

HUB²⁴



HUB24 | YEAR ENDED 30 JUNE 2023

Empowering
better financial
futures, **together.**

HUB24

HUB24 has delivered strong growth during FY23 whilst remaining focussed on enhancing value for our customers and delivering on our strategic objectives and our purpose to empower better financial futures together.

CONTENTS

1	Appendix 4E – Year Ended 30 June 2023
2	Financial Highlights FY23
3	Chairman and Managing Director's report
8	Directors' report
19	Remuneration report
37	Auditor's independence declaration
38	Financial statements
39	Consolidated statement of profit or loss and other comprehensive income
40	Consolidated statement of financial position
41	Consolidated statement of changes in equity
42	Consolidated statement of cash flows
43	Notes to the financial statements
97	Directors' declaration
98	Independent auditor's report
102	Additional information
104	Glossary
105	Corporate information

Appendix 4E

Year ended 30 June 2023 under ASX Listing Rule 4.3a

Results for announcement to the market

Current period: 1 July 2022 to 30 June 2023

Prior corresponding period: 1 July 2021 to 30 June 2022

Key information	Year ended 30 June 2023 \$'000	Year ended 30 June 2022 \$'000	% change
Revenue from ordinary activities ¹	279,532	192,525	45%
Net profit/(loss) after tax for the period attributable to equity holders	38,166	14,662	160%
	Cents	Cents	
Basic earnings per share	47.69	20.18	136%
Diluted earnings per share	46.06	19.53	136%

1. Includes revenue from customers, interest and income from investments in associates. See page 45 and note 2.1 for further details.

Dividends	Amount per security cents	Franked per security %
Interim dividend (per share)	14.00	100
Final dividend (per share)	18.50	100

Subsequent to year ended 30 June 2023 the directors have determined a fully franked final dividend of 18.5 cents per share (a fully franked 12.5 cents per share final dividend was paid following the year ended 30 June 2022).

Dates for the dividend are as follows:

Ex-date	11 September 2023
Record date	12 September 2023
Dividend payment date	13 October 2023

Explanation of results

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

	Year ended 30 June 2023	Year ended 30 June 2022
Net tangible assets (per fully paid ordinary share) ¹	\$0.63	\$0.33

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

Entities over which control has been gained or lost during the period

HUB24 Limited completed the acquisition of myprosperity Pty Ltd and its wholly owned subsidiaries effective 30 May 2023. Please refer to note 6.1 in the financial report for more information.

During the year ended 30 June 2023, the HUB24 Group voluntarily deregistered Investorfirst Securities Ltd, Captain Starlight Nominees Pty Ltd, HUB24 International Nominees Pty Ltd, ACN 075 059 246 Pty Ltd and HUB24 Nominees Pty Ltd. Please refer to note 6.2 in the financial report for more information.

Auditor review

The Report is based on the consolidated year end report that has been audited by the HUB24 Group's auditors, Deloitte Touche Tohmatsu.

FY23 Financial Highlights and Key Metrics



GROUP

Total revenue

\$279.5m ▲ 45%

Underlying EBITDA¹

\$102.4m ▲ 45%

Underlying NPAT²

\$58.8m ▲ 64%

Cost to income ratio

63.4% ▶ stable

Diluted earnings per share

46.1¢ ▲ 136%

Fully franked final dividend

18.5¢ per share

Interim dividend was 14.0 cents per share, taking the total FY23 dividend to 32.5 cents per share

FY22 final dividend: 12.5 cents per share ▲ 48%



PLATFORM

Platform revenue

\$208.8m ▲ 30%

Platform net inflows³

\$9.7b ▼ (17%)³

Platform FUA of

\$62.7b ▲ 26%⁴

PARS FUA of

\$17.6b ▲ 11%⁵

Number of active advisers

4,011 ▲ 15%



TECH SOLUTIONS

Tech Solutions revenue

\$67.5m ▲ 133%

Class number of accounts⁶

202,149 ▲ 2%

Class document orders⁷

173,148 ▲ 1%

Companies on Class corporate messenger⁸

645,190 ▲ 8%

All percentage changes shown above are relative to FY22, unless stated otherwise.

1. Refer to Note 2.1 for more information.

2. Refer to Directors' Report for more information on Group Underlying NPAT.

3. Platform net inflows of \$9.7 billion from continuing business operations (excluding the Xplore Super Admin discontinued operations). Successor Fund Transfers (SFT) from Xplore Super Admin discontinued operations of \$944 million during Dec 22 quarter and \$15m during Jun 23 quarter.

4. Custodial FUA Administration Services.

5. Non-custodial FUA as Portfolio Administration and Reporting Services (PARS).

6. Number of Class accounts as at 30 June 2023 consists of Class Super, Class Portfolio and Class Trust licenses.

7. Documents paid for by Pay Per Unit (PPU) and subscription customers for the last 12 months to 30 June 2023.

8. Number of active companies as at 30 June 2023.

Chairman and Managing Director's report



1. Introduction

Dear Shareholders,

On behalf of the Board, we are pleased to present you with HUB24's Annual Report for FY23.

FY23 has been another successful year for the HUB24 Group with strong growth in FUA and our operational scale delivering a significant uplift in financial results with increasing profitability, whilst remaining focused on delivering on our strategic objectives to grow our footprint and position for the future.

As a market-leader today, we're investing in tomorrow to deliver solutions to enable financial professionals to support their customers' needs throughout their life.

During FY23 we've consolidated our position as Australia's Best Platform, with our commitment to delivering innovative product solutions and customer service excellence continuing to be recognised by both advisers and the industry and resulting in industry-leading net inflows.¹

Given the Company's strong performance, the Board has announced a fully franked final dividend of 18.5 cents, bringing the total FY23 dividend to 32.5 cents, an increase of 63% on the prior year.

During FY23 we've made substantial progress integrating Class (acquired in February 2022), positioning the business for further growth and leveraging its capabilities across the Group.

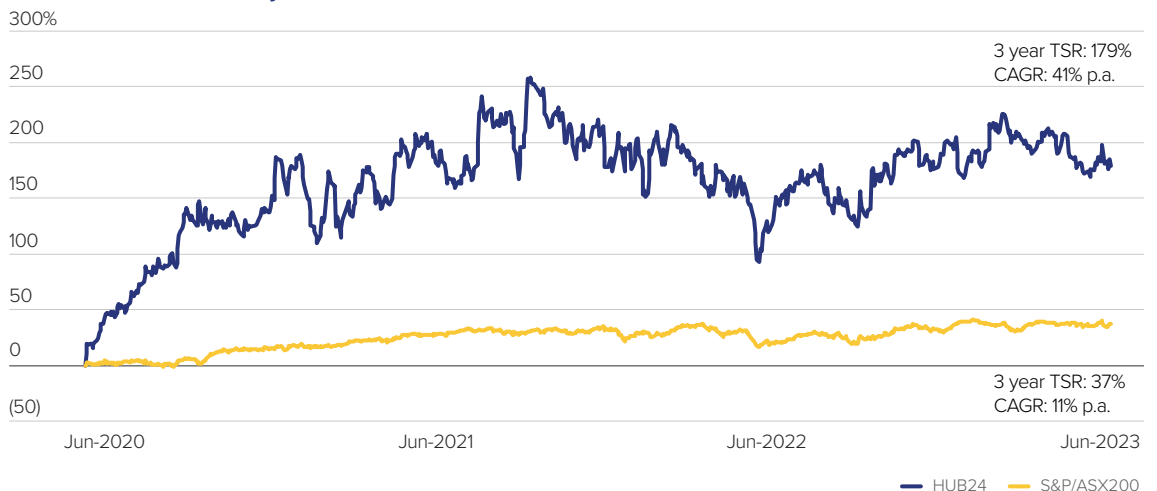
In addition, to further progress our 'platform of the future' strategy and consolidate our market leadership position, we acquired myprosperity. As a leading provider of client portal solutions to financial professionals and their clients, the acquisition further expands our footprint and capability, providing opportunities to continue to enhance our customer proposition.

Our market-leading products and solutions are enabling us to leverage opportunities in the transforming wealth management industry and have resulted in strong business performance, demonstrating resilience during what has been a period of ongoing market volatility and uncertainty in the macroeconomic environment.

Recently, this volatility was also reflected in HUB24's share price, which ranged from \$20.45 at 1 July 2022 to \$25.45 at 30 June 2023. Pleasingly, our compound annual share price growth rate over the past three years is 41% per annum, compared to the ASX 200 at 11%.

Moving forward, HUB24 is uniquely positioned to continue to take advantage of market dynamics as the wealth industry continues to transform, with institutional platform competitors still evolving their strategy and continuing to lose market share.

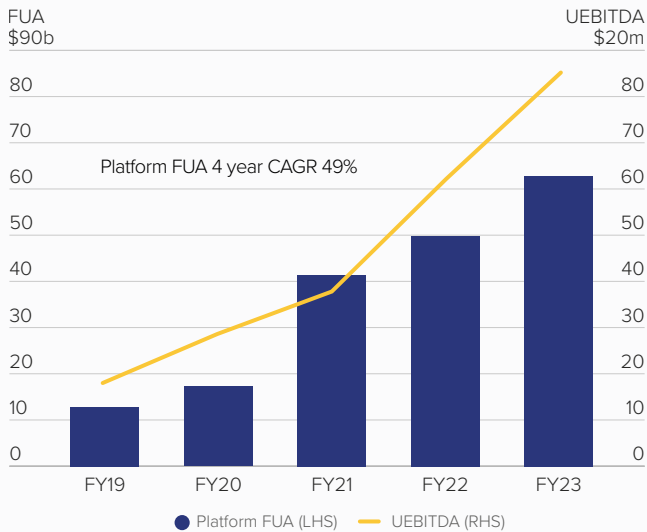
HUB24 v S&P/ASX200 3-year TSR²



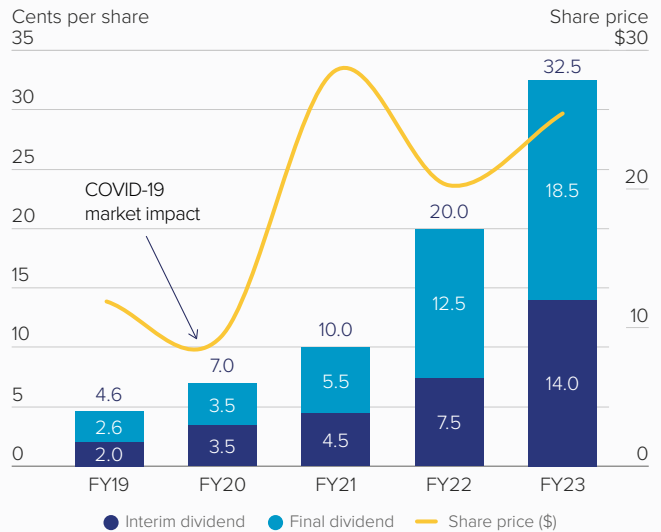
1. Best Platform Overall in the 2022 Adviser Ratings Financial Advice Landscape Report.
 2. TSR data sourced from Morningstar.

Chairman and Managing Director's report

Platform FUA and underlying EBITDA trends



Share price and dividend trends



The broad range of capabilities provided across the Group, together with our market-leadership position enables us to lead change in the industry and collaborate with financial professionals to meet current and emerging client needs and empower better financial futures, together.

Our customer focus, our talented people and success in executing on our strategy have positioned us as an industry leader, and moving forward into FY24 we will continue to enhance our customer propositions, improve customer engagement and deliver further value for our shareholders.

2. Financial performance

Our preferred measure of profitability – is Underlying Earnings Before Interest, Tax, Depreciation, Amortisation and Notable items (Underlying EBITDA). This increased 45% to \$102.4 million for FY23 (\$70.4 million in FY22), with Underlying Net Profit After Tax (Underlying NPAT) up 64% to \$58.8 million for FY23 (\$35.9 million in FY22).

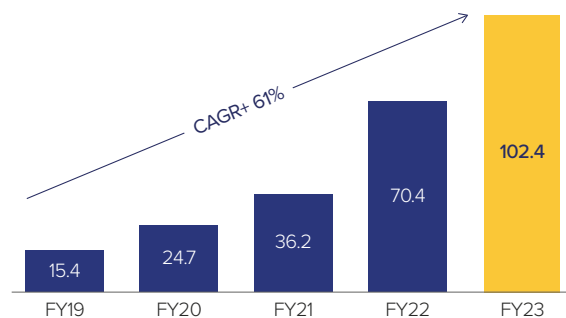
The key highlights of the Group's financial performance for FY23 were:

- Total Group Revenue increased 45% to \$279.5 million (\$192.5 million in FY22), which includes the Platform, Tech Solutions and Corporate segments.
- Group Operating Expenses¹ increased 43% to \$201.5 million (\$141.1 million in FY22) largely driven by headcount increases to support growth and invest in future growth initiatives.
- Group Full Time Equivalent employees (FTE) increased by 20% to 838 as at 30 June 2023, from 697 as at 30 June 2022. Continued investment in the business further increased FTE by 108, and the acquisition of myprosperity increased FTE by 33. The investment in headcount supports our growth and will continue to be leveraged in future periods to support business scale.

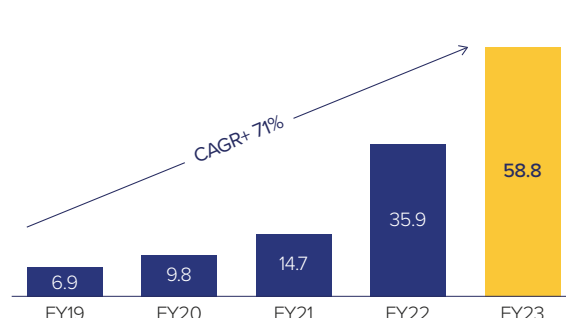
- The Group's underlying EBITDA margin for FY23 is stable at 36.6% (FY22: 36.6%) with Platform revenue benefits offset by aligning Class software capitalisation expenses to the HUB24 Group accounting policy. Prior to aligning the capitalisation policy, the underlying EBITDA margin increased to 38.4%.
- Statutory NPAT increased 160% to \$38.2 million (\$14.7 million in FY22).

GROUP

Group underlying EBITDA (\$m) \$102.4m up 45%



Group underlying NPAT (\$m) \$58.8m up 64%



1. Includes share-based payments, interest expense and depreciation and amortisation.

Chairman and Managing Director's report

Platform segment performance

(see section 3 below for further details)

The platform segment continued to see strong growth, with the key financial metrics outlined below:

- Revenue increased by 30% to \$208.8 million (\$160.5 million for FY22)
- Expenses grew by 26% to \$123.7 million (\$98.2 million in FY22).
- Revenue margins increased 4 bps to 36 bps (32bps in FY22).
- Underlying EBITDA increased by 37% to \$85.1 million (\$62.3 million in FY22).
- Underlying EBITDA margin increased by 2% to 40.8% (38.8% in FY22).

Tech Solutions segment performance

(see section 4 below for further details)

- Revenue increased by 133% to \$67.5 million (\$29.0 million in FY22), benefitting from the acquisition of Class. Class contributed \$64.5 million of revenue in FY23.
- Expenses grew by 160% to \$45.7 million (\$17.6 million in FY22).
- Underlying EBITDA increased by 91% to \$21.8 million (\$11.4 million in FY22).
- Underlying EBITDA margin decreased by 6.9% to 32.3% (39.2% in FY22) driven by the alignment of the capitalisation accounting policy. Prior to this change, Underlying EBITDA margin grew by 0.2% to 39.4%.

3. Platform segment

During FY23, the HUB24 Platform segment performed well in the context of current market dynamics, achieving industry leading net inflows of \$9.7 billion from continuing operations. Platform custody FUA reached \$62.7 billion, up 26%. According to the latest available market share data, HUB24 achieved first place for quarterly and annual net inflows, increased market share to 6.1% from 5.1% in FY22, and maintained its ranking in 7th place.¹

HUB24's Portfolio, Administration and Reporting Services (PARS), which provides comprehensive administration, corporate action management and tax reporting services for non-custodial institutional clients, increased FUA by 11% to \$17.6 billion, driven by positive market movements. The total number of PARS accounts remained stable at 8,154.

Total Funds Under Administration (FUA) increased from \$65.6 billion as at 30 June 2022 to \$80.3 billion as at 30 June 2023, an increase of 23%.

For platform superannuation/pension products, HUB24 is ranked 1st for quarterly and annual net inflows, and HUB24 Super is now the third fastest growing super fund in Australia. Our strength in this sector has underpinned our FUA growth given the consistency of superannuation flows regardless of market sentiment.^{1,2}

In this context, HUB24 is well placed to benefit from the long-term growth in the superannuation system, with ongoing increases to mandated superannuation contributions and expected growth from over \$3.5 trillion today to almost \$9 trillion over the next 20 years.^{3,4}

Overall, the HUB24 Platform continues to deliver strong growth with a four-year compound annual growth rate of 58% in FUA (HUB24 Platform and PARS). This FUA growth is a result of our market leadership and continued focus on product innovation and customer service excellence.

The Platform remains well placed to increase market share with a growing pipeline of new opportunities across all customer segments, including a large transition of approximately \$4 billion from EQT. This year, 113 new distribution agreements were signed and the number of advisers using the HUB24 platform increased to 4,011, up 15% and now representing 25% of total advisers in Australia.⁵

HUB24's market-leadership and investment in delivering innovative product solutions has been recognised by both advisers and the industry during FY23, including being awarded:

- No. 1 for adviser advocacy (equal first), Tax Optimisation Tools and Client Reporting⁶
- No 1 Overall Best Platform, Best Adviser Experience, Best Client Experience and Best Investment Options⁷
- No. 1 Best Overall Platform, Best Reporting, Best Online Management and Best Managed Accounts Offer⁸
- Equal first for Overall Satisfaction, No. 1 for Ease of Doing Business and IT/Web Functionality⁹

This recognition was supported by the delivery of a number of platform enhancements during the year, that provide advisers and their clients with choice and flexibility and enable advisers to deliver advice more efficiently.

HUB24 SMSF Access was launched in February 2023 – the first joint product development initiative leveraging the combined capability of HUB24, Class and NowInfinity. The new SMSF product solution is designed for advisers to meet the needs of clients who are keen to access the benefits of a cost-effective SMSF solution.

New data feeds and automation capabilities were also added to the Platform, enabling advisers to report on clients' off-platform investments, including the most widely used Australian bank cash management account and term deposits, listed securities, managed funds and direct property. By leveraging HUB24's data and technology expertise, this enhancement delivers efficiencies for advisers and seamlessly integrates with HUB24 Present, our market-leading reporting capability that provides a more complete view of wealth for advisers and their clients.

1. HUB24 analysis based on Strategic Insights Analysis of Wrap, Platform and Master Trust Managed Funds, March 2023.

2. In 2022, HUB24 Super had the third fastest annual growth rate of net flows in Australian superannuation funds, KPMG Super Insights 2023.

3. Global Pension Assets Study 2023, Thinking Ahead Institute.

4. ASFA Superannuation Statistics, March Quarter 2023.

5. Based on ARdata, Adviser Ratings, Musical Chairs 2022, Q4 Report.

6. Investment Trends 2023 Adviser Technology Needs Report.

7. Adviser Ratings Financial Advice Landscape Report 2022.

8. Investment Trends Platform Competitive Analysis and Benchmarking Report 2022.

9. 2023 Wealth Insights Platform Service Level Report.

Chairman and Managing Director's report

As the demand for responsible investing in Australia continues to rise, and in recognising the need to support advisers to meet clients' ESG preferences, HUB24 collaborated with Morningstar and the Responsible Investment Association Australasia to deliver new ESG ratings functionality on the Platform. The enhanced ESG functionality provides advisers with access to data-driven insights and metrics for selected managed funds and more than 350 Australian listed securities, enabling advisers to tailor their investment approach to meet clients' individual ESG investment preferences.¹

Integrating and leveraging HUB24's acquired capabilities has remained a priority over FY23. The Xplore Wealth integration is now substantively complete, with further migrations from Xplore Wealth to HUB24 undertaken during the year. This included the planned discontinuation of the 'Xplore Super Admin' business, which has simplified the operating model and achieved financial synergies in line with expectations.

The acquisition of myprosperity was completed on 30 May 2023. myprosperity is now operating as a business unit of HUB24 and work has begun on the delivery of an enhanced client portal for HUB24 Platform customers, leveraging myprosperity's proprietary technology.

Over FY23, HUB24 continued to collaborate with the industry and advocate on behalf of our customers to shape the future of the advice industry, contributing to the formal consultation process for the Quality of Advice Review (QAR) and actively participating in industry forums to consider how the regulatory framework can be enhanced to enable more accessible advice.

4. Tech Solutions

During FY23, Class continued to perform in line with expectations and remains focused on consolidating market leadership and positioning for growth, while leveraging opportunities across the HUB24 Group.

In the self-managed superannuation fund (SMSF) administration market, Class has been a beneficiary of the growth in the superannuation system. In the five years to March 2023, the number of SMSFs in Australia grew by 7.5% to 606,217 with over 1.1 million members, and assets grew by 35% to \$890 billion. As at March 2023, Class had 30.5% market share, which has grown from 27% five years ago.²

Over the year to 30 June 2023, the number of SMSFs administered on Class grew to 202,149, the number of companies on NowInfinity's Corporate Messenger reached 645,190, and Document Orders on NowInfinity increased to 173,148.

During FY23, Class continued to focus on enhancing the customer experience, uplifting the service proposition, and delivering product enhancements that provide efficiency and value for customers.

During the year, Class launched the 'Scan and Save' functionality, which leverages machine learning to enable customers to efficiently upload bank statement data from financial institutions where there is no data feed available. Additionally, to enable accountants to electronically lodge client tax returns through to the ATO, Class launched the enhanced Class Trust Tax Return Lodgement functionality.

Additionally, Class received the ASAE 3402 Type II Assurance Report for its Tax Statement Automation services, providing auditors with assurance regarding the reliability of data provided by accountants and administrators through the Tax Statement Automation service, and reducing manual processing.

Over FY23, Class has increased engagement with the SMSF industry through thought leadership and education. Class held over 35 educational webinars and forums on tax and super legislation and product updates, enabling SMSF professionals to stay up to date with regulatory changes, industry trends and product functionality, and released the Annual SMSF Benchmark Report, which explores key SMSF trends shaping the industry.

5. People

Our people are key to the ongoing success of the HUB24 Group, with now 838 FTE across the HUB24 Group. During FY23, we continued to invest in engagement and development initiatives, and a key component has been prioritising communication to gain valuable insights that enable the business to continue to evolve our people initiatives.

Enhancing our employee value proposition to attract, retain and develop our people has remained a key focus for the Board and Leadership team over FY23. During the year, we provided our teams with development opportunities and on the job experience, supported internal promotion opportunities, and enhanced our reward and recognition programs. We also successfully expanded our intern and graduate programs and invested in leadership training to develop capability for our people and enhance the employee experience.

As a result of HUB24's initiatives to enhance our employee value proposition and experience, employee engagement increased from 72% in FY22 to 74% in FY23.

To support our growth, we made four appointments to the HUB24 Executive team in FY23. Ms. Chesne Stafford was appointed as Chief Growth Officer in July 2022, Mr. Tim Steele was appointed as CEO of Class Limited in August 2022, Ms. Amy Rixon commenced as Chief People Officer in February 2023 and Mr. Craig Apps was appointed as Chief Product and Innovation Officer in March 2023.

1. Rise in demand for responsible investing as noted in RIAA Report, From Values to Riches 2022: Charting consumer demand for responsible investing in Australia.
2. SMSF market data as per ASFA superannuation statistics March Qtr 2023.

Chairman and Managing Director's report

6. Corporate Sustainability

At HUB24, we recognise the importance of sustainability for the long-term prosperity of our customers, people, shareholders and communities. Our FY23 Sustainability Report issued alongside this Annual Report, details our environmental, social and governance (ESG) focus areas and how we have progressed towards our targets over the year.

Throughout FY23 we've made significant progress towards maturing our sustainability agenda and delivering on our objectives. This has included:

- Continued compliance with ASX Corporate Governance principles and providing our people with business and ethics training
- Achieved 'whole of company' gender diversity targets
- Increased employee engagement to 74%
- Achieved equal highest Net Promoter Score¹
- Rated Best Platform Overall by advisers¹
- Made progress towards embedding our community giving program in our operating model and contributed to a range of community initiatives
- Determined baselines for scope 1 and 2 carbon emissions toward our net zero target for 2030
- Continued to enhance our cyber and data security protocols across the Group

Going forward, evolving our sustainability strategy will help ensure that we continue to deliver on our business objectives, taking into consideration the broader needs of our customers, our people, our shareholders and the communities that we support. An important focus for FY24 will be embedding our sustainability strategy in all aspects of our business and engaging our people to deliver on our commitments and our purpose of empowering better financial futures, together. Please refer to the Sustainability Report for more details.

7. Corporate Governance

In FY23, our Board of Directors and Management remained committed to the ongoing review and improvement of corporate governance practices and processes.

The Board once again sought direct feedback from employees through a Group-wide Culture and Conduct Survey, to understand the team's experiences working with the HUB24 Group, and to seek input regarding the day-to-day conduct and culture of our business.

In addition, for FY23, the Board elected to use an external consultant to facilitate the Board's performance evaluation. The performance of the Board Committees was evaluated as part of the external Board Assessment.

Under its Charter, the Audit, Risk & Compliance Committee is required to review the Group Risk Management Framework at least annually to seek assurance that it is both sound and effective. Following Management's review, the Group Risk Management Framework was enhanced to align with the progress we have made on executing our strategy.

In April 2023, Ms. Ruth Stringer resigned from the Board, and we would like to thank her for her contribution to the Board during her tenure. An extensive search was undertaken for a new Director and in May 2023, Ms. Rachel Grimes AM joined our Board as Non-Executive Director, bringing wide-ranging experience and skills which complement those of our other Board members.

8. Outlook

HUB24 is proud to have delivered strong FY23 results with industry-leading platform net inflows and FUA growth and delivering a significant uplift in financial results with increasing profitability. In addition, the completed acquisition of myprosperity to further strengthen our service offerings to financial advisers and accountants, is expected to accelerate HUB24's strategy, support our current growth trajectory and strengthen our competitive advantage.

The Group's strong financial and operating performance has delivered further value to our shareholders, with increased profits allowing us to declare our highest dividend to date.

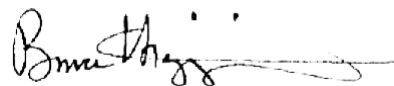
These strong results are underpinned by the long-standing investment in our technology, the strength of our offerings and our talented teams who are focused on delivering better outcomes for our customers and shareholders.

Given the ongoing opportunities for growth through leveraging the collective capability of HUB24, Class and myprosperity, the HUB24 Group remains focused on maintaining our market-leadership today whilst creating the platform of tomorrow and collaborating with other industry participants to shape the future of the wealth industry. We enter FY24 with positive momentum across all our businesses and remain well positioned for ongoing success.

Moving forward, we expect ongoing strong net inflows to the Platform and are targeting a FUA range of \$92-\$100 billion by 30 June 2025.

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

Yours sincerely



Bruce Higgins
Chairman



Andrew Alcock
Managing Director and CEO

1. Equal highest Primary Platform Net Promoter Score (NPS) in the 2023 Investment Trends Technology Needs Report, Best Platform Overall in the 2022 Adviser Ratings Financial Advice Landscape Report.

Directors' report

Your Directors present their report together with the financial 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 2023 ("FY23") and the Auditor's Report thereon.

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

- Directors' interest in shares of the Company on page 32;
- Remuneration Report on pages 19 to 36; and
- Auditor's Independence Declaration on page 37.

Directors

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

Mr Bruce Higgins (Chairman)
 Mr Andrew Alcock (Managing Director)
 Mr Anthony McDonald
 Ms Catherine Kovacs
 Mr Paul Rogan
 Ms Rachel Grimes AM (appointed 29 May 2023)
 Ms Ruth Stringer (retired 30 April 2023)

Joint company secretaries

Mr Andrew Brown
 Ms Kitrina Shanahan



Bruce Higgins

MIEAust CPEng, MBA, FAICD

Chairman and Independent Non-Executive Director

Skills, Experience & Qualifications

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

Term

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

Listed Company Directorships (within the last 3 years)

Nil

Board Committee Memberships

- Member of the Audit, Risk and Compliance Committee
- Member of the Remuneration and Nomination Committee (retired as Member 1 April 2023 and now attends as a permanent invitee)



Andrew Alcock

B Bus, GAICD

Managing Director Executive Director

Skills, Experience & Qualifications

Andrew was appointed Chief Executive Officer of HUB24 in 2013 and Managing Director in 2014. With HUB24's leadership team, he has led the company's evolution from a new entrant platform business to be a market-leading, integrated provider of platform, data and technology solutions to the wealth industry. HUB24 has grown over the last decade to administer over \$80 billion in client assets and has expanded to incorporate the HUB24 and Xplore Wealth platforms, HUBconnect, Class and myprosperity.

Andrew has almost three decades of experience across wealth management, encompassing advice, platforms, superannuation, insurance and information technology.

After a successful career as a senior executive in information technology, Andrew held various executive roles within the Wealth Management sector including with Genesys Wealth Advisers Limited, Tyndall and Asteron.

In these roles Andrew worked closely with financial advisers, including holding board director roles for over 20 advice practices and was responsible for the design and delivery of financial products for the wealth market. Previously, Andrew was Chief Executive Officer of Australian Administration Services (a subsidiary of Link Group) providing superannuation administration and technology services to some of Australia's largest superannuation funds.

He holds a Bachelor of Business, Accounting from the University of Technology, Sydney.

Term

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

Listed Company Directorships (within the last 3 years)

Nil

Board Committee Memberships

Nil

Directors' report



Anthony McDonald

B Comm LLB

Independent Non-Executive Director

Skills, Experience & Qualifications

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

Tony is a director of Diverger Limited. He is also Chairman of a leading not-for-profit organisation and a private RegTech company, Fourth Line Pty Ltd.

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

Term

Anthony was appointed to the HUB24 Board on 1 September 2015

Listed Company Directorships (within the last 3 years)

- 8IP Emerging Companies Limited (appointed 24 September 2015, resigned 1 April 2021)
- Diverger Limited (appointed 1 February 2021)

Board Committee Memberships

Chair of the Remuneration and Nomination Committee



Catherine Kovacs

B.Comm, MAppFin, GAICD

Independent Non-Executive Director

Skills, Experience & Qualifications

Catherine is an experienced Non-Executive Director, serving on the Board of OFX Group Limited (ASX listed), Universities Admission Centre, and Grapple Holding Pty Ltd. Catherine has over 30 years' experience in the financial services industry, having held senior executive leadership roles at Westpac Banking Corporation, Ellerston Capital Limited, Macquarie Group Limited and BT Financial Group.

Catherine's most recent executive role was as Group Head of Business Development at Westpac Banking Corporation until March 2019, where she was responsible for advising the Westpac Executive Committee and Board on business disruption and the future of banking and wealth strategy, as well as managing strategic partnerships. Prior to that Catherine held executive roles at BT Financial Group as Head of Equities where her responsibilities included product development and distribution of equity products to licensees, advisers and retail investors; Ellerston Capital Limited where she was Head of Investor Relations, Sales & Marketing; and Macquarie Group Limited as Divisions Director, Equity Markets Group.

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

Term

Catherine was appointed to the Board on 19 July 2021.

Listed Company Directorships (within the last 3 years)

OFX Group Limited (appointed 22 February 2021)

Board Committee Memberships

- Member of the Audit, Risk and Compliance Committee
- Member of the Remuneration and Nomination Committee (appointed 01 April 2023)



Paul Rogan

FAICD, FCPA, B Bus

Independent Non-Executive Director

Skills, Experience & Qualifications

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

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

Paul has more than 28 years' experience serving on entity boards and industry groups, including 13 years in the not-for-profit sector.

Term

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

Listed Company Directorships (within the last 3 years)

Nil

Board Committee Memberships

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

Directors' report



Rachel Grimes AM

CA, FCPA, B Bus

Independent Non-Executive Director

Skills, Experience & Qualifications

Rachel has over thirty years' experience in financial services and accounting having held senior executive leadership roles at BT Financial Group, Westpac Banking Corporation and Challenger Limited.

Rachel's most recent executive role was as CFO for Challenger Limited until October 2022 where she led the sales process of Challenger Bank Limited. Prior to this Rachel held senior executive roles across Westpac Banking Corporation including finance, M&A, products and sales.

Rachel holds a Bachelor of Business (Accounting) and is a Fellow of the Institute of Public Accountants, Chartered Accountants Australia and New Zealand, CPA Australia and a Member of the Australian Institute of Company Directors. Rachel became a Member of the Order of Australia in 2022 for her significant service to business in the field of accountancy, and to professional associations.

Term

Rachel was appointed to the Board on 29 May 2023.

Listed Company Directorships (within the last 3 years)

Nil

Board Committee Memberships

Member of the Audit, Risk and Compliance Committee (appointed 29 May 2023)

Ruth Stringer

B Sc, LL.M, GAICD

Independent Non-Executive Director

Skills, Experience & Qualifications

Ruth is an experienced financial services lawyer with particular expertise in funds management, superannuation, life insurance and financial planning. Her diverse career has included working in significant national and international law firms, as well as serving as in-house counsel with various financial institutions and as a superannuation specialist with ASIC. Ruth joined MinterEllison as a partner in September 2022.

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

Term

Ruth was appointed to the HUB24 Board on 1 February 2020 and retired 30 April 2023.

Board Committee Memberships

Member of the Audit, Risk and Compliance Committee (retired 30 April 2023)

Joint Company Secretaries

The name and details of the Company Secretaries in office during the 2023 financial year and at the date of this report are as follows:



Andrew Brown

Diploma in Law, FCG, MAICD

Company Secretary

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

Andrew was appointed Company Secretary on 30 April 2021.



Kitrina Shanahan

CIMA, CPA, AGSM MBA

Company Secretary and Chief Financial Officer

Kitrina has over 25 years of experience in finance, governance and risk. Prior to HUB24, Kitrina was Chief Financial Officer Insurance at Westpac Banking Corporation. She has also held roles across BT Financial Group as Deputy Chief Financial Officer and as Group Financial Controller at Westpac Banking Corporation. With deep experience in platforms, advice and broader financial services, Kitrina has executive leadership experience delivering large strategic transformation projects.

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

Directors' report

Operating and financial review

Group overview

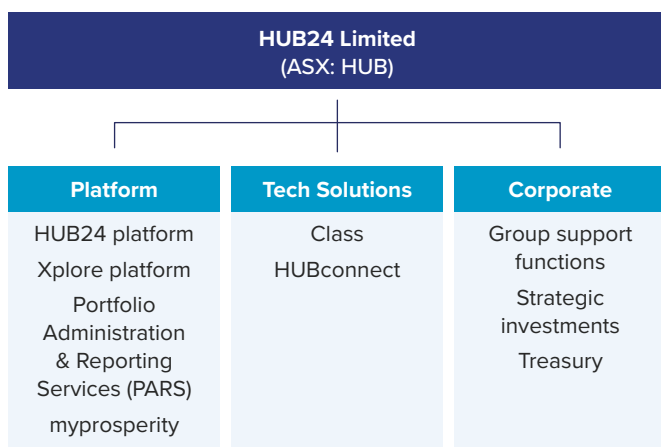
HUB24 Limited (HUB24, the Group or the Company) is a financial services company that was established in 2007 and is a leading provider of integrated platform, technology and data solutions to the Australian wealth industry. HUB24 is listed on the Australian Securities Exchange (ASX) under the code 'HUB' and includes the award-winning HUB24 platform, the Xplore platform, the Class businesses, HUBconnect and the newly acquired myprosperity business. As at 18 August 2023, HUB24's market capitalisation was approximately \$2.3 billion.

HUB24's purpose is to empower better financial futures, together. To fulfil this purpose, HUB24 delivers platform and technology solutions that empower financial professionals to deliver better financial futures for their clients.

HUB24's head office is based in Sydney and it provides its products and services across all Australian states and territories. As at 30 June 2023, the Group employed 838 people on a full-time equivalent (FTE) basis.

Principal activities

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



Platform

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

The HUB24 and Xplore platforms are used by financial professionals to efficiently administer their clients' investments held through a superannuation and investment product under custodial arrangements.

As one of the fastest growing platform providers in the market, the HUB24 platform is recognised for providing choice and innovative product solutions. It offers financial professionals and their clients a comprehensive range of investment options, including market-leading managed portfolio solutions, and enhanced transaction and reporting functionality.

The Xplore platform provides complementary capabilities including high net worth product features, managed accounts, superannuation services and PARS capability. Xplore's products and services are being migrated to the HUB24 platform throughout FY23 and FY24.

In addition, HUB24 also offers PARS, a non-custody portfolio service which provides administration, corporate action management and tax reporting services for financial professionals and their clients.

myprosperity

myprosperity, acquired by HUB24 in May 2023, is a leading provider of client portals for accountants and financial advisers. Its all-in-one secure portal delivers a total view of household wealth, making it easier for households to collaborate with their financial professionals across all aspects of their financial lives. myprosperity's client portal is used by over 440 accounting and financial advisory firms, as well as circa 63,000 households¹.

Tech solutions

The Tech Solutions segment comprises Class and HUBconnect.

Class

Class is a pioneer in cloud-based wealth accounting and is recognised as one of Australia's most innovative technology companies.

Class delivers trust accounting, portfolio management, legal documentation, corporate compliance and SMSF administration solutions to over 6,000 customers² across Australia who depend on Class to drive business automation, increase profitability and deliver better client service.

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

Customers using the Class Super, Class Portfolio and Class Trust solutions represented over 202,000 accounts as at 30 June 2023.

Class also operates in the document and corporate compliance segment through the service offerings provided under the NowInfinity brand.³

NowInfinity is a leading cloud-based entity management and corporate compliance solution. In the Investment Trends 2022 SMSF Adviser & Accountant Report, NowInfinity was recognised as the most used legal document provider for SMSF related legal compliance.

HUBconnect

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

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

1. HUB24 data as at June 2023.

2. Class customer base represents practices of accountants, administrators and advisers as at 30 June 2023.

3. NowInfinity is a wholly owned subsidiary of Class.

Directors' report

HUBconnect continued

Through innovative technology such as machine learning, artificial intelligence, and natural language processing, HUBconnect integrates, refines, stores and supplies structured and unstructured data. Through integrated data feeds, automated reporting and analytics, HUBconnect delivers efficiencies for some of the time-consuming and costly processes that increase the cost of delivering advice. HUBconnect serves a growing number of respected and high-profile financial services companies and their clients.

HUB24 is a strategic shareholder in Diverger Limited (Diverger), which is a diversified financial services business providing integrated accounting and wealth management services to the Australian Market. Under a Technology Partnership and Distribution agreement Diverger is a cornerstone client for HUBconnect's data and technology services.

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

Review and results of operations

The key items regarding the Group's performance for FY23 were:

Funds under administration¹

- Total Funds Under Administration (FUA) increased by 23% to \$80.3 billion (FY22: \$65.6 billion);
- Platform² FUA increased by 26% to \$62.7 billion (FY22: \$49.7 billion); and
- PARS³ FUA increased by 11% to \$17.6 billion (FY22: \$15.9 billion).

Revenue

- Group operating revenue increased by 45% to \$279.5 million (FY22: \$192.5 million);
- Platform segment revenue increased by 30% to \$208.8 million (FY22: \$160.5 million); and
- Tech Solutions has benefitted from the acquisition of Class in February 2022, increasing to \$67.5 million in revenue (FY22: \$29.0 million) from software licensing and consulting services.

UEBITDA

- The Group's preferred measure of profitability is Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (UEBITDA) before Notable items (refer to note 2.1), increased by 45% to \$102.4 million (FY22: \$70.4 million); and
- UEBITDA performance included expenses of \$177.1 million (FY22: \$122.2 million).

Underlying net profit after tax

- Underlying Net Profit After Tax represents NPAT before Notable Items. Underlying NPAT increased by 64% to \$58.8 million (FY22: \$35.9 million);
- Strategic transactions and project costs⁴ of \$9.7 million have been recognised in FY23 (FY22: \$17.9 million). This includes Xplore implementation related costs, the product development costs for the SMSF Access pilot launch, costs related to large transitions and myprosperity acquisition costs;
- Acquisition amortisation of \$16.2 million includes Xplore of \$5.2 million, Class of \$9.9 million and Ord Minnett of \$1.1 million; and
- An Impairment charge of \$3.3 million in relation to the carrying value of the investment in Diverger Limited was recognised in FY23.

Reconciliation of Underlying NPAT to Statutory NPAT	Year ended 30 June 2023 \$ million	Year ended 30 June 2022 \$ million
Underlying NPAT	58.8	35.9
Strategic transactions and project costs	(9.7)	(17.9)
Acquisition Amortisation	(16.2)	(12.3)
Impairment of non-financial assets	(3.3)	—
Tax effect on notable items	8.6	9.0
Statutory NPAT	38.2	14.7

Statutory NPAT

- Statutory Net Profit After Tax (NPAT) increased by 160% to \$38.2 million (FY22: \$14.7 million).

Cash flows

- The Group generated strong operating cashflows of \$75.5 million (\$85.2 million before strategic transaction costs), 105% up from \$36.9 million (\$53.7 million before strategic transaction costs).

1. Non-IFRS measures.

2. Platform FUA refers to the custodial portfolio.

3. PARS FUA refers to the non-custodial portfolio.

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

Directors' report

Strategic transactions and integration update

myprosperity

In May 2023, HUB24 acquired myprosperity, a leading provider of client portals for accountants and advisers and their clients.

The acquisition is expected to deliver long term shareholder value by accelerating HUB24's platform of the future strategy, supporting our current growth trajectory and strengthening our competitive advantage to capture market share and create new growth opportunities. The unique capability provided by myprosperity together with HUB24 will consolidate the Group's position as a leading provider of integrated platforms, technology and data solutions for financial professionals.

Integration of myprosperity with the HUB24 platforms is planned initially, followed by the development of a single client portal for the entire HUB24 Group portfolio of products and services. This is expected to extend HUB24's market-leadership position and deliver both increased customer advocacy and new opportunities to further grow market share across the HUB24 Group. Together with HUB24, myprosperity will provide an improved client experience, streamline service delivery, and increase productivity, enabling financial professionals to empower a better financial future for more clients.

As announced as part of the acquisition, myprosperity will continue to operate as a separate business unit within the HUB24 Group under the myprosperity brand and leadership team, retaining their entrepreneurial culture whilst benefiting from HUB24's technology infrastructure and shared services.

myprosperity has been incorporated into the HUB24 Group financial results, within the Platform segment, for the year ended 30 June 2023.

Class

The acquisition of Class was completed in February 2022 and since this time the business has performed in line with our expectations.

The strategic acquisition of Class has provided additional technology and data expertise to deliver on the Group's platform of the future strategy and further positioned HUB24 to lead the wealth industry as the best provider of integrated platform, technology and data solutions.

Since completion, HUB24 and Class have been working together to create strategies that leverage the combined capabilities of the Group to deliver products and solutions that enhance value for existing and new customers.

As part of our continuing commitment to deliver market-leading products and solutions for the growing SMSF segment, HUB24 SMSF Access, the first joint product development initiative leveraging the combined capability of HUB24, Class and NowInfinity was launched to market in February 2023. The new SMSF product solution designed to meet the needs of clients who are keen to access the benefits of a cost effective SMSF solution has been well received by advisers.

Furthermore, HUB24 and Class have been collaborating to further extend the Group's data aggregation offering. Following a review of Class's extensive data capabilities, we are leveraging Class's technology and integrations to enable single view of wealth reporting across the Group.

Xplore

The Xplore integration is progressing with the Xplore Super Administration business discontinued via the Successor Fund Transfers (SFT) during FY23. Following the simplification of the operating model the targeted financial synergies announced at acquisition have been achieved.

Financial Impacts of the Strategic Transactions

The purchase price accounting (PPA) for Class was finalised in 1HFY23 with the \$284 million consideration paid representing the fair value of the separately identifiable assets and liabilities of the transaction.

The myprosperity PPA will be completed in FY24, within twelve months of the acquisition date. For FY23 provisional fair value balances have been recognised on the balance sheet for the myprosperity acquisition. Total transaction costs for the myprosperity acquisition were \$0.4m.

Capital management

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

During the year the Group consolidated their loan facilities from The Australia and New Zealand Banking Group Ltd (ANZ) and Westpac Banking Corporation (Westpac) to The Commonwealth Bank of Australia (CBA). The Group now has in place a revolving line of credit facility with CBA which covers the whole Group totalling \$31 million.

In addition, an accordion¹ facility of \$50 million was secured specifically for strategic transactions, which remained undrawn during the period.

The Group, through its licensed subsidiaries, fully complied with the minimum regulatory capital requirements for IDPS Operators and providers of custodial services for the year ended 30 June 2023.

During FY23, the Group purchased \$10 million of treasury shares on market to service the Group's Employee Share Plans (FY22: \$10 million).

During FY24, the Group intends to undertake an on market share buy back up to a maximum value of \$50 million, over a 12 month period as disclosed in the ASX update on 22 August 2023.

Options and performance rights

The following options, performance rights and shares were issued in accordance with schemes approved by shareholders. These schemes contain ambitious targets, including Group FUA targets of greater than \$100 billion by FY25, in order to incentivise and align key employees towards HUB24 achieving its strategic objectives:

- 399,947 (FY22: 207,894) performance rights were issued to employees, and executives and the Managing Director and 416,213 performance rights were issued to myprosperity key employees in the financial year ended 30 June 2023 (FY22: Nil);
- No shares were issued for options exercised by employees and executives in the financial year ended 30 June 2023 (FY22: 271,870);
- No shares were issued for performance award rights exercised by employees and executives in the financial year ended 30 June 2023 (FY22: 19,570); and
- No share options were issued to employees and executives in the financial year ended 30 June 2023 (FY22: Nil).

1. Subject to standard lending terms and conditions.

Directors' report

Significant changes in the state of affairs

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

Dividends

Subsequent to 30 June 2023, the Directors have determined a final dividend of 18.5 cents per share fully franked to be paid on 13 October 2023.

Together with the fully franked interim dividend of 14.0 cents per share, the fully franked full year dividend of 32.5 cents per share represents a 63% increase in dividends for shareholders (FY22: 20.0 cents per share) and a payout ratio of 45% of Underlying NPAT (FY22: 45%).

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

Significant events occurring after balance sheet date

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

- Directors have determined a fully franked final dividend of 18.5 cents per share (a fully franked final dividend of 12.5 cents per share was determined in FY22).
- During FY24, the Group intends to undertake an on market share buy back up to a maximum value of \$50 million, over a 12 month period as disclosed in the ASX update on 22 August 2023.

No other significant matter or circumstance has arisen since 30 June 2023 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.

Global economic impacts and people and culture impacts

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

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

Risk management

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

Our Board-approved Risk Appetite Statement and Risk Management Framework considers the full scope of risks we face, including emerging risks. These have been organised into the following nine material risks with a description of the risk and a high level overview of how these risks are managed. This is not intended to be a comprehensive or exhaustive list of all risks the business is exposed to or controls operated by the business. Investors should form their own assessment and conclusions.

While HUB24 seeks to manage risks to prevent adverse outcomes, there are aspects of each of the risks below that are outside the control of HUB24, the Board and the Executive.

Directors' report

Risk	Description	Managing the Risk
Strategic	The risk that the Group makes inappropriate strategic choices, does not implement its strategies successfully, or does not respond effectively to changes in the operating environment.	<ul style="list-style-type: none"> – Dedicated product development and strategy function is in place responsible for monitoring competitors for various issues relating to product features, distribution and performance. – The Group has in place a business planning process to consider, set and monitor business objectives and strategy including the pursuit of opportunities through appropriate investment and monitoring against financial and resourcing capacity.
Operational	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.	<ul style="list-style-type: none"> – Dedicated product and operations functions are in place responsible for various issues relating to product features, price and performance. – Business Continuity Management processes are in place to ensure that adequate arrangement are made should systems or premises become unavailable. – Dedicated complaints management function who respond to complaints within regulatory timeframes and provide reporting on any trends. – Administration processes and procedures are documented and available to employees. Monitoring and exception reporting is in place to detect errors. Process controls are in place for transaction processing, including separation of duties. – Processes in place for the selection, approval and monitoring of outsource providers. Periodic meetings are held with material outsource providers. – Dedicated systems are used to store customer information which is appropriately deidentified.
Compliance & Conduct	The risk of failing to abide by compliance obligations required of us or otherwise failing to have behaviours and practices that deliver suitable, fair and clear outcomes for our customers and that support market integrity.	<ul style="list-style-type: none"> – HUB24 maintains a centralised register of policies to ensure compliance with key regulatory requirements. – HUB24 utilises a centralised training system to roll-out risk and compliance training to all employees across the Group. – A centralised regulatory change framework and register is maintained to identify and track all regulatory change through to implementation. – HUB24 has established and maintain an operationally independent Group Risk and Compliance function led by the CRO. – HUB24 has a Whistleblowing Officer and Policy to ensure transparent interactions with employees.
Reputation & Sustainability	The risk that an action, inaction, investment or event will reduce trust in the Group's integrity and competence.	<ul style="list-style-type: none"> – HUB24 have a dedicated customer support team including a complaints function and Internal Dispute Resolution process. – HUB24 publishes a Modern Slavery Statement which outlines how the Group address Modern Slavery Risk in its operations. – Regular monitoring of media to understand the perception of the HUB24 Group brands. – HUB24 has established a dedicated Investor relationship team that prepare all ASX disclosures and handle investor inquiries. – Participation in consultation processes and industry forums.
Financial	The risk that Group does not achieve its financial objectives or fails to comply with financial disclosure, liquidity, capital and tax requirements.	<ul style="list-style-type: none"> – An established Group Finance function which is responsible for preparing financial disclosures, managing capital and liquidity risk and complying with corporate tax requirements. – The finance team monitor the external environment and provide recommendation to the Executive and Board on actions to manage interest rate and market risk. – A capital adequacy framework is in place for assessing, measuring and monitoring financial resources in accordance with regulatory requirements.

Directors' report

Risk	Description	Managing the Risk
Distribution	The risk of inappropriate market distribution, including our approach to sales and distribution strategies, channels, clients and/or inappropriate management of client and customer relationships and activities.	<ul style="list-style-type: none"> – A dedicated distribution team is in place who are responsible for identifying and maintaining relationships with our Australian Financial Service (AFS) licensee customers. – Due diligence is conducted on AFS licensees and other users of the platform before access is granted. – Platform activity is monitored on an ongoing basis to identify any inappropriate activity.
People	The risk that the Group does not have sufficiently capable people or does not create an environment that is conducive to achieving our strategy.	<ul style="list-style-type: none"> – A dedicated People and Culture (P&C) team is in place, responsible for providing advice regarding employment obligations and advising on people management issues. – A periodic culture survey is rolled out to all employees to facilitate feedback on culture, working practices and other people related issues. – The Code of Conduct is operationalised across the Group. – Recruitment processes include the creation of job descriptions with clear accountabilities, skill and capability requirements. Onboarding due diligence includes probity and other background checks prior to commencing employment.
Financial Crime & Fraud	The risk that the Group fails to prevent illicit activities such as fraud, money laundering, terrorism financing, corruption or comply with sanction requirements.	<ul style="list-style-type: none"> – The Group maintains a dedicated Line Financial Crime team and has implemented transaction monitoring and sanction controls. – Process controls are in place for transaction monitoring, including dual authorization and separation of duties to mitigate the risk of internal fraud. – Suspicious Matters are raised and reported in accordance with regulatory requirements. – The Group has implemented policies and guidance in relation to the acceptance and offering of gifts and hospitality.
Cyber, Data and technology	The risk that the Group's or its third parties' data or technology are inappropriately accessed, manipulated or damaged or unable to be accessed due to outages, cybersecurity threats and vulnerabilities.	<ul style="list-style-type: none"> – Dedicated technology and cybersecurity teams maintain and monitor the stability, performance and security of key systems. – Key policies, procedures are in place to mitigate and respond to cybersecurity threats. – The Group's Crisis Management Plan has been developed and incorporates cyber and technology elements. A simulation exercise is run as part of the annual review of the Plan. – There is independent testing of network security to identify and resolve vulnerabilities. – Data governance policies are in place to identify, classify and protect Confidential data (electronic or physical) is protected from unauthorized access. – Regular upskilling of employees on cyber and data risks through training and simulation exercises.

Directors' report

Environmental regulation and performance

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

HUB24 released its inaugural Sustainability Report in October 2022. This report covers the 2022 financial year from 1 July 2021 to 30 June 2022 (FY22). The FY23 Sustainability Report was released on 22 August 2023. These reports reflect our most material social, environmental and governance opportunities.

Non-audit services

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

In accordance with advice received from the Audit, Risk and Compliance Committee, the Directors are satisfied that the provision of non-audit services during FY23 by the Auditor is compatible with and did not compromise the general standard of auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

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

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

Officers of the Group who are former Directors of Deloitte Touche Tohmatsu

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

Proceedings on behalf of the company

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

Rounding of amounts

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

Directors', officers', and auditors' indemnity

During FY23 the Group paid a premium in respect of insuring all directors and officers against liability, except wilful breach of duty, of a nature that is required to be disclosed under section 300(8) of the *Corporations Act 2001*. In accordance with commercial practice, the amount of the premium and the nature of the liabilities covered by the insurance policy has not been disclosed.

The Group has indemnified officers and directors to the extent permitted by law against any liability that arises as a result of actions as an officer or director and has not otherwise, during or since the end of FY23, 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.

Directors' report

Meeting of directors

The numbers of meetings of the Group's Board of Directors and of each Board Committee held during the year ended 30 June 2023, and the numbers of meetings attended by each Director are noted below.

The table below includes the attendance of Directors at Committee meetings where they were not a Committee member:

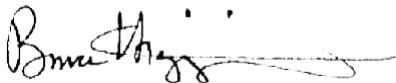
	Board meetings		Audit, Risk & Compliance Committee meetings		Remuneration & Nomination Committee meetings	
	Chairman Mr Bruce Higgins		Chair Mr Paul Rogan		Chair Mr Anthony McDonald	
	Attended	Held	Attended	Held	Attended	Held
Mr Bruce Higgins (Chairman)	13	13	6	6	7 ¹	7
Mr Andrew Alcock (Managing Director)	13	13	— ²	— ²	— ²	— ²
Mr Anthony McDonald	13	13	— ²	— ²	7	7
Ms Catherine Kovacs	13	13	6	6	6 ³	7
Mr Paul Rogan	12	13	6	6	7	7
Ms Rachel Grimes AM (appointed 29 May 2023)	1	13	—	6	— ²	— ²
Ms Ruth Stringer (retired 30 April 2023)	10	13	5	6	— ²	— ²

1. Retired from Committee 01 April 2023, attendance after 01 April 2023 was as a permanent invitee.

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

3. Appointed to Committee 01 April 2023, attendance up to 31 March 2023 was as an invitee.

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



Mr Bruce Higgins

Chairman, Independent Non-Executive Director

Sydney

22 August 2023

Remuneration report

Message from the Chair, Remuneration and Nomination Committee

“During FY23 the HUB24 Group has continued to grow and invest in developing our people and culture. Now with over 800 people nationally, we maintain our focus on investing in learning, career progression, diversity and culture, to ensure HUB24 continues to be a sustainable values based organisation that delivers positive shareholder returns.”



Anthony (Tony) McDonald

Chair, Remuneration and Nomination Committee

TO OUR SHAREHOLDERS

On behalf of the Board and its Remuneration and Nomination Committee, I am pleased to present HUB24's FY23 Remuneration Report.

The Remuneration Report outlines our remuneration philosophy, framework and alignment of outcomes.

This year, we have maintained consistency with our enhanced format, to ensure shareholders can clearly evaluate the relationship between performance and remuneration outcomes for our Key Management Personnel (KMP) across a mix of financial, strategic, operational and personal performance objectives.

HUB24's remuneration approach aligns individual remuneration targets (including short term incentives (STIs) and long term incentives (LTIs)) to our Company's strategic objectives, ensuring our people are motivated and incentivised to deliver strong performance across short, medium and longer-term outcomes.

We are committed to maintaining competitive market remuneration to attract, engage and retain capable talent aligned to our corporate values, which is critical to HUB24's ongoing success. We consistently review appropriate benchmark data to ensure we stay informed of current remuneration structures, trends and relativities.

RESPONDING TO EVOLVING MARKET CONDITIONS

HUB24 has continued to achieve strong organic growth in FY23, alongside strategic M&A activity. This approach has enhanced shareholder returns and reinforced a strong foundation for future growth and diversification.

Throughout FY23, HUB24 has continued to support our customers to manage ongoing post-pandemic challenges, market volatility and macroeconomic events, as well as providing solutions to manage their expanding compliance obligations.

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

INVESTING IN OUR PEOPLE

HUB24 believes that our people are critical to the successful delivery of our strategic growth plans. As part of our focus on attracting, retaining and developing talent, we have continued to extend leadership and technology capabilities, broadened our range of employee benefits and provided ongoing support for flexible and hybrid work arrangements.

Continuing to listen to our employees has been an important focus during FY23. In response to the results of our comprehensive employee engagement survey and other feedback mechanisms, we have further developed our employee recognition and wellbeing programs and our internal communication capability.

Importantly, we elevated People and Culture leadership to executive level in FY23, appointing Amy Rixon to the new role of Chief People Officer. Amy will continue to strengthen our focus on attracting, retaining and developing talent, and our culture, as well as supporting the executive leadership team in affirming HUB24 as an employer of choice.

Further, the Chief People Officer will work with the Board to continue to enhance reporting, visibility and governance in relation to HUB24's people and culture matters and remuneration practices.

Remuneration report

PERFORMANCE DURING FY23

HUB24 delivered another year of growth in FY23, achieving strong platform net inflows of \$9.7 billion and finishing the year with total FUA of \$80.3 billion, consisting of \$62.7 billion of platform FUA and \$17.6 billion of PARS FUA.

Our performance has translated to strong outcomes for our shareholders, delivering a full year dividend of 32.5 cents up 63% on FY22. Our underlying net profit after tax was \$58.8 million (up 64% on FY22). Our UEBITDA was \$102.4m (up 45% on FY22) which reflects a 4 year CAGR of 61%.

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

Looking ahead to FY24, the business remains committed to achieving sustainable growth for our shareholders by focusing on our key strategic pillars to deliver on our purpose to continue to lead the wealth industry as the best provider of integrated platform, technology and data solutions and empowering better financial futures, together with our customers.

EFFECTIVE PERFORMANCE INCENTIVES

During FY23 the Board engaged advisers Aon Advisory Australia to undertake a benchmark remuneration review of key executive roles against the external market, taking into consideration the increasing demands on executives based on the scale and complexity of HUB24's business. Benchmark remuneration data was assessed across both financial services and fintech industry sectors, to ensure the competitive landscape was fully considered. Remuneration increases for KMP were awarded as part of the annual cycle in September 2022 to ensure that HUB24's overall remuneration remained competitive and supported the ongoing retention of key executives.

Overall STI targets for the year were directly linked to delivery against core and stretch Key Performance Indicators (KPIs) in the focus areas of operational excellence, financial performance, customer outcomes and the strategic development of HUB24 in order to maximise shareholder value. FY23 STI performance measures included a range of financial, strategy and growth, cultural leadership and operational measures based on the key metrics used to assess HUB24's success over the short-term (i.e. annual performance period). The Managing Director met an overall aggregate of 79% of his KPI targets which include the base and stretch target components, and the shortfall was largely due to economic market circumstances adversely impacting platform flows which were outside of management's control. (Refer to section 4 for the details of the targets and achievement breakdown).

An LTI grant was offered to the Managing Director, KMP, and other key employees during the year (the Managing Director's were approved by shareholders at the 2022 Annual General Meeting). The offer was for performance rights only and had a three year vesting period with performance conditions based on FUA Compound Annual Growth Rate (CAGR) and Absolute Total Shareholder Return (ATSR).

BOARD AND EXECUTIVE KMP CHANGE

Effective 30 April 2023 we farewelled Non-Executive Director Ruth Stringer and thank her for her commitment and contribution to the Board over the last three years.

We were also delighted to welcome Ms Rachel Grimes AM to HUB24's Board effective 29 May 2023. Rachel brings valuable insights across finance, business strategy and M&A and further strengthens and expands the Board skill set.

There have been no other changes to the composition of KMP for the year ended 30 June 2023.

LOOKING AHEAD TO FY24

The Board continues to monitor and assess market movements and trends in remuneration practices with particular focus on the financial services sector regulatory landscape, ensuring HUB24's executive remuneration framework remains relevant and effective in attracting and retaining talented leaders for our business as it continues to grow.

With the appointment of the Chief People Officer, an elevated focus on developing our people and culture will be a key focus for FY24.

We continue our commitment to transparently review and evolve our reward structures in line with the evolution of our market and industry sector.

Regards,



Anthony (Tony) McDonald
Chair, Remuneration and Nomination Committee

22 August 2023

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

Remuneration report

This Remuneration Report (on pages 19 to 36) sets out HUB24's remuneration framework and details of remuneration outcomes for KMP for the year ended 30 June 2023 (FY23).

AASB 124 Related Party Disclosures defines KMP as those executives and non-executive directors with the authority and responsibility for planning, directing and controlling the activities of HUB24, either directly or indirectly, being the Non-Executive Directors (NEDs), Managing Director and Chief Executive Officer (MD), Chief Financial Officer (CFO), Director, Strategic Development and the Chief Operating Officer (COO).

The FY23 Remuneration Report has been prepared and audited in accordance with the disclosure requirements of the *Corporations Act 2001*.

1. Key Management Personnel (KMP)	21
2. Remuneration snapshot	21
3. Business performance in FY23	23
4. Executive KMP remuneration outcomes	24
5. Executive KMP remuneration structure	29
6. KMP service agreements	30
7. NED remuneration	31
8. Remuneration governance	33
9. Other statutory disclosures	34

1. KEY MANAGEMENT PERSONNEL

The KMP for FY23 were:

Name	Role in FY23	Term as KMP in FY23
Independent Non-Executive Directors (NEDs)		
Bruce Higgins	Independent Non-Executive Director, Chairman	Full year
Anthony McDonald	Independent Non-Executive Director	Full year
Catherine Kovacs	Independent Non-Executive Director	Full year
Paul Rogan	Independent Non-Executive Director	Full year
Rachel Grimes AM	Independent Non-Executive Director	Part year (appointed 29 May 2023)
Ruth Stringer	Independent Non-Executive Director	Part year (retired 30 April 2023)
Executive KMP		
Andrew Alcock	Managing Director	Full year
Jason Entwistle	Director, Strategic Development	Full year
Craig Lawrenson	Chief Operating Officer	Full year
Kitrina Shanahan	Chief Financial Officer and Joint Company Secretary	Full year

2. REMUNERATION SNAPSHOT

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

Our remuneration principles

Remuneration Principles

Provide competitive and reasonable rewards to attract, motivate and retain high calibre individuals to drive the success of HUB24.

Ensure our people are rewarded via market competitive remuneration structures and practices.

Design incentive schemes to reward achievement of targets aligned to HUB24's strategy.

Ensure key people are aligned to shareholder interest via appropriate long-term equity incentives.

Align incentives to cultural and compliance outcomes, subject to deductions for significant non-compliance.

Remuneration report

2. REMUNERATION SNAPSHOT continued

Executive KMP remuneration framework

HUB24's Executive KMP Remuneration Framework is made up of three components that when combined create the total remuneration opportunity.

<p>FIXED REMUNERATION (FR)</p> <p>FR consists of Base Salary, Superannuation and Benefits</p> <p>FR is set to attract and retain Executive KMP with the capability and experience to deliver on our business strategy.</p> <p>FR is reviewed annually based on individual performance and relevant comparative remuneration in the market, and where appropriate, external advice on practices and market comparisons</p>	<p>SHORT TERM INCENTIVE (STI)</p> <p>STI is paid in three equal instalments, with one third paid at the end of the performance year, one third after 6 months and the remaining third, 12 months after the end of the performance period.</p> <p>STI rewards Executive KMP based on the achievement of structured qualitative and quantitative scorecard measures, as determined by the Board. The scorecard measures include 'target' and 'stretch' Key Performance Indicators (KPIs).</p> <p>Deferral periods applied to Executive KMP STI payments act as malus and clawback mechanisms intended to protect shareholder interests.</p>	<p>LONG TERM INCENTIVE (LTI)</p> <p>LTI has historically been delivered in a mixture of Options and/or Performance Award Rights (PARS), recently switching to 100% PARS awards that are performance-tested over a 3 year period.</p> <p>LTI rewards Executive KMP for long-term performance, encourages shareholding and delivers long-term value creation for shareholders based on:</p> <ul style="list-style-type: none"> – Compound Annual Growth Rate (CAGR) in FUA; and – Absolute Total Shareholder Return (ATSR) performance. <p>Special awards of PARS under different terms & conditions may be granted to Executives in limited circumstances to recognise their additional contribution in the growth of HUB24.</p>
---	---	---

FY23 executive KMP remuneration mix

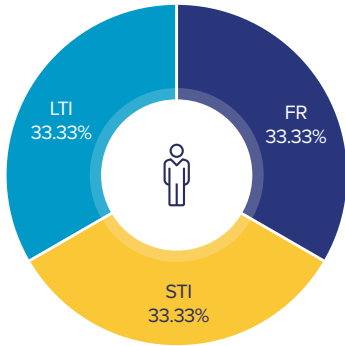
The weighting of each remuneration component of an executive's total remuneration opportunity is aligned to the executive remuneration framework outlined in section 5. The following diagrams set out the weighting of each remuneration component for the Managing Director and other Executive KMP based on their maximum potential STI and LTI opportunities and does not represent actual remuneration received for FY23.

	FY23	FY24	FY25	FY26	FY27
FR	Base salary, superannuation and other benefits				
STI	Assessed over a 1-year period against financial, strategic and individual performance metrics	33%	33%	33%	STI is paid in 3 equal instalments, with one third paid at the end of the performance year, one third after 6 months and the remaining third 12 months after the end of the reporting period. 50% of the total STI can be delivered in Shares.
LTI		Delivered in Performance Award Rights (PARS) and assessed against: <ul style="list-style-type: none"> – Funds Under Administration Compound Annual Growth Rate (50% weighting) – Absolute Total Shareholder Return (50% weighting) 			12 month disposal restriction applies to any Shares acquired from the exercise of vested Options and vested PARS

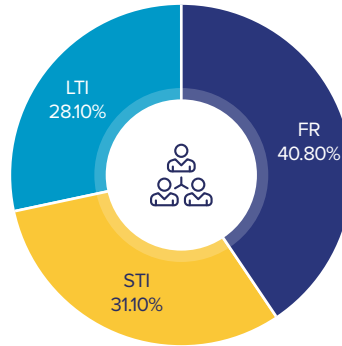
Remuneration report

2. REMUNERATION SNAPSHOT continued

Managing Director Pay Mix at Maximum for FY23



Other Executive KMP Pay Mix at Maximum for FY23 (average)



3. BUSINESS PERFORMANCE IN FY23

\$80.3 b
Total FUA

\$9.7 b
Net flows

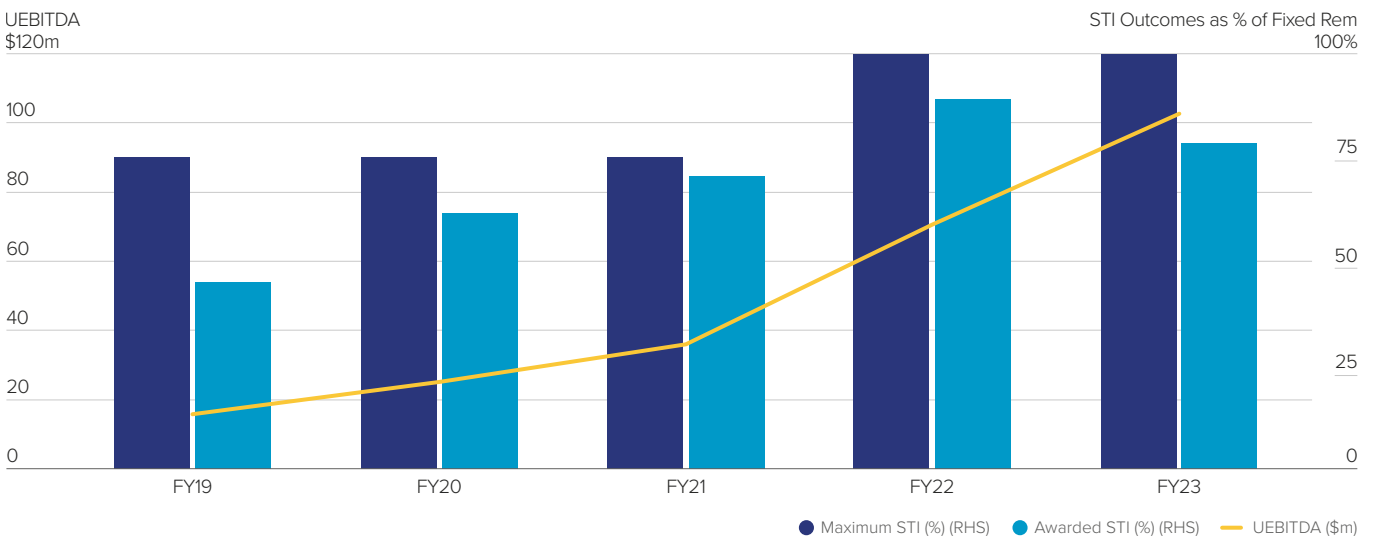
\$102.4 m
Underlying EBITDA

\$58.8 m
Underlying NPAT

179%
3 Year Total Shareholder Return

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

Underlying EBITDA v Managing Director's STI outcome



Remuneration report

3. BUSINESS PERFORMANCE IN FY23 continued

The table below details HUB24's performance against key financial and operational metrics for the five-year period ended 30 June 2023.

	FY23	FY22	FY21	FY20	FY19
PARS FUA (\$b)	17.6	15.9	17.2	0.2	—
Platform FUA (\$b)	62.7	49.7	41.4	17.2	13.1
Revenue (\$m)	279.5	192.5	110.9	82.5	98.7
Underlying EBITDA (\$m)	102.4	70.4	36.2	24.7	15.4
Underlying Profit/(Loss) after income tax (\$m)	58.8	35.9	15.4	9.8	6.5
Earnings per share (statutory basic) (cents)	47.69	20.18	14.83	13.13	11.54
Dividends per share (\$)	0.325	0.20	0.10	0.07	0.046
Total dividends paid and payable (\$m)	26.3	16.0	6.8	4.4	2.9
Share Price – closing (\$)	25.45	20.27	28.51	9.30	11.88
TSR in the financial year ¹	27%	(29%)	208%	(21%)	3%

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

4. EXECUTIVE KMP REMUNERATION OUTCOMES

Executives delivered strong results against their KPIs for FY23. Our Company performance and the resulting shareholder value creation over the longer-term leads us to expect that the LTI issued in 2021 will vest at 100% once tested on 16 October 2023 using the 40 day volume weighted average price (VWAP) following our financial reporting.

Fixed remuneration

Consistent with previous practice, the Board sought advice from external advisers Aon Advisory Australia in benchmarking Executive KMP remuneration against both financial services and fintech comparator groups with similar scale, revenue and market capitalisation, in addition to wealth management businesses within larger financial institutions. Start-up fintech experience continues to be highly valued in the market and retaining our Executive team in a competitive labour environment is a critical focus. Consideration of detailed market data against several external groups of talent competitors ensures that appropriate and compelling adjustments to fixed remuneration arrangements can be made which also align to shareholder interests. Effective 1 September 2022, the Board made fixed remuneration adjustments to Executive KMP of between 4.8% and 8.7%, as shown in the fixed remuneration table below to align total remuneration to the market reflecting HUB24's growth and the responsibilities of these key roles. Other KMP increases were between 4.8% and 5.7%. These FY23 fixed remuneration adjustments ensured that the executive remuneration framework continues to support the achievement of our strategy and the future needs of our business by attracting and retaining key executive talent. Short term incentive arrangements were also considered as part of the benchmarking process, with our existing arrangements deemed to be appropriate following change in FY22. No further adjustment to STI % opportunity was recommended for KMP roles.

Name	Fixed Remuneration (including superannuation) effective 1 September 2022	Fixed Remuneration (including superannuation) effective 1 September 2021
A. Alcock – Managing Director	\$706,698	\$670,000
J. Entwistle – Director, Strategic Development	\$555,000	\$525,000
K. Shanahan – Chief Financial Officer and Joint Company Secretary	\$500,000	\$460,000
C. Lawrenson – Chief Operating Officer	\$440,000	\$420,000

Remuneration report

4. EXECUTIVE KMP REMUNERATION OUTCOMES continued

STI outcomes – link to performance





Following the market benchmark review of remuneration completed in August 2022, the Managing Director's FY23 scorecard capturing corporate and individual goals, their weighting and the performance level achieved are summarised below. Further detail on the STI structure is provided in section 5.

FY23 STI

Measure	FY23 outcome	Commentary
Financial performance – 33% weighting		Result – 31%
Profitability	Group Profitability	– Group underlying EBITDA of \$102.4m up \$32m (45%) year-on-year.
	Base platform profitability	– Platform underlying EBITDA of \$85.1m up \$22.8m (37%) year-on-year. – Base measure exceeded. Stretch measure partially met.
	Cost to income ratio	– Cost to income ratio of 63.4%.
Operating cash flow		– Positive operating cash flow outcome of \$85.2m (excluding strategic transaction costs) exceeded target.
Strategy & Growth – 35% weighting		Result – 17%
Platform net flows		– Industry leading platform annual net flows of \$9.7b (excluding Xplore Super Administration discontinuation) in the context of challenging economic conditions however base and stretch targets were not met.
Non-custody growth		– Base measure partially met.
Xplore integration and development of non-custody capability		– Integration of Xplore Wealth into HUB24 achieved for nine product and platform migrations in FY23. – Acquisition benefit realisation (synergies) for FY23 were achieved. – Completion of Ord Minnett PARS separation. – Enhancements to non-custody service offers and new non-custody asset reporting capabilities on HUB24 platform. – Stretch measure partially met.
Mergers & Acquisitions		– Completed strategic transaction acquiring myprosperity to support HUB24 Platform of the Future strategy and growth in FUA.
Current and future growth initiatives		– Development of strong opportunity pipeline to support future FUA growth. – Active adviser growth to 4,011 using platform. – 112 new licensee agreements. – Secured large FUA transition planned for FY24. – myprosperity acquisition to support FUA growth from existing and new relationships.
Class business performance, strategy development and integration		– Improved customer engagement and customer service outcomes. – Refreshed approach to market with new sales team and uplift in industry presence. – New business targets partially met with pipeline building and financial targets achieved. – Launched SMSF Access which was the first joint HUB24 and Class product initiative. – Exceeded cost synergy targets set at acquisition. – Completed integration of relevant business functions. – Base measure partially met.

Remuneration report

4. EXECUTIVE KMP REMUNERATION OUTCOMES continued

Measure	FY23 outcome	Commentary
Customer and Service Delivery – 17% weighting		Result – 16%
Delivery and governance of strategic and operational work programs		<ul style="list-style-type: none"> – Ongoing delivery of enterprise project portfolio across: <ul style="list-style-type: none"> > Regulatory change projects; > New and enhanced product and service enhancements; > Operational efficiency; > Technology scale and security; and > Client and product migrations.
Customer experience and market leadership		<ul style="list-style-type: none"> – Customer satisfaction: Industry leading satisfaction rates maintained. – Various awards and recognition including: <ul style="list-style-type: none"> > 1st place for overall Best Platform from Adviser Ratings including 1st for all service categories ie Best Advice Platform, Best Client Experience, Best Adviser Experience, Ease of Onboarding; > Equal 1st place for overall adviser satisfaction from Wealth Insights; and > Achieved Best Platform award from Investment Trends. – HUB24 platform usage across advisers and licensees increased year-on-year, with the number of advisers using the platform increasing by 15%. – Industry leading retention rate. – Base and stretch measures partially met.
Product and service development		<ul style="list-style-type: none"> – Various awards and recognition including: <ul style="list-style-type: none"> > 1st place for overall Best Platform from Adviser Ratings including 1st for all product categories ie Best Functionality, Best Adviser Support, Best Investment Options; and > Achieved award from Investment Trends. – Expansion of our product and service enhancement to deliver adviser efficiency, flexibility and choice including: <ul style="list-style-type: none"> > Continued enhancement of our market leading client reporting capability; > Increased investment choice including unlisted fixed interest securities; > ESG investments rating capability on the HUB24 platform; and > Enhanced model portfolio capability.
Industry innovation and market leadership		<ul style="list-style-type: none"> – Launch of industry leading SMSF Access offer utilising Class and HUB24 capabilities. – Progress on market leading data services including the use of AI and Machine Learning to support advisers and the industry with efficiency, compliance, insights and automation. – Increasing collaboration with industry participants aiming to build foundations for the future of wealth management and financial advice. – Progressing our Platform of the Future strategy by leveraging group capabilities and integration with third parties.

Remuneration report

4. EXECUTIVE KMP REMUNERATION OUTCOMES continued

Measure	FY23 outcome	Commentary	
People, Compliance and Business Operations – 15% weighting			Result – 15%
People and Culture		<ul style="list-style-type: none"> – Improvement in employee engagement. – Improved employee retention measures. – Positive and open culture with strong measures for integrity, openness, and alignment with company values as measured by third party culture survey conducted on behalf of the Board of Directors. – Increased focus on employee development, leadership development and succession planning. – Developed an integrated talent management and reward framework for HUB24 group. – Appointment of Chief People Officer with strong focus on enhancing employee value proposition. 	
Risk and Compliance		<ul style="list-style-type: none"> – Effective operation of risk and compliance framework with continuing maturation of people, system, processes and culture to support robust risk and compliance outcomes. – Enhanced risk and compliance capability with recruitment of new team of professionals under Chief Risk Officer. – Maintained HUB24 ISO 27001 accreditation. – Continued investment in cyber resilience aiming to protect all stakeholders and respond to the evolving environment and emerging threats. 	
Group Operating Model		<ul style="list-style-type: none"> – Significant investment in executive leadership team to support future growth aspiration including appointment of Chief People Officer and Chief Product and Innovation Officer. – Significant investment in systems and processes to ensure operational continuity, scalability and provide foundations for future growth. – Ongoing core system architecture and performance improvements creating operational efficiencies and improved customer service outcomes. 	
			Total Overall Outcome – 79%

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

Where there are two circles for a FY23 outcome the one on the left refers to stretch and the one on the right refers to base.

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

Name	STI maximum opportunity	% of maximum STI earned	% of maximum STI forfeited
A. Alcock – Managing Director	\$706,698	78.4%	21.6%
J. Entwistle – Director, Strategic Development	\$555,000	77.7%	22.3%
K. Shanahan – Chief Financial Officer and Joint Company Secretary	\$300,000	74.7%	25.3%
C. Lawrenson – Chief Operating Officer	\$286,000	70.6%	29.4%

Remuneration report

4. EXECUTIVE KMP REMUNERATION OUTCOMES continued

LTI outcomes – link to performance

The FY21 LTI will be tested over the 3-year period to 30 June 2023, with the ATSR hurdle tested using the 40 day VWAP following the FY23 full year results announcement (being 16 October 2023).

Executive KMP have achieved the FUA hurdle (which is 50% of the performance measures). The remaining 50% of Options and PARS that relates to the ATSR hurdle requires final performance testing on 16 October 2023.

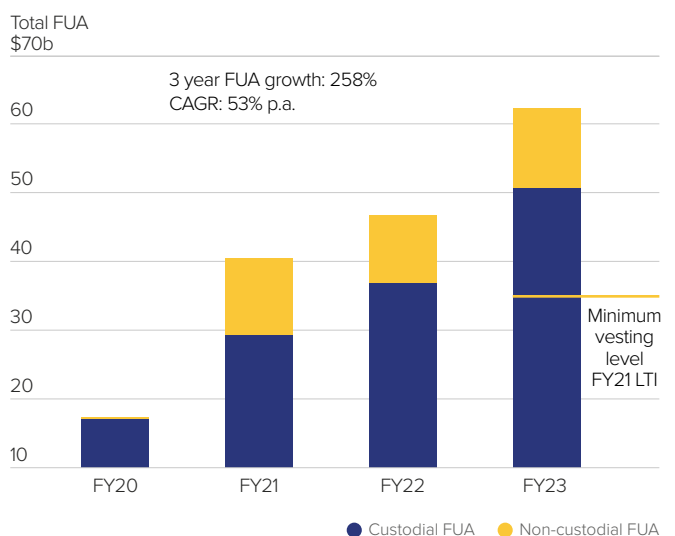
If tested as at the date of this report the ATSR stretch target would have been achieved. The following graphs also show TSR and FUA performance over the FY21 LTI performance period.

HUB24 v S&P/ASX200 3-year TSR¹



1. TSR data sourced from Morningstar.

HUB24 FUA



FY21 LTI grant performance conditions

Measure	Weighting	Vesting criteria	Result (% vested)
ATSR	50%	The CAGR in the ATSR over the three-year period until 16 October 2023 is assessed as follows: – Threshold: 11.5% ATSR CAGR – 25% vesting; and – Stretch: 16.5% ATSR CAGR – 100% vesting. Straight-line vesting will occur between threshold and stretch.	To be tested 16 October 2023
Growth in FUA	50%	The growth in FUA over the three-year period until 30 June 2023 is assessed as follows: – Zero vesting if the FUA did not exceed \$35 billion by 30 June 2023; – 50% vesting if the FUA reached \$35 billion by 30 June 2023; – 100% vesting if the FUA reached \$43 billion by 30 June 2023; and – Straight-line vesting will occur between \$35 billion and \$43 billion (for between 50% and 100% vesting).	100%

Remuneration report

5. EXECUTIVE KMP REMUNERATION STRUCTURE

STI

The objective of the STI is to reward Executive KMP for delivery against tailored KPIs aligned to key strategic goals and creation of shareholder value. Below we have set out the key terms of the STI for FY23:

Element	Description
Opportunity	Managing Director: 100% of Fixed Remuneration at maximum. Other Executive KMP: 60–100% of Fixed Remuneration at maximum.
Delivery	STI is paid in three equal instalments, with one third paid at the end of the performance year, one third after 6 months and the remaining third 12 months after the end of the performance period. These deferral periods are intended to enhance malus and clawback mechanisms and mitigate risk. STI is offered in cash, however, at the election of Executive KMP, 50% of the total STI earned can be delivered in Shares.
Performance period	1 year (i.e. 1 July to 30 June).
Performance measures	HUB24's STI strategy aims to focus Executive KMP on a balance of financial, operational and strategic targets. This ensures Executive KMP are rewarded for achieving that are fundamental to the success of HUB24. The weightings for each category in the Managing Director's FY23 scorecard are outlined below. Financial Performance – 33% weighting Strategy objectives & Growth – 35% weighting Customer & Service Delivery – 17% weighting People, Compliance & Business Operations – 15% weighting – The financial measures were chosen as they represent key drivers of HUB24's financial performance: Underlying EBITDA, Operating Cashflow and Cost to Income aimed at protecting revenue margins and profitability from the impact of competitive pressures, while also providing a framework for delivering shareholder returns; – Growth and strategic measures were chosen as they represent HUB24's go-forward strategy and assess progress against new initiatives that ensure HUB24's longevity and success. This may involve (not intended to be exhaustive) assessments against any mergers and acquisitions which occur, customer acquisitions and development of new target markets; – Customer & Service Delivery measures represent key metrics related to HUB24's interactions with customers (service and experience), rollout of new products and new product offerings, the progress of strategic innovation and the delivery of strategic projects; and – People, Compliance & Business Operations measures focus on critical objectives related to improvements to our risk framework, our regulatory compliance and our progress in building HUB24's sustainable scalability and growth. Most importantly it drives our cultural framework and employee engagement. The Board determines the relative weighting and mix of performance measures for Executive KMP in order to deliver long-term sustainable shareholder value.

LTI

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

Below we have set out the key terms of the LTI issued in FY23:

Element	Description
Opportunity	Managing Director: 100% of Fixed Remuneration. Other Executive KMP: 40–100% of Fixed Remuneration.
Delivery	PARS (100%).
Performance period	3 years. A further 12-month disposal restriction applies to Shares issued upon the exercise of vested PARS.
Exercise price	No exercise price will be payable in respect of the exercise of vested PARS.
Expiry period	15 years from the date of issue.

Remuneration report

5. EXECUTIVE KMP REMUNERATION STRUCTURE continued

Element	Description
Performance measures	<p>50% of the PARS will be subject to and will vest based on achievement of a hurdle measuring compound annual growth rate of funds under administration (FUA) for the three years ending on 30 June 2025.</p> <p>This hurdle has been set at a three year CAGR of FUA between 19.59% and 26.25% p.a., and a FUA growth of between 71% and 101%, over three years to 30 June 2025. Based on data at 30 June 2022 this would equate to total FUA of \$85-100bn by 30 June 2025.</p> <p>50% of the PARS will be subject to, and will vest on, the achievement of a hurdle measuring the absolute total Shareholder return (ATSR) of 10-15% per annum over the next three years. The vesting is calibrated as follows:</p> <ul style="list-style-type: none"> – 25% vesting of PC2 PARS occurs when a threshold vesting of 10% ATSR compounded annually is achieved; – 100% vesting of PC2 PARS occurs when a threshold vesting of 15% ATSR compounded annually is achieved; and – vesting between 10% and 15% ATSR will be on a straight-line basis between these two levels.

General terms applying to variable awards

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

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

During FY23 all exercises in relation to the LTI scheme were serviced through treasury shares.

6. KMP EMPLOYMENT AGREEMENTS

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

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

The major provisions of the Executive KMP agreements relating to remuneration are set out below. Salaries set out below are for FY23 and are subject to review by the Remuneration and Nomination Committee on an annual basis.

Name	Fixed Remuneration (including superannuation)	Notice period – either party	Contractual Termination payments
A. Alcock – Managing Director	\$706,698	12 months	Nil
J. Entwistle – Director, Strategic Development	\$555,000	12 months	Nil
K. Shanahan – Chief Financial Officer and Joint Company Secretary	\$500,000	12 months	Nil
C. Lawrenson – Chief Operating Officer	\$440,000	12 months	Nil

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

Remuneration report

7. NED REMUNERATION

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

Remuneration policy and arrangements

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

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

NED fees (including superannuation) are limited to a maximum aggregate amount approved by shareholders. The current limit of \$900,000 per financial year was approved by HUB24 shareholders at the 2020 AGM. The total of Board and Committee fees, including superannuation paid to Non-Executive Directors in FY23 remained within the shareholder approved NED fee pool.

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

During FY23 the Board engaged an external adviser to undertake an independent benchmarking review of market rates for NED fees and the following considerations are taken into account in setting the fees:

- a. the increased scale, complexity and time commitment required of HUB24 NEDs so as to ensure we remain competitive in attracting and retaining NEDs with the right skills and experience; and
- b. Fees paid by peer companies and companies of similar market capitalisation, revenue and complexity.

Following the independent benchmarking review for FY23, the Board approved an increase to the Board Chair fee, NED Board fee and Committee fees effective 1 January 2023. The total of Board and Committee fees will remain within the shareholder approved NED fee pool.

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

Board fees are not paid to the Managing Director and Chief Executive Officer. Executive KMP do not receive fees for directorships of any subsidiaries.

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

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

Board and Committee Fees (inclusive of superannuation)	Year	Board Fee	Audit Risk and Compliance Committee	Remuneration and Nomination Committee	Special Fee
Chairman	2023	\$325,000			
	2022	\$257,500			
Member Fee	2023	\$125,000	\$15,000	\$15,000	\$10,000
	2022	\$100,000	\$15,000	\$15,000	\$10,000
Committee Chair Fee	2023		\$30,000	\$30,000	
	2022		\$30,000	\$30,000	

Additional fees and retirement allowances

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

Remuneration report

7. NED REMUNERATION continued

NED statutory remuneration

The remuneration of NEDs for the year ended 30 June 2023 and 30 June 2022 is detailed below.

Non-Executive Directors		Short-term benefits		Post Employment Benefits	End of service	Share-based payments		Total remuneration	
		Cash Salary and fees \$	Bonus \$	Non-monetary benefits \$	Super-annuation \$	Long Service Leave \$	Shares \$	Options & PARS \$	Total \$
B. Higgins	FY23	266,370	—	—	24,880	—	—	—	291,250
	FY22	225,568	—	—	22,557	—	—	—	248,125
A. McDonald	FY23	128,959	—	—	13,541	—	—	—	142,500
	FY22	110,228	—	—	11,023	—	—	—	121,251
C. Kovacs	FY23	118,778	—	—	12,472	—	—	—	131,250
	FY22	96,125	—	—	9,612	—	—	—	105,737
P. Rogan	FY23	151,584	—	—	15,916	—	—	—	167,500
	FY22	131,818	—	—	13,182	—	—	—	145,000
R. Grimes AM ¹	FY23	11,935	—	—	1,253	—	—	—	13,188
	FY22	—	—	—	—	—	—	—	—
R. Stringer ²	FY23	94,268	—	—	9,898	—	—	—	104,166
	FY22	100,033	—	—	10,003	—	—	—	110,036
Total	FY23	771,894	—	—	77,960	—	—	—	849,854
	FY22	663,772	—	—	66,377	—	—	—	730,149

1. Ms Grimes AM appointed as a Director 29 May 2023.

2. Ms Stringer retired as a Director 30 April 2023.

NED shareholdings

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

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

Ordinary Shares	Balance at the beginning of the financial year	Other changes during the year	Balance at the end of the financial year
B. Higgins	538,611	—	538,611
A. McDonald	41,644	—	41,644
C. Kovacs	3,750	—	3,750
P. Rogan	45,000	—	45,000
R. Grimes AM ¹	0	—	0
R. Stringer ²	5,570	—	5,570

1. Ms Grimes AM appointed as a Director 29 May 2023.

2. Ms Stringer retired as a Director 30 April 2023.

Remuneration report

8. REMUNERATION GOVERNANCE

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

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

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

Gender Pay Equity

HUB24 is committed to all employees being remunerated fairly and equitably. Annual gender pay equity reviews are completed and submitted via the Workplace Gender Equality Agency (WGEA) process and outcomes are made available to our employees and reviewed at the Remuneration and Nomination Committee.

HUB24 BOARD

The Remuneration and Nomination Committee

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

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

- remuneration policy for Executive KMP;
- the remuneration framework for Executive KMP, including STI and LTI plans;
- the remuneration framework for Directors;
- HUB24's compliance with applicable legal and regulatory requirements in respect of remuneration matters;
- approval of the allocation of shares and incentives under HUB24's schemes;
- monitoring and reporting any gender or other inappropriate bias in remuneration for Directors, senior executives and other employees;
- promoting diversity within the HUB24 Group; and
- monitoring and reporting on Work, Health and Safety (WHS) matters within the HUB24 Group.

Specific responsibilities are detailed in the Committee's Charter which is reviewed annually.

The Remuneration & Nomination Committee consists only of independent Non-Executive Directors.

Management

Management provides relevant information to the Remuneration and Nomination Committee to assist with its decision-making and advises the Remuneration and Nomination Committee of statutory requirements.

Management may also seek advice from external advisers as required. The Managing Director is responsible for reviewing the performance of HUB24's Executive KMP and the Remuneration and Nomination Committee reviews the Managing Director's performance.

External Advisors

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

HUB24 may engage external remuneration advisors to assist in Non-Executive Director fee benchmarking against a comparator group of companies. During FY23, the Committee sought advice from AON Advisory Australia, Deloitte Touche Tohmatsu and Korn Ferry.

Securities dealing policy

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

Loans and transactions

HUB24 has not provided any loans or entered into transactions with any KMP and/or related parties in FY23 (FY22: Nil).

Remuneration report

9. OTHER STATUTORY DISCLOSURES

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

Executive KMP remuneration

The following table includes statutory remuneration disclosures for FY23 and FY22.

Executive KMP		Short-term benefits		Post Employment Benefits		End of service	Share-based payments		Total remuneration	
		Cash Salary and fees ¹ \$	Bonus \$	Non-monetary benefits \$	Super-annuation \$	Long Service Leave \$	Shares \$	Options & PARS \$	Total \$	Performance related %
A. Alcock	FY23	675,797	521,027	27,055	25,292	15,140	—	2,253,691	3,518,002	15%
	FY22	621,744	336,987	3,290	23,568	34,345	—	2,490,348	3,510,282	5%
J. Entwistle	FY23	525,106	408,938	6,422	25,292	11,952	980	2,241,453	3,220,143	13%
	FY22	485,078	276,208	5,226	23,568	25,160	1,000	2,492,747	3,308,987	8%
C. Lawrenson	FY23	412,771	226,199	4,481	25,292	32,709	980	613,324	1,315,756	17%
	FY22	381,102	227,855	5,578	23,568	—	1,000	726,474	1,365,577	17%
K. Shanahan	FY23	468,389	217,153	3,482	25,292	7,801	980	879,463	1,602,560	14%
	FY22	430,911	104,947	—	23,568	—	1,000	687,884	1,248,310	8%
Total	FY23	2,082,063	1,373,317	41,440	101,168	67,602	2,940	5,987,931	9,656,461	
	FY22	1,918,835	945,997	14,094	94,272	59,505	3,000	6,397,453	9,433,156	

1. Includes movements in annual leave balances.

KMP interests in Options and PARS

We have detailed beneficial interests in Options and PARS granted as at 30 June 2023 in the table below. We discuss the service and performance criteria for the equity awards vesting in FY23 in section 4.

Name	Type	Balance at 1 July 2022	Granted	Exercised	Lapsed/ Forfeited	Other transactions	Balance at 30 June 2023
Executive KMP							
	A. Alcock						
	Options	139,508	—	—	—	—	139,508
	PARS	522,048	53,163	—	—	—	575,211
J. Entwistle	Options	176,223	—	63,940	—	—	112,283
	PARS	442,746	41,751	—	—	—	484,497
C. Lawrenson	Options	39,170	—	—	—	—	39,170
	PARS	128,311	13,240	—	—	—	141,551
K. Shanahan	Options	10,974	—	—	—	—	10,974
	PARS	104,835	22,568	—	—	—	127,403
Total	Options	365,875	—	63,940	—	—	301,935
	PARS	1,197,940	130,722	—	—	—	1,328,662

Remuneration report

9. OTHER STATUTORY DISCLOSURES continued

KMP options

KMP hold the following Options:

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

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

KMP PARS

KMP hold the following PARS:

Name	Financial year of grant	Financial year in which PARS may vest	Number of PARS granted	Fair value of PARS at grant \$	Number of PARS vested during the year	Number of PARS lapsed/forfeited during the year
Executive KMP						
A. Alcock	2023	2026	53,163	1,168,722 ¹	—	—
	2022	2025	35,901	800,882	—	—
	2021	2024	301,395	6,078,887	—	—
	2020	2023	21,932	206,507	21,932	—
	2019	2023	90,000	1,142,224	90,000	—
	2019	2022	14,072	157,034	—	—
	2018	2021	23,897	166,129	—	—
	2017	2020	34,851	113,475	—	—
J. Entwistle	2023	2026	41,751	917,845	—	—
	2022	2025	28,132	658,538	—	—
	2021	2024	295,653	5,978,919	—	—
	2020	2023	17,961	169,117	17,961	—
	2019	2023	90,000	1,142,224	90,000	—
	2019	2022	11,000	117,852	—	—

1. A. Alcock grant issued in Financial Year 2023 has a face value of \$1,145,131 (FY22: \$1,064,106) based on the closing share price of \$21.54 for ASX:HUB on 13 October 2022 (being the day before the issue of the Notice of Annual General Meeting).

Remuneration report

9. OTHER STATUTORY DISCLOSURES continued

Name	Financial year of grant	Financial year in which PARS may vest	Number of PARS granted	Fair value of PARS at grant \$	Number of PARS vested during the year	Number of PARS lapsed/forfeited during the year
Executive KMP continued						
C. Lawrenson	2023	2026	13,240	291,064	—	—
	2022	2025	9,002	210,732	—	—
	2021	2024	74,706	1,500,831	—	—
	2020	2023	5,382	50,676	5,382	—
	2019	2023	35,000	444,198	35,000	—
	2019	2022	4,221	45,219	—	—
K. Shanahan	2023	2026	22,568	496,134	—	—
	2022	2025	29,574	804,450	—	—
	2021	2024	75,261	1,510,494	—	—

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

PARS granted carry no dividend or voting rights.

Executive KMP shareholdings

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

Ordinary Shares	Balance at the start of the year	Received due to tax exempt share plan issue	Other changes during the year	Balance at the end of the year
A. Alcock	1,081,824 ¹	—	—	1,081,824
J. Entwistle	678,722	44	21,011	699,777
C. Lawrenson	57,553	44	(57,381)	216
K. Shanahan	34	44	—	78

1. The opening balance reconciles to Mr Andrew Alcock's Appendix 3Y Change of Director's Interest Notice dated 9 August 2023. This Appendix 3Y Notice corrected an overstatement of two hundred (200) fully paid ordinary shares due to an error in an Appendix 3Y Notice dated 31 August 2018.

Auditor's independence declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Quay Quarter Tower
50 Bridge Street
Sydney, NSW, 2000
Tel: +61 2 9322 7000

www.deloitte.com.au

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

22 August 2023

Dear Directors,

Auditor's Independence Declaration to HUB24 Limited

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

As lead audit partner for the audit of the financial report of HUB24 Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Stuart Alexander
Partner
Chartered Accountants

Financial statements

For the year ended 30 June 2023

39	Consolidated statement of profit or loss and other comprehensive income
40	Consolidated statement of financial position
41	Consolidated statement of changes in equity
42	Consolidated statement of cash flows

Notes to the financial statements

43	1. Overview
43	1.1 Corporate information
43	1.2 Basis of preparation
44	1.3 Critical accounting judgements and estimates
45	2. Group performance
45	2.1 Operating segments
47	2.2 Revenue
48	2.3 Other income
48	2.4 Expenses
49	2.5 Earnings per share
50	3. Financial position
50	3.1 Trade and other receivables
50	3.2 Trade and other payables
51	3.3 Provisions
52	3.4 Right of use assets and lease liabilities
54	3.5 Intangible assets
59	3.6 Property, plant and equipment
60	4. Capital structure and financing
61	4.1 Borrowings
61	4.2 Loans Receivable
62	4.3 Contributed Equity & reserves
63	4.4 Dividends
64	4.5 Financial instruments
67	4.6 Reconciliation of cash flows
67	4.7 Commitments and contingencies
68	5. Income tax
68	5.1 Reconciliation of prima facie tax to income tax expense
69	5.2 Deferred taxes
70	5.3 Other taxes
71	6. Group structure
71	6.1 Business combinations
74	6.2 Controlled entities
75	6.3 Associated entities
76	6.4 Parent entity financial information
77	6.5 Deed of Cross Guarantee Financials
79	7. Employee remuneration
79	7.1 Share based payments
95	7.2 Key management personnel
96	8. Other information
96	8.1 New and amended accounting standards adopted by the Group
96	8.2 Significant events after report date
96	8.3 Remuneration of auditors

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Income			
Revenue	2.1, 2.2	276,307	189,508
Interest and other income	2.3	2,319	1,895
Share of profit from associates	6.3	906	1,122
Total income		279,532	192,525
Expenses			
Platform and custody fees		(23,864)	(21,408)
Employee related expenses	2.4	(122,450)	(80,348)
Depreciation and amortisation expense	2.4	(27,706)	(19,831)
Administrative expenses	2.4	(40,497)	(38,246)
Share based payments expense	7.1	(11,096)	(10,783)
Interest expense – lease liability	3.4.2	(315)	(254)
Interest expense – other		(1,614)	(524)
Impairment charge on non-financial assets	6.3	(3,248)	—
Total expenses		(230,790)	(171,394)
Profit before income tax		48,742	21,131
Income tax expense	5.1	(10,576)	(6,469)
Profit after income tax for the year		38,166	14,662
Total comprehensive income for the year attributable to ordinary equity holders of HUB24 Limited		38,166	14,662
		Cents	Cents
Earnings per share, attributable to ordinary equity holders of HUB24 Limited			
Basic earnings per share	2.5	47.69	20.18
Diluted earnings per share	2.5	46.06	19.53

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

Consolidated statement of financial position

As at 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash and cash equivalents		72,747	43,454
Trade and other receivables	3.1	29,531	26,306
Current tax receivables		1,847	—
Other current assets		6,817	5,283
Total current assets		110,942	75,043
Non-Current assets			
Investment in associates	6.3	12,172	15,167
Intangible assets (including goodwill)	3.5	459,205	429,372
Loans receivable	4.2	1,250	15,655
Right of use assets	3.4.1	9,556	9,525
Deferred tax assets (net of deferred tax liabilities)	5.2	539	—
Property, plant and equipment	3.6	3,017	2,956
Total non-current assets		485,739	472,675
Total assets		596,681	547,718
Liabilities			
Current liabilities			
Trade and other payables	3.2	16,630	13,945
Provisions	3.3	24,425	21,164
Current tax liabilities		—	2,694 ¹
Borrowings	4.1	—	10,059
Lease liabilities	3.4.2	3,765	3,253
Deferred tax liabilities (net of deferred tax assets)	5.2	—	725
Other current liabilities		127	283
Total current liabilities		44,947	52,123
Non-current liabilities			
Lease liabilities	3.4.2	6,434	6,931
Provisions	3.3	4,548	3,252
Borrowings	4.1	29,975	29,236
Deferred income		365	492
Other non-current liabilities		—	24
Total non-current liabilities		41,322	39,935
Total liabilities		86,269	92,058
Net assets		510,412	455,660
Equity			
Issued capital	4.3.1	491,477	460,447
Profit reserve	4.3.3	67,178	50,231
Share based payment reserves	4.3.2	26,750	19,975
Retained earnings		(74,993)	(74,993)
Total equity		510,412	455,660

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

1. Reclassified amount made to prior year's figure to enhance the comparability with the current year's presentation.

Consolidated statement of changes in equity

For the year ended 30 June 2023

	Notes	Issued capital \$'000	Share based payment reserves \$'000	Profit reserves \$'000	Retained earnings \$'000	Total \$'000
Consolidated 2023						
Opening balance as at 1 July 2022		460,447	19,975	50,231	(74,993)	455,660
Total comprehensive income for the year		—	—	—	38,166	38,166
Transfer to profit reserves		—	—	38,166	(38,166)	—
<i>Transactions with owners in their capacity as owners:</i>						
Dividends paid on ordinary shares		—	—	(21,219)	—	(21,219)
Shares issued transaction costs		(49)	—	—	—	(49)
Shares issued		461	—	—	—	461
Options and rights exercised	4.3.1	4,065	(2,837)	—	—	1,228
Options and rights granted – employees		—	9,612	—	—	9,612
myprosperity settlement consideration	6.1	36,565	—	—	—	36,565
Treasury shares purchased on-market	4.3.1	(10,012)	—	—	—	(10,012)
Balance as at 30 June 2023		491,477	26,750	67,178	(74,993)	510,412
Consolidated 2022						
Opening balance as at 1 July 2021		199,214	11,507	45,342	(74,993)	181,070
Total comprehensive income for the year		—	—	—	14,662	14,662
Transfer to profit reserves		—	—	14,662	(14,662)	—
<i>Transactions with owners in their capacity as owners:</i>						
Dividends paid on ordinary shares		—	—	(9,773)	—	(9,773)
Shares issued transaction costs		(162)	—	—	—	(162)
Shares issued		1,418	—	—	—	1,418
Xplore settlement consideration adjustment		(1,503)	—	—	—	(1,503)
Options and rights exercised	4.3.1	3,489	(2,056)	—	—	1,433
Options and rights granted – employees		—	10,524	—	—	10,524
Class settlement consideration	6.1	268,003	—	—	—	268,003
Treasury shares purchased on-market	4.3.1	(10,012)	—	—	—	(10,012)
Balance as at 30 June 2022		460,447	19,975	50,231	(74,993)	455,660

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

Consolidated statement of cash flows

For the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Receipts from customers		273,753	182,193
Payments to suppliers and employees		(176,402)	(121,959)
Interest received	2.3	2,102	1,618
Interest paid on lease liability	3.4.2	(315)	(254)
Short-term lease payments	3.4.2	(244)	(310)
Strategic transactions and project costs		(9,669)	(16,822)
Income tax payment		(13,735)	(7,535)
Net cash inflow from operating activities	4.6	75,490	36,931
Cash flows from investing activities			
Payments for acquisitions net of cash acquired	6.1	(353)	(12,452)
Payments for office equipment		(1,639)	(591)
Payments for intangible assets		(16,187)	(12,000)
Dividends received from investment in associate	6.3	653	474
Net cash outflow from investing activities		(17,526)	(24,569)
Cash flows from financing activities			
Loan facility (advance)/repayment		14,405	(8,105)
Payment for issuance of shares	4.3	(49)	(232)
Proceeds from issues of shares and other equity securities		1,228	2,552
Repayment of borrowings		(9,320)	(4,125)
Payments for treasury share buy-backs	4.3.1	(10,012)	(10,012)
Principal elements of lease payments	3.4.2	(3,704)	(2,674)
Dividends paid	4.3.3	(21,219)	(9,773)
Net cash (outflow) from financing activities		(28,671)	(32,369)
Net increase/(decrease) in cash and cash equivalents		29,293	(20,007)
Cash and cash equivalents at beginning of year		43,454	63,461
Cash and cash equivalents at end of year	4.6	72,747	43,454

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

Notes to the financial statements

1. OVERVIEW

1.1 CORPORATE INFORMATION

The Annual Report of HUB24 Limited and its controlled entities ('the Group or HUB24') for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Board of Directors on 22 August 2023 and covers the company as an individual entity as well as the Group consisting of the company and its subsidiaries as required by the *Corporations Act 2001*.

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

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

1.2 BASIS OF PREPARATION

This general purpose consolidated financial report for the year ended 30 June 2023 has been prepared in accordance with Australian Accounting Standards (AAS) as issued by the Australian Accounting Standards Board and the *Corporations Act 2001*, as appropriate for profit orientated companies. The financial statements have also been prepared under the historical cost convention, except for, where applicable, the revaluation of certain classes of assets and liabilities.

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

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

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

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

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 6.4.

Compliance with IFRS

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

New and amended Accounting Standards and Interpretations

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

Rounding

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

Going concern

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

Notes to the financial statements

1. OVERVIEW continued

Principles of consolidation

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

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

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

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

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

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

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

Functional and presentation currency

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

Comparatives

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

1.3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

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

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

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

Our estimates and assumptions have been prepared based upon conditions existing at the date of this report. The key areas in which critical estimates and judgements are applied are as follows:

- recognition of intangible assets and impairment testing (note 3.5.2)
- recoverability of deferred tax assets (note 5.2)
- valuation of share based payments (note 7.1)
- valuation and impairment testing of investment in associates (note 6.3)

Notes to the financial statements

2. GROUP PERFORMANCE

Overview

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

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

HUB24 provides technology and data services to the wealth industry, bringing innovative solutions to support licensees, accountants, advisers and stockbrokers to deliver services to their clients, these services are provided through HUBconnect and Class. Class is a market-leading SMSF administration software provider. Their customers include accountants, SMSF administrators, investment advisers, financial planners and lawyers. Class's revenue comprises both subscription and recurring pay per use (PPU) transactional revenue. Class's contribution to the FY22 results was only 4.5 months whereas the FY23 result includes a 12 month contributions.

On 30 May 2023, HUB24 acquired 100 per cent of the issued share capital of myprosperity Pty Ltd (myprosperity), obtaining control of myprosperity Pty Ltd and its wholly owned subsidiaries. myprosperity is a leading provider of client portals for accountants and financial advisers. myprosperity's revenue comprises subscription revenue.

2.1. OPERATING SEGMENTS

Overview

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

No single customer contributed 10 per cent or more to the Group's income in either 2023 or 2022.

The Group's operating segments are as follows:

Platform

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

Tech Solutions

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

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

Corporate

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

Notes to the financial statements

2. GROUP PERFORMANCE continued

	Platform \$'000	Tech Solutions \$'000	Corporate \$'000	Total \$'000
Year ended 30 June 2023				
Sales to external customers	208,803	67,504	—	276,307
Share of profit from associates	—	—	906	906
Interest and other income	—	—	2,319	2,319
Total income	208,803	67,504	3,225	279,532
Expenses	(123,644)	(45,742)	(7,734)	(177,120)
Underlying EBITDA	85,159	21,762	(4,509)	102,412
Share based payment expense (including payroll tax)	—	—	(11,096)	(11,096)
Strategic transactions and project costs ¹	(9,691)	—	—	(9,691)
Depreciation and amortisation	(13,687)	(14,019)	—	(27,706)
Impairment of non-financial assets	—	—	(3,248)	(3,248)
Interest expense	—	—	(1,929)	(1,929)
Profit/(loss) before income tax	61,781	7,743	(20,782)	48,742
Income tax expense	—	—	(10,576)	(10,576)
Profit/(loss) after income tax	61,781	7,743	(31,358)	38,166
Year ended 30 June 2022				
Sales to external customers	160,466	29,042	—	189,508
Share of profit from associates	—	—	1,122	1,122
Interest and other income	—	—	1,895	1,895
Total income	160,466	29,042	3,017	192,525
Expenses	(98,211)	(17,662)	(6,277)	(122,150)
Underlying EBITDA	62,255	11,380	(3,260)	70,375
Share based payment expense	—	—	(10,783)	(10,783)
Strategic transactions and project costs ²	(6,485)	(11,249)	(118)	(17,852)
Depreciation and amortisation	(15,240)	(4,591)	—	(19,831)
Interest expense	(199)	(340)	(239)	(778)
Profit/(loss) before income tax	40,331	(4,800)	(14,400)	21,131
Income tax expense	—	—	(6,469)	(6,469)
Profit/(loss) after income tax	40,331	(4,800)	(20,869)	14,662

1. Strategic transactions and project costs of \$9.7m largely relate to the Xplore implementation product development costs related to the pilot launch of the HUB24 SMSF Access product, costs related to large transitions and myprosperity acquisition costs. Refer to page 12 within the Directors' report for more information.

2. Strategic transactions and project costs of \$17.9 million. Costs related to the Class transaction of \$11.0 million, Xplore and Ord Minnett implementation related costs of \$5.0 million and \$1.9 million for other projects (including regulatory change and one-off client transition projects). Refer to page 12 within the Directors' report for more information.

Notes to the financial statements

2. GROUP PERFORMANCE continued

2.2. REVENUE

Overview

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

- Custodial platform services via superannuation, MIS, and IDPS products;
- Managed Discretionary Account solutions that incorporate specific requirements of advisory firms, wealth managers and stockbrokers into a private label service;
- Superannuation administration services through DIY Master Pty Ltd (discontinued at the end of May 2023 upon the completion of the Successor Fund Transfers);
- Non-custodial portfolio administration and reporting services; and
- myprosperity client portal services.

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

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

	2023 \$'000	2022 \$'000
Platform fees	208,803	160,466
License fees	57,795	24,377
Transaction fees	7,441	3,667
Commissions	2,268	998
Tech Solutions fees	67,504	29,042
Total	276,307	189,508

Accounting policies

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

Platform fees

- FUA fee revenue is recognised over time which include tiered administration fees and fees on client funds held as cash. FUA fees are accrued daily, paid monthly in arrears for the ongoing provision for agreed services;
- Transaction fees are recognised at a point in time when platform trading for equities, managed funds and insurance occurs; and
- Subscription fee revenue is recognised over time over the duration of the agreement or for as long as the customer has been provided access, the fee is fixed or determinable and collectability is probable.

Tech Solutions fees

Class

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

HUBconnect

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

Notes to the financial statements

2. GROUP PERFORMANCE continued

2.3. OTHER INCOME

	2023 \$'000	2022 \$'000
Interest income	2,102	1,472
Other income	217	423
	2,319	1,895

Accounting policies

Interest revenue is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

2.4. EXPENSES

	Notes	2023 \$'000	2022 \$'000
a) Employee benefits expenses			
Wages and salaries (including superannuation and payroll tax)		116,263	76,716 ¹
Other employee benefits expenses		3,579	2,765 ¹
Travel and entertainment		2,608	867
		122,450	80,348
b) Depreciation and amortisation			
Depreciation of right-of-use assets		3,688	2,671
Depreciation of office equipment		1,793	1,428
Amortisation of intangible assets		22,225	15,732
		27,706	19,831
c) Administrative expenses			
Corporate fees		3,458	2,770
Professional and consultancy fees		7,979	4,994
Information services and communication		16,551	9,630
Property and occupancy costs		645	631
Strategic transactions and project costs ²		9,691	17,962
Other administrative expenses		2,173	2,259
		40,497	38,246
d) Impairment charge on non-financial assets			
Impairment charge on non-financial assets	6.3	3,248	—

1 STI Incentives and contractors costs previously included within Other employee benefits expenses have now been disclosed within Wages and salaries (including superannuation and payroll tax). For the 30 June 2022 comparative amount, this resulted in a \$17.2m increase in Wages and salaries and a corresponding decrease in Other employee benefits expenses. This is a roll forward of the adjustments made in the 1HFY23 interim financial report.

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

Notes to the financial statements

2. GROUP PERFORMANCE continued

2.5. EARNINGS PER SHARE

Overview

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

	2023 Cents	2022 Cents
Earnings per share, attributable to ordinary equity holders of HUB24 Limited		
Basic earnings per share	47.69	20.18
Diluted earnings per share	46.06	19.53

2.5.1 Earnings used for earnings per share measures

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

	2023 \$'000	2022 \$'000
Profit after income tax attributable to the owners of HUB24 Ltd used in calculating basic and diluted earnings per share	38,166	14,662
Profit after tax	38,166	14,662

2.5.2 Weighted average number of ordinary shares

	2023 Number	2022 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	80,021,546	72,674,651
Weighted average number of ordinary shares used in calculating diluted earnings per share	82,859,360	75,087,748

Notes to the financial statements

3. FINANCIAL POSITION

3.1 TRADE AND OTHER RECEIVABLES

Overview

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

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

	2023 \$'000	2022 \$'000
Trade receivables ¹	29,013	25,642 ²
Other receivables	518	664
	29,531	26,306

1 Net of a provision of doubtful debts of \$371 thousand (FY22: \$237 thousand).

2 Revenue accruals previously included within Other receivables have now been disclosed within Trade receivables. For the 30 June 2022 comparative amount, this resulted in a \$1.9m increase in Trade receivables and a corresponding reduction in Other receivables. This is a roll forward of the adjustments made in the 1HFY23 interim financial report.

Accounting policies

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

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

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by applying historical loss rates to the trade receivable balances and adjusted for forward looking factors to reflect general economic condition of the industry in which the debtors operate and assessment of both the current as well as the forecast direction of conditions at the reporting date.

3.2 TRADE AND OTHER PAYABLES

Overview

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

	2023 \$'000	2022 \$'000
Trade payables	4,422	3,889
Other payables ¹	12,208	10,056
Total trade and other payables	16,630	13,945

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

Accounting policies

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

Notes to the financial statements

3. FINANCIAL POSITION continued

3.3 PROVISIONS

Overview

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

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

Employee benefits

Short and long-term benefits

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

Deferred short term incentive

The provision represents the deferred portion of STI bonus of senior staff members relating to the financial year. 2023 deferred short term incentive is payable September 2024 (FY22: Payable September 2023).

Lease make good

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

Third party claims

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

Restructuring Provision

The Group has recognised \$nil in FY23 for redundancy provisions. (FY22: \$649 thousand primarily related to the Class acquisition).

	2023 \$'000	2022 \$'000
Current Liabilities		
Employee benefits – annual leave	7,231	5,976
Employee benefits – other	16,509	13,277
Restructuring provision	—	649
Third party claims	469	704
Lease make good provision	216	558
Current Liabilities	24,425	21,164
Non-current Liabilities		
Employee benefits – long service leave	3,036	2,342
Employee benefits – deferred short term incentive	614	440
Lease make good provision	898	470
Non-current liabilities	4,548	3,252
Total Provisions	28,973	24,416

Notes to the financial statements

3. FINANCIAL POSITION continued

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

Consolidated	Third party claims \$'000	Restructuring provision \$'000	Lease make good provision \$'000
2023			
Carrying amount at the start of the year	704	649	558
Additional provisions recognised/(released)	(235)	(649)	(342)
Carrying amount at the end of the year	469	—	216
2022			
Carrying amount at the start of the year	317	725	51
Additional provisions recognised/(released)	387	(76)	507
Carrying amount at the end of the year	704	649	558

Accounting policies

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

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

3.4 RIGHT OF USE ASSETS AND LEASE LIABILITIES

Overview

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

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

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

3.4.1 Right of use assets

	2023 \$'000	2022 \$'000
Total right-of-use assets	9,556	9,525

The additions to right of use assets during FY23 were \$3.7 million (FY22 \$6.1 million). These relate to the following:

- A new three year property lease was signed by Class in July 2022;
- A new five year property lease was signed by HUB24 in April 2023;
- An extension of a one year property lease was signed in March 2023 by Xplore Melbourne;
- An extension of a one year property lease was signed in May 2023 by HUB24 Brisbane; and
- Acquisition of the myprosperity business.

Notes to the financial statements

3. FINANCIAL POSITION continued

Right of Use	2023 \$'000	2022 \$'000
Cost	19,183	15,464
Accumulated Depreciation	(9,627)	(5,939)
Net Book amount	9,556	9,525

Reconciliations of the carrying amounts at the beginning and end of the year:

Opening net book	9,525	6,093
Additions	3,719	6,103
Disposals	—	—
Depreciation charge	(3,688)	(2,671)
Closing net book amount	9,556	9,525

3.4.2 Lease liabilities

	2023 \$'000	2022 \$'000
Current	3,765	3,253
Non-current	6,434	6,931
	10,199	10,184

Reconciliations of the carrying amounts at the beginning and end of the year:

Opening net book amount	10,184	6,754
Additions	3,719	6,075
Lease payments	(4,019)	(2,899)
Interest payments	315	254
Closing net book amount	10,199	10,184

	Future value of minimum lease payments \$'000	Interest \$'000	Present value of minimum lease payments \$'000
30 June 2023			
Within 1 year	4,080	(316)	3,764
After 1 year and less than 5 years	5,901	(573)	5,328
More than 5 years	1,316	(209)	1,107
Total	11,297	(1,098)	10,199
30 June 2022			
Within 1 year	3,487	(234)	3,253
After 1 year and less than 5 years	7,198	(267)	6,931
More than 5 years	—	—	—
Total	10,685	(501)	10,184

Notes to the financial statements

3. FINANCIAL POSITION continued

Accounting policies

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

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

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

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

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

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

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

	2023 \$'000	2022 \$'000
Depreciation charge on right-of-use assets	3,688	2,671
Interest expense on lease liabilities	315	254
Expenses relating to short-term leases	244	310
	4,247	3,235

The total cash outflow for leases in the year ended 30 June 2023 was \$4 million (FY22: \$2.9 million).

3.5 INTANGIBLE ASSETS

Overview

Intangible assets are assets with no physical substance. The most significant classes of intangible assets of the Group by Cash Generating Unit (CGU) are detailed below:

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

The table above is representative of the FY23 and FY22 Intangible assets. Refer to table on the following page for the movement.

Notes to the financial statements

3. FINANCIAL POSITION continued

Consolidated	Computer Software \$'000	Customer Relationship \$'000	Brand \$'000	Goodwill \$'000	Total \$'000
Year ended 30 June 2023					
At cost	145,850	103,101	8,761	257,500	515,212
Accumulated amortisation and impairment	(43,907)	(12,100)	—	—	(56,007)
Net carrying amount	101,943	91,001	8,761	257,500	459,205
<i>Reconciliations of the carrying amount at the beginning and end of the financial year:</i>					
Opening carrying amount	101,801	97,180	8,761	221,630	429,372
Other additions ¹	16,188	—	—	—	16,188
Addition through acquisition ²	—	—	—	35,870	35,870
Amortisation from acquisition	(10,117)	(6,094)	—	—	(16,211)
Amortisation	(5,929)	(85)	—	—	(6,014)
Closing carrying amount	101,943	91,001	8,761	257,500	459,205
Year ended 30 June 2022					
At cost	129,662	103,102	8,761	221,630	463,155
Accumulated amortisation and impairment	(27,861)	(5,922)	—	—	(33,783)
Net carrying amount	101,801	97,180	8,761	221,630	429,372
<i>Reconciliations of the carrying amount at the beginning and end of the financial year:</i>					
Opening carrying amount	28,651	11,557	—	63,768	103,976
Other additions ¹	12,000	—	—	—	12,000
Addition through acquisition ^{3,4}	72,845	89,660	8,761	157,862	329,128
Amortisation from acquisition	(8,360)	(3,952)	—	—	(12,312)
Amortisation	(3,335)	(85)	—	—	(3,420)
Closing carrying amount	101,801	97,180	8,761	221,630	429,372

1 Other additions relate to internally generated software across the platform and tech solutions segments.

2 Addition through acquisition relates to the provisional PPA for the myprosperity businesses acquired. (Provisional goodwill balance \$35.9 million). The PPA assessment is expected to be finalised during FY24.

3 Addition through acquisition relates to finalisation of the Purchase Price Accounting (PPA) for the Xplore businesses acquired (1HFY22 \$21.2 million decrease in goodwill | Final goodwill balance \$27.3 million).

4 Addition through acquisition relates to the PPA for the Class businesses acquired. (Final goodwill balance \$178 million).

Notes to the financial statements

3. FINANCIAL POSITION continued

Accounting policies

Goodwill

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

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

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

When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

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

Intangibles

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

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

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

3.5.2 Impairment testing of intangible assets

Overview

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

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

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

Goodwill is allocated to the group of CGU's that are expected to benefit from synergies arising from the acquisition giving rise to the goodwill, which make up the HUB24 operating segments. Operating segments reflect the level at which goodwill is monitored for impairment by management. As the Group acquires or disposes of operations, or reorganises the way that operations are managed, reporting structures may change, giving rise to a reassessment of operating segments and the allocation of goodwill to those operating segments.

Notes to the financial statements

3. FINANCIAL POSITION continued

Accounting policies

Impairment testing of goodwill and intangible assets

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

Key assumptions by each operating segment are detailed below:

Investment Platform

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

Assumptions

1. Growth in FUA on the platform – Growth in the number of client accounts and consequently FUA. Management have estimated future FUA on the platform at a 5 year CAGR of 20% (FY22: 20%) with reference to current client transition rates, industry data and pipeline monitoring;
2. Post-tax discount rate – 10.5% (FY22: 10.5%) which approximates the weighted average cost of capital of the Investment Platform;
3. Terminal growth rate – 2.5% (FY22: 2.5%);
4. Capital expenditure has been held consistent with current expenditure across the 5 years that have been modelled; and
5. Tax rate (effective) – 31%.

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

Based on the above assessment there was no impairment of the investment platform intangible in FY23 (FY22: nil).

Sensitivities of assumptions

If the EBITDA moved by +/- 5%, there would still be headroom.

CGU PARS Customer Relationships

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

Technology Solutions Segment (HUBconnect and Class CGUs)

Technology Solutions segment is comprised of two CGUs – HUBconnect and Class. The Class CGU is the larger CGU and the key focus area of management during the 2023 financial year.

On 16 February 2022, the Group acquired 100 per cent of the issued share capital of Class Limited, obtaining control of Class Limited and its controlled subsidiaries. The details of the acquisition are outlined in Note 6. Since acquisition there has been a significant restructure of the Class leadership team and a refocus on the core business, which has delivered cost synergies and aligned the Class leadership team's objectives with the Group's strategy and long-term strategic intent for Class. Whilst revenue growth is based on past performance and management's expectations of market development, given the uncertain market conditions which existed during the period, together with the lower headroom in the Class CGU, the Group has prepared detailed impairment assessments.

The Group has undertaken a detailed impairment assessment as at 30 June 2023 and concluded that the recoverable amount for this CGU is greater than its carrying value. The key assumptions that have been adopted in respect of the impairment assessment include:

1. Management have estimated revenue growth of the Tech Solutions segment, which reflect the forecast assumptions for the year ended 30 June 2023 with additional growth of between 5% to 21% for the subsequent years, with reference to current client rates, industry data and pipeline monitoring;
2. Post-tax discount rate – 11.25% (FY22: 12%). This has been determined based on the weighted average cost of capital for the Tech Solutions segment;
3. Terminal growth rate – 2.5%. (FY22: 2.5%);
4. Period over which cashflows have been discounted – 6 years; and
5. Tax rates:
 - 5a. HUBconnect CGU tax rate (effective) – 31%.
 - 5b. Class CGU tax rate adopted – 30%.

Based on the above assessment there was no impairment of the Technology Solutions segment intangibles in FY23 (FY22: nil).

Sensitivities of assumptions

- If the post-tax discount rate was 2.1% higher (13.35% instead of 11.25%), there would be nil headroom; and
- If there were a 3.2% decrease in the terminal growth rate (-0.7% instead of +2.5%) there would be nil headroom.

Notes to the financial statements

3. FINANCIAL POSITION continued

Critical accounting judgements and estimates

Estimate of useful life

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

- Core database with a useful life of 20 years;
- Applications with a useful life of 10 years; and
- User Interface and Product Development with a useful life of 5 years¹.

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

Carrying value of goodwill and other indefinite life intangible assets

The carrying value of intangible assets with an indefinite life (including goodwill) are tested annually for impairment. Other intangible assets with a finite life are assessed for indicators of impairment and tested in accordance with AASB136 should indicators arise.

The recoverable amounts of cash generating units and segments have been determined based on value-in-use calculations. These calculations require the use of assumptions including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Details of these assumptions and the potential impact of changes to these assumptions can be found above this note.

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

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

Capitalisation of development costs

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

During FY23 the Group performed a review of the Class expenditure and accounting treatment for Software Intangibles. Class's accounting treatment for Software Intangibles was aligned to the HUB24 accounting policy with effect from 1 July 2022, which had the effect of reducing the capitalisation of development costs for Class during FY23. There was no change to the prior period disclosures.

1. Class have updated their useful life from 3 years to 5 years, aligned to the HUB24 accounting policy with effect from 1 July 2022.

Notes to the financial statements

3. FINANCIAL POSITION continued

3.6 PROPERTY, PLANT AND EQUIPMENT

Overview

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

	Computer equipment \$'000	Office furniture and fittings \$'000	Total \$'000
Year ended 30 June 2023			
Cost or fair value	6,879	4,801	11,680
Accumulated depreciation and impairment	(5,099)	(3,564)	(8,663)
Net book amount	1,780	1,237	3,017
<i>Reconciliations of the carrying amounts at the beginning and end of the financial year:</i>			
Opening net book amount	1,793	1,163	2,956
Acquisitions through business combinations	17	74	91
Other Additions	1,060	735	1,795
Disposals	(22)	(10)	(32)
Depreciation charge	(1,068)	(725)	(1,793)
Closing net book amount	1,780	1,237	3,017
Year ended 30 June 2022			
Cost or fair value	6,099	4,117	10,216
Accumulated depreciation and impairment	(4,306)	(2,954)	(7,260)
Net book amount	1,793	1,163	2,956
<i>Reconciliations of the carrying amounts at the beginning and end of the financial year:</i>			
Opening net book amount	721	734	1,455
Acquisitions through business combinations	1,012	414	1,426
Other Additions	718	801	1,519
Disposals	(12)	(4)	(16)
Depreciation charge	(646)	(782)	(1,428)
Closing net book amount	1,793	1,163	2,956

Accounting policies

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

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

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

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

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

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

Notes to the financial statements

4. CAPITAL STRUCTURE AND FINANCING

Overview

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

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

Credit Risk

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

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

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

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

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

Liquidity Risk

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

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

Market Risk

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

Capital Management

It is noted that the Group, through its licensed subsidiaries, fully complied with the minimum regulatory capital requirements for IDPS Operators and providers of custodial services for the year ended 30 June 2023 so as to ensure ongoing capital adequacy. Refer to note 4.2 for information on the Group's ORFR requirements.

As part of broader capital management plans, the Group has a \$31 million revolving bank loan facility (refer to note 4.1) and a \$5 million overdraft facility which remained undrawn during the year.

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

Interest Rate Risk

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

Foreign Exchange Risk

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

Notes to the financial statements

4. CAPITAL STRUCTURE AND FINANCING continued

4.1 BORROWINGS

Overview

During the year the Group consolidated their loan facilities from The Australia and New Zealand Banking Group Ltd (ANZ) and Westpac Banking Corporation (Westpac) to The Commonwealth Bank of Australia (CBA). The Group entered into a \$31 million 3 year debt facility with CBA in order to consolidate the Groups debt facilities.

In addition, an accordion facility of \$50 million was secured specifically for strategic transactions, which remained undrawn during the period.

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

Loan Facility	2023 \$'000	2022 \$'000
HUB24 – Current	—	3,125
Class – Current	—	6,934
Total Current	—	10,059
HUB24 – Non-current	29,975	6,250
Class – Non-current	—	22,986
Total Non-current	29,975	29,236
Total Group Borrowings	29,975	39,295

HUB24 Group facilities

The overdraft facility was undrawn throughout the year. The Group incurs a commitment fee of 0.50% per annum to maintain the overdraft facility with an interest rate of the reference rate on that date less a margin of 6.96% pa.

In addition, a CBA accordion facility of \$50 million was secured specifically for strategic transactions. The Group does not incur any line fees, the terms of the facility are aligned to those of the loan facility.

The loan facility and overdraft facility have common and referrable security charges with each facility. Refer to note 4.5 for debt maturity profile.

4.2 LOANS RECEIVABLE

Overview

The Group has advanced a \$1,250,000 loan to a strategic partner who used the proceeds solely for the purpose of development of advice production and advice delivery tools.

The loan agreement is entered into on an arm's length basis and on commercial terms at an interest rate of 4% per annum from the date the loan is advanced up to and including the date on which the amount of the loan is either repaid in full or exchanged for Equity. The limit of the facility is \$2 million.

The \$15.4 million balance of the loan advanced to HTFS Holdings Pty Ltd was repaid in September 2022.

	2023 \$'000	2022 \$'000
ORFR Loan	—	15,405
Other Loans	1,250	250
Non-current	1,250	15,655

Accounting policies

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

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Notes to the financial statements

4. CAPITAL STRUCTURE AND FINANCING continued

4.3 CONTRIBUTED EQUITY AND RESERVES

4.3.1 Issued capital

Overview

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

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

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

	2023 Number	2022 Number	2023 \$'000	2022 \$'000
Issued and paid-up capital				
Ordinary shares, fully paid	81,502,338	80,058,178	501,123	468,018
Treasury shares	(356,229)	(312,632)	(9,646)	(7,571)
Total issued and paid up capital	81,146,109	79,745,546	491,477	460,447
Movements in issued and paid up capital				
Beginning of the financial year	80,058,178	68,333,179	468,018	204,227
Shares issued	20,284	291,440	461	1,418
Xplore settlement consideration adjustment	—	—	—	(1,503)
Options and rights exercised	—	—	4,065	3,489
Class settlement consideration	—	11,433,559	—	268,003
myprosperity settlement consideration	1,423,876	—	36,565	—
Treasury shares issued from Trust ¹	—	—	(7,937)	(7,454)
Total shares	81,502,338	80,058,178	501,172	468,180
Shares issued transaction costs	—	—	(49)	(162)
End of the financial year	81,502,338	80,058,178	501,123	468,018
Movement in Treasury shares				
Beginning of the financial year	312,632	212,158	7,571	5,013
Employee share issue	(377,428)	(269,833)	(7,937)	(7,454)
Treasury shares purchased on-market	421,025	370,307	10,012	10,012
End of the financial year	356,229	312,632	9,646	7,571

¹ Number of treasury shares transferred from trust to satisfy options and rights exercised was 377,428 in FY23 (269,833 FY22).

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

Ordinary shares – for the year ended 30 June 2023

On 15 February 2023, the Group issued 20,284 shares to eligible employees under the HUB24 Employee Share Scheme.

On 30 May 2023, the Group issued 1,423,876 ordinary shares as HUB24 Limited scrip consideration for the purchase of myprosperity.

Ordinary shares – for the year ended 30 June 2022

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

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

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

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.

Notes to the financial statements

4. CAPITAL STRUCTURE AND FINANCING continued

4.3.2 Share based payment reserves

	2023 \$'000	2022 \$'000
Share based payments share reserve	26,750	19,975
Movement in reserve		
Opening balance	19,975	11,507
Reserve reclassified to share capital through exercised options and rights	(2,837)	(2,056)
Employee share based payment expense	9,612	10,524
	26,750	19,975

For accounting policy refer to note 7.1.

4.3.3 Profit reserves

Overview

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

	2023 \$'000	2022 \$'000
Opening balance	50,231	45,342
Transfer to profit reserves	38,166	14,662
Dividends paid on ordinary shares	(21,219)	(9,773)
	67,178	50,231

4.4 DIVIDENDS

Overview

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

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

	2023 Final	2023 Interim	2022 Final	2022 Interim
Dividend cents per share	18.5	14.0	12.5	7.5
Franking percentage	100	100	100	100
Dividend payout (\$'000)	15,078	11,211	10,008	6,004
Payout ratio ¹	47%	42%	46%	42% ¹
Payment Date	13 October 2023	18 April 2023	14 October 2022	18 April 2022

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

The Board has elected to determine a final dividend of 18.5 cents per share franked at 100%.

Franking credits

Franking credits available as at 30 June 2023 to shareholders of the Company amount to \$13.4 million (2022: \$8.7 million) at the 30 percent corporate tax rate.

Notes to the financial statements

4. CAPITAL STRUCTURE AND FINANCING continued

4.5 FINANCIAL INSTRUMENTS

Key accounting policies

Interest rate risk

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

Consolidated	2023 \$'000	2022 \$'000
Cash and cash equivalents at end of period	72,747	43,454
Loans receivable	1,250	15,655
Borrowings	(29,975)	(39,295)
Financial Instruments subject to interest rate risk at the end of period	44,022	19,814
Cash and cash equivalents at end of period	72,747	43,454
0.5% increase in interest rate	364	217
0.5% decrease in interest rate	(364)	(217)
Loans receivable	1,250	15,655
0.5% increase in interest rate	6	78
0.5% decrease in interest rate	(6)	(78)
Borrowings	(29,975)	(39,295)
0.5% increase in interest rate	(150)	(196)
0.5% decrease in interest rate	150	196
Net impact on profit after tax		
Profit for the year	38,166	14,662
0.5% increase in interest rate	38,380	14,683
0.5% decrease in interest rate	37,952	14,642

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group. The Group's objective in managing credit risk is to minimise the credit losses incurred, mainly on trade and other receivables and loans.

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

Credit risk exposures

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

The Group advanced a \$1,250,000 loan to a strategic partner who used the proceeds solely for the purpose of development of advice production and advice delivery tools. The loan agreement is entered into on an arm's length basis and on commercial terms at an interest rate of 4% per annum.

Notes to the financial statements

4. CAPITAL STRUCTURE AND FINANCING continued

Liquidity risk

Financing arrangements and capital management

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

Consolidated	2023 \$'000	2022 \$'000
HUB24 Financial Instruments		
Floating rate – Expiring within one year (bank overdraft facility)	5,000	5,000
Floating rate – 3 year term (amortising loan facility)	—	12,500
Floating rate – 3 year term (revolving loan facility) accordion facility	31,000	—
	50,000	—
Drawn at balance date	29,975	9,375
Class Financial Instruments		
Fixed rate – 3.5 year term (loan facility)	—	7,000
Floating rate – 3 year term (loan facility)	—	1,820
Floating rate – 3 year term (loan facility)	—	9,100
Floating rate – 3 year term (loan facility)	—	12,000
Drawn at balance date	—	29,920

HUB24

The \$5 million bank overdraft facility may be drawn at any time, and may be cancelled by giving the bank 5 business days notice. During the year ended and as at 30 June 2023, the overdraft facility was not drawn down. The bank loan facilities are subject to annual review.

The Group incurs a line fee of 0.50% per annum to maintain the bank overdraft facility. The applicable rate is the reference rate on that date less a margin of 6.96% pa.

The 3 year revolving CBA bank loan facility was secured to enable the consolidation of Group debt. The loan has been fully drawn down on 29 June 2023.

The Group incurs an undrawn commitment fee of 0.50% per annum to maintain the revolving loan facility with an interest rate of BBSY + 1.9% margin paid quarterly.

In addition, a CBA accordion facility of \$50m was secured specifically for strategic transactions. The Group does not incur any line fees, the terms of the facility are aligned to those of the loan facility.

The overdraft, loan and accordion facilities are guaranteed by HUB24 Limited and its operating subsidiaries: Agility Applications Pty Ltd; HUB24 Management Services Pty Ltd; HUB24 Administration Pty Ltd; HUB24 Custodial Services Ltd; HUBconnect Pty Ltd; Xplore Wealth Pty Limited; Xplore Business Services Pty Ltd; Investment Administration Services Pty Limited; Margaret Street Financial Holdings Pty Ltd; Margaret Street Administration Services Pty Ltd; Margaret Street Promoter Services Pty Ltd; Margaret Street Attorney Services Pty Ltd; DIY Master Pty Ltd; Class Pty Limited; Class Technology Pty Ltd; Class Investment Reporter Pty Ltd; NowInfinity Pty Ltd; NowInfinity 3505 Pty Ltd.

The Group's regulatory capital requirements have been ring-fenced from the CBA security arrangements.

Class

All principal balances outstanding associated with the Class bank loan facilities detailed in the table above were repaid in full on 29 June 2023 upon the establishment of the Group bank loan facility, and as at 30 June 2023 the Class bank loan facilities were no longer active.

Notes to the financial statements

4. CAPITAL STRUCTURE AND FINANCING continued

Maturity analysis of financial assets and liabilities

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

Consolidated	0-1 month \$'000	1-3 months \$'000	4-12 months \$'000	1-5 years \$'000	5 years plus \$'000	Total \$'000
30 June 2023						
<i>Consolidated financial assets:</i>						
Cash and cash equivalents	72,290	—	400	57	—	72,747
Trade and other receivables	29,255	108	96	72	—	29,531
Loans receivable	—	—	—	—	1,250	1,250
	101,545	108	496	129	1,250	103,528
<i>Consolidated financial liabilities:</i>						
Trade and other payables	13,609	2,057	964	—	—	16,630
Borrowings	—	—	—	29,975	—	29,975
Lease Liability	326	715	3,038	5,901	1,317	11,297
	13,935	2,772	4,002	35,876	1,317	57,902
Net Maturity	87,610	(2,664)	(3,506)	(35,747)	(67)	45,626
30 June 2022						
<i>Consolidated financial assets:</i>						
Cash and cash equivalents	42,339	70	1,025	20	—	43,454
Trade and other receivables	22,845	2,772	687	2	—	26,306
	65,184	2,842	1,712	22	—	69,760
<i>Consolidated financial liabilities:</i>						
Trade and other payables	8,959	3,989	997	—	—	13,945
Borrowings	—	—	10,059	29,236	—	39,295
Lease Liability	278	552	2,424	6,930	—	10,184
	9,237	4,540	13,480	36,166	—	63,423
Net Maturity	55,946	(1,698)	(11,768)	(36,144)	—	6,336

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

Market risk

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

The net fair value of financial assets and liabilities approximates their carrying values and the methods for estimating fair values are outlined in the relevant notes to the financial statements, excluding other loans receivable. Refer to note 4.2 for the loans receivable fair value.

Foreign exchange risk

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

Fair value measurement

No other financial instruments for the year ended 30 June 2023 required fair value assessment (FY22: nil).

Notes to the financial statements

4. CAPITAL STRUCTURE AND FINANCING continued

4.6 RECONCILIATION OF CASH FLOWS

Key accounting policies

Cash and cash equivalents

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

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

Consolidated	2023 \$'000	2022 \$'000
a) Reconciliation of the net profit/(loss) after tax to cash flow from operations		
Net profit/(loss) after tax for the year	38,166	14,662
<i>Non-cash items</i>		
Depreciation and amortisation	27,706	19,831
Share based payment expense – Employee	10,073	10,783
Share of profit from associates	(906)	(1,122)
Impairment losses on financial assets	3,248	—
(Gains)/losses on disposal of leasehold improvements	(38)	—
<i>Changes in operating assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(2,981)	(6,665)
(Increase)/decrease in current tax receivables	(1,847)	—
(Increase)/decrease in deferred tax assets	628	(6,010)
(Increase)/decrease in other assets	(1,454)	(649)
Increase/(decrease) in trade and other payables	1,293	(4,093)
Increase/(decrease) in current tax liabilities	—	4,874 ¹
Increase/(decrease) in provisions	1,602	5,320
Net cash flow from operating activities	75,490	36,931
b) Reconciliation of cash and cash equivalents		
<i>Cash and cash equivalents comprises:</i>		
Cash at bank	72,747	43,454

c) Terms and conditions

For the purposes of the Statement of cash flows, cash and cash equivalents includes cash 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.

4.7 COMMITMENTS AND CONTINGENCIES

The Group had no commitments or contingencies as at 30 June 2023 (FY22 nil).

1. Reclassified amount made to prior year's figure to enhance the comparability with the current year's presentation.

Notes to the financial statements

5. INCOME TAX

Overview

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

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

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

5.1 RECONCILIATION OF PRIMA FACIE TAX TO INCOME TAX EXPENSE

	2023 \$'000	2022 \$'000
a) Income tax expense		
Current tax expense	11,886	10,214
Decrease/(increase) in deferred tax assets	(796)	6,891
Prior period deferred tax under/(over) provision	(1,890)	(2,619)
Prior period under/(over) provision	(1,937)	—
(Decrease)/Increase in deferred tax liabilities	3,313	(8,017)
Income Tax Expense/(Benefit)	10,576	6,469
b) Reconciliation of income tax expense to pre-tax accounting profit		
Profit before income tax expense	48,742	21,132
Prima facie income tax at 30%	14,623	6,340
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	219	3,017
Non-assessable income	(243)	(127)
Tax credits (carry forward losses, franking credits)	(196)	(142)
Prior period deferred tax under/(over) provision	(3,827)	(2,619)
Income tax expense	10,576	6,469

Accounting policies

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

Tax consolidation

Members of the tax consolidated entity and the tax sharing arrangement

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

Tax effect accounting by members of the tax consolidated Group

The head entity and the controlled entities in the tax consolidated Group continue to account for their own current and deferred tax amounts as per IIG 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.

Notes to the financial statements

5. INCOME TAX continued

5.2 DEFERRED TAXES

	2023 \$'000	2022 \$'000
a) Deferred tax asset		
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Investments	824	—
Accrued expenses	611	582
Provisions	8,700	7,396
Blackhole expenses	1,484	2,060
Carry forward tax losses	6,640	5,505
Employee Share Costs	5,800	1,843
Lease liabilities	193	198
Closing Balance	24,252	17,584
<i>Movements:</i>		
Opening balance	17,584	12,761
Additions acquired through acquisition	1,891	12,349
Prior period deferred tax provision	3,981	(636)
Recognised in the Statement of profit or loss	796	(6,890)
Closing balance	24,252	17,584
b) Deferred tax liability		
<i>Temporary differences attributable to:</i>		
Intangibles	23,664	17,971
Prepayment Expense	—	1
Investments	—	74
Depreciable assets	49	263
Closing balance	23,713	18,309
<i>Movements:</i>		
Opening balance	18,309	—
Xplore PPA impacts	—	3,494
Additions acquired through acquisition	—	23,880
Prior period deferred tax provision	2,091	—
Recognised in the Statement of profit or loss	3,313	(9,065)
Closing balance	23,713	18,309
Net deferred tax asset/(Net deferred tax liability)	539	(725)

Notes to the financial statements

5. INCOME TAX continued

Critical accounting judgements and estimates

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

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

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

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

Recovery of deferred tax assets

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

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

- The Group continues to generate consistent profitable growth, with improving margins and profit line trends; and
- For the year ended 30 June 2023, the Group increased profits and is expected to remain profitable.

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

5.3 OTHER TAXES

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

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

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

Notes to the financial statements

6. GROUP STRUCTURE

6.1 BUSINESS COMBINATIONS

Acquisition of Subsidiaries

myprosperity Pty Ltd

On 30 May 2023, the Group acquired 100 per cent of the issued share capital of myprosperity Pty Ltd, obtaining control of myprosperity Pty Ltd.

myprosperity is a leading provider of client portals for accountants and financial advisers. Integration of myprosperity's unique capability with HUB24's portfolio of products and services, is expected to extend the company's market-leadership position and deliver both increased customer advocacy and new opportunities to further grow market share across the HUB24 Group.

	\$'000
Purchase consideration	
Cash paid – at completion	658
Equity instruments (1,423,876 ordinary shares of the Company)	36,565
Total purchase consideration	37,223
Net cash outflow arising on acquisition	
Cash consideration	658
Less: cash and cash equivalent balances acquired	(305)
Net cash outflow arising on acquisition	353

The purchase price allocation (PPA) assessment is currently provisional and is expected to be finalised during FY24. The fair valuation of assets acquired, liabilities assumed and intangible assets identified have been measured provisionally, pending finalisation of the Group's valuation of myprosperity are set out in the table below.

	Fair value \$'000
The provisional fair values of the acquisition are as follows:	
Cash & Cash Equivalents	305
Trade receivables	243
Prepayments	72
Other current assets	765
Property, plant and equipment	91
Right of use assets	147
Deferred tax assets/(liabilities)	1,891
Total Identifiable assets	3,514
Trade & Other payables	(1,393)
Lease Liability	(147)
Provisions	(621)
Total Liabilities assumed	(2,161)
Total identifiable assets acquired and liabilities assumed	1,353
Goodwill	35,870
Total purchase consideration	37,223

Notes to the financial statements

6. GROUP STRUCTURE continued

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

The fair value of the financial assets includes receivables (Net trade debtors and other receivables) with a fair value of \$1.4 million.

The goodwill of \$35.9 million represents the profitability of the acquired business and the synergistic opportunities that will arise from the acquisition. None of the goodwill is expected to be deductible for income tax purposes.

The fair value of the 1,423,876 ordinary shares issued as part of the consideration paid for myprosperity Pty Ltd (\$36.6 million) was determined on the basis of the HUB24 Closing Price of \$25.68 on acquisition date at 30 May 2023.

If the acquisition of myprosperity had been completed on the first day of the financial year, Group revenues for the year would have been \$280 million.

Acquisition related costs (included in administrative expenses) amount to \$0.4 million.

Class Limited

In the financial year ended 30 June 2022, the Group acquired 100 per cent of the issued share capital of Class Limited, obtaining control of Class Limited. Class Limited was converted from a Public Company to a Proprietary Limited Company (Pty Ltd) effective 5 September 2022.

Class Limited is a market-leading SMSF administration software provider. Their customers include accountants, SMSF administrators, investment advisors, financial planners and lawyers. Class's revenue comprises both subscription and recurring PPU transactional revenue. Class qualifies as a business as defined in AASB 3.

Class Limited was acquired primarily for the following reasons:

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

A PPA assessment has been finalised with the outcomes included in the 30 June 2023 annual report. There was no change from the provisional PPA assessment undertaken in the financial year ended 30 June 2022.

	\$'000
<hr/>	
Purchase consideration	
Cash paid – at completion	15,733
Equity instruments (11,433,559 ordinary shares of the Company)	268,003
Total purchase consideration	283,735
<hr/>	
Net cash outflow arising on acquisition	
Cash consideration	15,733
Less: cash and cash equivalent balances acquired	(8,183)
Net cash outflow arising on acquisition	7,550
<hr/>	

Notes to the financial statements

6. GROUP STRUCTURE continued

	Fair value \$'000
<i>The completed fair values of the acquisition are as follows:</i>	
Cash & Cash Equivalents	8,183
Security Deposits	114
Trade receivables	2,866
Prepayments	2,017
Other current assets	27
Inventory	46
Property, plant and equipment	1,426
Right of use assets	5,067
Deferred tax assets/(liabilities)	2,963
Total Identifiable assets	22,709
Trade & Other payables	(5,550)
Other payables & accruals	(1,529)
Borrowings	(35,825)
Lease Liability	(5,067)
Provisions	823
Total Liabilities assumed	(47,148)
Brand name acquired	8,761
Customer relationships acquired	78,667
Software Platform acquired	61,664
Intangibles identified	149,093
Total identifiable assets acquired and liabilities assumed	124,654
Goodwill	178,040
Deferred tax on intangible assets identified	(18,959)
Total purchase consideration	283,735

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

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

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

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

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

Notes to the financial statements

6. GROUP STRUCTURE continued

6.2 CONTROLLED ENTITIES

Overview

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

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

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

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

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

All transactions between Group entities are eliminated on consolidation.

	% Equity Interest	
	as at 30 June 2023	as at 30 June 2022
Operating Entities		
HUB24 Custodial Services Ltd	100	100
HUB24 Management Services Pty Ltd ¹	100	100
HUB24 Administration Pty Ltd ¹	100	100
Firstfunds Pty Ltd (formerly Firstfunds Limited) ¹	100	100
HUBconnect Pty Ltd ¹	100	100
Agility Applications Pty Ltd ¹	100	100
Xplore Wealth Pty Ltd ¹	100	100
Xplore Business Services Pty Ltd ¹	100	100
Investment Administration Services Pty Limited	100	100
Margaret Street Financial Holdings Pty Ltd ¹	100	100
Margaret Street Administration Services Pty Ltd ¹	100	100
Margaret Street Promoter Services Pty Ltd	100	100
DIY Master Pty Ltd	100	100
HUB24 Limited Employee Share Trust	100	100
Class Pty Limited ¹	100	100
Class Technology Pty Ltd ¹	100	100
Class Investment Reporter Pty Ltd ¹	100	100
NowInfinity Pty Ltd ¹	100	100
NowInfinity 3505 Pty Ltd ¹	100	100
myprosperity Pty Ltd	100	—
myprosperity Aust Pty Ltd	100	—
myprosperity UK Pty Ltd ²	100	—

1. Entities included within the Scope of HUB24 Limited Deed of Cross Guarantee and pursuant to ASIC Corporations (wholly-Owned Companies) Instrument 2016/785. These controlled entities are relieved from the Corporations Act requirement for the preparation, audit and lodgement of financial reports.

2. United Kingdom incorporate company.

Notes to the financial statements

6. GROUP STRUCTURE continued

	% Equity Interest	
	as at 30 June 2023	as at 30 June 2022
Non-operating Entities		
HUB24 Services Pty Ltd	100	100
HUB24 International Nominees Pty Ltd ¹	—	100
HUB24 Nominees Pty Ltd ¹	—	100
Investorfirst Securities Ltd ¹	—	100
Captain Starlight Nominees Pty Ltd ¹	—	100
ACN 075 059 246 Pty Ltd ¹	—	100
Planner Holdings Pty Limited	100	100
PHL Securities Pty Ltd	100	100
Margaret Street Nominees Pty Ltd	100	100
Xplore Equity Finance Pty Ltd	100	100
Margaret Street Attorney Services Pty Ltd	100	100
Margaret Street Investment Consulting Services Pty Ltd	100	100
Aracon Superannuation Pty Ltd	100	100
Marketsplus Australia Pty Ltd	100	100
Assuriti Pty Ltd	100	100
Topdocs Pty Ltd	100	100
Topdocs Edge Pty Ltd	100	100
Accounting & Legal Dynamics Pty Ltd	100	100
Company Dynamics Pty Ltd	100	100

1. Entities voluntarily deregistered during the 2023 financial year.

6.3 ASSOCIATED ENTITIES

The Group has a 31.5% investment in Diverger Limited.

Consolidated	2023 \$'000	2022 \$'000
Investment in Diverger Reconciliation		
Opening investment in Diverger	15,167	14,519
Add: Share of associate profits	906	1,122
Less: Dividend declared	(653)	(474)
Impairment of investment in Diverger	(3,248)	—
Closing investment in Diverger	12,172	15,167

Notes to the financial statements

6. GROUP STRUCTURE continued

Accounting policies

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

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

If there is objective evidence that the Group's net investment in an associate is impaired, the requirements of AASB 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with AASB 136 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

In determining the value in use of the investment, an entity estimates its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds from the ultimate disposal of the investment.

In determining the amount of impairment for equity accounted investees that are listed, management has made judgements in identifying non-financial assets that are impaired due to industry factors or whose decline in fair value below original cost is considered significant or prolonged. A significant decline is assessed based on the percentage decline from acquisition cost of the share, while a prolonged decline is based on the length of the time over which the share price has been below cost.

Critical accounting judgements and estimates

FY23 Critical accounting judgements and estimates

The key judgement relates to the carrying value of the investment in associate, which is assessed for impairment annually, in accordance with accounting standard AASB 136 Impairment of Assets. Whilst Diverger is listed and the share price is one indicator of value, other factors need to be considered including trading volumes and the strategic value of the investment to HUB24.

As part of this review for the year ended 30 June 2023, in accordance with AASB 128 Investment in Associates and Joint Ventures, an assessment has been performed, which has confirmed HUB24's opinion, currently there are no indicators of a prolonged decline in the value of the investment in addition to what was recognised in 1HFY23. During 1HFY23 a pre-tax impairment charge of \$3.2 million was recognised (incorporated into the Corporate operating segment) in relation to the carrying value of its investment in Diverger.

The Director's continue to monitor Diverger's performance against its strategic objectives, as HUB24 Group continues to work alongside Diverger on developing technology solutions that address key challenges for licensees and advisers in delivering cost-effective financial advice.

FY22 Critical accounting judgements and estimates

The key judgement relates to the carrying value of the investment in associate, which is assessed for impairment annually. Whilst Diverger is listed and hence the share price is one indicator of value, other factors need to be considered including trading volumes and the strategic value of the investment to HUB24.

In accordance with AASB 128 Investment in Associates and Joint Ventures, an assessment has been performed, which confirmed in the Director's opinion, currently there are no indicators of a prolonged decline in the value of the investment.

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

6.4 PARENT ENTITY FINANCIAL INFORMATION

Significant accounting policies

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

Summary financial information

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

Consolidated	2023 \$'000	2022 \$'000
Statement of profit or loss and other comprehensive income		
Profit after income tax	48,100	1,461
Total comprehensive income	48,100	1,461

Notes to the financial statements

6. GROUP STRUCTURE continued

Summary financial information continued

Consolidated	2023 \$'000	2022 \$'000
Statement of financial position		
Total assets	539,836	468,124
Total liabilities	(30,615)	(23,589)
Equity	509,221	444,535

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2023 or 30 June 2022.

Capital commitments

The parent entity had no capital commitments as at 30 June 2023 or 30 June 2022.

Deferred tax asset

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

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity entered into a DOCG with the wholly owned controlled entities marked 1 in note 6.2.

6.5 DEED OF CROSS GUARANTEE FINANCIALS

Pursuant to ASIC Corporations (wholly Owned Companies) Instrument 2016/785 ("instrument") the wholly owned controlled entities marked 1 in note 6.2 are relieved from the Corporations Act 2001 requirement for preparation, audit and lodgement of financial reports and Directors' report.

The effect of the Deed is that the company guarantees to each creditor payments in full of any debt in the event of winding up of any of the parties to the Deed under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Corporations Act 2001, the Company will only be liable in the event that after six months any creditors have not been paid in full. The subsidiaries are also given a similar guarantee in the event that the Company is wound up.

A combined statement of comprehensive income and combined statement of financial position, comprising the Company and the controlled entities which are party to the Deed, are set out below.

	2023 \$'000	2022 \$'000
Income		
Revenue	82,532	43,989
Interest and other income	38,452	34,741
Share of profits from associates	906	1,122
Total income	121,890	79,852
Expenses		
Platform and custody fees	(6,723)	(3,067)
Employee related expenses	(37,357)	(33,816)
Depreciation and amortisation expense	(8,515)	(8,213)
Administrative expenses	(11,560)	(13,710)
Share based payments expense	(11,096)	(10,783)
Interest expense – lease liability	(314)	(248)
Interest expense – other	(1,614)	(523)
Impairment charge on non-financial assets	(3,248)	—
Total expenses	(80,427)	(70,360)
Profit/(loss) before income tax	41,463	9,492
Income tax expense	(6,857)	(2,938)
Profit after income tax for the year	34,606	6,554

Notes to the financial statements

6. GROUP STRUCTURE continued

	2023 \$'000	2022 \$'000
Assets		
<i>Current assets</i>		
Cash and cash equivalents	35,049	12,909
Trade and other receivables	22,492	12,323
Current tax receivables	1,847	—
Other current assets	6,579	5,075
Total current assets	65,967	30,307
<i>Non-Current assets</i>		
Investment in associates	12,172	15,167
Investment in subsidiaries	104,461	67,237
Intangible assets	456,606	426,756
Loans receivable	1,250	15,655
Right of use assets	9,418	9,483
Property, plant and equipment	2,929	2,909
Total non-current assets	586,836	537,207
Total assets	652,803	567,514
Liabilities		
<i>Current liabilities</i>		
Trade and other payables	11,104	11,124
Provisions	23,716	21,143
Current tax liabilities	—	2,694
Borrowings	—	10,059
Lease liabilities	3,654	3,204
Deferred tax liabilities (net of deferred tax assets)	1,478	822
Other current liabilities	127	284
Total current liabilities	40,079	49,330
<i>Non-current liabilities</i>		
Lease liabilities	6,407	6,931
Provisions	4,387	3,252
Borrowings	29,975	29,236
Deferred income	365	492
Other non-current liabilities	—	24
Total non-current liabilities	41,134	39,935
Total liabilities	81,213	89,265
Net assets	571,590	478,249
Equity		
Issued capital	547,310	492,052
Profit reserve	35,007	7,507
Share based payment reserves	26,750	19,975
Retained earnings	(37,477)	(41,285)
Total equity	571,590	478,249

Notes to the financial statements

7. EMPLOYEE REMUNERATION

7.1 SHARE BASED PAYMENTS

Overview

Share-based payments are equity-based compensation schemes provided to employees, executives, and directors. There are currently three plans in place to provide these benefits, collectively known as the Plans:

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

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

7.1.1 Recognised share-based payment expense

During the year ended 30 June 2023, the consolidated statement of profit and loss recognised \$10.1 million (\$11.1m when including the impact of payroll tax) of equity-settled share-based payment transactions (FY22: \$10.8 million).

Accounting policies

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

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

Critical accounting judgements and estimates

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

The impact of any service and non-market vesting conditions is excluded from the fair value. Instead, this is included in assumptions about the number of options that are expected to vest. These assumptions are revised at the end of each reporting period.

The impact of any revision to original estimates is recognised as an expense in the Consolidated Statement of profit and loss, with a corresponding adjustment to equity.

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

7.1.2 Types of share-based payment plans

1. Share based payment plans issued during the year ended 30 June 2023

PARs (Rights)	Issue Date	Number Issued
MD	7 December 2022	53,163
Employees	7 December 2022	314,991
Employees	6 June 2023	6,319

Vesting Terms

Expiry Date	15 years after date of issue
Expected Vesting Period	3 years
Exercise Price	Nil

Vesting Conditions

I. Service	Must be an employee at date of issue.
II. FUA	<p>Performance condition (a) 50% Performance Rights will be subject to the hurdle based on growth in custody FUA which has been set to between \$85 billion and \$100 billion which represents a three year compound annual growth rate (CAGR) of FUA between 19.59% and 26.25% per annum, and a FUA growth of between 71% and 101%, over the three years to 30 June 2025.</p> <p>The vesting is calibrated as follows: zero vesting will occur if the CAGR in custody FUA is below a minimum level of 19.59% per annum (an increase of 71% over three years representing approximately \$85 billion by 30 June 2025); 25% vesting will occur if the CAGR in custody FUA reaches 19.59% per annum (an increase of 71% over three years representing approximately \$85 billion by 30 June 2025); 100% vesting will occur if the CAGR in custody FUA reaches 26.25% per annum (an increase of 101.2% over three years representing approximately \$100 billion by 30 June 2025); and vesting between 19.59% and 26.25% per annum CAGR in custody FUA (representing approximately \$85 billion and \$100 billion in FUA for between 25% and 100% vesting) will be on a straight-line basis between these two levels.</p>
III. Market	<p>Performance condition (b) 50% Performance Rights will be subject to, and will vest on, the achievement of a hurdle measuring the Absolute Total Shareholder return (ATSR) of 10% to 15% per annum over the next three years. The vesting is calibrated as follows: zero vesting occurs below a threshold of 10% ATSR compounded annually is achieved; 25% vesting occurs when a threshold vesting of 10% ATSR compounded annually is achieved; 100% vesting occurs when a threshold vesting of 15% ATSR compounded annually is achieved; and vesting between 10% and 15% ATSR will be on a straight-line basis between these two levels.</p> <p>Thresholds</p> <p>The determination of the ATSR thresholds will be based upon the 40 trading day VWAP for Shares spanning the full year results announcement on 23 August 2022 (20 days prior to and 20 days post results announcement). The 40 trading day VWAP for Shares on that basis (i.e. 27 July 2022 to 20 September 2022) was \$23.98, therefore (in the absence of any dividends) the 10% threshold is \$31.92 and the 15% threshold is \$36.47, or \$35.11 and \$41.94 respectively when tested over a four year period as described further below.</p>
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

Rights – Employees

PARs (Rights)

Issue Date	7 December 2022
Number Issued	25,474

Vesting Terms

Expiry Date	15 years after date of issue
Expected Vesting Period	3 years
Exercise Price	Nil

Vesting Conditions

I. Service	Must be an employee at date of issue.
II. Growth	Performance condition to effectively undertake: <ul style="list-style-type: none"> – Effective protection of the business in relation to key legal matters across the HUB24 Group over the period from 1 July 2022 to 30 June 2025; and – Effective protection of the business in relation to key risk and compliance matters across the HUB24 Group over the period from 1 July 2022 to 30 June 2025.
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.

Rights – myprosperity

PARs (Rights)

Issue Date	30 May 2023
Number Issued	416,213

Vesting Terms

Expiry Date	15 years after date of issue
Expected Vesting Period	3 years
Exercise Price	Nil

Vesting Conditions

I. Service	Must be an employee at date of issue.												
II. Delivery of portals	Performance condition (a) for the 3 year performance period from 1 July 2023 to 30 June 2026, 10% of your Performance Rights will be eligible to vest subject to myprosperity's successful delivery of the HUB24 Simple Portal by 30 September 2023 and the HUB24 Group Portal by 30 June 2024.												
III. Financial revenue	Performance condition (b) 90% of your Performance Rights will be eligible to vest subject to the successful achievement of the financial revenue milestones identified in the following table (FY Revenue Milestones).												
	<table> <thead> <tr> <th>Financial Year</th> <th>FY Revenue Milestone</th> <th>% of total Performance Rights eligible for vesting</th> </tr> </thead> <tbody> <tr> <td>FY24</td> <td>\$7.2m</td> <td>25%</td> </tr> <tr> <td>FY25</td> <td>\$13.1m</td> <td>25%</td> </tr> <tr> <td>FY26</td> <td>\$21.2m</td> <td>40%</td> </tr> </tbody> </table>	Financial Year	FY Revenue Milestone	% of total Performance Rights eligible for vesting	FY24	\$7.2m	25%	FY25	\$13.1m	25%	FY26	\$21.2m	40%
Financial Year	FY Revenue Milestone	% of total Performance Rights eligible for vesting											
FY24	\$7.2m	25%											
FY25	\$13.1m	25%											
FY26	\$21.2m	40%											
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.												

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

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

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

PARs (Rights)	Issue Date	Number of Options Issued
MD	14 December 2021	35,901
KMP (excluding MD)	22 November 2021	49,458
Employees	22 November 2021	101,306

Vesting Terms

Expiry Date	15 years after date of issue
Expected Vesting Period	3 years
Exercise Price	Nil

Vesting Conditions

I. Service	Must be an employee at date of issue.
II. FUA	<p>Performance condition (a) 50% of the Performance Rights will be subject to, and will vest based on a calculated score (Score) that measures the achievement of a funds under administration (FUA) target that has been set for the three years ending on 30 June 2024. The Score will have regard to the relative growth in Platform (Custody) FUA and Portfolio Administration and Reporting Services (Non-Custody) FUA as well as the relative financial contribution of Custody FUA and Non-Custody FUA to HUB24's financial results.</p> <p>The Score is calculated as:</p> $\text{Score} = ((\text{PR}-\text{PVC})/\text{PFUA}) \times \text{PFUA} + \text{CFUA} ((\text{CR}-\text{CVC})/\text{CFUA})$ <p>Where:</p> <ul style="list-style-type: none"> – CFUA = Custodial FUA (divided by 1 billion) – PFUA = Non-custodial FUA (divided by 1 billion) – CR = Custodial Revenue – PR = Non-custodial Revenue – CVC = Custodial specified variable costs – PVC = Non-custodial specified variable costs <p>The vesting is calibrated as follows: zero vesting will occur where the achievement is below a minimum score of 88.5 (a FUA increase of 70.6% over three years); 50% vesting will occur where the achievement reaches a score of 88.5 (an increase of 70.6% over three years); 100% vesting will occur where the achievement reaches a score of 100 (an increase of 94.5% over three years); and vesting between a score of 88.5 and 100 (for between 50% and 100% vesting) will be on a straight-line basis between these two levels.</p>

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

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

Rights – Employees

PARs (Rights)

Issue Date	22 November 2021
Number of Options Issued	3,979
Expiry Date	21 November 2036
Expected Vesting Period	3 years
Exercise Price	Nil

Vesting Conditions

I. Service	Must be an employee at date of issue.
II. Growth	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.
III. Performance conditions	Performance condition (b) Effective protection of the business in relation to key legal, risk and compliance matters across the HUB24 Group.
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.

Rights – Chief Financial Officer

PARs (Rights)

Issue Date	22 November 2021
Number Issued	17,250
Expiry Date	21 November 2036
Expected Vesting Period	15 years
Exercise Price	—

Vesting Conditions

I. Service	Must be an employee at date of issue.
II. FUA	100% of the Performance Rights will be subject to, and will vest on, the achievement of a hurdle measuring Platform (Custody) funds under administration (FUA) over the next two years. The vesting is calibrated as follows: zero vesting will occur if Custody FUA is below a minimum level of \$63 billion by 30 June 2023); 50% vesting will occur if Custody FUA reaches \$63 billion by 30 June 2023); 100% vesting will occur if Custody FUA reaches \$70 billion by 30 June 2023); and vesting between \$63 billion and \$70 billion (between 50% and 100% vesting) will be on a straight-line basis between these two levels.
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

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

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

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

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

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

Options & Rights – Key Management Personnel (excluding MD)

	Options	Rights
Issue Date	24 December 2020	24 December 2020
Number of Options Issued	33,558	31,395
Expiry Date	24 December 2025	24 December 2035
Expected Vesting Period	3 years	3 years
Exercise Price	\$14.29	—

Vesting Conditions

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

Rights – Employees

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

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

Special 5 Year LTI Performance Rights – Employees		
	Special LTI – Tranche 1	Special LTI – Tranche 2
Issue Date	2 March 2021	2 March 2021
Number issued	565,000	127,500
Expiry Date	30 June 2025	30 June 2025
Expected Vesting Period	5 years	5 years
Exercise Price	—	—
Performance Period	1 July 2020 to 30 June 2025	1 July 2020 to 30 June 2025
Performance Conditions¹	Zero vesting will occur if the CAGR in FUA is below a minimum level of 23.8% per annum (an increase of 191% over five years representing approximately \$50 billion by 30 June 2025). 50% vesting will occur if the CAGR in FUA reaches 23.8% per annum. 100% vesting will occur if the CAGR in FUA reaches 28.4% per annum; and vesting between 23.8% and 28.4% (representing approximately \$60 billion by 30 June 2025) per annual CAGR in FUA will be on a straight-line basis between these two levels.	Zero vesting will occur if the CAGR in FUA is below a minimum level of 32.4% per annum (an increase of 307% over five years representing approximately \$70 billion by 30 June 2025). 100% vesting will occur if the CAGR in FUA reaches 32.4% per annum.

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

Special 5 Year LTI Performance Rights – MD		
	Special LTI – Tranche 1	Special LTI – Tranche 2
Issue Date	24 December 2020	24 December 2020
Number issued	220,000	50,000
Expiry Date	30 June 2025	30 June 2025
Expected Vesting Period	5 years	5 years
Exercise Price	—	—
Performance Period	1 July 2020 to 30 June 2025	1 July 2020 to 30 June 2025
Performance Conditions¹	Zero vesting will occur if the CAGR in FUA is below a minimum level of 23.8% per annum (an increase of 191% over five years representing approximately \$50 billion by 30 June 2025). 50% vesting will occur if the CAGR in FUA reaches 23.8% per annum. 100% vesting will occur if the CAGR in FUA reaches 28.4% per annum; and vesting between 23.8% and 28.4% (representing approximately \$60 billion by 30 June 2025) per annual CAGR in FUA will be on a straight-line basis between these two levels.	Zero vesting will occur if the CAGR in FUA is below a minimum level of 32.4% per annum (an increase of 307% over five years representing approximately \$70 billion by 30 June 2025). 100% vesting will occur if the CAGR in FUA reaches 32.4% per annum.

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

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

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

Tax Exempt Share Plan – Employees

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

Options and Rights – Employees

	Share Ownership Plan	PARS (Rights)
Issue Date	25 Nov 2019	25 Nov 2019
Number of Options Issued	323,151	129,404
Expiry Date	25 November 2024	25 November 2034
Expected Vesting Period	3 years	3 years
Exercise Price	\$12.36	nil

Vesting Conditions

I. Service	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	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	50% of the options and 50% of the performance rights will be subject to, and will vest on, the achievement of a hurdle measuring the compound annual growth (CAGR) in FUA over the next three years. The vesting is calibrated as follows: zero vesting will occur if the FUA does not exceed \$27 billion by 30 June 2022; 25% vesting will occur if the FUA reaches \$27 billion by 30 June 2022; 80% vesting will occur if the FUA reaches \$29 billion by 30 June 2022; 100% vesting will occur if the FUA reaches \$32 billion by 30 June 2022. vesting for between \$27 billion and \$29 billion (for between 25% and 80%) will be on a straight line basis between the two levels; and vesting for between \$29 billion and \$32 billion (for between 80% and 100%) will be on a straight line basis between the two levels.
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

Options and Rights – Employees		
	Share Ownership Plan	PARS (Rights)
Issue Date	25 Nov 2019	25 Nov 2019
Number of Options Issued	8,181	3,276
Expiry Date	25 November 2024	25 November 2034
Expected Vesting Period	3 years	3 years
Exercise Price	\$12.36	nil
Vesting Conditions		
I. Service	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	Effective leadership of the Group's Legal and Compliance functions together with the development of enhancements to these functions.	
III. Strategy	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 its 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.	

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

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

Notes to the financial statements

7. EMPLOYEE REMUNERATION 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 2018	7 Sep 2018	7 Sep 2018	7 Sep 2018	7 Sep 2018	7 Sep 2018
Number of Options Issued	257,852	70,888	12,000	4,000	30,000	10,000
Expiry Date	7 Sep 2023	7 Sep 2033	7 Sep 2023	7 Sep 2033	7 Sep 2023	7 Sep 2033
Expected Vesting Period	3 years	3 years	2 years	2 years	2 years	2 years
Exercise Price	\$12.04	nil	\$12.04	nil	\$11.73	nil
Vesting Conditions						
I. Service	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	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	50% vesting on the achievement of Performance condition 1. Growth in FUA in excess of 115.8% over three years, proportional vesting between 29.23% and 40.23% p.a.	0% vesting if the CAGR in FUA was below a minimum level of 25.88% p.a 99.5% over three years). 50% vesting will occur if the CAGR in FUA reaches 29.58% p.a 117.6% over three years. 100% vesting will occur if the CAGR in FUA reaches 33.09% p.a (135.7% three years).	0% vesting if the CAGR in FUA was below a minimum level of 25.88% p.a 99.5% CAGR over three years). 50% vesting will occur if the CAGR in FUA reaches 29.58% p.a (117.6% over three years). 100% vesting will occur if the CAGR in FUA reaches 33.09% p.a over (135.7% over three years).			
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.					

Options and Rights – Employees				
	Share Ownership Plan – MD	PARS (Rights) – MD	Share Ownership Plan – CFO	PARS (Rights) – CFO
Issue Date	12 Dec 2018	12 Dec 2018	12 Dec 2018	12 Dec 2018
Number of Options Issued	51,186	14,072	24,667	6,981
Expiry Date	12 Dec 2023	12 Dec 2033	12 Dec 2023	12 Dec 2033
Expected Vesting Period	3 years	3 years	3 years	3 years
Exercise Price	\$12.04	nil	\$13.44	nil
Vesting Conditions				
I. Service	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	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	50% vesting on the achievement of Performance condition 1. Growth in FUA CAGR in excess of 115.8% over three years, proportional vesting between 29.23% and 40.23% p.a.			
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.			

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

Options and Rights – Employees

PARS (Rights) – Director

Issue Date	12 Dec 2018
Number Issued	20,000
Expiry Date	12 Dec 2033
Expected Vesting Period	3 years
Exercise Price	nil

Vesting Conditions

I. Service	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	Performance condition (a) stipulates that the director must provide support to the HUB24 Managing Director and KMP in relation to the securing and maintenance of key accounts over the period from 1 July 2018 to 30 June 2021.
II. Growth	Performance condition (b) stipulates that the director must directly liaise with key accounts to facilitate growth and customer satisfaction as measured by the improvement in the company's customer satisfaction service levels over the period from 1 July 2018 to 30 June 2021.

Options and Rights – Employees

PARS (Rights) – Head of Legal & Compliance

Issue Date	12 Dec 2018
Number Issued	20,000
Expiry Date	12 Dec 2033
Expected Vesting Period	4 years
Exercise Price	nil

Vesting Conditions

I. Service	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	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.
II. Growth	Performance condition (b) stipulates that the employee must display effective leadership and management of key legal, risk and compliance matters across the HUB24 Group.

Options and Rights – Employees

PARS (Rights) – Special LTI

Issue Date	12 Dec 2018
Number Issued	425,000
Expiry Date	12 Dec 2033
Expected Vesting Period	4 years
Exercise Price	nil

Vesting Conditions

I. FUA	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.

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

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

Tax Exempt Share Plan – Employees

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

Options and Rights – Employees

	PARS (Rights)	PARS (Rights) Paragem	PARS (Rights) – MD
Issue Date	11 Oct 2017	21 Aug 2017	11 Dec 2017
Number of Options Issued	122,942	11,211	23,897
Expiry Date	11 Oct 2032	21 Aug 2032	11 Dec 2032
Expected Vesting Period	3 years	3 years	3 years
Exercise Price	nil	nil	nil

Vesting Conditions

I. Service	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	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	50% vesting on the achievement of Performance condition 1. Growth in FUA in excess of 117.6% over three years, proportional vesting between 25.88% and 33.09% p.a.	50% vesting on the achievement of Performance condition 1. Growth in FUA CAGR in excess of 109.7% over three years, proportional vesting between 28% and 45% p.a.	50% vesting on the achievement of Performance condition 1. Growth in FUA CAGR CAGR in excess of 117.6% over three years, proportional vesting between 25.88% and 33.09% pa.
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.		

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

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

Tax Exempt Share Plan – Employees

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

Options and Rights – Employees

FY2017	PARS (Rights)
Issue Date	29 Nov 2016
Number of Options Issued	137,043
Expiry Date	29 Nov 2031
Expected Vesting Period	3 years
Exercise Price	nil

Vesting Conditions

I. Service	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	50% vesting on the achievement of Performance condition 1. Absolute Total Shareholder Return (ATSR) CAGR in excess of 17.5% years, proportional vesting between 12.5% and 17.5%.	Achieve share price hurdle of 52% greater than exercise over three price for 20 consecutive days in the period between 36 months from the issue date and expiry of options.
III. FUA	50% vesting on the achievement of Performance condition 2. Growth in FUA CAGR in excess of 45% over three years, proportional vesting between 28% and 45%.	N/A
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.	

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

Summary of options and rights granted

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

Summaries of options granted	30 June 2023 Number	WAEP	WASP	30 June 2022 Number	WAEP	WASP
Outstanding at the beginning of the financial year	695,188	—	—	1,161,128	—	—
Granted during the year	—	—	—	—	—	—
Forfeited during the year	(1,926)	—	—	(28,412)	—	—
Exercised during the year	(208,564)	\$9.67	\$24.04	(437,528)	\$6.38	\$30.02
Expired during the year	—	—	—	—	—	—
Outstanding at the end of the year ¹	484,698	—	—	695,188	—	—
Exercisable at the end of the year	324,764	—	—	251,028	—	—

1. The range of exercise prices is \$12.04 to \$14.29 (FY22 \$7.09 to \$14.29), and weighted average remaining contractual life is 1.22 years (FY22 1.91 years).

Summaries of rights granted	30 June 2023 Number	WAEP	WASP	30 June 2022 Number	WAEP	WASP
Outstanding at the beginning of the year	2,018,719	—	—	1,908,236	—	—
Granted during the year	816,160	—	—	207,893	—	—
Forfeited during the year	(43,494)	—	—	(9,358)	—	—
Exercised during the year	(199,516)	—	—	(88,052)	—	—
Expired during the year	—	—	—	—	—	—
Outstanding at the end of the year	2,591,869	—	—	2,018,719	—	—
Exercisable at the end of the year	491,245	—	—	135,688	—	—

7.1.3 Option pricing model

The fair value of all equity-settled options issued is estimated at the grant date using the Monte Carlo model and Black Scholes option pricing model.

The following table lists the inputs to the models used:

1. Share based payment plans issued during the year ended 30 June 2023.

Rights for MD & Employees	FUA target Rights	ATSR target Rights
Dividend Yield (%)	0.9%	0.9%
Expected Volatility (%)	50.0%	50.0%
Risk-free Interest Rate (%)	3.0%	3.0%
Life (years)	3.0	3.7
Spot price on Valuation Date (\$)	27.62	27.62
Model used	Monte-Carlo Simulation & Black Scholes	Monte-Carlo Simulation & Black Scholes
Rights for Employees	FUA target Rights	ATSR target Rights
Dividend Yield (%)	0.9%	0.9%
Expected Volatility (%)	50.0%	50.0%
Risk-free Interest Rate (%)	3.0%	3.0%
Life (years)	3.0	3.7
Spot price on Valuation Date (\$)	25	25
Model used	Monte-Carlo Simulation & Black Scholes	Monte-Carlo Simulation & Black Scholes

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

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

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

7.2 KEY MANAGEMENT PERSONNEL

Key management personnel compensation

Consolidated	2023 \$'000	2022 \$'000
Short term employment benefits	4,268	3,543
Post employment benefits	247	220
Share based payments	5,991	6,400
	10,506	10,163

Key management personnel (KMP) are those who, directly or indirectly, have authority and responsibility for planning, directing and controlling the activities of HUB24. The KMP are outlined in the Remuneration Report on page 21.

Notes to the financial statements

8. OTHER INFORMATION

8.1 NEW AND AMENDED ACCOUNTING STANDARDS ISSUED BY THE AUSTRALIAN ACCOUNTING STANDARDS BOARD (AASB)

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

Date Issued	Pronouncement	Effective for annual reporting periods beginning on or after
June 2020	AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments ¹	1 January 2022
December 2021	AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections ¹	1 January 2022
March 2021	AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates ²	1 January 2023
June 2021	AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²	1 January 2023
December 2022	AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards ²	1 January 2023
December 2014	AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²	1 January 2025
March 2020	AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current ²	1 January 2024
November 2022	AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback ²	1 January 2024

1. Adopted by the Group in the current year.

2. New, revised, or amended Accounting Standards but not yet adopted.

8.2 SIGNIFICANT EVENTS AFTER REPORT DATE

Subsequent to year end, the following items have occurred:

- Directors have determined a fully franked final dividend of 18.5 cents per share (a fully franked dividend of 12.5 cents per share was determined in FY22).
- During FY24, the Group intends to undertake an on market share buy back up to a maximum value of \$50 million, over a 12 month period as disclosed in the ASX update on 22 August 2023.

No other significant matter or circumstance has arisen since 30 June 2023 that has notably affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

8.3 REMUNERATION OF AUDITORS

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

Consolidated	2023 \$'000	2022 \$'000
Audit and review of financial statements provided by Deloitte Touche Tohmatsu	645	667
Statutory assurance services	323	158
Other assurance services	415	484
Tax and other services	230	288
Total audit and other fees	1,613	1,597

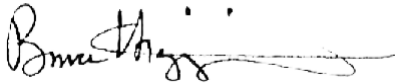
Directors' declaration

For the year ended 30 June 2023

In the Directors' opinion:

- a. the financial statements and notes set out on pages 38 to 96 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and
 - ii. complying with Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- b. the financial statements and notes comply with International Financial Reporting Standards as disclosed in Note 1, and
- c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
- d. this declaration has been made after receiving the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors.



Bruce Higgins

Chairman

Sydney

22 August 2023

Independent auditor's report



Deloitte Touche Tohmatsu
ABN 74 490 121 060
Quay Quarter Tower
50 Bridge Street
Sydney, NSW, 2000
Tel: +61 2 9322 7000

www.deloitte.com.au

Independent Auditor's Report to the Members of HUB24 Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of HUB24 Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Key Audit Matters

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

Independent auditor's report

Deloitte

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter												
<p>Impairment of non-financial assets including goodwill</p> <p>Refer to:</p> <ul style="list-style-type: none"> Note 3.5 <i>Intangible assets</i> <p>As at 30 June 2023 the carrying value of non-financial assets of the Class Cash Generating Unit ("CGU") totaled \$324 million and comprised the following intangible assets:</p> <table border="0" data-bbox="277 949 778 1115"> <tr> <td></td> <td style="text-align: right;">\$'000</td> </tr> <tr> <td>Computer software</td> <td style="text-align: right;">63,858</td> </tr> <tr> <td>Customer relationships</td> <td style="text-align: right;">73,612</td> </tr> <tr> <td>Brand</td> <td style="text-align: right;">8,761</td> </tr> <tr> <td>Goodwill</td> <td style="text-align: right;"><u>178,040</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">324,270</td> </tr> </table> <p>Evaluation of the recoverable amount of intangible assets for impairment testing requires significant judgement due to the estimation of future cash flows, discount and terminal growth rates, and the period over which cash flows have been discounted in the value-in-use model prepared by Management.</p>		\$'000	Computer software	63,858	Customer relationships	73,612	Brand	8,761	Goodwill	<u>178,040</u>	Total	324,270	<p>In conjunction with our valuation specialists, our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> Assessing the design and implementation of relevant controls in place associated with the preparation of the value-in-use model; Assessing the reasonableness of key data inputs in the model; Obtaining and reading management's reports to understand and challenge the valuation methodology and key assumptions used in determining the recoverable amount such as: <ul style="list-style-type: none"> Revenue and expenses projections used in the forecasted cash flows by comparing them to historical results, and where appropriate, market evidence; Terminal growth rates; and Discount rate applied. Testing the mathematical accuracy and integrity of the value-in-use model; Assessing managements' consideration of the sensitivity to a change in key assumptions that both individually or collectively would be required for intangible assets to be impaired and considered the likelihood of such a movement in those key assumptions; Evaluating the facts and circumstances surrounding Class since its acquisition including the purchase price, market comparators and earnings multiples; and Assessing the adequacy of the relevant disclosures in the notes to the financial statements
	\$'000												
Computer software	63,858												
Customer relationships	73,612												
Brand	8,761												
Goodwill	<u>178,040</u>												
Total	324,270												

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 2023, 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

Independent auditor's report

Deloitte

obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism 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.

Independent auditor's report

Deloitte

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

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

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

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in Pages 19 to 36 of the Annual Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of HUB24 Limited for the year ended 30 June 2023 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



Stuart Alexander

Partner

Chartered Accountants

Sydney, 22 August 2023

Additional information

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. This information is current as at 1 August 2023.

Distribution of equity securities

Ordinary share capital – 81,502,338 fully paid ordinary shares are held by 8,002 individual security holders.

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

	Number of Shareholders	Total Number of Shares	% of Total Issued Shares
<i>Fully paid ordinary shares – holding ranges</i>			
1 to 1,000	5,844	1,779,852	2.18%
1,001 to 5,000	1,747	3,868,666	4.75%
5,001 to 10,000	204	1,436,156	1.76%
10,001 to 100,000	170	4,994,134	6.13%
100,001 and over	37	69,423,530	85.18%
Total	8,002	81,502,338	100.00

There were 331 shareholders holding less than a marketable parcel of 18 securities, based on a close price of \$28.01 as at 1 August 2023, and they hold 1,443 securities.

Options

484,698 options and 2,591,869 performance rights are held. Options and performance rights do not carry a right to vote.

Substantial shareholders

As at 1 August 2023 the following substantial shareholdings have been disclosed to the Company via substantial holding notices provided:

Substantial Holder	Number of Ordinary Shares Held	% of total shares issued ¹
Hyperion Asset Management Limited	6,810,576	8.36%
Pinnacle Investment Management Group (and its associated entities)	6,366,072	7.95%
TIGA Trading Pty Ltd (and its associated entities)	5,317,515	6.64%
ECP Asset Management Pty Ltd (and its associated entities)	5,126,130	6.40%
Aware Super Pty Ltd as trustee of Aware Super	4,080,562	5.01%

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

Additional information

20 largest shareholders at 1 August 2023

	Number held	%IC
Citicorp Nominees Pty Ltd	16,742,935	20.54%
HSBC Custody Nominees (Australia) Ltd	14,153,017	17.37%
J P Morgan Nominees Australia Pty Ltd	13,127,493	16.11%
UBS Nominees Pty Ltd	4,666,776	5.73%
BNP Paribas Noms Pty Ltd	4,375,969	5.37%
National Nominees Limited	4,261,188	5.23%
Pacific Custodians Pty Limited	1,812,133	2.22%
BNP Paribas Nominees Pty Ltd	1,361,575	1.67%
BNP Paribas Nominees Pty Ltd HUB24 Custodial Serv Ltd	1,028,187	1.26%
Troncell Pty Ltd <P D Kibble Family A/C>	766,449	0.94%
HSBC Custody Nominees (Australia) Limited – A/C 2	571,548	0.70%
Litster & Associates Pty Ltd <C & C Super Fund A/C>	522,488	0.64%
Netwealth Investments Limited <Wrap Services A/C>	519,447	0.64%
BNP Paribas Noms (NZ) Ltd	464,121	0.57%
Troncell Pty Ltd <Kibble Super Fund A/C>	426,182	0.52%
Mac (P&K) Pty Ltd <The McCarthy & McFarlane Family A/C>	384,504	0.47%
Mirrabooka Investments Limited	352,500	0.43%
Firstfunds Limited <Employee Share Ownership>	351,795	0.43%
Coscog Pty Ltd <Coscog Super Fund A/C>	318,611	0.39%
Mrs Jasmin Zheng-Min Zhao Litster	293,698	0.36%
Total of Top 20 Holdings	66,500,616	81.59%

Corporate Governance Statement

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

The Corporate Governance Statement and further details about corporate governance policies, Board and Committee charters may be accessed via the Company's website: <https://www.hub24.com.au/shareholder-centre/corporate-governance>

Glossary

EBITDA	Earnings before interest, tax, depreciation, amortisation
Funds under administration (FUA)	The value of customer portfolios invested onto the Platform
IDPS	Investor Directed Portfolio Service (description)
MDA	Managed Discretionary Account (description)
MIS	Managed Investment Scheme (description)
Net Tangible Asset per fully paid ordinary share	Total Assets less Total Liabilities adjusted for Intangible Assets, divided by the number of outstanding ordinary paid shares
Notable items	Includes administrative and resourcing costs related to strategic transactions and project costs. Amortisation relating to the acquisition of Xplore, Class and Ords
ORFR	Operational Risk Financial Requirement relates to the HUB24 Superannuation Fund's requirement to hold adequate reserves against operational losses in accordance with APRA Prudential Standard SPS114
PARS	Performance Rights
PARS FUA	Portfolio And Reporting Services – refers to the non-custodial portfolio
Platform FUA	Refers to the custodial portfolio
PPA	The final purchase price accounting for the Xplore, Class and myprosperity acquisitions
PPU	Pay Per Unit
SMSF	Self-managed super fund
STI/LTI	Short term incentive/Long term incentive
Underlying EBITDA	Refers to EBITDA excluding notable items

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 and Independent Non-Executive Director)
Mr Andrew Alcock (Managing Director)
Mr Anthony McDonald (Independent Non-Executive Director)
Ms Catherine Kovacs (Independent Non-Executive Director)
Mr Paul Rogan (Independent Non-Executive Director)
Ms Rachel Grimes AM (Independent Non-Executive Director) appointed 29 May 2023
Ms Ruth Stringer (Independent Non-Executive Director) retired on 30 April 2023

COMPANY SECRETARIES

Ms Kitrina Shanahan
Mr Andrew Brown

AUDITOR

Deloitte Touche Tohmatsu

Quay Quarter Tower, 50 Bridge St,
Sydney NSW 2000

SHARE REGISTRY

Link Market Services Limited

Locked Bag A14
Sydney South NSW 1235 Australia

Telephone: +61 1300 554 474

Outside Australia: +61 2 8767 1000

Email: registrars@linkmarketservices.com.au

Website: www.linkmarketservices.com.au

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

ELECTRONIC COMMUNICATIONS

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

These reports are available on our website at www.HUB24.com.au.
To register for electronic investor communications, please go to
www.linkmarketservices.com.au and register for online services.

WEBSITE

hub24.com.au

LINKEDIN

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

HUB²⁴

HUB24.COM.AU