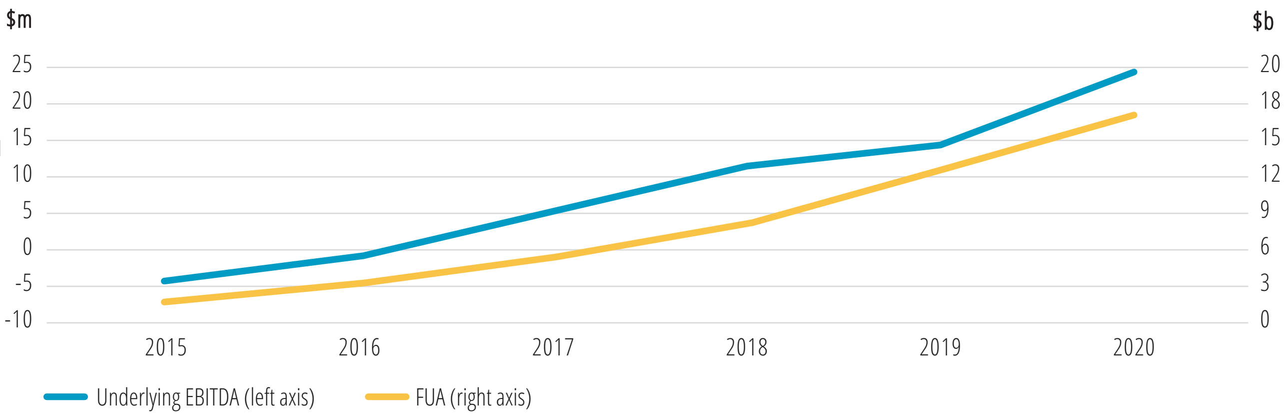
Share based KMP remuneration may be delivered in the form of shares, partly paid shares, PARs or grants under the Employee Share Plan or as share Option grants, as the Board recommends in its discretion, on a case by case basis. Recipients of share based remuneration may be required to meet vesting or exercise conditions, including business performance, length-of-service, and market and non-market performance based criteria, including sustained share price targets.

SUPPORTING INFORMATION

In considering the Group's performance the Board has regard to the following with respect to the current year and previous financial years:

	2020	2019	2018	2017	2016	2015
Underlying EBITDA ($'000)	24,684	14,779	11,353	5,119	(840)	(4,385)
Funds Under Administration (FUA) ($b)	17.217	12.870	8.343	5.515	3.313	1,704
Underlying Profit/(Loss) after income tax ($'000)	10,136	6,489	5,400	3,942	(1,187)	(6,457)

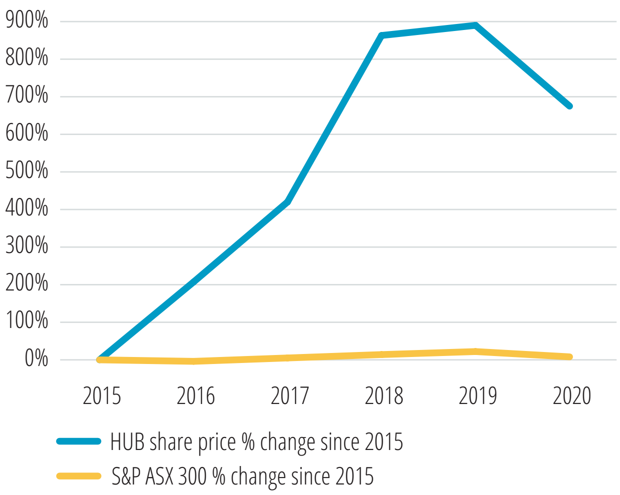
Underlying EBITDA and FUA



The factors that are considered to affect Shareholder value are summarised in the table and chart below:

	2020	2019	2018	2017	2016	2015
Share price at financial year end ($)	9.30	11.88	11.55	6.24	3.68	1.2
S&P ASX 300 (#)	5,858.5	6,568.4	6,152.3	5,668.8	5,195.5	5,400.5
HUB share price % increase since 2015	675%	890%	863%	420%	207%	N/A
S&P ASX 300 % since 2015	8%	22%	14%	5%	-4%	N/A

HUB24 share price vs ASX 300



5. REMUNERATION FOR KMP

The table below sets out the percentage of the maximum available STI (against base salary) for each KMP that was awarded in relation to FY20 and the percentage that was forfeited because the Group and individual performance criteria did not meet the agreed targets.

Current year (FY20) STI entitlement			
Name	Entitlement	Awarded	Forfeited
A. Alcock	75%	82%	18%
J. Entwistle	75%	87%	13%
C. Lawrenson	70%	85%	15%
M. Goodrick*	50%	0%	100%
D. Last**	N/A	N/A	N/A

*resigned 13 March 2020
**appointed 5 March 2020

	Short term benefits		Post employment benefits	Long term benefits	Share based payments			
2020	Salary and Fees[1] $	Bonus $	Superannuation $	Long Service Leave $	Shares $	Options & PARs[2] $	Total $	Performance related %
Non-Executive Directors								
B. Higgins	210,672	-	-	-	-	-	210,672	0%
I. Litster	98,254	-	-	-	-	-	98,254	0%
A. McDonald	87,000	-	-	-	-	94,639	181,639	0%
P. Rogan	101,588	-	-	-	-	-	101,588	0%
R. Stringer[3]	35,388	-	3,362	-	-	-	38,750	0%
Sub-total Non-Executive Directors	**532,902**	**-**	**3,362**	**-**	**-**	**94,639**	**630,903**	
Executives								
A. Alcock	438,669	270,000	21,003	9,303	-	728,966	1,467,941	19%
J. Entwistle	342,901	223,000	21,003	7,536	1,000	664,076	1,259,517	18%
C. Lawrenson	350,946	208,000	21,003	8,290	1,000	263,800	853,039	25%
M. Goodrick[4]	259,030	-	15,025	-	1,000	87,027	362,082	0%
D. Last[5]	158,400	-	-	-	-	N/A	158,400	0%
Sub-total Executives	**1,549,946**	**701,000**	**78,034**	**25,130**	**3,000**	**1,743,869**	**4,100,979**	
Total	**2,082,848**	**701,000**	**81,396**	**25,130**	**3,000**	**1,838,508**	**4,731,882**	

1. KMP salary and fees includes Fixed Remuneration and movement in annual leave entitlement.
2. Increase in Options and PARs due to Special LTI issued in December 2018 which was provided to executives in return for capping of fixed remuneration for a three year period ending 1 September 2020 and subject to significant growth in FUA to be measured at 30 June 2022.
3. Appointed 1 February 2020.
4. Resigned 13 March 2020.
5. Appointed 5 March 2020 and engaged on a contracted basis with daily rate payments made to an external party.

	Short term benefits		Post employment benefits	Long term benefits	Share based payments			
2019	**Salary and Fees[1] $**	**Bonus $**	**Superannuation $**	**Long Service Leave $**	**Shares $**	**Options & PARs $**	**Total $**	**Current Period Performance Related %**
Non-Executive Directors								
B. Higgins	180,525	-	-	-	-	-	180,525	0%
I. Litster	90,263	-	-	-	-	-	90,263	0%
A. McDonald	87,000	-	-	-	-	40,318	127,318	0%
P. Rogan	90,263	-	-	-	-	-	90,263	0%
Sub-total Non-Executive Directors	**448,051**	**-**	**-**	**-**	**-**	**40,318**	**488,369**	
Executives								
A. Alcock	427,524	203,312	20,451	22,720	-	353,927	1,027,934	20%
J. Entwistle	351,153	166,500	20,451	18,383	1,000	260,778	818,265	20%
C. Lawrenson	342,439	155,129	20,451	10,158	1,000	164,927	694,104	22%
M. Goodrick[2]	221,207	63,548	11,977	3,348	-	27,745	327,825	19%
M. Haes[3]	138,480	35,000	10,185	-	1,000	44,019	228,684	15%
Sub-total Executives	**1,480,803**	**623,489**	**83,516**	**54,609**	**3,000**	**851,396**	**3,096,812**	
Total	**1,928,854**	**623,489**	**83,516**	**54,609**	**3,000**	**891,714**	**3,585,181**	

1. KMP salary and fees includes Fixed Remuneration and movement in annual leave entitlement. 2. Appointed 3 December 2018. 3. Resigned 31 December 2018.

6. SERVICE AGREEMENTS

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

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

All KMP have ongoing employment agreements. The Group may generally terminate the employment agreement by providing between three and six months written notice depending on the agreement or providing payment in lieu of the notice period (based on the fixed component of the relevant KMP remuneration).

The major provisions of the agreements relating to remuneration are set out below. Salaries set out below are for FY20 and are subject to review by the Remuneration and Nomination Committee.

Name	Base Salary (including superannuation)	STI[1]	LTI	Term of agreement	Notice period – either party
A. Alcock[1] Managing Director	451,805	Up to 75% of Base Salary	54,764 Options, 21,932 PARs[2]	Ongoing – commenced 29 July 2013	6 months
J. Entwistle Director, Strategic Development	370,000	Up to 75% of Base Salary	44,848 Options, 17,961 PARs[3]	Ongoing – commenced 1 August 2013	6 months
C. Lawrenson Chief Operating Officer	369,570	Up to 70% of Base Salary	13,438 Options, 5,382 PARs[3]	Ongoing – commenced 21 August 2017	6 months
M. Goodrick – Chief Financial Officer, resigned 13 March 2020	370,000	Up to 50% of Base Salary	22,424 Options, 8,980 PARs[4]	Commenced 3 December 2018. Ceased 13 March 2020	Not applicable
D. Last – Interim Chief Financial Officer, appointed 5 March 2020	N/A[5]	N/A	N/A	Ongoing – commenced 5 March 2020	Not applicable

1. For Andrew Alcock 50% of STI payable upon achieving base case objectives set by the Board. A further 50% payable upon the achievement of stretch case objectives. For other KMP the allocated weighting between base case objectives and stretch case objectives may vary.
2. Options and PARs for Andrew Alcock have a one-year sale restriction after issue of shares. See section 7 for vesting conditions.
3. Options and PARs for Jason Entwistle and Craig Lawrenson have a one-year sale restriction after issue of shares. See section 7 for vesting conditions.
4. Options and PARs for Mark Goodrick have a one-year sale restriction after issue of shares. See section 7 for vesting conditions. All options and PARs are forfeited.
5. Debbie Last is engaged on a contracted basis with daily rate payments made to an external party.

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

7. SHARE BASED COMPENSATION

OPTIONS

The terms and conditions of each grant of Options affecting remuneration of KMP in the current or a future reporting period are as follows:

Grant date	Expiry date	Exercise price ($)	Value per Option at grant date ($)	Performance achieved	% vested	Balance at start of Year	Issued during year	Exercised/ lapsed during year	Balance at end of year
17 Oct 2014	17 Oct 2019	0.98	0.19	Yes	100%	160,000	Nil	160,000	Nil
14 Oct 2015	14 Oct 2020	2.46	0.95	Yes	100%	120,000	Nil	Nil	120,000
7 Dec 2015	7 Dec 2020	2.46	1.60	Yes	100%	150,000	Nil	Nil	150,000
29 Nov 2016	29 Nov 2021	4.46	2.33	Yes	100%	193,793*	Nil	Nil	193,793
11 Oct 2017	11 Oct 2022	7.09	3.00	Partially	50%	87,357*	Nil	Nil	87,357
11 Oct 2017	11 Oct 2022	6.25	3.48	Yes	100%	34,247	Nil	Nil	34,247
11 Dec 2017	11 Oct 2022	7.09	4.06	Partially	50%	78,077	Nil	Nil	78,077
7 Sep 2018	7 Sep 2023	12.04	3.58	No	0%	55,352	Nil	Nil	55,352
12 Dec 2018	12 Dec 2023	12.04	4.22	No	0%	51,186	Nil	Nil	51,186
12 Dec 2018	12 Dec 2023	13.44	3.79	No	0%	24,667	Nil	24,667	Nil
25 Nov 2019	25 Nov 2024	12.36	3.80	No	0%	Nil	135,474	22,424	113,050

*Balance at start of year excludes options for M. Haes who resigned in prior year.

Options granted carry no dividends or voting rights.

Option vesting conditions are as follows:

Grant Date	Granted To	Performance Condition 1	Performance Condition 2
14 October 2015	Executives	The closing sale price of the shares traded on the Australian Securities Exchange must have increased by at least 52% of the Exercise Price of the Options for each day in any 20 consecutive trading day period starting on or after 36 months after the date of issue of the Options. These Options can be exercised, subject to satisfaction of vesting conditions, after the 3rd anniversary of the date of issue.	N/A
7 December 2015	Managing Director	The closing sale price of the shares traded on the Australian Securities Exchange must have increased by at least 52% of the Exercise Price of the Options for each day in any 20 consecutive trading day period starting on or after 36 months after the date of issue of the Options. These Options can be exercised, subject to satisfaction of vesting conditions, after the 3rd anniversary of the date of issue.	N/A

Grant Date	Granted To	Performance Condition 1	Performance Condition 2
29 November 2016	Executives	The CAGR in FUA over the three-year period until 30 June 2019 must be at least 28% p.a. Proportional vesting will occur between a CAGR of 28% (0% vesting) to 45% (100% vesting).	The CAGR in the ATSR over the three-year period until approximately 31 August 2019 must be at least 12.5% p.a. Proportional vesting will occur between a CAGR of 12.5% (0% vesting) to 17.5% (100% vesting). The ATSR is inclusive of dividends. Any unvested Options from the three-year vesting date will be retested against the ATSR CAGR hurdles over the cumulative four-year period and if they remain unvested after this test will lapse.
11 October 2017	Executives	The CAGR in FUA over the three-year period until 30 June 2019 must be at least 28% p.a. Proportional vesting will occur between a CAGR of 28% (0% vesting) to 45% (100% vesting).	The CAGR in the ATSR over the three-year period until approximately 31 August 2020 must be at least 12.5% p.a. Proportional vesting will occur between a CAGR of 12.5% (0% vesting) to 17.5% (100% vesting). The ATSR is inclusive of dividends. Any unvested Options from the three year vesting date will be retested against the ATSR CAGR hurdles over the cumulative four year period and if they remain unvested after this test will lapse.
11 October 2017	Executives	The CAGR in FUA over the three-year period until 30 June 2020 must be at least 29.58% p.a. Proportional vesting will occur between a CAGR of 25.88% (0% vesting) to 33.09% (100% vesting).	The CAGR in the ATSR over the three-year period until approximately 31 August 2020 must be at least 12.5% p.a. Proportional vesting will occur between a CAGR of 12.5% (0% vesting) to 17.5% (100% vesting). The ATSR is inclusive of dividends. Any unvested Options from the three-year vesting date will be retested against the ATSR CAGR hurdles over the cumulative four-year period and if they remain unvested after this test will lapse.
11 December 2017	Managing Director	The CAGR in FUA over the three-year period until 30 June 2020 must be at least 29.58% p.a. Proportional vesting will occur between a CAGR of 25.88% (0% vesting) to 33.09% (100% vesting).	The CAGR in the ATSR over the three-year period until approximately 31 August 2020 must be at least 12.5% p.a. Proportional vesting will occur between a CAGR of 12.5% (0% vesting) to 17.5% (100% vesting). The ATSR is inclusive of dividends. Any unvested Options from the three-year vesting date will be retested against the ATSR CAGR hurdles over the cumulative four-year period and if they remain unvested after this test will lapse.

Grant Date	Granted To	Performance Condition 1	Performance Condition 2
7 September 2018	Executives	The CAGR in FUA over the three-year period until 30 June 2021 must be at least 29.23% p.a. Proportional vesting will occur between a CAGR of 29.23% (0% vesting) to 40.23% (100% vesting).	The CAGR in the ATSR over the three-year period until approximately 31 August 2021 must be at least 12.5% p.a. Proportional vesting will occur between a CAGR of 12.5% (0% vesting) to 17.5% (100% vesting). The ATSR is inclusive of dividends. Any unvested Options from the three-year vesting date will be retested against the ATSR CAGR hurdles over the cumulative four-year period and if they remain unvested after this test will lapse.
12 December 2018	Managing Director	The CAGR in FUA over the three-year period until 30 June 2021 must be at least 29.23% p.a. Proportional vesting will occur between a CAGR of 29.23% (0% vesting) to 40.23% (100% vesting).	The CAGR in the ATSR over the three-year period until approximately 31 August 2021 must be at least 12.5% p.a. Proportional vesting will occur between a CAGR of 12.5% (0% vesting) to 17.5% (100% vesting). The ATSR is inclusive of dividends. Any unvested Options from the three-year vesting date will be retested against the ATSR CAGR hurdles over the cumulative four-year period and if they remain unvested after this test will lapse.
12 December 2018	Executives	The CAGR in FUA over the three-year period until 30 June 2021 must be at least 29.23% p.a. Proportional vesting will occur between a CAGR of 29.23% (0% vesting) to 40.23% (100% vesting).	The CAGR in the ATSR over the three-year period until approximately 31 August 2021 must be at least 12.5% p.a. Proportional vesting will occur between a CAGR of 12.5% (0% vesting) to 17.5% (100% vesting). The ATSR is inclusive of dividends. Any unvested Options from the three-year vesting date will be retested against the ATSR CAGR hurdles over the cumulative four-year period and if they remain unvested after this test will lapse.
25 November 2019	Managing Director	The CAGR in FUA over the three-year period until 30 June 2022 must be at least 28.02% p.a. Proportional vesting will occur between a CAGR of 28.02% (0% vesting) to 35.47% (100% vesting).	The CAGR in the ATSR over the three-year period until approximately 31 August 2022 must be at least 12.5% p.a. Proportional vesting will occur between a CAGR of 12.5% (0% vesting) to 17.5% (100% vesting). The ATSR is inclusive of dividends. Any unvested Options from the three-year vesting date will be retested against the ATSR CAGR hurdles over the cumulative four-year period and if they remain unvested after this test will lapse.

Grant Date	Granted To	Performance Condition 1	Performance Condition 2
25 November 2019	Executives	The CAGR in FUA over the three-year period until 30 June 2022 must be at least 28.02% p.a. Proportional vesting will occur between a CAGR of 28.02% (0% vesting) to 35.47% (100% vesting).	The CAGR in the ATSR over the three-year period until approximately 31 August 2022 must be at least 12.5% p.a. Proportional vesting will occur between a CAGR of 12.5% (0% vesting) to 17.5% (100% vesting). The ATSR is inclusive of dividends. Any unvested Options from the three-year vesting date will be retested against the ATSR CAGR hurdles over the cumulative four-year period and if they remain unvested after this test will lapse.

KMP hold the following Options:

Name	Financial year of grant	Financial year in which Options may vest	Number of Options granted	Value of Options at grant date ($)	Number of Options vested during the year	Number of Options lapsed/forfeited during the year
A. Alcock	2020	2023	54,764	208,083	Nil	Nil
A. Alcock	2019	2022	51,186	215,994	Nil	Nil
A. Alcock	2018	2021	78,077	317,133	39,039	Nil
A. Alcock	2017	2020	106,464	198,449	106,464	Nil
A. Alcock*	2016	2019	150,000	240,000	Nil	Nil
J. Entwistle	2020	2023	44,848	170,406	Nil	Nil
J. Entwistle	2019	2022	40,000	142,880	Nil	Nil
J. Entwistle	2018	2021	63,940	191,580	31,970	Nil
J. Entwistle	2017	2020	87,329	203,477	87,329	Nil
J. Entwistle*	2016	2019	120,000	114,000	Nil	Nil
C. Lawrenson	2020	2023	13,438	51,059	Nil	Nil
C. Lawrenson	2019	2022	15,352	54,808	Nil	Nil
C. Lawrenson	2018	2021	23,417	70,163	11,709	Nil
C. Lawrenson	2018	2021	34,247	119,126	34,247	Nil
M. Goodrick**	2020	2023	22,424	85,203	Nil	22,424
M. Goodrick**	2019	2022	24,667	93,544	Nil	24,667

*Options vested in FY19.

**Resigned 13 March 2020.

The assessed fair value at grant date of the Options granted to individuals is allocated over the period from grant date to expected vesting date and the amount is included in the remuneration tables in section 5 of this Remuneration Report. Fair values at grant date are determined using the Black Scholes and the Hoadleys 1 Hybrid ESO model that takes into account the exercise price, term of the Option, share price at grant date, probability of service condition being met, expected price volatility of the underlying share price and the risk-free rate for the term of the Option.

160,000 Options were exercised by KMP during FY20.

Options granted carry no dividends or voting rights.

PERFORMANCE AWARD RIGHTS (PARS)

The terms and conditions of each grant of PARs affecting remuneration of KMP in the current or a future reporting period are as follows:

Grant date	Expiry date	Value per PAR at grant date ($)	Performance achieved	% vested	Balance at start of year	Issued during year	Exercised/ lapsed during year	Balance at end of year
29 Nov 2016	29 Nov 2031	4.07	Yes	100%	72,688	Nil	9,249	63,438
11 Oct 2017	11 Oct 2032	5.52	Partially	50%	26,737	Nil	Nil	26,737
11 Oct 2017	21 Aug 2032	6.35	Yes	100%	11,211	Nil	Nil	11,211
11 Dec 2017	11 Dec 2032	6.95	Partially	50%	23,897	Nil	Nil	23,897
7 Sep 2018	7 Sep 2033	10.71	No	Nil	15,221	Nil	Nil	15,221
12 Dec 2018	12 Dec 2033	11.16	No	Nil	14,072	Nil	Nil	14,072
12 Dec 2018	12 Dec 2033	11.16	No	Nil	6,981	Nil	6,981	Nil
12 Dec 2018	12 Dec 2033	12.69	No	Nil	235,000	Nil	Nil	235,000
12 Dec 2018	12 Dec 2033	12.76	No	Nil	20,000	Nil	Nil	20,000
25 Nov 2019	25 Nov 2034	9.42	No	Nil	Nil	54,225	8,980	45,275

PAR vesting conditions are as follows:

Grant date	Granted to	Performance Condition 1	Performance Condition 2
29 November 2016	Executives	The CAGR in FUA over the three-year period until 30 June 2019 must be at least 28% p.a. Proportional vesting will occur between a CAGR of 28% (0% vesting) to 45% (100% vesting).	The CAGR in the ATSR over the three-year period until approximately 31 August 2019 must be at least 12.5% p.a. Proportional vesting will occur between a CAGR of 12.5% (0% vesting) to 17.5% (100% vesting). The ATSR is inclusive of dividends. Any unvested PARs from the three-year vesting date will be retested against the ATSR CAGR hurdles over the cumulative four-year period and if they remain unvested after this test will lapse.
11 October 2017	Executives	The CAGR in FUA over the two period until 30 June 2019 must be at least 28% p.a. Proportional vesting will occur between a CAGR of 28% (0% vesting) to 45% (100% vesting).	The CAGR in the ATSR over the two-year period until approximately 31 August 2019 must be at least 12.5% p.a. Proportional vesting will occur between a CAGR of 12.5% (0% vesting) to 17.5% (100% vesting). The ATSR is inclusive of dividends. Any unvested PARs from the three-year vesting date will be retested against the ATSR CAGR hurdles over the cumulative four-year period and if they remain unvested after this test will lapse.

Grant date	Granted to	Performance Condition 1	Performance Condition 2
11 October 2017	Executives	The CAGR in FUA over the three-year period until 30 June 2020 must be at least 25.88% p.a. Proportional vesting will occur between a CAGR of 25.88% (0% vesting) to 33.09% (100% vesting).	The CAGR in the ATSR over the three-year period until approximately 31 August 2020 must be at least 12.5% p.a. Proportional vesting will occur between a CAGR of 12.5% (0% vesting) to 17.5% (100% vesting). The ATSR is inclusive of dividends. Any unvested PARs from the three-year vesting date will be retested against the ATSR CAGR hurdles over the cumulative four-year period and if they remain unvested after this test will lapse.
11 December 2017	Managing Director	The CAGR in FUA over the three-year period until 30 June 2020 must be at least 25.88% p.a. Proportional vesting will occur between a CAGR of 25.88% (0% vesting) to 33.09% (100% vesting).	The CAGR in the ATSR over the three-year period until approximately 31 August 2020 must be at least 12.5% p.a. Proportional vesting will occur between a CAGR of 12.5% (0% vesting) to 17.5% (100% vesting). The ATSR is inclusive of dividends. Any unvested PARs from the three-year vesting date will be retested against the ATSR CAGR hurdles over the cumulative four year period and if they remain unvested after this test will lapse.
7 September 2018	Executives	The CAGR in FUA over the three-year period until 30 June 2021 must be at least 29.23% p.a. Proportional vesting will occur between a CAGR of 29.23% (0% vesting) to 40.23% (100% vesting).	The CAGR in the ATSR over the three-year period until approximately 31 August 2021 must be at least 12.5% p.a. Proportional vesting will occur between a CAGR of 12.5% (0% vesting) to 17.5% (100% vesting). The ATSR is inclusive of dividends. Any unvested PARs from the three-year vesting date will be retested against the ATSR CAGR hurdles over the cumulative four-year period and if they remain unvested after this test will lapse.
12 December 2018	Managing Director	The CAGR in FUA over the three-year period until 30 June 2021 must be at least 29.23% p.a. Proportional vesting will occur between a CAGR of 29.23% (0% vesting) to 40.23% (100% vesting).	The CAGR in the ATSR over the three-year period until approximately 31 August 2021 must be at least 12.5% p.a. Proportional vesting will occur between a CAGR of 12.5% (0% vesting) to 17.5% (100% vesting). The ATSR is inclusive of dividends. Any unvested PARs from the three-year vesting date will be retested against the ATSR CAGR hurdles over the cumulative four-year period and if they remain unvested after this test will lapse.

Grant date	Granted to	Performance Condition 1	Performance Condition 2
12 December 2018	Executives	The CAGR in FUA over the three-year period until 30 June 2021 must be at least 29.23% p.a. Proportional vesting will occur between a CAGR of 29.23% (0% vesting) to 40.23% (100% vesting).	The CAGR in the ATSR over the three-year period until approximately 31 August 2021 must be at least 12.5% p.a. Proportional vesting will occur between a CAGR of 12.5% (0% vesting) to 17.5% (100% vesting). The ATSR is inclusive of dividends. Any unvested PARs from the three-year vesting date will be retested against the ATSR CAGR hurdles over the cumulative four-year period and if they remain unvested after this test will lapse.
12 December 2018	Executives	For the performance period from 1 July 2018 to 30 June 2022: • zero vesting will occur if the CAGR in FUA is below a minimum level of 33% per annum; • 100% vesting will occur if the CAGR in FUA reaches 33% per annum; The hurdle will be tested over a cumulative four year period to the test date on 30 June 2022. Any PARs that are unvested as at the end of the Performance Period will lapse.	N/A
12 December 2018	Director	For the performance period from 1 July 2018 to 30 June 2021: • Provide support to the HUB24 Managing Director and KMPs in relation to the securing and maintenance of key accounts; • Directly liaise with key accounts to facilitate growth and customer satisfaction, and to assess the effectiveness of HUB24 corporate culture and client satisfaction and provide feedback to the Board. Measure the improvement in the Company's customer satisfaction service levels.	N/A
25 November 2019	Executives	The CAGR in FUA over the three-year period until 30 June 2022 must be at least 28.02% p.a. Proportional vesting will occur between a CAGR of 28.02% (0% vesting) to 35.47% (100% vesting).	The CAGR in the ATSR over the three-year period until approximately 31 August 2022 must be at least 12.5% p.a. Proportional vesting will occur between a CAGR of 12.5% (0% vesting) to 17.5% (100% vesting). The ATSR is inclusive of dividends. Any unvested Options from the three-year vesting date will be retested against the ATSR CAGR hurdles over the cumulative four-year period and if they remain unvested after this test will lapse.

Grant date	Granted to	Performance Condition 1	Performance Condition 2
25 November 2019	Managing Director	The CAGR in FUA over the three-year period until 30 June 2022 must be at least 28.02% p.a. Proportional vesting will occur between a CAGR of 28.02% (0% vesting) to 35.47% (100% vesting).	The CAGR in the ATSR over the three-year period until approximately 31 August 2022 must be at least 12.5% p.a. Proportional vesting will occur between a CAGR of 12.5% (0% vesting) to 17.5% (100% vesting). The ATSR is inclusive of dividends. Any unvested Options from the three-year vesting date will be retested against the ATSR CAGR hurdles over the cumulative four-year period and if they remain unvested after this test will lapse.

KMP hold the following PARs:

Name	Financial year of grant	Financial year in which PARs may vest	Number of PARs granted	Value of PARs at grant date ($)	Number of PARs vested during the year	Number of PARs lapsed/forfeited during the year
A. Alcock	2020	2023	21,932	206,507	Nil	Nil
A. Alcock	2019	2023	90,000	1,142,224	Nil	Nil
A. Alcock	2019	2022	14,072	157,034	Nil	Nil
A. Alcock	2018	2021	23,897	166,129	11,949	Nil
A. Alcock	2017	2020	34,851	113,475	34,851	Nil
J. Entwistle	2020	2023	17,961	169,117	Nil	Nil
J. Entwistle	2019	2023	90,000	1,142,224	Nil	Nil
J. Entwistle	2019	2022	11,000	117,852	Nil	Nil
J. Entwistle	2018	2021	19,570	107,966	9,785	Nil
J. Entwistle	2017	2020	28,587	93,079	28,587	Nil
C. Lawrenson	2020	2023	5,382	50,676	Nil	Nil
C. Lawrenson	2019	2023	35,000	444,198	Nil	Nil
C. Lawrenson	2019	2022	4,221	45,219	Nil	Nil
C. Lawrenson	2018	2021	11,211	71,212	11,211	Nil
C. Lawrenson	2018	2021	7,167	39,542	3,583	Nil
M. Goodrick*	2020	2023	8,980	84,554	Nil	8,980
M. Goodrick*	2019	2023	20,000	253,828	Nil	Nil
M. Goodrick*	2019	2023	6,981	77,905	Nil	6,981
A. McDonald	2019	2021	20,000	255,115	Nil	Nil

*Resigned 13 March 2020.

The assessed fair value at grant date of the PARs granted to individuals is allocated over the period from grant date to expected vesting date and the amount is included in the remuneration tables in section 5 of this Remuneration Report. Fair values at grant date are independently determined using the Black Scholes and the Hoadleys 1 Hybrid ESO model that takes into account the term of the PAR, share price at grant date, probability of service condition being met, expected volatility of the underlying share price and the risk free rate.

PARs granted carry no dividends or voting rights.

8. ADDITIONAL DISCLOSURES RELATING TO KMP

SHARES

The number of shares in the Group held during the financial year by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

Ordinary Shares	Balance at start of the year	Received due to tax exempt share plan issue	Other changes during the year	Balance at end of the year
A. Alcock	939,683	-	-	939,683
J. Entwistle	1,182,491	80	188,587	1,371,158
C. Lawrenson	243	80	-	323
M. Goodrick*	-	80	-	80
B. Higgins	796,811	-	10,000	806,811
I. Litster	3,280,677	-	-	3,280,677
A. McDonald	9,424	-	7,950	17,374
P. Rogan	25,000	-	10,000	35,000
R Stringer	-	-	2,550	2,550

*Resigned 13 March 2020.

OPTIONS

The number of Options over ordinary shares in the Group held during FY20 by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

Options over ordinary shares	Balance at start of the year	Granted	Exercised	Expired/ forfeited/other	Balance at end of the year
A. Alcock	385,727	54,764	-	-	440,491
J. Entwistle	471,269	44,848	160,000	-	356,117
C. Lawrenson	73,016	13,438	-	-	86,454
M. Goodrick*	24,667	22,424	-	47,091	Nil

*Resigned 13 March 2020.

PERFORMANCE AWARD RIGHTS (PARS)

The number of PARs over ordinary shares in the Group held during FY20 by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

PARs over ordinary shares	Balance at start of the year	Granted	Exercised	Expired/ forfeited/other	Balance at end of the year
A. Alcock	162,820	21,932	-	-	184,752
J. Entwistle	149,157	17,961	-	-	167,118
C. Lawrenson	57,599	5,382	-	-	62,981
M. Goodrick*	26,981	8,980	-	15,961	20,000
A. McDonald	20,000	-	-	-	20,000

*Resigned 13 March 2020.

NON-EXECUTIVE DIRECTOR REMUNERATION

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract, motivate and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to Shareholders.

The amount of Fixed Remuneration is established for individual Non-Executive Directors by resolution of the full Board, at its discretion. The annual aggregate Non-Executive remuneration may not exceed the amount fixed by the Group in a General Meeting for that purpose (currently fixed at a maximum of $600,000 per annum as approved by Shareholders at the Annual General Meeting held on 29 November 2016).

The following fees, including superannuation, apply for Non-Executive Directors:

Chairman (inclusive of committees):	$220,000 p.a.
A. McDonald	$75,000 p.a.
Other Non-Executive Directors:	$85,000 p.a.

The Chair of the Audit, Risk and Compliance Committee and the Chair of the Remuneration and Nomination Committee receive an additional $20,000 remuneration per annum. Committee participation other than the role of Chair is set at $10,000 per annum per Non-Executive Director excluding the Chairman of the Board.

The Remuneration and Nomination Committee may from time to time receive advice from independent remuneration consultants or utilise market based comparative data or indices to ensure Non-Executive Directors' fees and payments are appropriate and in line with market. The Chairman's fees are determined independently to the fees of other Non-Executive Directors based on the comparative roles in the external market.

No additional amounts are paid to each Director other than reimbursements for reasonable travel, accommodation and other expenses incurred as a consequence of their attendance at Board meetings and otherwise in the execution of their duties as Directors.

The remuneration of Non-Executive Directors for FY20 and FY19 is detailed in section 5 of this Remuneration Report.

RETIREMENT ALLOWANCES FOR DIRECTORS

There are no retirement schemes or retirement benefits other than statutory benefits for Non-Executive Directors.

9. REMUNERATION GOVERNANCE

RESPONSIBILITY FOR SETTING REMUNERATION

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

Activities of the Remuneration and Nomination Committee are governed by its Charter, which is available on the Company's website at www.HUB24.com. Amongst other responsibilities the Remuneration and Nomination Committee assists the Board in its oversight of:

- remuneration policy for Executives;
- level and structure of remuneration for Executives, including Short Term and Long Term Incentive plans;
- the Group's compliance with applicable legal and regulatory requirements in respect of remuneration matters; and
- approval of the allocation of shares and incentives under HUB24's schemes.

USE OF REMUNERATION ADVISORS DURING THE YEAR

During FY20 the Group engaged an external specialist remuneration consultant and a leading accounting and tax adviser to conduct a benchmarking review of LTI structure and trends in LTI incentives post COVID-19. This review included benchmarking Executive remuneration against a core comparator group of companies and ensuring the design and operation of the Group's Short Term and Long Term Incentives are in line with Shareholder and market expectations.

SHARE TRADING POLICY

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

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
HUB24 Limited
Level 2, 7 Macquarie Place
Sydney NSW 2000

24 August 2020

Dear Board Members

HUB24 Limited

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

As lead audit partner for the audit of the consolidated financial statements of HUB24 Limited for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Declan O'Callaghan
Partner
Chartered Accountant

For financial advisers, the drivers for change are continuing as they transform their businesses to remain competitive and adjust to new regulations and educational requirements. The need for platforms like HUB24 to assist them in this transformation is highly valued.

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

		Consolidated	
	Notes	2020 $	2019 $
Revenue from continuing operations			
Revenue	6	110,265,071	96,358,115
Fair value gain on contingent consideration	13	850,627	1,145,336
Interest and other income		944,510	1,164,132
		112,060,208	**98,667,583**
Expenses			
Platform and custody fees		(7,689,122)	(6,122,683)
Licensee fees		(28,252,729)	(33,798,356)
Employee benefits expense	6	(42,320,107)	(32,351,399)
Property and occupancy costs		(417,078)	(2,203,212)
Depreciation and amortisation expense	6	(5,322,539)	(2,574,321)
Administrative expenses	6	(14,026,827)	(10,771,870)
Impairment write-off	11	(1,000,000)	-
Interest expense on lease liability	9	(204,408)	-
		99,232,810	**87,821,841**
Profit before income tax		12,827,398	10,845,742
Income tax (expense)/benefit	7	(4,599,101)	(3,681,787)
Profit after income tax for the year		**8,228,297**	**7,163,955**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year		**8,228,297**	**7,163,955**
Total comprehensive income for the year attributable to ordinary members of HUB24 Limited		**8,228,297**	**7,163,955**
		Cents	Cents
Earnings per share for profit attributable to ordinary equity members of HUB24 Limited			
Basic earnings per share	23	13.13	11.54
Diluted earnings per share	23	12.85	11.30

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Notes	2020 $	Consolidated 2019 $
Assets			
Current assets			
Cash and cash equivalents	19	33,809,323	18,465,847
Trade and other receivables	8	10,046,081	7,565,465
Other current assets		1,799,377	780,997
Total current assets		**45,654,781**	**26,812,309**
Non-current assets			
Intangible assets	11	39,963,264	37,068,563
Right of Use Asset	9	5,436,824	-
Deferred tax assets (net of deferred tax liability)	7	5,101,024	9,685,343
Office equipment	10	1,661,629	1,955,564
Other non-current assets	12	-	2,000,000
Total non-current assets		**52,162,741**	**50,709,470**
Total assets		**97,817,522**	**77,521,779**
Liabilities			
Current liabilities			
Provisions	14	7,811,054	5,053,154
Trade and other payables	13	5,369,919	3,363,071
Lease liabilities	9	1,670,311	-
Deferred income		88,879	259,419
Total current liabilities		**14,940,163**	**8,675,644**
Non-current liabilities			
Lease liabilities	9	4,385,270	-
Provisions	15	1,513,662	1,001,090
Deferred income		587,078	775,303
Other non-current liabilities	16	1,567,978	2,146,200
Total non-current liabilities		**8,053,988**	**3,922,593**
Total liabilities		**22,994,151**	**12,598,237**
Net assets		**74,823,371**	**64,923,542**
Equity			
Issued capital	17	100,146,048	98,187,400
Profit reserve	29	40,847,253	13,014,445
Reserves	18	8,823,118	5,256,545
Accumulated losses		(74,993,048)	(51,534,848)
Total equity		**74,823,371**	**64,923,542**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

Consolidated	Notes	Issued capital $	Reserves $	Profit reserve $	Retained earnings $	Total equity $
Opening balance	17	98,187,400	5,256,545	13,014,445	(51,534,848)	64,923,542
Balance at 1 July 2019		**98,187,400**	**5,256,545**	**13,014,445**	**(51,534,848)**	**64,923,542**
Opening balance adjustment on adoption of new accounting standard		-	-	-	(26,747)	(26,747)
Restated total equity at the beginning of the financial year		98,187,400	5,256,545	13,014,445	(51,561,595)	64,896,795
Total comprehensive income for the year		-	-	-	8,228,297	8,228,297
Transfer to Profit reserve		-	-	31,659,750	(31,659,750)	-
Total comprehensive income for the year		**-**	**-**	**31,659,750**	**(23,431,453)**	**8,228,297**
Transactions with owners in their capacity as owners:						
Dividends provided for or paid		-	-	(3,826,942)	-	(3,826,942)
Capital raising costs		(11,867)	-	-	-	(11,867)
Options and Rights granted – Employees		-	4,294,717	-	-	4,294,717
Share based payments	18	1,758,515	(516,144)	-	-	1,242,371
Issue of treasury shares to employees		212,000	(212,000)	-	-	-
Balance at 30 June 2020		**100,146,048**	**8,823,118**	**40,847,253**	**(74,993,048)**	**74,823, 371**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Consolidated	Notes	Issued capital $	Reserves $	Profit reserve $	Retained earnings $	Total equity $
Opening balance		96,183,908	3,942,850	5,088,013	(47,349,205)	57,865,566
Balance at 1 July 2018		**96,183,908**	**3,942,850**	**5,088,013**	**(47,349,205)**	**57,865,566**
Total comprehensive income for the year		-	-	-	7,163,955	7,163,955
Transfer to Profit reserve		-	-	11,349,598	(11,349,598)	-
Total comprehensive income for the year		**-**	**-**	**11,349,598**	**(4,185,643)**	**7,163,955**
Transactions with owners in their capacity as owners:						
Issue of treasury shares to employees*		171,000	(171,000)	-	-	-
Capital raising costs		(13,630)	-	-	-	(13,630)
Options and Rights granted – Employees		-	1,826,461	-	-	1,826,461
Dividends provided for or paid		-	-	(3,423,166)	-	(3,423,166)
Share based payments	18	1,846,122	(341,766)	-	-	1,504,356
		2,003,492	**1,313,695**	**(3,423,166)**	**-**	**(105,979)**
Balance at 30 June 2019		**98,187,400**	**5,256,545**	**13,014,445**	**(51,534,848)**	**64,923,542**

*Prior comparatives have been reclassified for presentation purposes and consistency with the current period.

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

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

		Consolidated	
	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		116,810,659	102,183,621
Payments to suppliers and employees (inclusive of GST)		(91,768,273)	(91,197,982)
Interest received		633,021	645,014
Interest paid on lease liability	9	(204,408)	-
Short term lease payments	9	(212,620)	-
Net cash inflow from operating activities	**19**	**25,258,379**	**11,630,653**
Cash flows from investing activities			
Payments for acquisitions (net of cash acquired)	13	(475,000)	(411,250)
Payments for office equipment		(498,365)	(458,350)
Payments for intangible assets		(6,726,957)	(6,904,702)
Net cash (outflow) from investing activities		**(7,700,322)**	**(7,774,302)**
Cash flows from financing activities			
ORFR loan facility advance settlement proceeds		2,000,000	-
Payments for capital raising costs		(15,756)	(19,471)
Proceeds from issues of shares and other equity securities		1,242,371	1,093,137
Repayment of lease principal payments	9	(1,614,253)	-
Dividends paid		(3,826,943)	(3,423,166)
Net cash (outflow) from financing activities		**(2,214,581)**	**(2,349,500)**
Net increase in cash and cash equivalents		**15,343,476**	**1,506,851**
Cash and cash equivalents at the beginning of the financial year		18,465,847	16,958,996
Cash and cash equivalents at end of year	**19**	**33,809,323**	**18,465,847**

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

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Annual Report of HUB24 Limited and its controlled entities ('the Group or HUB24') for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Board of Directors on 25 August 2020 and covers the Company as an individual entity as well as the Group consisting of the Company and its subsidiaries as required by the *Corporations Act 2001*.

HUB24 is limited by shares and incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX:HUB).

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*, as appropriate for profit oriented entities. The financial statements have also been prepared under the historical cost convention, except for, where applicable, the revaluation of certain classes of assets and liabilities. The financial report is presented in Australian dollars.

PARENT ENTITY INFORMATION

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 26.

COMPLIANCE WITH IFRS

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

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

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

NEW AND AMENDED ACCOUNTING STANDARDS EFFECTIVE FOR THE CURRENT YEAR

The Group's assessment of the impact of new accounting standards and interpretations is set out below.

(i) AASB 16 *Leases*

The Group has applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for June 2019 has not been restated. The new accounting policies that have been applied from 1 July 2019 are disclosed below.

AASB 16 introduced a single, on-balance sheet accounting model for lessees, which replaced AASB 117 Leases and AASB Interpretation 4 "Determining Whether an Arrangement contains a Lease". As a result, the Group, as a lessee, has recognised right-of-use assets representing its right to use the underlying asset, and lease liabilities, representing its obligation to make lease payments.

Expedients applied

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NEW AND AMENDED ACCOUNTING STANDARDS EFFECTIVE FOR THE CURRENT YEAR (CONTINUED)

In applying AASB16 for the first time, the Group has used the following practical expedients permitted by the standard:

i. applying a single discount rate to a portfolio of leases with reasonably similar characteristics;

ii. relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 July 2019;

iii. accounting for operating leases with a lease term of less than 12 months as short-term leases excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application;

iv. exemption for leases where the value of the underlying leased asset is deemed to be low-value; and

v. use of hindsight with regards to the determination of the lease term.

The Group has elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 – *Determining whether an Arrangement contains a Lease*.

IMPACT ON TRANSITION*

The impact on transition is summarised below:

Measurement of right-of-use-assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied.

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

		1 July 2019 $
Right-of-use assets	Increase by	7,159,927
Deferred tax assets	Decrease by	11,467
Current provisions	Decrease by	361,646
Non-current provisions	Decrease by	110,047
Lease liabilities	Increase by	7,669,834

The net impact on accumulated losses on 1 July 2019 was an increase of $26,747.

*For the impact of AASB16 on the profit and loss for the period, see Note 9.

When measuring lease liabilities for leases that were previously classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied was 4.05%.

Measurement of lease liabilities

	1 July 2019 $
Operating lease commitments disclosed as at 30 June 2019	8,107,097
Discounted using the lessee's incremental borrowing rate at the date of initial application	(624,938)
Add/(less): contracts reassessed as lease contracts	187,675
Lease liability recognised as at 1 July 2019	7,669,834
Of which are:	
Current lease liabilities	1,812,179
Non-current lease liabilities	5,857,655

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOING CONCERN

The financial report has been prepared on a going concern basis.

DIVIDENDS

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

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June each year. Refer to Note 25 for a listing of all subsidiaries. There are no interests in associates as at 30 June 2020.

FUNCTIONAL AND PRESENTATION CURRENCY

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

COMPARATIVES

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

3. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables and cash and cash equivalents. During the year the Group has established an overdraft facility with our banking partners. At the time of publication of these statements, the facility remains undrawn. The Group does not trade in derivative instruments. The Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk
- Foreign exchange risk
- Capital management

This note presents information about HUB24 and the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

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

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

CREDIT RISK

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

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

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit worthiness, financial position, past experience and industry reputation.

In addition, credit risk exposures and receivable balances are monitored on an ongoing basis with the intended result that the Group's exposure to bad debts is not significant. Management has assessed the expected credit losses on trade receivables and have used a provision matrix to measure the groups impairment losses.

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

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

LIQUIDITY RISK

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

Group forecasts and actual cash flows are continuously monitored, matching the maturity of assets and liabilities, to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation (Refer Note 28).

MARKET RISK

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

Refer to Note 28: Financial Instruments for a market risk analysis of the Group's financial assets and liabilities.

CAPITAL MANAGEMENT

The Board's practice is to maintain a sufficient capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. It is noted that the Group, through its subsidiary HUB24 Custodial Services Limited, fully complied with the minimum capital requirements for IDPS Operators and providers of custodial services for the year ended 30 June 2020 so as to ensure ongoing capital adequacy. Paragem Pty Ltd complied with all minimum regulatory capital requirements.

As part of broader capital management plans, during the year the Group entered into a $5 million working capital facility which remains undrawn at balance date.

Apart from the new working capital facility, there were no changes in the Group's approach to capital management during the year.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

INTEREST RATE RISK

Interest rate risk is the risk that the cash rate set by the Reserve Bank of Australia (RBA) changes and will affect the Group's income and includes price risk.

Refer to Note 28 Financial Instruments for an interest rate risk analysis of the Group's financial assets and liabilities.

FOREIGN EXCHANGE RISK

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

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020. The outbreak and response of governments in dealing with the pandemic has impacted the community and economy. The scale and duration of these developments remain uncertain as at the date of this report. It is not possible to estimate the ongoing impact of the pandemic or governments' responses on the effectiveness of internal controls, accounting estimates or forecasts. Whilst the methodology for estimates has not changed, the underlying inputs are less certain.

Market volatility may impact Funds Under Administration (FUA) based fees and any official cash rate cut may impact cash margin income. In the second half of the year these adverse impacts were cushioned by higher cash balances and increased asset trading fees resulting from the volatile trading conditions. Net flows have proved to be resilient, our new business pipeline remains strong and assisted FUA transitions are continuing. HUB24's priority has been, and remains, ensuring the health and safety of the team whilst continuing to operate our business to meet the needs of licensees, advisers and their clients as well as other key stakeholders.

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

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Deferred tax assets (Note 7)
- Investment platform estimate of useful life (Note 11)
- Goodwill and other indefinite life intangible assets (Note 11)
- Agility contingent consideration (Notes 13 and 16)
- Restructuring provision (Note 14)
- Useful life assessment for CGUs (Note 11)
- Value in Use assessment of CGUs (Note 11).
- Third Party Claims provision (Note 14)
- Share based payment (Note 21).

5. OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE SEGMENTS

The Platform, Licensee and IT Services operating segments are based on the internal reports that are reviewed and used by the executive management team (identified as the Chief Operating Decision Makers hereafter CODM) in assessing performance and in determining the allocation of resources.

The CODM reviews segment revenues and profits (Underlying EBITDA) on a monthly basis.

KEY ACCOUNTING POLICIES

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

All of the Group's operations are based in Australia. The principal products and services for each of the operating segments are as follows:

PLATFORM

Development and provision of investment and superannuation Platform services to financial advisers, stockbrokers, accountants and their clients, and direct consumers.

LICENSEE SERVICES

Provision of financial advice to clients through financial advisers authorised by Paragem Pty Ltd. The Licensee provides compliance, software, education and business support to adviser practices enabling advisers to provide clients with financial advice over a range of products.

IT SERVICES

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

CORPORATE

The provision of corporate services supports the three operating segments and therefore includes an allocation of overhead costs.

5. OPERATING SEGMENTS

CORPORATE (CONTINUED)

Consolidated – year ended 30 June 2020	Platform $	Licensee $	IT Services $	Corporate S	Total $
Revenue					
Sales to external customers	74,261,042	29,550,135	6,360,248	-	110,171,425
Interest revenue	-	-	-	640,827	640,827
Expenses	(45,596,060)	(30,088,005)	(7,244,465)	(3,199,998)	(86,128,528)
Underlying EBITDA	**28,664,982**	**(537,870)**	**(884,217)**	**(2,559,171)**	**24,683,724**
Other non-operating items					
Non-recurring revenue	93,592	54	-	-	93,646
Fair value gain – contingent consideration	-	-	-	850,627	850,627
Share based payments – Employees and Director (Including payroll tax)	-	-	-	(4,416,131)	(4,416,131)
Discount on contingent consideration	-	-	-	(97,404)	(97,404)
Abnormal items*	(1,740,651)	(7,583)	(10,300)	-	(1,758,534)
Impairment write-off	-	-	-	(1,000,000)	(1,000,000)
Depreciation and amortisation	(4,879,879)	(42,959)	(399,701)	-	(5,322,539)
Interest expense	(194,735)	(1,584)	(9,672)	-	(205,991)
Profit before income tax	**21,943,309**	**(589,942)**	**(1,303,890)**	**(7,222,079)**	**12,827,398**
Income tax (expense)/benefit	-	-	-	(4,599,101)	(4,599,101)
Profit after income tax	**21,943,309**	**(589,942)**	**(1,303,890)**	**(11,821,180)**	**8,228,297**
Reconciliation to revenue from ordinary activities					
Sales to external customers					110,171,425
Non-recurring revenue					93,646
Interest revenue					640,827
Fair value gain – contingent consideration					850,627
Sub-lease income					33,834
Waived service fees					269,849
Revenue from ordinary activities					**112,060,208**

*Abnormal items include committed restructuring costs, ($0.8m) and costs associated with the transition to the newly appointed superannuation fund trustee ($0.9m).

Interest income is now shown as part of underlying EBITDA to better represent income generation.

5. OPERATING SEGMENTS

CORPORATE (CONTINUED)

Consolidated – year ended 30 June 2019	Platform $	Licensee $	IT Services $	Corporate S	Total $
Revenue					
Sales to external customers	54,051,037	35,236,008	6,977,074	-	96,264,119
Interest revenue	-	-	-	645,014	645,014
Expenses	(36,046,427)	(35,477,622)	(7,520,906)	(2,440,170)	(81,485,125)
Underlying EBITDA	**18,004,610**	**(241,614)**	**(543,832)**	**(1,795,156)**	**15,424,008**
Other non-operating items					
Non-recurring revenue	93,997	-	-	-	93,997
Fair value gain – contingent consideration	-	-	-	1,145,336	1,145,336
Share based payments – Employees and Director (Including payroll tax)	-	-	-	(2,122,792)	(2,122,792)
Discount on contingent consideration	-	-	-	(351,756)	(351,756)
Abnormal items*	(762,735)	-	(2,317)	(3,678)	(768,730)
Depreciation and amortisation	(2,320,818)	(8,298)	(245,205)	-	(2,574,321)
Profit before income tax	**15,015,054**	**(249,912)**	**(791,354)**	**(3,128,046)**	**10,845,742**
Income tax (expense)/benefit	-	-	-	(3,681,787)	(3,681,787)
Profit after income tax	**15,015,054**	**(249,912)**	**(791,354)**	**(6,809,833)**	**7,163,955**
Reconciliation to revenue from ordinary activities					
Sales to external customers					96,264,119
Non-recurring revenue					93,997
Interest revenue					645,014
Fair value gain – contingent consideration					1,145,336
Waived service fees**					316,121
Sub-lease income					202,996
Revenue from ordinary activities					**98,667,583**

*Abnormal items includes one-off project related costs and expiring IT service contract costs.
**Waived service fees are included within abnormal items for segment allocation purposes.

Prior comparatives have been reclassified for presentation purposes and consistency with the current period.

MAJOR CLIENTS

During the year ended 30 June 2020, HUB24's largest client accounted for approximately 4.8% or $5.3 million in revenue to the consolidated group. The client is a wealth management business, serviced by the Platform segment. (During the year ended 30 June 2019, HUB24's largest client accounted for approximately 11% or $11.0 million in revenue to the consolidated group. The client is a financial advice business and is serviced by the Licensee segment).

Platform segment: no client contributed 10% in external revenue to the segment during the year ended 30 June 2020 or 30 June 2019.

Licensee Services segment: no client contributed 10% in external revenue to the segment during the year ended 30 June 2020 (during 30 June 2019 one client contributed more than 10% to the segment, with a contribution of 32% or $11.0 million in external revenue).

IT Services segment: One client contributed more than 10% to the segment, with a 53% or $4.0 million external revenue contribution (during 30 June 2019 two clients each contributed more than 10% to the segment, with a 49% or $3.6 million and 21% or $1.6 million external revenue contribution).

6. REVENUE AND EXPENSES FROM CONTINUING OPERATIONS

KEY ACCOUNTING POLICIES

Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the activities.

Revenue is recognised for the major business activities as follows:

Platform fees

- FUA fee revenue is recognised and measured at the fair value of the consideration received or receivable on the value of client account balances.
- Transaction fee revenue is recognised and measured at the fair value of the consideration received or receivable on the date of execution of the transaction.
- Platform fees are accrued daily, paid monthly in arrears for the ongoing provision for agreed services and transactions.

Licensee Services fees

- Licensee fee revenue is measured at the fair value of the consideration received or receivable on advice provided to clients and payments from product providers.
- Licensee fee revenue is recognised per the advisors client receipts as per agreed terms outlined per the individual contracts and underlying fee schedules.

IT Service fees

- Licence fee revenue is measured at the fair value of the contracted consideration received or receivable on licensed software services provided to clients. This revenue is recognised in accordance with the performance delivery of agreed services, within a period of 1-6 months.
- Consulting IT Services fee revenue is measured at the fair value of the consideration received or receivable on advice provided to clients on a time and materials basis. Revenue is recognised on a monthly basis and is dependant upon time and material usage.

Interest income

- Interest income comprises interest on cash, short term deposits and ORFR loan. Interest income is recognised as it accrues in profit using the effective interest method.

		Consolidated
	2020	2019
	$	$
(a) Revenue		
Platform fees	74,354,634	54,145,033
Licensee fees	29,550,191	35,236,008
IT Services fees	6,360,246	6,977,074
	110,265,071	**96,358,115**
Expenses		
(b) Employee benefits expenses		
Wages and salaries (Including superannuation and payroll tax)	29,837,490	24,749,013
Share based payments expense – employees	4,294,717	1,826,461
Other employee benefits expenses	8,187,900	5,775,925
	42,320,107	**32,351,399**

6. REVENUE AND EXPENSES FROM CONTINUING OPERATIONS

KEY ACCOUNTING POLICIES (CONTINUED)

		Consolidated
	2020 $	2019 $
(c) Depreciation and amortisation		
Depreciation of right-of-use assets	1,723,103	-
Depreciation of office equipment	767,179	714,864
Amortisation of intangible assets	2,832,257	1,859,457
	5,322,539	**2,574,321**
(d) Administrative expenses		
Corporate fees	1,219,853	990,556
Professional and consultancy fees	2,470,319	1,634,064
Information services and communication	3,685,249	2,948,623
Travel and entertainment	919,729	1,248,159
Transaction costs	1,733,266	733,604
Discount on consideration	98,989	353,093
Superfund administrative fees	1,590,949	1,364,798
Bad and doubtful debts	24,204	-
Other administrative expenses	2,284,269	1,498,973
	14,026,827	**10,771,870**

7. INCOME TAX

KEY ACCOUNTING POLICIES

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- When the temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

7. INCOME TAX

KEY ACCOUNTING POLICIES (CONTINUED)

- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

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

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

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

OTHER TAXES

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

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

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

KEY ESTIMATES AND JUDGEMENTS

Recovery of deferred tax assets

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

The deferred tax asset continues to be recognised as at 30 June 2020 based on the following management judgements.

- The Group continues to be profitable with consistent growth, margins and profit line trends over the last 5 financials years;
- For the year ended 30 June 2020, the Group has increased profit performance and is expected to remain profitable.

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

7. INCOME TAX

KEY ESTIMATES AND JUDGEMENTS (CONTINUED)

Research and development expenditure

The income tax calculation for the year ended 30 June 2020, included in the financial statements is based upon a number of estimates. A material estimate of this calculation relates to Research and Development (R & D) expenditure. Remuneration expenses of the development team are the largest component of the R & D expenditure, which for the year ended 30 June 2020, comprise 72% of the total estimated R & D claim. This percentage allocation is consistent with the actual R & D claim for the year ended 30 June 2019.

		Consolidated
	2020 $	2019 $
(a) Income tax expense/(benefit)		
Deferred tax expense/(benefit)	4,642,517	3,334,833
Prior period deferred tax under/(over) provision	(43,416)	346,954
Income tax expense/(benefit)	**4,599,101**	**3,681,787**
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets	3,228,488	3,375,570
Prior period deferred tax under/(over) provision	(43,416)	346,954
(Decrease)/increase in deferred tax liabilities	1,398,676	(46,579)
Deferred tax – debited/(credited) directly to equity	15,353	5,842
	4,599,101	**3,681,787**

		Consolidated
	2020 $	2019 $
(b) Reconciliation of income tax expense/(benefit) to pre-tax accounting profit/(loss)		
Profit from continuing operations before income tax expense	12,827,398	10,845,742
	12,827,398	**10,845,742**
Prima facie income tax at 30%	3,848,219	3,253,723
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment – non-deductible	37,892	33,044
Other expenses – non-deductible	109,853	203,367
Employee share plan costs – non-deductible	1,224,815	496,638
Other income – non-assessable	(362,812)	(465,106)
R&D benefit	(215,450)	(186,833)
Prior period deferred tax under/(over) provision	(43,416)	346,954
Income tax expense/(benefit)	**4,599,101**	**3,681,787**
Other disclosure items		
Deferred tax – debited/(credited) directly to equity	(15,353)	(5,842)

*Prior comparatives have been reclassified for presentation purposes and consistency with the current year.

7. INCOME TAX

KEY ESTIMATES AND JUDGEMENTS (CONTINUED)

	Consolidated 2020 $	2019 $
(c) Deferred Tax Asset		
Deferred tax asset comprises temporary differences attributable to:		
Intangibles – other	322,731	1,051,116
Accrued expenses	429,091	79,181
Provisions	2,730,896	1,822,074
Carry forward tax losses	-	2,631,859
Non-refundable carry forward tax offsets	1,600,262	4,485,951
Sundry DTA	23,168	38,284
Lease liabilities – right-of-use assets	1,816,674	-
	6,922,822	**10,108,465**
Movements:		
Opening balance	10,108,465	13,830,989
Prior period deferred tax under/(over) provision	43,416	(346,954)
Lease liabilities – right-of-use assets – recognition	2,300,950	-
Intangibles – other	(530,875)	(488,081)
Accrued expenses	349,910	(25,636)
Provisions	908,822	330,059
Carry forward tax losses	(2,676,140)	(4,012,583)
Non-refundable carry forward tax offsets	(3,082,334)	846,239
Sundry DTA	(15,116)	(25,568)
Lease liabilities – right-of-use assets	(484,276)	-
Closing balance	**6,922,822**	**10,108,465**

	Consolidated 2020 $	2019 $
(d) Deferred Tax Liability		
Deferred tax liability comprises temporary differences attributable to:		
DTL on intangibles	190,751	423,122
Other depreciable assets – right-of-use assets	1,631,047	-
	1,821,798	**423,122**
Movements:		
Opening balance	423,122	469,701
Other depreciable assets – right-of-use assets – recognition	2,147,978	-
Other depreciable assets – right-of-use assets	(516,931)	-
Other intangibles	(232,371)	(46,579)
Closing balance	**1,821,798**	**423,122**

7. INCOME TAX

KEY ESTIMATES AND JUDGEMENTS (CONTINUED)

	Consolidated 2020 $	2019 $
(e) Other disclosure items		
Capital raising costs in Equity	(15,353)	(5,842)
	(15,353)	**(5,842)**
Deferred tax asset (net of deferred tax liability)	**5,101,024**	**9,685,343**

TAX CONSOLIDATION

Members of the tax consolidated entity and the tax sharing arrangement

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

Tax effect accounting by members of the tax consolidated Group

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

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

8. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

KEY ACCOUNTING POLICIES

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

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectable are written off when identified. An impairment provision under the 'simplified' approach is used to recognise short term trade receivables 'lifetime expected credit losses' from the first reporting period. These are the credit losses expected over the term of the receivable.

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

KEY ESTIMATES AND JUDGEMENTS

Estimation of bad debts and provisioning

Receivables are assessed by management for recoverability based on days past due or pending legal actions and other counter party information.

8. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

KEY ESTIMATES AND JUDGEMENTS (CONTINUED)

		Consolidated
	2020 $	2019 $
Trade receivables	9,945,881	7,604,412
Provision for doubtful debts	(43,268)	(19,339)
Other receivables	143,468	(19,608)
	10,046,081	**7,565,465**

IMPAIRMENT AND RECOVERABILITY

Balances within trade and other receivables do not contain impaired assets. It is expected that these balances will be received as and when they fall due. Refer to Note 28 for the maturity analysis.

FAIR VALUE

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

9. NON-CURRENT ASSETS – RIGHT-OF-USE ASSET

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

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

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

The right-of-use asset includes initial direct costs and estimates of costs to dismantle or remove the underlying leased asset. The right-of-use asset is measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

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

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

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

MODIFICATIONS TO LEASE ARRANGEMENTS

In the event that there is a modification to a lease arrangement, a determination of whether the modification results in a separate lease arrangement being recognised needs to be made.

9. NON-CURRENT ASSETS – RIGHT-OF-USE ASSET

MODIFICATIONS TO LEASE ARRANGEMENTS (CONTINUED)

Where the modification does result in a separate lease arrangement needing to be recognised, due to an increase in the scope of a lease through additional underlying leased assets and a commensurate increase in lease payments, the measurement requirements as described above need to be applied.

Where the modification does not result in a separate lease arrangement, from the effective date of the modification, the Group will remeasure the lease liability using the redetermined lease term, lease payments and applicable discount rate. A corresponding adjustment will be made to the carrying amount of the associated right-of-use asset. Additionally, where there has been a partial or full termination of a lease, the Group will recognise any resulting gain or loss in the income statement.

AMOUNTS RECOGNISED IN THE BALANCE SHEET

This note provides information for leases where the Group is a lessee.

The Statement of Financial Position shows the following amounts relating to leases:

	2020 $	Consolidated 1 July 2019* $
Leased property and equipment	5,436,824	7,159,927
Total right-of-use assets	**5,436,824**	**7,159,927**

There were no new additions to the right-of-use assets during the year ended 30 June 2020.

	2020 $	Consolidated 1 July 2019* $
Current	1,670,311	1,812,179
Non-current	4,385,270	5,857,655
Total lease liabilities	**6,055,581**	**7,669,834**

	Future value of minimum lease payments $	Interest $	Present value of minimum lease payments $
Within 1 year	1,830,111	(159,800)	1,670,311
After 1 year and less than 5 years	4,613,437	(228,167)	4,358,270
More than 5 years	-	-	-
Total	**6,443,548**	**(387,967)**	**6,055,581**

*For adjustments recognised on adoption of AASB 16 on 1 July 2019, please refer to note 2.

9. NON-CURRENT ASSETS – RIGHT-OF-USE ASSET (CONTINUED)

AMOUNTS RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS

The Statement of Profit or Loss and the related Notes to the Financial Statements show the following amounts relating to leases:

	Consolidated 2020 $	2019 $
Depreciation charge of right-of-use asset	(1,723,103)	-
Interest expense on lease liabilities	(204,408)	-
Expenses relating to short-term leases	(212,620)	-

The total cash outflow for lease payments (interest & principal) in the year ended 30 June 2020 was $1,818,661.

10. NON-CURRENT ASSETS – OFFICE EQUIPMENT

KEY ACCOUNTING POLICIES

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

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

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

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

Consolidated Year ended 30 June 2020	Computer equipment $	Office furniture and fittings $	Total $
Cost or fair value	2,357,883	1,992,824	4,350,707
Accumulated depreciation	(1,726,213)	(962,865)	(2,689,078)
Net book amount	**631,670**	**1,029,959**	**1,661,629**
Reconciliations of the carrying amounts at the beginning and end of the financial year:			
Opening net book amount	614,035	1,341,529	1,955,564
Additions	423,454	74,911	498,365
Disposals	(16,140)	(8,981)	(25,121)
Depreciation charge	(389,679)	(377,500)	(767,179)
Closing net book amount	**631,670**	**1,029,959**	**1,661,629**

10. NON-CURRENT ASSETS – INTANGIBLE ASSETS

KEY ESTIMATES AND JUDGEMENTS (CONTINUED)

Consolidated Year ended 30 June 2019	Computer equipment $	Office furniture and fittings $	Total $
Cost or fair value	2,053,399	1,935,641	3,989,040
Accumulated depreciation	(1,439,364)	(594,112)	(2,033,476)
Net book amount	**614,035**	**1,341,529**	**1,955,564**
Reconciliations of the carrying amounts at the beginning and end of the financial year:			
Opening net book amount	739,308	1,475,033	2,214,341
Additions	262,076	196,274	458,350
Disposals	(2,264)	-	(2,264)
Depreciation charge	(385,085)	(329,778)	(714,863)
Closing net book amount	**614,035**	**1,341,529**	**1,955,564**

11. NON-CURRENT ASSETS – INTANGIBLE ASSETS

KEY ACCOUNTING POLICIES

Goodwill

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

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

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

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

Intangibles

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

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

11. NON-CURRENT ASSETS – INTANGIBLE ASSETS

KEY ACCOUNTING POLICIES (CONTINUED)

assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. Refer to note below, Investment Platform estimate of useful life, for detailed information.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill above, such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis. The Group had no indefinite life intangible assets in FY20 (FY19: nil).

KEY ESTIMATES AND JUDGEMENTS

Investment Platform estimate of useful life

Management have assessed the remaining useful life of the investment platform based upon the useful life of its separate platform components.

The three components with different useful lives are:

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

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

Goodwill and other indefinite life intangible assets

The carrying value of intangible assets (including goodwill) is assessed annually for indications that the asset has been impaired in accordance with the accounting policy under the heading Goodwill and Intangibles. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Details of these assumptions and the potential impact of changes to these assumptions can be found later in this note.

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

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

Capitalisation of development costs

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

11. NON-CURRENT ASSETS – INTANGIBLE ASSETS

KEY ESTIMATES AND JUDGEMENTS (CONTINUED)

Consolidated	Investment Platform $	Goodwill $	Agility Connect software $	Agility customer relationship $	Other* $	Total $
Year ended 30 June 2020						
At cost	32,340,749	16,325,588	2,540,970	1,284,000	1,891,962	54,383,269
Accumulated amortisation and impairment	(10,923,641)	-	(1,767,079)	(899,933)	(829,352)	(14,420,005)
Net carrying amount	**21,417,108**	**16,325,588**	**773,891**	**384,067**	**1,062,610**	**39,963,264**
Reconciliations of the carrying amount at the beginning and end of the financial year:						
Opening carrying amount	16,918,982	16,325,588	1,762,707	1,083,648	977,637	37,068,562
Other additions	6,415,916	-	-	-	311,043	6,726,959
Amortisation charge	(1,917,790)	-	(320,492)	(367,905)	(226,070)	(2,832,257)
Impairment	-	-	(668,324)	(331,676)	-	(1,000,000)
Closing carrying amount	**21,417,108**	**16,325,588**	**773,891**	**384,067**	**1,062,610**	**39,963,264**

*Other is comprised of the Dealer network, Managed fund client list and Software intangibles.

Consolidated	Investment Platform $	Goodwill $	Agility connect software $	Agility customer relationship $	Other* $	Total $
Year ended 30 June 2019						
At cost	25,924,832	16,325,588	2,540,970	1,284,000	1,580,278	47,655,668
Accumulated amortisation and impairment	(9,005,850)	-	(778,263)	(200,352)	(602,640)	(10,587,105)
Net carrying amount	**16,918,982**	**16,325,588**	**1,762,707**	**1,083,648**	**977,638**	**37,068,563**
Reconciliations of the carrying amount at the beginning and end of the financial year:						
Opening carrying amount	11,842,102	16,325,588	2,083,199	1,163,918	608,511	32,023,318
Other additions	6,326,781	-	-	-	577,921	6,904,702
Amortisation charge	(1,249,901)	-	(320,492)	(80,270)	(208,794)	(1,859,457)
Closing carrying amount	**16,918,982**	**16,325,588**	**1,762,707**	**1,083,648**	**977,638**	**37,068,563**

*Other is comprised of the Dealer network, Managed fund client list and Software intangibles.

Intangible assets are allocated to the Group's cash-generating units (CGUs) as required by AASB 136.

Intangibles are associated with a CGU as listed below:

Investment Platform CGU	Licensee Services CGU	IT Services CGU
Investment Platform	Dealer network	Agility connect software
Managed fund client list		Agility customer relationship
Software		
Goodwill on acquisition of Paragem, Agility and DIY		

11. NON-CURRENT ASSETS – INTANGIBLE ASSETS

KEY ESTIMATES AND JUDGEMENTS (CONTINUED)

Investment Platform (Included within Investment Platform CGU)

The recoverable amount of the Investment Platform is determined based on a value-in-use calculation. This calculation uses cash flow projections based on financial budgets approved by Directors. Cash flows beyond the 5 year period are extrapolated using a terminal value.

Goodwill – Paragem (Included within Investment Platform CGU)

Goodwill recognised as part of the Paragem acquisition was allocated to the Investment Platform CGU, while the Dealer Network intangible was identified as part of the Licensee CGU with a finite life.

The recoverable amount of the goodwill generated has been determined based on a value-in-use calculation using a discounted cash flow over a 5 year projection period. Cash flows beyond the 5 year period are extrapolated using a terminal value.

Goodwill – Agility (Included within Investment Platform CGU)

Goodwill recognised as part of the Agility acquisition has been allocated to the Investment Platform CGU, while the Agility customer relationship and Agility connect software intangible have been identified as part of the IT Services CGU with a finite life.

The recoverable amount of the goodwill generated has been determined based on a value-in-use calculation using a discounted cash flow over a 5 year projection period. Cash flows beyond the 5 year period are extrapolated using a terminal value.

Agility connect software (Included within IT services CGU)

The fair market value of the Agility connect software intangible has been determined based on a value-in-use calculation. This calculation uses cash flow projections based on financial budgets approved by Directors covering a 5 year period. Cash flows beyond the 5 year period are extrapolated using a terminal value.

The recoverable amount of the Agility connect software intangible has been assessed for indicators of impairment as at 30 June 2020 with required impairment reflected.

Agility customer relationships (Included within IT services CGU)

The fair market value of the Agility customer relationships intangible has been determined based on a value-in-use calculation. This calculation uses cash flow projections based on financial budgets approved by Directors covering a 5 year period. Cash flows beyond the 5 year period are extrapolated using a terminal value.

The recoverable amount of the Agility customer relationships intangible has been assessed for indicators of impairment as at 30 June 2020 with required impairment reflected.

Key assumptions used for value-in-use calculations – Investment Platform CGU

The cash generated by the Investment Platform CGU has been segregated between the cash generated by the Paragem dealer group, the cash generated by the acquisition of Agility and the cash generated by all other dealer groups on the Platform, in order to assess the recoverable amount associated with each intangible.

The Investment Platform has been assessed based on the cash generated by all dealer groups excluding the Paragem dealer group.

The goodwill recognised as a result of the Paragem Pty Ltd acquisition has been assessed based on the cash generated from future funds under administration transferred to the Platform.

The goodwill recognised as a result of the Agility Applications Pty Ltd acquisition has been assessed based on future funds under administration transferred to the Platform from Agility stockbroking clients.

11. NON-CURRENT ASSETS – INTANGIBLE ASSETS

KEY ESTIMATES AND JUDGEMENTS (CONTINUED)

Key assumptions used for value-in-use calculations – Investment Platform intangible

1. Growth in funds under administration on the Platform – Growth in the number of client accounts and hence funds under administration on the Platform is a key assumption used in calculating future cashflows. Management have estimated future funds under administration on the Platform at a 5 year compound annual growth rate of 27% (FY19: 26%) with reference to current client transition rates, industry data and pipeline monitoring.
2. Pre-tax discount rate – The pre-tax discount rate used for the Group's value-in-use calculations is 14% (2019:14%) which equates to the weighted average cost of capital over the reporting period.
3. Terminal growth rate – The terminal growth rate used for the Group's value-in-use calculations is 2.5% (2019: 2.5%).
4. Period over which cashflows have been discounted – Management have used a period of 5 years to discount projected cashflows for its value-in-use calculations. This period is considered reasonable given the stage of Platform development and the remaining useful life of the core database (10 years and 5 months from 30 June 2020).

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

Based on the above assessment there was no impairment of the investment platform intangible in FY20 (FY19: nil).

Impact of possible changes in key assumptions – Investment Platform intangible

If the projected earnings on client account balances used in the value-in-use calculation for the investment platform CGU are 3% lower than management estimates over the period of the value-in-use calculation, there would be no impairment of the intangible asset.

If the pre-tax discount rate for this intangible was 2% higher than management estimates (16% instead of 14%), there would be no impairment of the intangible asset.

Key assumptions used for value-in-use calculations – Agility customer relationship and Agility connect software

1. Growth in Connect licenses, consulting income and IT infrastructure support are key assumptions used in calculating future cash flows. Management have estimated revenue growth of the IT Services CGU as a 5 year CAGR of 4% with reference to current client license rates, industry data and pipeline monitoring.
2. An EBITDA 5 year average margin of 3% is estimated and is also considered a key assumption used in calculating future cashflows. The rate is considered by management to be reasonable based upon the actual and anticipated performance of the asset.
3. Pre-tax discount rate – The pre-tax discount rate used for the Company's value-in-use calculations is 16% (2019: 16%). This has been determined based on the weighted average cost of capital for the IT Services CGU.
4. Period over which cashflows have been discounted – Management have used a period of 5 years to discount projected cashflows for its value-in-use calculations.
5. Terminal growth rate – The terminal growth rate used for the Company's value-in-use calculations is 1.5%. (2019:1.5%).

There were no other key assumptions used in the Customer relationship and Connect software value-in-use calculation prepared at the date of acquisition. Indicators of impairment have been reviewed as part of the financial year end with $1 million impairment reflected.

Impact of possible changes in key assumptions – Customer relationship and Connect software

If the business EBITDA margin were 2% lower than management estimates over the period of the value-in-use calculation, the asset would be further impaired.

11. NON-CURRENT ASSETS – INTANGIBLE ASSETS

KEY ESTIMATES AND JUDGEMENTS (CONTINUED)

If the pre-tax discount rate for this CGU had been 2% higher than management estimates (18% instead of 16%) the asset would be further impaired.

Based on the above the value-in-use of the Customer relationship and Connect software intangibles were considered to be impaired.

12. NON-CURRENT ASSETS – RECEIVABLES

		Consolidated
	2020 $	2019 $
ORFR loan facility	-	2,000,000

ORFR LOAN FACILITY

HUB24 had advanced a loan to Sargon Superannuation Holdings SPV Pty Ltd, who had in turn used it to subscribe for capital in Diversa Trustees Limited, the Trustee for the HUB24 Super Fund ("the Fund"). The $5 million Loan Agreement was entered into on 10 June 2016 on an arm's length basis and on commercial terms at an interest rate of 17% per annum (revised to 15% per annum on 1 July 2019).

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

The loan was repaid to the Group on 30 June 2020 with capital requirements for the HUB24 Super Fund being met by Diversa Trustees Limited directly, while a change of trustee is completed. For information pertaining to the new ORFR loan agreement, refer to note 22.

13. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

KEY ACCOUNTING POLICIES

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

		Consolidated
	2020 $	2019 $
Trade creditors	1,690,042	168,648
Deferred contingent consideration – Agility	175,000	525,000
Key contract consideration – Agility	-	300,000
Sundry creditors	3,504,877	2,369,423
Total trade and other payables	**5,369,919**	**3,363,071**

DEFERRED CONTINGENT CONSIDERATION – AGILITY

On 3 January 2017 HUB24 Limited acquired 100% of the issued shares in Agility Pty Ltd, a specialist provider of application, data exchange and technology products and services to the financial services industry, for consideration of up to $15 million in cash and shares, (fair value $14,188,209).

As at 30 June 2020, the following payments have been made in relation to the deferred consideration and were subject to performance conditions and warranty claims being met:

13. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

DEFERRED CONTINGENT CONSIDERATION – AGILITY (CONTINUED)

- $200,000 paid on 14 July 2017
- $1,500,000 paid on 5 January 2018
- $822,469 paid on 2 April 2019 comprised of $411,250 in cash and 31,669 ordinary shares valued at $12.98 per share
- $300,000 paid on 19 July 2019
- $175,000 paid on 9 March 2020.

As at 30 June 2020, $175,000 is due to be settled through the issuance of HUB24 ordinary shares post the release of the 31 December 2020 half-year financial results.

Management's estimate of the performance over the earnout period until 31 December 2020 against set criteria requires significant judgement. As at 30 June 2020 management estimates that 56% of the funds under administration performance criteria will be met over the period until 31 December 2020, resulting in fair value deferred contingent consideration of $1.5 million, reflecting a payout ratio of 37% (30 June 2019, estimated to be $2.7 million in total purchase consideration based on management's judgement that 53% of the performance criteria would be met).

In the circumstances where 10% of performance criteria were not to be met, the following impact would result:

Deferred contingent consideration	Decrease by $454,986
Fair value gain	Increase by $454,986

For details of the non-current portion of the deferred consideration see note 16.

14. CURRENT LIABILITIES – PROVISIONS

KEY ACCOUNTING POLICIES

Provisions

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

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

Employee benefits

- Short-term benefits: Liabilities for wages and salaries, including non-monetary benefits and long service leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.
- Long-term benefits: Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.
- Superannuation and other post employment benefits: All Australian employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans provide accumulated benefits. Employees contribute to the plans at various percentages of their wages and salaries.

Lease make good

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

14. CURRENT LIABILITIES – PROVISIONS

KEY ACCOUNTING POLICIES (CONTINUED)

Third party claims

The Group estimates the provision for third party claims is in respect of on-going claims made by third parties in respect of services provided by the Platform segment.

Restructuring Provision

The restructure provision is in respect of cost obligations for the change of HUB24 Super Fund trustee and the transfer of the Group's management portfolio into a Management Investment Scheme (MIS) structure.

		Consolidated
	2020 $	2019 $
Employee benefits – Short term incentive	4,563,494	3,053,086
Employee benefits – Annual leave	2,260,329	1,613,540
Restructuring provision	662,349	-
Third party claims	300,000	-
Lease make good	24,882	24,882
Rental lease liability	-	361,646
	7,811,054	**5,053,154**

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

Consolidated	Third party claims $	Lease liability $	Lease make good $	Restructuring provision $
2020				
Carrying amount at the start of the year	-	361,646	24,882	-
Additional provisions recognised/(released)	300,000	(361,646)	-	662,349
Amounts paid during the year	-	-	-	-
Carrying amount at the end of the year	**300,000**	**-**	**24,882**	**662,349**

Consolidated	Third party claims $	Lease liability $	Lease make good $	Restructuring provision $
2019				
Carrying amount at the start of the year	-	239,156	45,988	-
Additional provisions recognised/(released)	-	122,490	-	-
Amounts paid during the year	-	-	(21,106)	-
Carrying amount at the end of the year	**-**	**361,646**	**24,882**	**-**

15. NON-CURRENT LIABILITIES – PROVISIONS

	Consolidated 2020 $	2019 $
Employee benefits – long service leave	1,133,111	775,492
Employee benefits – deferred short term incentive	265,000	-
Lease make good provision	115,551	115,551
Rental lease liability	-	110,047
	1,513,662	**1,001,090**

EMPLOYEE BENEFITS – DEFERRED SHORT TERM INCENTIVE

The provision represents the portion of STI bonus relating to the financial year ending 30 June 2020 payable to senior staff members that has been deferred until after the FY21 financial year end.

LEASE MAKE GOOD

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

MOVEMENTS IN PROVISIONS

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

Consolidated	Employee benefits $	Lease make good $	Rental lease liability $
2020			
Carrying amount at start of year	-	115,551	110,047
Additional provisions recognised/(released)	265,000	-	(110,047)
Carrying amount at end of period	**265,000**	**115,551**	**-**

Consolidated	Employee benefits $	Lease make good $	Rental lease liability $
2019			
Carrying amount at start of year	-	70,185	117,741
Additional provisions recognised/(released)	-	45,366	(7,694)
Carrying amount at end of period	**-**	**115,551**	**110,047**

16. OTHER – NON-CURRENT LIABILITIES

DEFERRED CONTINGENT CONSIDERATION – AGILITY

	Consolidated 2020 $	2019 $
Deferred Contingent Consideration – Agility	1,567,978	2,146,200
	1,567,978	**2,146,200**

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16. OTHER – NON-CURRENT LIABILITIES

DEFERRED CONTINGENT CONSIDERATION – AGILITY (CONTINUED)

Consolidated	Contingent consideration $
2020	
Carrying amount at start of year	2,146,200
Amounts reclassified/released during the year	(175,000)
Unwinding of discount	97,404
Fair value gain on contingent consideration (profit and loss)*	(500,626)
Carrying amount at end of period	**1,567,978**

*Refer to note 13 for current liability deferred consideration.

Consolidated	Contingent consideration $
2019	
Carrying amount at start of year	2,926,872
Amounts reclassified/released during the year	(525,000)
Unwinding of discount	211,423
Fair value gain on contingent consideration (profit and loss)	(467,095)
Carrying amount at end of period	**2,146,200**

17. ISSUED CAPITAL

KEY ACCOUNTING POLICIES

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

Consolidated	2020 Number	2019 Number	2020 $	2019 $
Issued and paid up capital				
Ordinary shares, fully paid	62,846,130	62,329,415	100,172,838	98,225,656
Other equity securities				
Treasury shares	(39,636)	(56,596)	(26,790)	(38,256)
Total capital	**62,806,494**	**62,272,819**	**100,146,048**	**98,187,400**
Movements in issued and paid up capital				
Beginning of the financial year	62,329,415	61,588,666	98,225,656	96,231,758
Shares issued	516,715	740,749	1,242,371	1,504,356
Transfer from share based payment reserve	-	-	516,144	341,766
Additional paid up capital	-	-	200,534	161,406
Total shares	**62,846,130**	**62,329,415**	**100,184,705**	**98,239,286**
Capital raising costs	-	-	(11,867)	(13,630)
End of the financial year	**62,846,130**	**62,329,415**	**100,172,838**	**98,225,656**
Movement in other equity securities – treasury shares				
Beginning of the financial year	56,596	70,789	38,256	47,850
Employee share issue	(16,960)	(14,193)	(11,466)	(9,594)
End of the period	**39,636**	**56,596**	**26,790**	**38,256**

17. ISSUED CAPITAL

ORDINARY SHARES – FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

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

ORDINARY SHARES – FOR THE YEAR ENDED 30 JUNE 2020

On 31 July 2019, the Group issued 260,000 ordinary shares for options exercised by employees of the Group for consideration of $478,800.

On 4 November 2019, the Group issued 202,169 ordinary shares for options and performance rights (PARs) exercised by employees of the Group for consideration of $489,796.

On 25 November 2019, the Group issued 4,546 ordinary shares for options and PARs exercised by employees of the Group for consideration of $15,276.

On 14 February 2020, the Group issued 50,000 ordinary shares for options exercised by employees of the Group for consideration of $258,500.

ORDINARY SHARES – FOR THE YEAR ENDED 30 JUNE 2019

On 22 August 2018, the Group issued 160,000 ordinary shares for options exercised by employees of the Group for consideration of $156,800.

On 31 August 2018, the Group issued 200,000 ordinary shares for options exercised by employees of the Group for consideration of $196,000.

On 8 October 2018, the Group issued 80,000 ordinary shares for options exercised by employees of the Group for consideration of $78,400.

On 12 November 2018, the Group issued 60,000 ordinary shares for options exercised by employees of the Group for consideration of $147,600.

On 28 November 2018, the Group issued 75,000 ordinary shares for options exercised by employees of the Group for consideration of $184,500.

On 10 December 2018, the Group issued 15,000 ordinary shares for options exercised by employees of the Group for consideration of $36,900.

On 31 December 2018, the Group issued 10,000 ordinary shares for options exercised by employees of the Group for consideration of $24,600.

On 4 January 2019, the Group issued 19,080 ordinary shares for options exercised by employees of the Group for consideration of $46,937.

On 6 February 2019, the Group issued 90,000 ordinary shares for options exercised by employees of the Group for consideration of $221,400.

On 26 April 2019, the Group issued 31,669 ordinary shares for consideration of $411,219 for the purchase of Agility Applications.

TREASURY SHARES

Treasury shares are shares in HUB24 Limited that are held by HUB24 Employee Share Ownership Trust (ESOT) for the purpose of issuing shares under HUB24 Employee Share Ownership Plan.

On 10 October 2019, the Group transferred 16,960 shares to eligible employees under the HUB24 Employee Share Ownership Plan.

On 7 September 2018, the Group transferred 14,193 shares to eligible employees under the HUB24 Employee Share Ownership Plan.

18. RESERVES

GENERAL RESERVES

	2020 $	Consolidated 2019 $
Share based payments share reserve	8,823,118	5,256,545
Movements in share based payments share reserves:		
Opening balance	5,256,545	3,942,850
Reserve reclassified to share capital through options exercised	(516,144)	(341,766)
Employee share based payment expense	4,294,717	1,826,461
Shares issued through HUB24 Share Ownership Trust	(212,000)	(171,000)
Closing balance	**8,823,118**	**5,256,545**

19. RECONCILIATION OF CASH FLOWS

KEY ACCOUNTING POLICIES

Cash and cash equivalents

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

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

(a) Reconciliation of the net profit/(loss) after tax to cash flow from operations

	2020 $	Consolidated 2019 $
Net profit/(loss) after tax for the year	8,228,297	7,163,955
Non-cash items:		
Depreciation and amortisation	5,322,539	2,574,321
Share based payment expense – Employee	4,294,717	1,826,461
Fair value (gains)/losses	(850,627)	(1,145,336)
Deferred revenue	(358,765)	(405,017)
Loss on disposal of office equipment	25,121	2,264
Impairment write off	1,000,000	-
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(2,480,615)	(2,477,437)
(Increase)/decrease in deferred tax assets	4,599,672	3,681,787
(Increase)/decrease in leases and other assets	(8,178,307)	(5,040)
Increase/(decrease) in trade and other payables	2,656,849	(1,029,297)
Increase/(decrease) in lease liabilities and provisions	10,999,498	1,443,992
Net cash flow from operating activities	**25,258,379**	**11,630,653**

19. RECONCILIATION OF CASH FLOWS

KEY ACCOUNTING POLICIES (CONTINUED)

(b) Reconciliation of cash and cash equivalents

	Consolidated 2020 $	2019 $
Cash and cash equivalents comprises:		
Cash on hand and at bank	33,809,323	18,465,847
	33,809,323	**18,465,847**

(c) Terms and conditions

For the purposes of the Statement of cash flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

20. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

	Within 1 year $	After 1 year and less than 5 years $	More than 5 years $	Total $
2020				
Services payable*	483,649	1,664,145	-	2,147,794
Other contractual obligations and commitments	811,943	1,134,534	-	1,946,477
	1,295,592	**2,798,679**	**-**	**4,094,271**

	Within 1 year $	After 1 year and less than 5 years $	More than 5 years $	Total $
2019				
Rental payable**	1,772,607	5,916,039	418,451	8,107,097
	1,772,607	**5,916,039**	**418,451**	**8,107,097**

*FY20 commitments relate to IT services and equipment with contractual terms between 1 and 5 years.

**FY19 commitments relate to lease commitments for six premises and office equipment with lease terms between 1 and 5 years.

Short term leased property and occupancy payments recognised as an expense in the current year amount to$212,620 (2019: $1,916,546).

CONTINGENCIES

Nil contingencies (2019: Nil).

21. SHARE BASED PAYMENTS PLAN

KEY ACCOUNTING POLICIES

Equity settled transactions

The Group provides benefits to employees (including Directors) in the form of share-based payments, whereby services are rendered in exchange for shares or rights over shares (equity settled transactions).

There are currently three plans in place to provide these benefits:

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

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by reference to the active market for the shares which trade on the Australian Securities Exchange, at grant date.

In valuing equity settled transactions, no account is taken of any vesting conditions, other than (if applicable):

- Non-vesting conditions that do not determine whether the Group receives services that entitle the employee to receive payment in equity or cash;
- Conditions that are linked to the price of the shares of HUB24.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become entitled to the award (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the entity's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period is recorded in Employee Benefits Expense and represents the movement in cumulative expense recognised as at the beginning and end of that period.

At each subsequent reporting date until vesting, the cumulative charge to the statement of profit or loss and other comprehensive income is the product of:

- The grant date fair value of the award;
- The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- The expired portion of the vesting period.

The charge to the consolidated statement of profit or loss and other comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Equity settled awards granted by the Group to employees of subsidiaries are recognised in the parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. As a result, the expense recognised by the Group in relation to equity-settled awards only represents the expense associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition or non-vesting condition is considered to vest irrespective of whether or not that market condition or non-vesting is fulfilled, provided that all other conditions are satisfied.

21. SHARE BASED PAYMENTS PLAN

KEY ACCOUNTING POLICIES (CONTINUED)

If a non-vesting condition is within the control of the Group or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of the Group or employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designed as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

KEY ESTIMATES AND JUDGEMENTS

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they were granted. The fair value is determined using a monte carlo simulation method. The accounting estimates and assumptions relating to the equity-settled share-based payments would have no impact on the carrying amounts of assets or liabilities within the next annual reporting period but may impact expenses and equity.

Recognised share-based payment expenses

The expense recognised from equity-settled share-based payment transactions during the year is $4,294,717 (2019: $1,826,461).

Types of share-based payment plans

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

Tax Exempt Share Plan – Employees	
Number of Shares Issued	16,960
Issue Date	10 October 19
Issue Price	$12.50
Vesting Conditions for All Shares	Interests held in the shares are not at risk of forfeiture. There is no condition or requirement that needs to be satisfied in order to acquire the shares.
Voting	Shareholders are entitled to vote.
Dividends	The shares provide entitlement to dividends or other distributions paid to ordinary shareholders.
Specific Terms	The shares must not be sold, transferred or otherwise disposed of, or mortgaged, charged or otherwise encumbered, on or before the 3rd anniversary of the date employees acquired the Shares or the date they cease to be employed, whichever occurs first.

21. SHARE BASED PAYMENTS PLAN

KEY ESTIMATES AND JUDGEMENTS (CONTINUED)

Options and Rights – Employees		
	Share Ownership Plan	PARs (Rights)
Issue Date	25 Nov 19	25 Nov 19
Number issued	323,151	129,404
Expiry Date	25 Nov 24	25 Nov 34
Expected Vesting Period	3 years	3 years
Exercise Price	$12.36	nil
Vesting Conditions		
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)	
II. Market	[II] 50% of the options and performance rights will be subject to, and will vest on, the achievement of a hurdle measuring the Absolute Total Shareholder Return (ATSR) of 12.5% to 17.5% over the next three years. The vesting is calibrated as follows: 25% vesting occurs when a threshold of 12.5% ASTR compounded annually is achieved; 100% vesting occurs when a threshold of 17.5% ASTR compounded annually is achieved; and vesting between 25% and 100% will be on a straight line basis between the two levels.	
III. FUA	[III] 50% of the options and 50% of the performance rights will be subject to, and will vest on, the achievement of a hurdle measuring the compound annual growth (CAGR) in funds under administration (FUA) over the next three years. The vesting is calibrated as follows: zero vesting will occur if the FUA does not exceed $27 billion by 30 June 2022; 25% vesting will occur if the FUA reaches $27 billion by 30 June 2022; 80% vesting will occur if the FUA reaches $29 billion by 30 June 2022; 100% vesting will occur if the FUA reaches $32 billion by 30 June 2022. vesting for between $27 billion and $29 billion (for between 25% and 80%) will be on a straight line basis between the two levels; and vesting for between $29 billion and $32 billion (for between 80% and 100%) will be on a straight line basis between the two levels.	
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.	

21. SHARE BASED PAYMENTS PLAN

KEY ESTIMATES AND JUDGEMENTS (CONTINUED)

Options and Rights – Employees		
	Share Ownership Plan	PARs (Rights)
Issue Date	25 Nov 19	25 Nov 19
Number issued	8,181	3,276
Expiry Date	25 Nov 24	25 Nov 34
Expected Vesting Period	3 years	3 years
Exercise Price	$12.36	nil
Vesting Conditions		
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)	
II. Leadership	[II] Effective leadership of the Group's Legal and Compliance functions together with the development of enhancements to these functions.	
III. Strategy	[III] Effective leadership and management of key legal and compliance matters across the Group such that the contribution of the Legal & Compliance team through its management of these matters supports the Group in achieving is strategic outcomes and priorities.	
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.	

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

Tax Exempt Share Plan – Employees	
Number of Shares Issued	14,193
Issue Date	7 September 18
Issue Price	$12.04
Vesting Conditions for All Shares	Interests held in the shares are not at risk of forfeiture. There is no condition or requirement that needs to be satisfied in order to acquire the shares.
Voting	Shareholders are entitled to vote.
Dividends	The shares provide entitlement to dividends or other distributions paid to ordinary shareholders.
Specific Terms	The shares must not be sold, transferred or otherwise disposed of, or mortgaged, charged or otherwise encumbered, on or before the 3rd anniversary of the date employees acquired the Shares or the date they cease to be employed, whichever occurs first.

21. SHARE BASED PAYMENTS PLAN

KEY ESTIMATES AND JUDGEMENTS (CONTINUED)

Options and Rights – Employees

	Share Ownership Plan	PARs (Rights)	Share Ownership Plan – Paragem	PARs (Rights) – Paragem	Share Ownership Plan	PARs (Rights)
Issue Date	7 Sep 18	7 Sep 18	7 Sep 18	7 Sep 18	7 Sep 18	7 Sep 18
Number issued	257,852	70,888	12,000	4,000	30,000	10,000
Expiry Date	7 Sep 23	7 Sep 33	7 Sep 23	7 Sep 33	7 Sep 23	7 Sep 33
Expected Vesting Period	3 years	3 years	2 years	2 years	2 years	2 years
Exercise Price	$12.04	nil	$12.04	nil	$11.73	nil
Vesting Conditions						
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)					
II. Market	[II] 50% vesting on the achievement of Performance condition 2. Absolute Total Shareholder Return (ATSR) CAGR in excess of 17.5% over three years, proportional vesting between 12.5% and 17.5%.					
III. FUA	[III] 50% vesting on the achievement of Performance condition 1. Growth in Funds Under Administration (FUA) CAGR in excess of 115.8% over three years, proportional vesting between 29.23% and 40.23% p.a.		[III] 0% vesting if the CAGR in FUA was below a minimum level of 25.88% p.a (99.5% over three years). 50% vesting will occur if the CAGR in FUA reaches29.58% p.a (117.6% over three years). 100% vesting will occur if the CAGR in FUA reaches 33.09% p.a (135.7% over three years)		[III] 0% vesting if the CAGR in FUA was below a minimum level of 25.88% p.a (99.5% over three years). 50% vesting will occur if the CAGR in FUA reaches29.58% p.a (117.6% over three years). 100% vesting will occur if the CAGR in FUA reaches 33.09% p.a (135.7%over three years)	
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.					

21. SHARE BASED PAYMENTS PLAN

KEY ESTIMATES AND JUDGEMENTS (CONTINUED)

Options and Rights – Employees				
	Share Ownership Plan – MD	PARs (Rights) – MD	Share Ownership Plan – CFO	PARs (Rights) – CFO
Issue Date	12 Dec 18	12 Dec 18	12 Dec 18	12 Dec 18
Number issued	51,186	14,072	24,667	6,981
Expiry Date	12 Dec 23	12 Dec 33	12 Dec 23	12 Dec 33
Expected Vesting Period	3 years	3 years	3 years	3 years
Exercise Price	$12.04	nil	$13.44	nil
Vesting Conditions				
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)			
II. Market	[II] 50% vesting on the achievement of Performance condition 2. Absolute Total Shareholder Return (ATSR) CAGR in excess of 17.5% over three years, proportional vesting between 12.5% and 17.5%.			
III. FUA	[III] 50% vesting on the achievement of Performance condition 1. Growth in Funds Under Administration (FUA) CAGR in excess of 115.8% over three years, proportional vesting between 29.23% and 40.23% p.a.			
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.			

Options and Rights – Employees	
	PARs (Rights) – Director
Issue Date	12 Dec 18
Number issued	20,000
Expiry Date	12 Dec 33
Expected Vesting Period	3 years
Exercise Price	nil
Vesting Conditions	
I. Service	[I] Must be a Director from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)
II. Market	[II] Performance condition (a) stipulates that the Director must provide support to the HUB24 Managing Director and KMPs in relation to the securing and maintenance of key accounts over the period from 1 July 2018 to 30 June 2021.
III. Growth	[III] Performance condition (b) stipulates that the Director must directly liaise with key accounts to facilitate growth and customer satisfaction as measured by the improvement in the Company's customer satisfaction service levels over the period from 1 July 2018 to 30 June 2021

21. SHARE BASED PAYMENTS PLAN

KEY ESTIMATES AND JUDGEMENTS (CONTINUED)

Options and Rights – Employees	
	PARs (Rights) – Head of Legal & Compliance
Issue Date	12 Dec 18
Number issued	20,000
Expiry Date	12 Dec 33
Expected Vesting Period	4 years
Exercise Price	nil
Vesting Conditions	
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)
II. Market	[II] Performance condition (a) stipulates that the employee must display effective leadership of the development and operation of the Group's risk and compliance framework and policies over the Performance Period.
III. Growth	[III] Performance condition (b) stipulates that the employee must display effective leadership and management of key legal, risk and compliance matters across the HUB24 Group.

Options and Rights – Employees	
	PARs (Rights) – Special LTI
Issue Date	12 Dec 18
Number issued	425,000
Expiry Date	12 Dec 33
Expected Vesting Period	4 years
Exercise Price	nil
Vesting Conditions	
I. FUA	[I] Applying to 425,000 performance rights, 100% vesting will occur if the 4 year CAGR in FUA reaches 33% per annum.
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.

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

Tax Exempt Share Plan – Employees	
Number of Shares Issued	24,160
Issue Date	1 Sep 17
Issue Price	$6.25
Vesting Conditions for All Shares	Interests held in the shares are not at risk of forfeiture. There is no condition or requirement that needs to be satisfied in order to acquire the shares.
Voting	Shareholders are entitled to vote.
Dividends	The shares provide entitlement to dividends or other distributions paid to ordinary shareholders.
Specific Terms	The shares must not be sold, transferred or otherwise disposed of, or mortgaged, charged or otherwise encumbered, on or before the 3rd anniversary of the date employees acquired the shares or the date they cease to be employed, whichever occurs first.

21. SHARE BASED PAYMENTS PLAN

KEY ESTIMATES AND JUDGEMENTS (CONTINUED)

Options and Rights – Employees						
	Share Ownership Plan	PARs (Rights)	Share Ownership Plan	PARs (Rights)	Share Ownership Plan – MD	PARs (Rights) – MD
Issue Date	11 Oct 17	11 Oct 17	21 Aug 17	21 Aug17	11 Dec 17	11 Dec 17
Number issued	401,686	122,942	34,247	11,211	78,077	23,897
Expiry Date	11 Oct 22	11 Oct 32	21 Aug 22	21 Aug 32	11 Dec 22	11 Dec 32
Expected Vesting Period	3 years	3 years	3 years	3 years	3 years	3 years
Exercise Price	$7.09	nil	$6.25	nil	$7.09	nil
Vesting Conditions						
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)					
II. Market	[II] 50% vesting on the achievement of Performance condition 2. Absolute Total Shareholder Return (ATSR) CAGR in excess of 17.5% over three years, proportional vesting between 12.5% and 17.5%.					
III. FUA	[III] 50% vesting on the achievement of Performance condition 1. Growth in Funds Under Administration (FUA) CAGR in excess of 117.6% over three years, proportional vesting between 25.88% and 33.09% p.a.		[III] 50% vesting on the achievement of Performance condition 1. Growth in Funds Under Administration (FUA) CAGR in excess of 109.7% over three years, proportional vesting between 28% and 45% p.a.		[III] 50% vesting on the achievement of Performance condition 1. Growth in Funds Under Administration (FUA) CAGR in excess of 117.6% over three years, proportional vesting between 25.88% and 33.09% p.a.	
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.					

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

Tax Exempt Share Plan – Employees	
Number of Shares Issued	14,112
Issue Date	1 Sep 16
Issue Price	$4.46
Vesting Conditions for All Shares	Interests held in the shares are not at risk of forfeiture. There is no condition or requirement that needs to be satisfied in order to acquire the shares.
Voting	Shareholders are entitled to vote.
Dividends	The shares provide entitlement to dividends or other distributions paid to ordinary shareholders.
Specific Terms	The shares must not be sold, transferred or otherwise disposed of, or mortgaged, charged or otherwise encumbered, on or before the 3rd anniversary of the date employees acquired the shares or the date they cease to be employed, whichever occurs first.

21. SHARE BASED PAYMENTS PLAN

KEY ESTIMATES AND JUDGEMENTS (CONTINUED)

Options and Rights – Employees			
FY2017	Share Ownership Plan	PARs (Rights)	Share Ownership Plan
Issue Date	29 Nov 16	29 Nov 16	29 Nov 16
Number issued	418,639	137,043	50,000
Expiry Date	29 Nov 21	29 Nov 31	29 Nov 21
Expected Vesting Period	3 years	3 years	3 years
Exercise Price	$4.46	nil	$5.17
Vesting Conditions			
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)		
II. Market	[II] 50% vesting on the achievement of Performance condition 1. Absolute Total Shareholder Return (ATSR) CAGR in excess of 17.5% over three years, proportional vesting between 12.5% and 17.5%.		[II] Achieve share price hurdle of 52% greater than exercise price for 20 consecutive days in the period between 36 months from the issue date and expiry of options.
III. FUA	[III] 50% vesting on the achievement of Performance condition 2. Growth in Funds Under Administration (FUA) CAGR in excess of 45% over three years, proportional vesting between 28% and 45%.		N/A
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.		

Options and Rights – Employees			
FY2016	Share Ownership Plan	PARs (Rights) – MD	Share Ownership Plan
Issue Date	14 Oct 15	7 Dec 15	30 Mar 16
Number issued	620,000	150,000	50,000
Expiry Date	14 Oct 20	7 Dec 30	30 Mar 21
Expected Vesting Period	3 years	3 years	3 years
Exercise Price	$2.46	$2.46	$3.98
Vesting Conditions			
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days).		
II. Market	[II] Achieve share price hurdle of greater than 52% of exercise price for 20 consecutive days in the period between 36 months from the issue date and expiry of options.		
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.		

21. SHARE BASED PAYMENTS PLAN

KEY ESTIMATES AND JUDGEMENTS (CONTINUED)

Options and Rights – Employees		
FY 2015	Share Ownership Plan	Share Ownership Plan – MD
Issue Date	17 Oct 14	4 Dec 14
Number issued	760,000	200,000
Expiry Date	17 Oct 19	4 Dec 19
Expected Vesting Period	3 years	3 years
Exercise Price	$0.98	$0.98
Vesting Conditions		
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)	
II. Market	[II] Achieve share price hurdle in excess of 60% of the exercise price for 20 consecutive days in the period between 36 months from issue and expiry of options.	[II] Achieve share price hurdle in excess of 60% of the exercise price for 20 consecutive days in the period between 36 months from issue and expiry of options.
III. Performance	As determined by the Board in its sole discretion	
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to discharge tax obligations in relation to the issue.	

SUMMARIES OF OPTIONS GRANTED

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

	2020			2019		
	Number	WAEP	WASP	Number	WAEP	WASP
Outstanding at the beginning of the year	1,792,344	-	-	2,265,045	-	-
Granted during the year	331,332	$12.36	-	375,705	$12.11	-
Forfeited during the year	(49,397)	-	-	(139,326)	-	-
Exercised during the year	(441,182)	$2.82	$11.91	(709,080)	$1.54	$13.40
Expired during the year	-	-	-	-	-	-
Outstanding at end of the year	1,633,095	-	-	1,792,344	-	-
Exercisable at the end of the year	535,711	-	-	160,000	-	-

The outstanding balance as at 30 June 2020 is represented by:

- 120,000 options over ordinary shares with an exercise price of $2.46 each, vested expiring 14 October 2020
- 150,000 options over ordinary shares with an exercise price of $2.46 each, vested expiring 7 December 2020
- 265,711 options over ordinary shares with an exercise price of $4.46 each, vested expiring 29 November 2021
- 34,247 options over ordinary shares with an exercise price of $6.25 each, yet to vest expiring 21 August 2022
- 306,799 options over ordinary shares with an exercise price of $7.09 each, yet to vest expiring 11 October 2022
- 78,077 options over ordinary shares with an exercise price of $7.09 each, yet to vest expiring 11 December 2022
- 237,684 options over ordinary shares with an exercise price of $12.04 each, yet to vest expiring 7 September 2023
- 12,000 options over ordinary shares with an exercise price of $12.04 each, yet to vest expiring 7 September 2023
- 30,000 options over ordinary shares with an exercise price of $11.73 each, yet to vest expiring 7 September 2023
- 51,186 options over ordinary shares with an exercise price of $12.04 each, yet to vest expiring 12 December 2023
- 24,667 options over ordinary shares with an exercise price of $13.44 each, yet to vest expiring 12 December 2023
- 322,724 options over ordinary shares with an exercise price of $12.36 each, yet to vest expiring 25 November 2024

21. SHARE BASED PAYMENTS PLAN (CONTINUED)

SUMMARY OF PERFORMANCE RIGHTS GRANTED

The outstanding balance as at 30 June 2020 is represented by:

	2020			2019		
	Number	WAEP	WASP	Number	WAEP	WASP
Outstanding at the beginning of the year	823,092	-	-	282,784	-	-
Granted during the year	132,680	-	-	570,941	-	-
Forfeited during the year	(15,303)	-	-	(30,633)	-	-
Exercised during the year	(75,533)	-	-	-	-	-
Expired during the year	-	-	-	-	-	-
Outstanding at end of the year	864,936	-	-	823,092	-	-
Exercisable at the end of the year	-	-	-	-	-	-

- 52,507 performance rights over ordinary shares, yet to vest expiring 29 November 2031
- 93,901 performance rights over ordinary shares, yet to vest expiring 11 October 2032
- 23,897 performance rights over ordinary shares, yet to vest expiring 11 December 2032
- 65,345 performance rights over ordinary shares, yet to vest expiring 7 September 2033
- 4,000 performance rights over ordinary shares, yet to vest expiring 7 September 2033
- 10,000 performance rights over ordinary shares, yet to vest expiring 7 September 2033
- 486,053 performance rights over ordinary shares, yet to vest expiring 12 December 2033
- 129,233 performance rights over ordinary shares, yet to vest expiring 25 November 2034

OPTION PRICING MODEL

The fair value of all equity-settled options issued in the year is estimated at the date of grant using the Black Scholes and the Hoadleys 1 Hybrid ESO model (monte carlo simulation method).

The following table lists the inputs to the models used:

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

	25 Nov 2019 SOP	25 Nov 2019 PRP (Rights)
Dividend Yield (%)	0.39	0.39
Expected Volatility (%)	44	47
Risk-free Interest Rate (%)	0.82	0.82
Expected Life of Options (Months)	36	36
Option Exercise Price ($)	12.36	N/A
Average Share Price at Measurement Date ($)	11.83	11.83
Model Used	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes

21. SHARE BASED PAYMENTS PLAN

OPTION PRICING MODEL (CONTINUED)

2. Share based payment plans issued prior to 1 July 2019.

	7 Sep 2018 SOP	7 Sep 2018 PRP (Rights)	7 Sep 2018 SOP – Paragem	7 Sep 2018 PRP (Rights) – Paragem	7 Sep 2018 SOP	7 Sep 2018 PRP (Rights)
Dividend Yield (%)	0.54	0.54	0.54	0.54	0.54	0.54
Expected Volatility (%)	41	41	41	41	41	41
Risk-free Interest Rate (%)	2.17	2.17	2.17	2.17	2.17	2.17
Expected Life of Options (Months)	36	36	24	24	24	24
Option Exercise Price ($)	12.04	N/A	12.04	N/A	11.73	N/A
Average Share Price at Measurement Date ($)	12.44	12.44	12.44	12.44	12.44	12.44
Model Used	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes

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

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

21. SHARE BASED PAYMENTS PLAN

OPTION PRICING MODEL (CONTINUED)

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

22. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Subsequent to year end the Directors have determined a fully franked final dividend of 3.5 cents per share (an unfranked 2.6 cents per share final dividend was declared in FY19).

As of 31 July 2020 Diversa Trustees Ltd has retired as trustee of the HUB24 Super Fund. They have been replaced by HTFS Nominees Pty Ltd (the Trustee). To ensure consistent and comparable operations of the HUB24 Super Fund, the Group has entered into a loan agreement with HTFS Holding Pty Ltd, a wholly owned subsidiary of EQT Holdings Ltd, who will use the loan proceeds to purchase capital in, the Trustee. The Trustee, will reserve the funds for the purpose of meeting the Operational Risk Financial Requirement (ORFR) for the Fund in accordance with APRA Prudential Standard SPS114. The parent entity HUB24 Limited made the ORFR loan of $7 million on 31 July 2020 on an arm's length basis and on commercial terms at an interest rate of 10%.

No other significant matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

23. EARNINGS PER SHARE

KEY ACCOUNTING POLICIES

Basic EPS is calculated by dividing the result attributable to members of the Group, adjusted for the after-tax effect of preference dividends on preference shares classified as equity, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

Diluted EPS: is calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Diluted earnings per share exclude shares that may be issued in the future relating to the deferred consideration from the Agility acquisition as the number of shares cannot be determined at this time.

The following reflects the income and share data used in the calculations of basic and diluted loss per share.

Diluted earnings per share includes 513,806 options and 864,936 rights issued for employees. 678,261 options

23. EARNINGS PER SHARE

KEY ACCOUNTING POLICIES (CONTINUED)

issues since FY19 have not been considered as the average share price used for the calculation does not exceed their exercise price.

	Consolidated 2020 $	2019 $
Earnings per share		
Profit/(Loss) after income tax	8,228,297	7,163,955
Profit/(Loss) after income tax attributable to the owners of HUB24 Limited used in calculating basic and diluted earnings per share	**8,228,297**	**7,163,955**

	Consolidated 2020 Number	2019 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	62,666,196	62,097,012
Weighted average number of ordinary shares used in calculating diluted earnings per share	**64,044,938**	**63,398,125**

	Consolidated 2020 Cents	2019 Cents
Basic earnings per share	13.13	11.54
Diluted earnings per share	**12.85**	**11.30**

24. REMUNERATION OF AUDITORS

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

	Consolidated 2020 $	2019 $
Audit and review of financial statements provided by Deloitte Touche Tohmatsu	365,000	300,000
Other assurance services	91,350	183,230
Tax and other services	266,043	71,946
Total audit and other fees	**722,393**	**555,776**

25. RELATED PARTY DISCLOSURES

SUBSIDIARIES

The consolidated financial statements include the financial statements of HUB24 Limited and the Australian subsidiaries listed in the following table.

	% Equity Interest	
	as at 30 June 2020	as at 30 June 2019
Operating Entities		
HUB24 Custodial Services Limited (formerly ANZIEX Ltd)	100	100
HUB24 Share Ownership Trust	100	100
HUB24 Management Services Pty Ltd	100	100
HUB24 Administration Pty Ltd	100	100
HUB24 Services Pty Ltd	100	100
Firstfunds Ltd	100	100
HUBConnect Pty Ltd (formerly ConnectHUB Pty Ltd)	100	100
Marketsplus Australia Pty Ltd	100	100
Paragem Pty Ltd	100	100
Agility Applications Pty Ltd	100	100
Non-Operating Entities		
HUB24 International Nominees Pty Ltd (formerly ANZIEX Nominees Ltd)	100	100
HUB24 Nominees Pty Ltd (formerly Kardinia Nominees Pty Ltd)	100	100
AT Pty Ltd*	100	100
Investorfirst Securities Ltd*	100	100
Researchfirst Pty Ltd*	100	100
Captain Starlight Nominees Pty Ltd*	100	100
Findlay & Co Stockbrokers Ltd*	100	100
HTH Nominees Pty Ltd*	100	100

*These companies are no longer trading and there is no intention that they will resume activities. The process to deregister these entities has commenced.

Balances and transactions between HUB24 and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

ULTIMATE PARENT

HUB24 Limited is the ultimate parent entity of the Group.

26. PARENT ENTITY FINANCIAL INFORMATION

SIGNIFICANT ACCOUNTING POLICIES

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

SUMMARY FINANCIAL INFORMATION

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

	2020 $	2019 $
Statement of profit or loss and other comprehensive income		
Profit/(loss) after income tax	16,891,558	18,641,334
Total comprehensive income	16,891,558	18,641,334
Statement of financial position		
Total assets	101,383,287	61,398,347
Total liabilities	25,142,638	3,736,072
Net assets	76,240,649	57,662,275
Total equity	76,240,649	57,662,275

CONTINGENT LIABILITIES

The parent entity did not have any contingent liabilities as at 30 June 2020 or 30 June 2019.

CAPITAL COMMITMENTS

The parent entity had no capital commitments as at 30 June 2020 or 30 June 2019.

DEFERRED TAX ASSET

In addition to its own current and deferred tax amounts, the parent entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits (if any) assumed from controlled entities in the Group. Refer to Note 7 for further details.

27. KEY MANAGEMENT PERSONNEL

KEY MANAGEMENT PERSONNEL COMPENSATION

		Consolidated
	2020 $	2019 $
Short term employment benefits	2,783,848	2,552,344
Post employment benefits	106,526	138,124
Share based payments	1,841,508	894,714
	4,731,882	**3,585,182**

28. FINANCIAL INSTRUMENTS

KEY ACCOUNTING POLICIES

Held to maturity investments

The Group's principal financial instruments comprise cash, receivables, and payables. For the year ended 30 June 2020, the Group did not utilise derivatives, holds no debt and has not traded in financial instruments including derivatives.

Interest rate risk

The Group is not materially exposed to movements in short-term variable interest rates on cash and cash equivalents. All other financial assets and liabilities are non-interest bearing. The Directors believe a 50 basis point decrease is a reasonable sensitivity given current market conditions. A 50 basis point increase and a 50 basis point decrease in interest rates would increase/decrease profit and loss in the Group by:

		Consolidated
	2020 $	2019 $
Cash and cash equivalents at end of period	**33,809,323**	**18,465,847**
50 basis points increase in interest rate	169,047	92,329
50 basis points decrease in interest rate	(169,047)	(92,329)
Net impact on profit after tax		
Profit for the year	8,228,297	7,163,955
50 basis points increase in interest rate	8,397,344	7,256,284
50 basis points decrease in interest rate	8,059,250	7,071,626

Credit risk

During the year the Group had a loan receivable from Sargon Superannuation Holdings SPV Pty Ltd, who has in turn used it to subscribe for capital in Diversa Trustees Limited, the Trustee for the HUB24 Super Fund ("the Fund"). As at 30 June 2020 this loan has been fully repaid. In the event that the Group is required to extend loan facilities in the future the agreed approach will be to ensure security over the loan to ensure that the credit risk is low.

Liquidity risk

The table below reflects all contractually fixed pay-offs for settlement resulting from recognised financial liabilities. Cash flows are undiscounted. The remaining contractual maturities of the Group's and parent entity's financial liabilities are:

		Consolidated
	2020 $	2019 $
Not later than one month	4,563,708	2,557,499
Later than 1 month not later than 3 months	657,333	280,572
Later than 3 months not later than 1 year	148,878	695,522
Later than 1 year	-	2,146,200
	5,369,919	**5,679,793**

28. FINANCIAL INSTRUMENTS

KEY ACCOUNTING POLICIES (CONTINUED)

Capital Management – financing arrangements

The Group had access to the following borrowing facilities which were undrawn throughout, and at the end of the reporting period:

	Consolidated 2020 $	2019 $
Floating rate – Expiring within one year (bank overdraft facility)	5,000,000	

The bank overdraft facility may be drawn at any time and may be cancelled by giving the bank 10 business days notice. The bank loan facility is subject to annual review.

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

MATURITY ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

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

	0–1 month $	1–3 months $	4–12 months* $	1–5 years $	Total $
30 June 2020					
Consolidated financial assets:					
Cash and cash equivalents	28,668,004	5,141,319	-	-	33,809,323
Trade and other receivables	9,076,626	804,173	165,282	-	10,046,081
	37,744,630	**5,945,492**	**165,282**	**-**	**43,855,404**
Consolidated financial liabilities:					
Trade and other payables	4,563,708	657,333	148,878	-	5,369,919
	4,563,708	**657,333**	**148,878**	**-**	**5,369,919**
Net Maturity	**33,180,922**	**5,288,159**	**16,404**	**-**	**38,485,485**

*For the 4–12 month period the Agility deferred consideration includes equity components payable following the 31 December 2020 performance hurdle assessment. Refer to Note 13 for further details.

28. FINANCIAL INSTRUMENTS

MATURITY ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	0–1 month $	1–3 months $	4–12 months* $	1–5 years** $	Total $
30 June 2019					
Consolidated financial assets:					
Cash and cash equivalents	13,381,689	5,084,158	-	-	18,465,847
Trade and other receivables	6,480,170	950,772	134,524	2,000,000	9,565,466
	19,861,859	**6,034,930**	**134,524**	**2,000,000**	**28,031,313**
Consolidated financial liabilities:					
Trade and other payables	2,557,499	280,572	695,522	2,146,200	5,679,793
	2,557,499	**280,572**	**695,522**	**2,146,200**	**5,679,793**
Net Maturity	**17,304,360**	**5,754,358**	**(560,998)**	**(146,200)**	**22,351,520**

*For the 4–12 month period the Agility deferred consideration includes cash and equity components payable 3 January 2019.
**For the 1–5 year period the Agility deferred consideration includes cash and equity components payable February 2020 following the results announcement.

The Group monitors rolling forecasts of liquidity reserves on the basis of expected cash flow and aims to maintain a minimum equivalent of 90 days worth of operational expenses in cash reserves.

MARKET RISK

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

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

FAIR VALUE MEASUREMENT

No other financial instruments for the year ended 30 June 2020 required fair value assessment (FY19: Nil).

29. PROFIT RESERVES

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

		Consolidated
	2020 $	2019 $
Profit reserve	40,847,253	13,014,445
Movement in profit reserves		
Opening balance	13,014,445	5,088,013
Transfer to profit reserves	31,659,750	11,349,598
Dividends provided for or paid	(3,826,942)	(3,423,166)
Closing balance	**40,847,253**	**13,014,445**

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2020

IN THE DIRECTORS' OPINION:

a. the financial statements and notes set out on pages 48 to 102 are in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date, and

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

b. the financial statements and notes comply with International Financial Reporting Standards as disclosed in Note 2, and

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

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

Signed in accordance with a resolution of Directors.

Bruce Higgins
Chairman

Sydney
24 August 2020

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INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report to the Shareholders of HUB24 Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of HUB24 Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

Key Audit Matters

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

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

Intangible Assets
 	
As at 30 June 2020 the carrying value of intangible assets totalling $39.96 million, include the following as disclosed in Note 11:
 	
• Investment platform at $21.4 million;
• Agility customer relationships of $0.38 million (after impairment);
• Agility CONNECT software of $0.77 million (after impairment); and
• Goodwill of $16.32 million.
 	
Evaluation of the recoverable amount of intangible assets requires significant judgement due to the estimation of future cash flows, discount and terminal growth rates, and the period over which cash flows have been discounted.
	Our procedures included, but were not limited to:
	
	▪ updating our understanding of the key controls associated with the preparation of the value-in-use models;
	▪ evaluating management's methodologies and their documented basis for key assumptions, as outlined in Note 11;
	▪ in conjunction with our valuation specialists, we assessed and challenged the:
	  - reasonableness of long-term growth rates used in the forecast cash flows by comparing them to historical results, economic and industry forecasts; and
	  - discount rate applied against our independently determined rate.
	▪ testing the mathematical accuracy and integrity of the value-in-use models;
	▪ assessing the consistency of forecast cash flow models and Board approved budget;
	▪ performing sensitivity analysis around the key drivers of growth rates used in the cash flow forecasts and the discount rate used; and
	▪ assessing managements' consideration of the sensitivity to a change in key assumptions that both individually or collectively would be required for assets to be impaired and considered the likelihood of such a movement in those key assumptions.
	
	We also assessed the appropriateness of the disclosure in Note 11 to the financial statements.

Contingent Consideration
 	
On 3 January 2017, HUB24 Limited acquired Agility Applications Pty Ltd for consideration of up to $15 million. Consideration comprised $2.8 million cash, $3.8 million shares, $1.9 million deferred consideration and $5.7 million contingent consideration.
 	
In the prior year, Management and the vendors renegotiated the terms in the Share Sale Deed which (amongst other changes) have extended the period for the vendors to meet the targets.
 	
Consequently, the Company may be required to make further payments to the respective vendors in the event that certain conditions and performance targets are met, as detailed within the revised Share sale deed.
 	
Significant judgement is required in determining the fair value of the contingent consideration which is dependent on recent and forecasted trading results of
	Our procedures included, but were not limited to:
	
	▪ reviewing management's position paper for:
	  ○ alignment with the renegotiated the Share Sale Deed
	  ○ Agility Applications' performance against the performance hurdles and targets to date;
	  ○ key assumptions relating to the probability of achieving the performance hurdles and targets as at 30 June 2020; and
	  ○ the likelihood and magnitude of the payment estimated by management.
	▪ inquiring with key executives as to the likelihood of performance targets being met;
	▪ evaluating the reasonableness of management's underlying assumptions as outlined within the position paper; and
	▪ updating our understanding of the key controls associated with the preparation and Board

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
the business and the relative risks of achieving performance targets. As at 30 June 2020, management has determined the fair value of the contingent consideration to be **$**1.74 million.	approval of position paper supporting the fair value of contingent consideration. We also assessed the appropriateness of classification of the liability and the disclosures in Note 13 and 16 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

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Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 44 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of HUB24 Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

DELOITTE TOUCHE TOHMATSU

Declan O'Callaghan
Partner
Chartered Accountants
Sydney, 24 August 2020

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. This information is current as at 21 August 2020.

DISTRIBUTION OF EQUITY SECURITIES

Ordinary share capital 62,830,297 fully paid ordinary shares are held by 4,284 individual security holders.

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

	Holders	Total units	%
Fully paid ordinary shares – holding ranges			
1 to 1,000	2,351	907,197	1.44
1,001 to 5,000	1,517	3,666,428	5.84
5,001 to 10,000	229	1,642,526	2.61
10,001 to 100,000	155	4,129,543	6.57
100,001 and over	32	52,484,603	83.53
Total	**4,284**	**62,830,297**	**100**

OPTIONS

1,431,852 options and 931,488 performance rights are held. Options and performance rights do not carry a right to vote.

ASX ADDITIONAL INFORMATION (CONTINUED)

TOP TWENTY SHAREHOLDERS – QUOTED ORDINARY SECURITIES

	Number held	%IC
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,180,109	28.94%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,019,377	11.17%
CITICORP NOMINEES PTY LIMITED	4,168,285	6.63%
BNP PARIBAS NOMS PTY LTD	3,984,332	6.34%
BNP PARIBAS NOMINEES PTY LTD	3,346,076	5.33%
NATIONAL NOMINEES LIMITED	3,336,621	5.31%
PACIFIC CUSTODIANS PTY LIMITED	1,921,382	3.06%
MR IAN JAMES LITSTER	1,513,744	2.41%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	1,224,918	1.95%
MRS JASMIN ZHENG-MIN ZHAO LITSTER	1,188,545	1.89%
UBS NOMINEES PTY LTD	820,962	1.31%
LITSTER & ASSOCIATES PTY LTD	578,388	0.92%
SKYLYX PTY LTD	547,736	0.87%
MR BRUCE HIGGINS & MRS RUTH HIGGINS	510,000	0.81%
MIRRABOOKA INVESTMENTS LIMITED	508,000	0.81%
JASFORCE PTY LTD	409,845	0.65%
EGG AU PTY LTD	362,356	0.58%
BNP PARIBAS NOMS(NZ) LTD	345,295	0.55%
NETWEALTH INVESTMENTS LIMITED	304,475	0.48%
CRAIG APPS & MICHELLE APPS	258,723	0.41%
Total	**50,529,169**	**80.42%**

DETAILS OF SUBSTANTIAL SHAREHOLDERS – QUOTED ORDINARY SECURITIES

	Date of most recent substantial shareholder notice	Number held	%IC
TIGA Trading Pty Ltd	18/08/2020	6,763,443	10.76%
ECP Asset Management Pty Ltd	18/03/2020	6,135,832	9.76%
Hyperion Asset Management	19/05/2020	5,326,764	8.48%
Mr Ian J Litster	18/03/2019	3,280,677	5.22%

CORPORATE INFORMATION

HUB24 LIMITED

ACN 124 891 685

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 2, 7 Macquarie Place
Sydney NSW 2000
Australia

DIRECTORS

Mr Bruce Higgins (Chairman)

Mr Andrew Alcock (Managing Director)

Mr Ian Litster

Mr Anthony McDonald

Mr Paul Rogan

Ms Ruth Stringer
(appointed 1 February 2020)

SECRETARIES

Mr Paul Howard
(appointed 31 July 2019)

Ms Debbie Last
(appointed 13 March 2020)

Mr Mark Goodrick
(resigned 13 March 2020)

Ms Wendy McIntyre
(resigned 31 July 2019)

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 Code: HUB)

AUDITOR

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000

WEBSITE

hub24.com.au

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