HUB24

HUB24 | YEAR ENDED 30 JUNE 2024

Empowering better financial futures, **together.**

HUB24 has delivered strong growth during FY24 whilst remaining focused on enhancing value for our customers, delivering on our strategic objectives, and pursuing our purpose to empower better financial futures together.

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Appendix 4E

Year ended 30 June 2024 under ASX Listing Rule 4.3A

Results for announcement to the market

Current period: 1 July 2023 to 30 June 2024

Prior corresponding period: 1 July 2022 to 30 June 2023

Key information	Year ended 30 June 2024 $'000	Year ended 30 June 2023 $'000	% change
Revenue from ordinary activities[1]	**327,358**	279,532	17%
Net profit/(loss) after tax for the period attributable to equity holders	**46,477**	38,166	22%
	Cents	**Cents**	**% change**
Basic earnings per share	**58.15**	47.69	22%
Diluted earnings per share	**56.38**	46.06	22%

1. Includes revenue from customers, interest and income from investments in associates, excludes gain on sale of investment in associates. See page 47 and note 2.1 for further details.

Dividends	Amount per security cents	Franked per security %	Total Amount $'000
Interim dividend (per share)	18.50	100	15,025
Final dividend (per share)	19.50	100	15,826

Subsequent to the year ended 30 June 2024 the directors have determined a fully franked final dividend of 19.5 cents per share (a fully franked 18.5 cents per share final dividend was paid following the year ended 30 June 2023). The final dividend is payable on 11 October 2024 and is not recognised as a liability as at 30 June 2024.

Dates for the dividend are as follows

Ex-date	9 September 2024
Record date	10 September 2024
Dividend payment date	11 October 2024

Explanation of results

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

	Year ended 30 June 2024	Year ended 30 June 2023
Net tangible assets (per fully paid ordinary share)[1]	**$0.87**	$0.63

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

During the year ended 30 June 2024, the HUB24 Group voluntarily deregistered Xplore Equity Finance Pty Ltd, Topdocs Edge Pty Ltd, Margaret Street Investment Consulting Services Pty Ltd, Aracon Superannuation Pty Ltd, Marketsplus Australia Pty Ltd, Margaret Street Nominees Pty Ltd, Accounting & Legal Dynamics Pty Ltd and Company Dynamics Pty Ltd. Please refer to note 6.2 in the financial report for more information.

Details of associates and joint venture entities

Prior to 1 March 2024 the HUB24 Group had a 34.4% (30 June 2023: 31.5%) investment in Diverger Limited (Diverger), an accounting and wealth management service provider. On 1 March 2024 Count Limited (Count) completed the acquisition of Diverger resulting in the HUB24 Group no longer holding an investment in Diverger.

On 1 March 2024, the HUB24 Group became a strategic shareholder in Count with a 11.55% holding. Count is a diversified financial services business providing integrated accounting and wealth management services to the Australian market. The investment in Count is recognised as an equity investment and revalued through other comprehensive income for presentation and disclosure purposes.

Please refer to Directors' Report for more information.

Auditor review

This report is based on the consolidated financial statements which have been audited by the HUB24 Group's auditors, Deloitte Touche Tohmatsu.

FY24 Financial Highlights and Key Metrics

GROUP

Total revenue[1]
$327.3m ▲ 17%

Underlying EBITDA[2]
$118.0m ▲ 15%

Underlying NPAT[3]
$67.8m ▲ 15%

Underlying EBITDA margin
36.1% ▼ 50bps

Underlying diluted earnings per share
81.1¢ ▲ 14%

Fully franked final dividend
19.5¢ per share ▲ 5%

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

FY23 final dividend: 18.5 cents per share

PLATFORM

Platform revenue
$252.8m ▲ 21%

Platform net inflows[4]
$15.8b ▲ 62%[4]

Platform FUA of
$84.4b ▲ 35%[5]

PARS FUA of
$20.3b ▲ 15%[6]

Number of active advisers
4,525 ▲ 13%

TECH SOLUTIONS

Tech Solutions revenue
$70.7m ▲ 5%

Class number of accounts[7]
207,669 ▲ 3%

Class document orders[8]
191,094 ▲ 7%

Companies on Class corporate messenger[9]
792,922 ▲ 23%

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

1. Includes revenue from customers, interest and income from investments in associates, excludes gain on sale on investment in associates. See page 47 and note 2.1 for further details.
2. Refer to Note 2.1 for more information.
3. Refer to Directors' Report for more information on Group Underlying NPAT.
4. Platform net inflows of $15.8 billion from continuing business operations (including a $4.4 billion from large migrations).
5. Custodial FUA Administration Services.
6. Non-custodial FUA as Portfolio Administration and Reporting Services (PARS).
7. Number of Class accounts as at 30 June 2024 consists of Class Super, Class Portfolio and Class Trust licenses.
8. Documents paid for by PAYG and subscription customers for the last 12 months. Prior periods have been adjusted to reflect an updated methodology due to increased data quality.
9. Number of active companies as at 30 June 2024.

Chair and Managing Director's reports

Chair's report

It is with great pleasure that I write to you as the new Chair of HUB24 Limited. Having spent six years as Chair of the Audit and Risk Committee and three years serving on the Remuneration and Nominations Committee, it was an honour to be appointed Chair in November 2023 to lead the Board and work together with the HUB24 team to deliver on our purpose to 'empower better financial futures, together'.

Paul Rogan
Chair, HUB24 Limited

DELIVERING SHAREHOLDER OUTCOMES

In FY24, HUB24 has delivered strong financial results with Underlying Net Profit After Tax (UNPAT) of $67.8 million representing an increase of 15%. Our Underlying Earnings Per Share was 83.45 cents (up 14% on FY23), and our statutory NPAT was $47.2 million (up 24% on FY23).

These record results have been achieved alongside record net inflows onto the HUB24 Platform, the successful delivery of large, complex client migrations and continued industry recognition and customer advocacy.

We also reached a milestone with total Funds Under Administration (including both Platform and Portfolio Administration & Reporting Services (PARS) FUA) exceeding $100 billion.

These results demonstrate the resilience of HUB24 having been achieved during what has been a period of ongoing market volatility and uncertainty in the macroeconomic environment.

As shown in the chart below, over the last three years, HUB24 has generated a Total Shareholder Return (TSR) of 67% compared to the ASX 200 at 20%.

KEY FINANCIAL HIGHLIGHTS

Our preferred measure of profitability is Underlying Earnings Before Interest, Tax, Depreciation, Amortisation and Notable items (UEBITDA). This increased 15% to $118.0 million for FY24 ($102.4 million in FY23), with Underlying Net Profit After Tax (UNPAT) up 15% to $67.8 million for FY24 ($58.8 million in FY23).

Total Group Revenue increased 17% to $327.3 million ($279.5 million in FY23), which includes the Platform, Tech Solutions and Corporate segments.

HUB24 vs S&P/ASX200 3-year TSR[1]

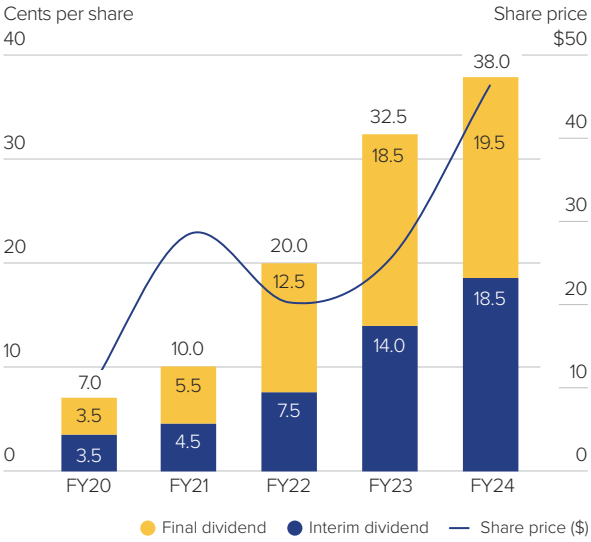
1. TSR data sourced from Morningstar 1 July 2021 – 30 June 2024.

Chair and Managing Director's reports

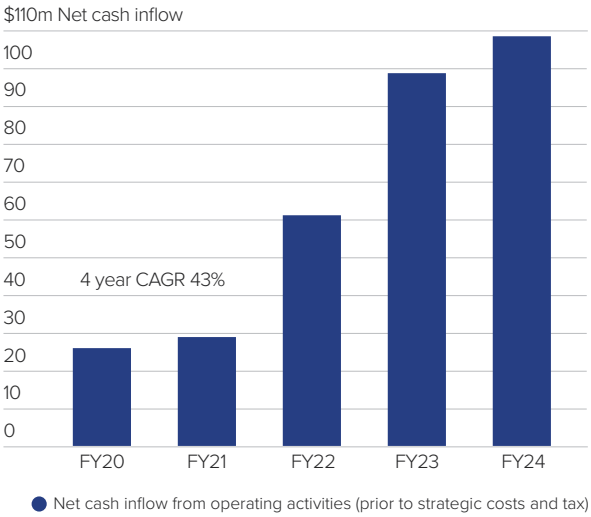
DISCIPLINED CAPITAL MANAGEMENT

Our record financial performance coupled with strong cashflow conversion, the strength of our balance sheet, and the opportunities available for future growth has resulted in the Board declaring a fully franked final dividend of 19.5 cents per share. This brings the total FY24 dividends to a record 38 cents per share, up 17% on the previous year and within our targeted payout range of 40-60% of UNPAT.

SHARE PRICE AND DIVIDEND TRENDS



Group Operating Cashflow (prior to strategic costs and tax)



CONTINUING TO DELIVER ON OUR STRATEGIC OBJECTIVES

During the year, HUB24 has continued to progress our strategic objectives, consolidating our market leadership in our core propositions, investing to build products and solutions for emerging client needs, and collaborating with other industry participants to build a thriving professional advice industry.

Leveraging our capabilities across the Group to deliver value for our customers has remained a priority and this year, an example of which is launching an enterprise offer to national licensees for myprosperity's market-leading client portal. We are also well progressed in leveraging myprosperity's capability to deliver a new customer interface for Class in FY25.

SOUND CORPORATE GOVERNANCE

The Board remains committed to ongoing improvement of our corporate governance and during FY24, we continued to review and improve our frameworks. This included conducting risk culture and engagement surveys, to understand our people's experiences at HUB24, and to seek input regarding the day-to-day conduct and culture of our business.

As noted in our Remuneration Report and Sustainability Report, employee engagement across HUB24 Group increased during the year to 76% (up from 74% in FY23). This reflects our increased focus on further strengthening our culture and enhancing our overall employee value proposition. Pleasingly, we also increased our risk culture survey outcomes.

Investing in continuing to develop our unique culture remains a priority and during the year, we launched a new set of Group-wide values, co-created by our people, to align HUB24's teams together for continued success. The new values recognise our evolution to the HUB24 Group, and reflect how our people across the business work together to create value for our customers and shareholders, and empower better financial futures, together.

The Board remains committed to diversity and inclusion and ensuring we have the skills, experience and diverse attributes to execute on our strategy. The Board currently maintains gender diversity of 50% female and 50% male, which exceeds the Board's diversity policy target of 40% for each gender. Gender representation targets have also been maintained across HUB24's Executive Leadership team and the broader Group.

During the year, we farewelled our long-serving Chair Mr. Bruce Higgins whom I again thank for his passion, leadership, support and encouragement during his 11-year tenure. In June 2024, we appointed Ms. Michelle Tredenick as Non-Executive Director who is an experienced ASX-listed company director.

Michelle's broad executive experience across wealth management, superannuation, and technology for ASX-listed companies, combined with her extensive experience as an ASX and private company director, further strengthens and extends HUB24's Board expertise.

Chair and Managing Director's reports

A SUSTAINABLE FUTURE

The HUB24 Board recognises the importance of sustainability for the long-term prosperity of our customers, people, shareholders and communities. Our FY24 Sustainability Report (issued alongside this Annual Report) details our environmental, social and governance (ESG) focus areas and the progress we've made over the year.

Throughout FY24 we've continued to evolve our sustainability approach and deliver on our objectives. Some of the key highlights have included:

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

This year we also formalised our commitment to the United Nations Global Compact on human rights, labour, environment and anti-corruption.

Over FY25 and beyond, we are committed to further embedding our sustainability strategy through all aspects of our business, aligning our actions and progress to the UN Sustainable Development Goals.

THE YEAR AHEAD

As we move into FY25, the HUB24 Group is well-positioned to continue to leverage opportunities for profitable growth.

I sincerely express my thanks and gratitude to my colleagues on the Board for their support and counsel in the period since I assumed the role of Chair, and to our Managing Director and CEO Andrew Alcock, his highly capable Executive team and our broader team for their ongoing commitment to delivering on our purpose and strategic objectives.

Our talented people are integral to the success of our Company and on behalf of the Board, I would like to thank them for their hard work and dedication to our customers which has contributed to our strong results this year.

To our shareholders, on behalf of the Board I want to express our appreciation for your ongoing support during the year.

Paul Rogan
Chair, HUB24 Limited

Chair and Managing Director's reports

CEO and Managing Director's report

I am pleased to write to you and provide you with an update on the HUB24 Group's performance this financial year.

During FY24 we have achieved record growth and strong financial results while remaining focused on progressing our strategic objectives and our purpose of empowering better financial futures, together.

Andrew Alcock
CEO and Managing Director, HUB24 Limited

We're proud to have consolidated our position as Australia's Best Platform and as a result of our commitment to delivering innovative products and solutions and customer service excellence, we've achieved industry-leading and record platform annual net inflows.

During FY24, we've continued to extend our market leadership in our core propositions whilst maximising our unique capabilities to leverage opportunities, and we've delivered strong growth and further value for our customers and shareholders. This is reflected in our key financial metrics.

As the wealth industry continues to transform, HUB24 is uniquely positioned to capitalise on emerging opportunities and lead the wealth industry as the best provider of integrated platform, data and technology solutions.

PLATFORM SEGMENT

Key performance metrics

- Platform revenue increased by 21% to $252.8 million ($208.8 million for FY23)
- Expenses grew by 21% to $149.8 million ($123.7 million in FY23).
- Underlying EBITDA increased by 21% to $103.0 million ($85.1 million in FY23).

Strong revenue growth and Underlying EBITDA growth was driven by record net inflows and a 30% increase in FUA.

Platform segment results

During FY24, the HUB24 Platform achieved strong results, with industry-leading and record net inflows of $15.8 billion, which included complex, large migrations from Insignia Financial and Equity Trustees Limited (EQT). Excluding large migrations, record net inflows of $11.4 billion were achieved (in line with FY22).

Total Platform Funds Under Administration reached $84.4 billion (up 35% from FY23).

According to the latest available data, the HUB24 Platform achieved first place for quarterly and annual net inflows, increasing market share to 7.3% (up from 6.1% in FY23) and maintaining its ranking in 7th place.[1]

For superannuation and pension products, HUB24 ranked 1st for quarterly and annual net inflows amongst platform providers, and 1st for annual net inflows into retail super funds. When compared to all Australian super funds (including industry super funds), HUB24 Super ranked 2nd for net inflows from members choosing to switch funds and 4th for net inflows into super funds overall.[1,2]

In FY24, 141 new distribution agreements were signed and the number of advisers using the HUB24 Platform increased to 4,525, up 13% and now representing 29% of total advisers in Australia.[3]

HUB24's non-custodial Portfolio, Administration and Reporting Services (PARS), which provides comprehensive administration, corporate action management and tax reporting services increased FUA by 15% to $20.3 billion, driven by growth in accounts and positive market movements. The total number of PARS accounts increased to 8,362.

Total Platform segment FUA increased from $80.3 billion as at 30 June 2023 to $104.7 billion as at 30 June 2024, an increase of 30%. Overall, the HUB24 Platform segment continues to deliver strong growth with a four-year compound annual growth rate of 57% in FUA (HUB24 Platform and PARS).

1. Platform market share and net inflow data based on Plan for Life. Data for period ended 31 March 2024 and based on Administrator View. Ranking of net inflows and organic market share gains are adjusted to exclude the $33.6bn merger of BT Super and Mercer Super Trust in the June 2023 quarter.
2. All super fund rankings and net inflow data for FY23, based on The Conexus Institute, State of Super 2024 report. Includes all APRA regulated superannuation funds. Switching refers to member fund-switching.
3. Adviser market share based on Adviser Ratings data.

Chair and Managing Director's reports

The integration of the Xplore Wealth program was finalised with the majority of migrations now complete and synergy benefits realised.

myprosperity's client portal (acquired in May 2023) is now used by more than 490 accounting and financial advisory firms (up 57 from FY23), and around 75,000 households (up 12,000 on FY23), as at 30 June 2024.

HUB24 Platform

During FY24, HUB24's commitment to delivering innovative platform capabilities and customer service excellence was recognised by both advisers and the industry, resulting in the following achievements:

Investment Trends Platform Competitive Analysis and Benchmarking Report 2023

- No 1 Overall Best Platform
- Best Managed Accounts Functionality
- Best Mobile Platform
- Best Reporting
- Best Online Business Management

Adviser Ratings Financial Advice Landscape Report 2024

- Best Overall Advice Platform
- Best Adviser Experience
- Best Client Experience
- Best Investment Options
- Best BDM Support

Investment Trends 2024 Adviser Technology Needs Report

- No 1 NPS for platform users
- No 1 Platform Advocacy
- No 1 Tax Optimisation Tools
- No 1 Regulatory Support Tools

2024 Wealth Insights Platform Service Level Report

- No 1 Overall Satisfaction
- No 1 Brand Image and Reputation
- No. 1 Reporting and Communication

SMSF Adviser Awards 2023 – SMSF Advice Platform of the Year

To increase productivity and provide advisers with a range of solutions to service client needs across the lifecycle, HUB24 delivered a number of platform enhancements during the year.

- In November 2023, we launched Discover on the HUB24 Platform. Designed in conjunction with portfolio managers, the new offer provides a streamlined selection of managed portfolios in a cost-effective platform and investment solution. Discover complements our Core and Choice offers, providing a solution for advised clients with less complex needs.
- During the year, HUB24 collaborated with Allianz Retire+ to launch AGILE (Allianz Guaranteed Income For Life), an innovative longevity product designed to support the growth of clients' retirement assets and the delivery of a guaranteed retirement income stream.
- HUB24 delivered enhancements to our HNW platform offer including the addition of non-custodial administration and reporting capability integrated with HUB24 Invest for directly held client assets. Currently in pilot, the new functionality delivers streamlined administration and enables a 'whole of wealth' view.
- HUB24 continued to enhance our leading HUB24 Present reporting capabilities, providing advisers with more flexibility to deliver personalised client reports.

myprosperity

During the year, integrating and leveraging myprosperity's capabilities to enhance our core propositions and extend our market leadership remained a priority. myprosperity's all-in-one client portal technology enables financial professionals and their clients to securely share, store and access their financial information.

Following strong demand from national licensees for a customised solution for advisers in their network, HUB24 launched an enterprise offer which has been well received, with two large national licensees (who combined have more than 1,800 advisers in their networks), providing opportunities to increase adoption of myprosperity.

TECH SOLUTIONS SEGMENT

Key performance metrics

- Revenue increased by 5% to $70.7 million ($67.5 million in FY23).
- Expenses grew by 6% to $48.6 million ($45.7 million in FY23).
- Underlying EBITDA increased by 1% to $22.1 million ($21.8 million in FY23).

Consistent revenue growth was supported by above system growth in Class and NowInfinity. A strategic investment was also made into data infrastructure to support the integration of Group capabilities.[1]

1. SMSFs administered on Class software growing at 1.5x system, based on ATO SMSF statistics and using first reported data, 12 months to 31 March 2024. NowInfinity growing companies on Corporate Messenger at 2.0x system, excluding companies transitioned from an exiting provider. Based on ASIC company registration statistics, 12 months to June 2024.

Chair and Managing Director's reports

Tech Solutions segment results

The Tech Solutions segment continued to deliver consistent growth over FY24 supported by above system growth in Class and NowInfinity.[1]

Over the year to 30 June 2024, the number of Class accounts grew to more than 207,000, the number of companies on NowInfinity's Corporate Messenger reached over 790,000, and Document Orders on NowInfinity increased to over 190,000.

According to the latest available data, Class is the 2nd largest provider of SMSF software with 30.7% of all SMSFs administered on Class Super, increasing from 28.3% five years ago.[2]

NowInfinity is currently ranked 2nd in terms of market share for corporate compliance solutions.[3]

Class and NowInfinity

During FY24, Class continued to focus on enhancing the customer experience and delivering product enhancements that drive productivity and value for customers, with Class Super being named SMSF Software Provider of the Year in the 2023 SMSF Adviser Awards.

The first phase of delivery of a program of significant enhancements to increase efficiencies for Class customers is underway. Recently, direct share registry connections were added to Class Super, making it easier for auditors and accountants to service SMSF clients by reducing manual processing and enhancing accuracy.

Further enhancements are scheduled over FY25, including additional share registry integrations and access to statements from widely-used financial institutions.

NowInfinity's SMSF deed was also enhanced, providing greater flexibility and clarity for advisers and trustees to support estate planning on behalf of their clients more efficiently.

To enable improved customer experience for Class customers and their clients, Class began development of a new customer interface, which leverages myprosperity capabilities. The new portal is expected to be progressively available to customers from FY25.

HUBconnect

HUBconnect leverages data and technology capabilities to provide our customers with data and insights, enabling growth and to increase efficiency and reduce risk in their business.

During FY24, our HUBconnect solution for licensees, which consolidates information from multiple sources to provide proactive monitoring of compliance obligations and business insights, was extended to create a solution for individual advice practices and advisers. Currently in pilot, a broader rollout is planned for 1HFY25.

Creating tomorrow, building together and being future ready

At HUB24 we're privileged to be able to leverage our technology and data and invest in solutions that enable enhanced efficiencies for financial professionals, so more Australians can benefit from having access to professional advice.

As part of this journey, we've mobilised dedicated resources initially focussed on leveraging our combined Group capabilities, to provide market-leading, innovative and integrated solutions for both current and new client segments.

To achieve this, we've continued to invest in developing our data infrastructure to facilitate access to trusted data sources whilst maintaining security and privacy in support of our strategy to deliver a 'whole of wealth' view and efficient advice delivery.

Across the business we are leveraging Artificial Intelligence (AI) and Machine Learning initiatives generated from our Innovation Lab, which was established in 2018, to drive operational efficiency and enhance customer experience. An example of this is our digital mail house which uses AI to read, classify and process up to 17,000 documents per month. This capability is now being leveraged to solve similar challenges for our clients.

As a market leader, we are committed to driving industry transformation, and together with other industry participants, solve key industry challenges, to build a thriving and sustainable advice industry.

Over FY24, we continued to work with licensee 'Think Tank' participants to explore solutions to better integrate sources of data and technology to provide certainty, enhance efficiencies and reduce risk in advice practices.

We also continued to advocate on behalf of our customers to help shape the future of the advice industry. This included participating in the formal consultation process for the APRA performance test and Your Super, Your Future frameworks, and contributing to industry forums around the Quality of Advice Review, to advocate for accessible advice for more Australians.

1. SMSFs administered on Class software growing at 1.5x system, based on ATO SMSF statistics and using first reported data, 12 months to 31 March 2024. NowInfinity growing companies on Corporate Messenger at 2.0x system, excluding companies transitioned from an exiting provider. Based on ASIC company registration statistics, 12 months to June 2024.
2. Market share based on ATO SMSF statistics. As at 31 March 2024.
3. Market share based on ASIC company registration statistics. As at 30 June 2024.

Chair and Managing Director's reports

HUB24 has experienced strong growth for a number of years and to position for further growth, we continue to invest in our people and develop our capabilities and infrastructure. This includes a continued focus on attracting, retaining and developing our people, leveraging innovation to build operational scale, and prioritising risk management, cyber resilience and security for our customers and shareholders.

Our strategic pillars:

Lead today
Delivering customer value and growth

Create tomorrow
Creating integrated wealth technology and platform solutions

Build together
Collaborating to shape the future of the wealth industry

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

Outlook

HUB24 is proud to have delivered strong FY24 results with industry-leading and record platform net inflows and FUA growth. The HUB24 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 and creating tomorrow's technology ecosystem for financial professionals.

We're committed to collaborating with other industry participants and our customers to shape the future of the wealth industry, and ensuring we are future ready by investing in our people, infrastructure and capabilities.

We enter FY25 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 now targeting a FUA range of $115-$123 billion by 30 June 2026.

We look forward to speaking with shareholders at the Annual General Meeting in November 2024. I would like to thank our shareholders and customers for their continued support, as well as our talented team for their ongoing commitment to both our customers and HUB24.

Andrew Alcock
CEO and Managing Director, HUB24 Limited

Directors' report

Your Directors present their report together with the financial statements on the Consolidated Group (referred to hereafter as "HUB24 Group") consisting of HUB24 Limited (referred to hereafter as "the Company") and the entities it controlled for the full year ended 30 June 2024 ("FY24") 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 34;
- Remuneration Report on pages 20 to 38; and
- Auditor's Independence Declaration on page 39.

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 Paul Rogan (appointed Chair 16 November 2023, Director prior to 16 November 2023)

Mr Andrew Alcock (Managing Director)

Ms Rachel Grimes AM

Ms Catherine Kovacs

Mr Anthony McDonald

Ms Michelle Tredenick (appointed 11 June 2024)

Mr Bruce Higgins (Chair retired from the Board on 16 November 2023)

JOINT COMPANY SECRETARIES

Mr Andrew Brown

Ms Kitrina Shanahan

Board of Directors

Paul Rogan
Chair and Independent Non-Executive Director

Experience & Qualifications

Bachelor of Business University of Technology Sydney, Fellow of the Australian Institute of Company Directors, Fellow of Certified Practicing Accountants Australia.

Paul has significant senior executive experience in the financial services and wealth management sectors. His more recent executive roles at Challenger Limited (ASX: CGF) included Chief Executive, Distribution, Product and Marketing, Executive General Manager, Capital, Risk and Strategy and Group CFO. Prior to that Paul held the roles of CEO of the UK and Irish subsidiaries of MLC/NAB, and CEO of MLC Building Society.

Paul is also a non-executive director of Household Capital Pty Ltd and Fourth Line Pty Ltd.

Term

Appointed Non-Executive Director on 20 December 2017 and as the Chair on 16 November 2023.

Listed Company Directorships (within the last 3 years)

Nil

Board Committee Memberships

- Member of the Audit, Risk and Compliance Committee (retired as Chair on 16 November 2023)
- Member of the Remuneration and Nomination Committee

Andrew Alcock
Managing Director Executive Director

Experience & Qualifications

Bachelor of Business (Accounting) University of Technology Sydney, Graduate of the Australian Institute of Company Directors.

Andrew was appointed Chief Executive Officer of the HUB24 Group 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 $100 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.

Term

Appointed Managing Director on 29 August 2014.

Listed Company Directorships (within the last 3 years)

Nil

Board Committee Memberships

Nil

Directors' report

Board to Directors continued

Rachel Grimes AM
Independent Non-Executive Director

Experience & Qualifications

Bachelor of Business (Accounting) University of Technology Sydney, Fellow of Chartered Accountants Australia and New Zealand, Fellow of Certified Practicing Accountants Australia, Fellow of Institute of Public Accountants and is a Member of Australian Institute of Company Directors.

Rachel has significant senior executive experience in the financial services and wealth management sectors. Her more recent executive roles include Chief Financial Officer at Challenger Limited (ASX: CGF) and General Manager Finance at Westpac (ASX: WBC).

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.

Rachel is also a non-executive director of Australian Payments Plus Limited and its subsidiaries, Angusknight Pty Limited, Digital Finance CRC Limited and Loreto Ministries Limited. Furthermore, Rachel is the Chair of the Surfing Australia Finance and Risk Committee and is a Member of the Financial Reporting Council and The Accounting Professional & Ethical Standards Board.

Term

Appointed Non-Executive Director on 29 May 2023.

Listed Company Directorships (within the last 3 years)

Nil

Board Committee Memberships

Chair of the Audit, Risk and Compliance Committee (appointed as Chair 16 November 2023)

Catherine Kovacs
Independent Non-Executive Director

Experience & Qualifications

Bachelor of Commerce (University of NSW), Master of Applied Finance (Macquarie University), Graduate of the Australian Institute of Company Directors, Member of the Association of Superannuation Funds of Australia.

Catherine has over 30 years' experience in the financial services industry, having held senior executive leadership roles at Westpac Banking Corporation (ASX: WBC), Ellerston Capital Limited, Macquarie Group Limited (ASX: MQG) 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.

Catherine is also a non-executive director of OFX Group Limited (ASX: OFX), Magellan Financial Group Limited (ASX: MFG), Magellan Asset Management Limited, Universities Admission Centre, Kincoppal-Rose Bay School of the Sacred Heart and Grapple Holding Pty Ltd.

Term

Appointed Non-Executive Director on 19 July 2021.

Listed Company Directorships (within the last 3 years)

- OFX Group Limited (ASX: OFX) (appointed 22 February 2021)
- Magellan Financial Group Limited (ASX: MFG) (appointed 06 November 2023)

Board Committee Memberships

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

Anthony McDonald
Independent Non-Executive Director

Experience & Qualifications

Bachelor of Laws (LLB) & Bachelor of Commerce (Marketing) – University of NSW.

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.

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.

Tony is also Chairman of Newington College Council and a non-executive director of Fourth Line Pty Ltd.

Term

Appointed Non-Executive Director on 01 September 2015.

Listed Company Directorships (within the last 3 years)

- Diverger Limited (appointed 1 February 2021, resigned 1 March 2024)

Board Committee Memberships

Chair of the Remuneration and Nomination Committee

Directors' report

Board to Directors continued

Michelle Tredenick
Independent Non-Executive Director

Experience & Qualifications

Bachelor of Science (University of Queensland), Fellow of the Australian Institute of Company Directors, Fellow of the Financial Services Institute of Australasia (FINSIA).

Michelle has over 30 years' experience in financial services, having held senior executive leadership roles at National Australia Bank (ASX: NAB), MLC and Suncorp (ASX: SUN), including Chief Information Officer, Head of Strategy and Corporate Development and senior leadership roles managing corporate superannuation, insurance and wealth management businesses.

Michelle is also a non-executive director of Urbis Pty Ltd, First Sentier Investors Holdings Pty Ltd as well as IAG Limited (ASX: IAG) and IDP Education Limited (ASX: IEL).

Term

Appointed Non-Executive Director on 11 June 2024.

Listed Company Directorships (within the last 3 years)

- Insurance Australia Group Limited (ASX: IAG) (appointed 13 March 2018)
- IDP Education Limited (ASX: IEL) (appointed 12 September 2022)

Board Committee Memberships

Member of the Remuneration and Nomination Committee (appointed 1 July 2024)

Bruce Higgins
Independent Non-Executive Director

Experience & Qualifications

Bachelor of Electronic Engineering, Member of the Institution of Engineers Australia, Chartered Professional Engineer, Master of Business Administration (Technology Management), Fellow of the Australian Institute of Company Directors.

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.

Term

Appointed as Chair of the Board on 19 October 2012 and retired from the Board on 16 November 2023.

Board Committee Memberships

Member of the Audit, Risk and Compliance Committee (retired 16 November 2023)

Joint Company Secretaries

The name and details of the Company Secretaries in office during the 2024 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. 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 ("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 Limited is listed on the Australian Securities Exchange (ASX) under the code 'HUB' and includes the award-winning HUB24 platform, the Class businesses, HUBconnect and the myprosperity business. As at 16 August 2024, HUB24's market capitalisation was approximately $4.1 billion.

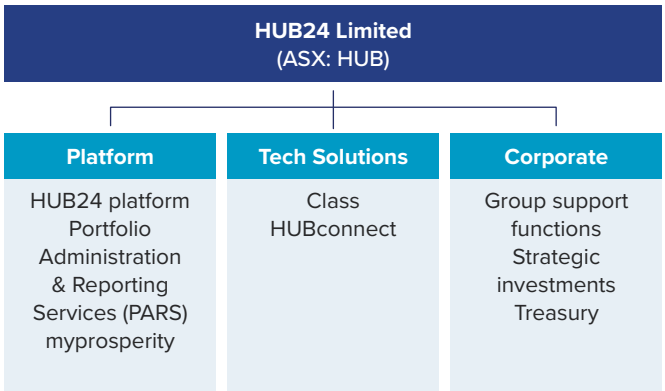
The HUB24 Group's purpose is to empower better financial futures, together. To fulfil this purpose, the HUB24 Group delivers platform and technology solutions that empower financial professionals to deliver better financial futures for their clients.

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

As at 30 June 2024, the HUB24 Group employed 893 people on a full-time equivalent (FTE) basis.

Principal activities

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



Platform

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

HUB24 platform

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

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

During FY24 the HUB24 Group substantially completed the Xplore integration program with the majority of Xplore products and services substantially migrated to the HUB24 platform. The Xplore acquisition provided HUB24 Group with complementary capabilities including high net worth product features, enhanced managed accounts functionality, and PARS capability. With integration largely complete, Xplore integration costs will no longer be reported separately and will be included in Underlying EBITDA rather than Notable items.

PARS

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 with a 'whole of wealth' view of their assets.

myprosperity

myprosperity is a leading provider of client portals for accountants and financial professionals. 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 497 accounting and financial advisory firms, representing circa 75,000 households[1].

Tech solutions

The Tech Solutions segment comprises Class and HUBconnect.

Class

Class delivers trust accounting, portfolio management, legal documentation, corporate compliance and SMSF administration solutions to around 6,500 customers across Australia who utilise Class to drive business automation, increase profitability and deliver better client service[2].

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

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

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

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.

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.

1. HUB24 data as at June 2024.
2. Class service providers represents practices of accountants, administrators and advisers as at 30 June 2024.
3. NowInfinity is a wholly owned subsidiary of Class.

Directors' report

For financial advisers and licensees HUBconnect utilises innovative technology such as machine learning, artificial intelligence, and natural language processing. HUBconnect integrates, refines, stores and supplies structured and unstructured data.

Through integrated data feeds, automated reporting and analytics, HUBconnect delivers efficiencies for some of the time-consuming and costly processes that increase the cost of delivering advice. HUBconnect serves a growing number of respected and high profile financial services companies and their clients.

Corporate

The HUB24 Group was a strategic shareholder in Diverger Limited (Diverger), an accounting and wealth management service provider, until Diverger and Count Limited (Count) entered into a Scheme Implementation Agreement under which Count acquired 100% of the issued shares in Diverger by way of a Scheme of Arrangement (the "Scheme") between Diverger and its shareholders. The scheme was completed on 1 March 2024.

On 1 March 2024, the HUB24 Group became a strategic shareholder in Count, a diversified financial services business providing integrated accounting and wealth management services to the Australian Market.

Upon completion an accounting gain on sale of $3.0 million pre tax (which was recorded as a notable item in FY24) and an 11.55% investment in Count was recorded.

REVIEW AND RESULTS OF OPERATIONS

The key items regarding the Group's performance for FY24 were:

Funds under administration [1]

- Total Funds Under Administration (FUA) increased by 30% to $104.7 billion (FY23: $80.3 billion);
- Platform [2] FUA increased by 35% to $84.4 billion (FY23: $62.7 billion); and
- PARS [3] FUA increased by 15% to $20.3 billion (FY23: $17.6 billion).

Revenue

- Group operating revenue increased by 17% to $327.3 million (FY23: $279.5 million);
- Platform segment revenue increased by 21% to $252.8 million (FY23: $208.8 million); and
- Tech Solutions revenue increased by 5% to $70.7 million (FY23: $67.5 million).

UEBITDA

- The HUB24 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 15% to $118.0 million (FY23: $102.4 million); and
- UEBITDA performance included expenses of $209.3 million (FY23: $177.1 million).

Underlying net profit after tax

- Underlying Net Profit After Tax represents NPAT before Notable Items. Underlying NPAT increased by 15% to $67.8 million (FY23: $58.8 million).

Items recognised below Underlying NPAT

- Strategic transactions and project costs[4] of $9.5 million have been recognised in FY24 (FY23: $9.7 million). This includes administrative and resourcing costs related to strategic transactions and projects including Xplore integration and large migrations;
- Acquisition amortisation of $22.9 million includes Class of $14.8 million, Xplore of $5.1 million, myprosperity of $1.9 million and Ord Minnett of $1.1 million. During the year the expected useful life of some acquired intangible assets was determined to be shorter than previous estimates. The amortisation period for these assets was changed accordingly. This resulted in an increase (included in the $22.9 million noted above) in amortisation of $7.1 million recognised in the second half; and
- A gain on sale of investment in associates of $3.0 million in relation to the sale of Diverger.

Year ended Reconciliation of Underlying NPAT to Statutory NPAT	Year ended 30 June 2024 $ million	30 June 2023 $ million
Underlying NPAT	**67.8**	58.8
Strategic transactions and project costs	**(9.5)**	(9.7)
Acquisition amortisation	**(22.9)**	(16.2)
Impairment of non-financial assets	**—**	(3.3)
Gain on sale of investment in associate	**3.0**	—
Tax effect on notable items	**8.8**	8.6
Statutory NPAT	**47.2**	38.2

Statutory NPAT

- Statutory Net Profit After Tax (NPAT) increased by 24% to $47.2 million (FY23: $38.2 million).

Cash flows

- The HUB24 Group generated strong operating cashflows of $88.2 million ($97.6 million before strategic transaction costs), 17% up from $75.5 million ($85.2 million before strategic transaction costs) in 2023.

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

Capital management

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

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

In addition, an accordion facility of $50 million is available to the HUB24 Group specifically for strategic transactions[1], which remained undrawn during the period.

The HUB24 Group, through its licensed subsidiaries, fully complied with the minimum regulatory capital requirements for Investor Directed Portfolio Service (IDPS) Operators and providers of custodial services for the year ended 30 June 2024.

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

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

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 Custodial FUA targets of greater than $100 billion by FY25, in order to incentivise and align key employees towards the HUB24 Group achieving its strategic objectives:

- 194,053 performance rights were issued to employees, executives and the Managing Director in the financial year ended 30 June 2024 (FY23: 399,947 performance rights were issued to employees, executives and the Managing Director and 416,213 performance rights were issued to myprosperity key employees).

Significant changes in the state of affairs

There have been no other significant changes in the nature or state of affairs of the HUB24 Group.

Dividends

Subsequent to 30 June 2024, the Directors have determined a final dividend of 19.5 cents per share fully franked to be paid on 11 October 2024.

Together with the fully franked interim dividend of 18.5 cents per share, the fully franked full year dividend of 38.0 cents per share represents a 17% increase in dividends for shareholders (FY23: 32.5 cents per share) and a payout ratio of 46% of Underlying NPAT (FY23: 45%).

The Board's dividend policy targets a payout ratio between 40% and 60% of the HUB24 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 19.5 cents per share (a fully franked final dividend of 18.5 cents per share was determined in FY23).

No other significant matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the HUB24 Group's operations, the results of those operations, or the HUB24 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 HUB24 Group expects its financial results to continue improving with scale.

Other than the information included in the operating and financial review and throughout this Annual Report by cross reference, information on other likely developments, business strategies and prospects for future financial years of the HUB24 Group's operations has not been included in this report as it would be likely to result in unreasonable prejudice to the HUB24 Group.

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 Group's assets, liabilities, performance and liquidity.

Market volatility may impact Funds Under Administration (FUA) and trading based fees, and any movement in the Reserve Bank of Australia (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

The HUB24 Group 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.

Single Executive Accountability applies for each of our nine material risks and risk management is regularly monitored and reported against the Board's approved Risk Appetite using Key Risk Indicators and metrics that determine the level of management attention applied. While the HUB24 Group seeks to manage risks to prevent adverse outcomes, there are aspects of each of the risks below that are outside the control of the HUB24 Group, the Board and the Executive.

1. Subject to standard lending terms and conditions.

Directors' report

Risk	Description	Mitigation of 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.	– HUB24 has a dedicated product development and strategy function responsible for monitoring competitors for various issues relating to product features, distribution and performance. – HUB24 has 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.	– HUB24 has dedicated product and operations functions responsible for various issues relating to product features, price, performance and customer service. – HUB24 has Business Continuity Management processes to ensure that adequate arrangements are made should systems or premises become unavailable. – HUB24 has a dedicated complaints management function who respond to complaints within regulatory timeframes and provide reporting on any trends. – HUB24 has processes for the selection, approval and monitoring of outsource providers. Periodic meetings are held with material outsource providers. – HUB24 uses dedicated systems to store customer information which is appropriately deidentified. – 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. – HUB24 has internal controls in place to mitigate the risk of inappropriate access to funds.
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.	– HUB24 maintains a centralised register of policies to ensure compliance with key regulatory requirements. – HUB24 maintains a centralised regulatory change framework and register to identify and track all regulatory change through to implementation. – HUB24 has implemented a Group Incident and Breach Management Policy. – HUB24 has established and maintains an operationally independent Group Risk and Compliance function led by the Chief Risk Officer (CRO). – HUB24 has operationalised a Code of Conduct which outlines the standards of behaviour expected from all people. – HUB24 has a Group Compliance Policy that covers forms of misconduct. – 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.	– HUB24 has 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. – HUB24 publishes a Sustainability Report that provides information on our ESG focus areas. – HUB24 carries out 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. – HUB24 participates in consultation processes and industry forums.

Directors' report

Risk	Description	Mitigation of the Risk
Financial	The risk that Group does not achieve its financial objectives or fails to comply with financial disclosure, liquidity, capital and tax requirements.	– HUB24 has an established Group Finance function which is responsible for preparing financial disclosures, managing capital and liquidity risk and complying with corporate tax requirements. – HUB24 monitors the external environment and provide recommendation to the Executive and Board on actions to manage interest rate and market risk. – HUB24 has a capital adequacy framework is in place for assessing, measuring and monitoring financial resources in accordance with regulatory requirements and banking covenants. – HUB24 has in place a business planning process that determines the appropriate investment needed to execute on strategic and business objectives.
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.	– HUB24 has a dedicated distribution team in place who are responsible for identifying and maintaining relationships with our Australian Financial Service (AFS) licensee customers. – HUB24 conducts due diligence and ongoing monitoring on AFS licensees and other users of the platform before access is granted. – HUB24 monitors platform activity 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.	– HUB24 has a dedicated People and Culture function (P&C) responsible for providing advice regarding employment obligations and advising on people management issues. – HUB24 conducts periodic culture and engagement surveys to facilitate feedback on culture, working practices and other people related issues. – HUB24 has operationalised the Code of Conduct across the Group. – HUB24 utilises a centralised training system to roll-out mandatory training to all employees across the Group to ensure employees have the capabilities to execute their roles and the Group's strategy in accordance with regulatory requirements. – HUB24 carries out recruitment processes which 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.	– HUB24 maintains a dedicated Line 2 Financial Crime team and has implemented transaction monitoring and sanction controls. – HUB24 has implemented policies and guidance in relation to the acceptance and offering of gifts and hospitality. – HUB24 has process controls in place for transaction monitoring, including dual authorisation and separation of duties to mitigate the risk of internal fraud. – Suspicious Matters are raised and reported in accordance with regulatory requirements.
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.	– HUB24 has a dedicated technology and cybersecurity teams who maintain and monitor the stability, performance and security of key systems. – HUB24 has key policies, procedures are in place to mitigate and respond to cybersecurity threats. – HUB24 has developed the Group's Crisis Management Plan and incorporates cyber and technology elements. A simulation exercise is run as part of the annual review of the Plan. – HUB24 conducts independent testing of network security to identify and resolve vulnerabilities. – HUB24 has data governance policies in place to identify, classify and protect confidential data (electronic or physical) from unauthorised access. – HBU24 conducts regular upskilling of employees on cyber and data risks through training and simulation exercises.

Directors' report

Environmental regulation and performance

The HUB24 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.

The HUB24 Group released its Sustainability Report in August 2024. This report covers the 2024 financial year from 1 July 2023 to 30 June 2024 (FY24). This report reflects 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 FY24 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

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

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 and Insurance

Insurance of Directors and Officers

During FY24 the Company paid a premium in respect of insuring all past and present directors and officers of the HUB24 Group against liability, except willful 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 is prohibited to be disclosed by the confidentiality clause of the contract of insurance.

Indemnification of Directors, Officers and Auditor

As permitted by HUB24's Constitution, the Company indemnifies current and past officers and directors to the extent permitted by law and subject to the restrictions in section 199A of the Corporations Act and any other applicable law against any liability including reasonable legal costs incurred in in defending an action that arises as a result of actions as an officer or director. The Company has entered into Deeds of Access, Insurance and Indemnity policies for each of its directors and officers.

To the extent permitted by law the Company has agreed to indemnify its auditor, Deloitte, as part of the terms of its audit engagement agreement dated 11 January 2024.

The Company has not otherwise, during or since the end of FY24, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the HUB24 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 HUB24 Group's Board of Directors and of each Board Committee held during the year ended 30 June 2024, and the numbers of meetings attended by each Director are noted below.

All Directors have a standing invitation to attend Board Committee meetings.

The table below excludes the attendance of those Directors who attended the Board Committee meetings of which they were not a member:

	Board meetings		Audit, Risk & Compliance Committee meetings		Remuneration & Nomination Committee meetings	
	Chair Mr Paul Rogan		Chair Ms Rachel Grimes AM		Chair Mr Anthony McDonald	
	Attended	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**	**Eligible to Attend**
Mr Paul Rogan (Chair)[1]	14	14	5	5	7	7
Mr Andrew Alcock (Managing Director)[2]	14	14	—	—	—	—
Ms Rachel Grimes AM[3]	14	14	5	5	—	—
Ms Catherine Kovacs	14	14	5	5	7	7
Mr Anthony McDonald	14	14	—	—	7	7
Ms Michelle Tredenick[4]	1	1	—	—	—	—
Mr Bruce Higgins[5]	7	7	2	2	—	—

1. Mr Rogan replaced Mr Higgins as Chair of the Board and ceased as the Chair of the Audit, Risk and Compliance Committee on 16 November 2023.
2. The Managing Director and CEO attends the Audit, Risk & Compliance Committee and the Remuneration & Nomination Committee meetings as a standing invitee of these Committees.
3. Ms Grimes AM was appointed as Chair of the Audit, Risk & Compliance Committee on 16 November 2023.
4. Ms Tredenick was appointed to the Board on 11 June 2024 and appointed as a member of the Remuneration & Nomination Committee on 1 July 2024.
5. Mr Higgins was a standing invitee to the Remuneration & Nomination Committee and ceased to be a Director on 16 November 2023.

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

Mr Paul Rogan
Chair, Independent Non-Executive Director
Sydney
20 August 2024

Remuneration report

Message from the Chair, Remuneration and Nomination Committee

"During FY24, HUB24 refreshed the core organisational values, cognisant of HUB24's rapid growth, the dynamic market environment and the vital importance of our people. The updated values reflect our heritage, history, core beliefs and future aspirations – and we are delighted with the outcome of this Group-wide initiative.

FY24 also represented a renewed focus on our employee experience, with a greater investment in learning, talent development, and diversity and inclusion. An enhanced employee recognition program has been a key part of the FY24 strategic plan. Overall, we believe these initiatives have resulted in positive outcomes for clients, enhanced shareholder returns and an increase in employee engagement."

Anthony (Tony) McDonald
Chair, Remuneration and Nomination Committee

TO OUR SHAREHOLDERS

I am pleased to present HUB24's FY24 Remuneration Report, on behalf of the Board and the HUB24 Remuneration and Nomination Committee.

The Remuneration Report outlines our remuneration philosophy, framework and alignment of outcomes. The format of this report is consistent with previous years, ensuring shareholders have clear visibility of the relationship between performance and remuneration outcomes for our Key Management Personnel (KMP) across a mix of financial, strategic, operational and people and culture objectives.

The HUB24 Group's remuneration approach continues to align 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 continue our commitment to maintaining competitive market remuneration in order to attract, engage and retain capable talent that is committed to delivering to our clients and shareholders, and importantly, are aligned to our organisational values which is critical to the HUB24 Group's ongoing success. We consistently review appropriate remuneration and benchmark data to ensure we stay informed of current remuneration structures, trends and relativities.

CONTINUING TO PERFORM IN LINE WITH STRATEGY

The HUB24 Group has continued deliver to shareholders in line with the Group strategy during FY24, achieving strong organic growth whilst leveraging investments from strategic M&A activity to diversify the business.

Effective support and proactive delivery to our clients has continued to be the key business priority, whilst also maintaining the integrity of client data, cyber security and continuing to invest in our products and systems. Progressing our sustainability commitments has also been an important focus during FY24, as well as maintaining good corporate governance across the Group, consistent with our corporate values and obligations.

FY24 has continued to see the HUB24 Group deliver strong annual net inflows, net profits and dividends whilst progressing broader strategic objectives for the Group.

Remuneration report

ENHANCING OUR CULTURE & INVESTING IN OUR PEOPLE

The HUB24 Group continues to prioritise people and culture as a core enabler of our business strategy, recognising the importance of attracting, retaining and developing talent and capability to deliver our commitments consistently and ethically. To achieve this, the HUB24 Group is committed to building and nurturing a diverse, inclusive and high-performing team and working environment.

FY24 has been a pivotal year from a people and culture perspective. Following key business acquisitions made in recent years and organic headcount investments in line with business growth, the HUB24 Group has grown a capable, diverse workforce of 893 people, (up from 838 in 2023).

The validation and reinvigoration of the HUB24 Group's purpose, vision and culture has been a key priority for the HUB24 Board and Executive Team during FY24, facilitated by the Chief People Officer (Amy Rixon) who was appointed in FY23. A key focus has been listening to employees and involving them in the design and actioning our employee value proposition (including the employee recognition program, employee engagement activities and importantly, the refresh of the HUB24 Group values).

The refreshed HUB24 values were launched during FY24. These values reflect the founding ethos of the HUB24 Group, the foundational ethics and behaviours on which the business has grown successfully, and the intrinsic link to delivering HUB24's purpose to "*empower better financial futures, together*".

Importantly, the initiative to refresh the values has been driven and guided by our people. A number of initiatives and workshops involved employees across the business, including long-term employees, recent hires and employees that have joined the HUB24 Group through acquisition. The values are now being embedded in the HUB24 Group employee lifecycle, including policies and procedures, recruitment processes, performance processes and recognition programs.

Our values

Enable our clients

Create possibilities

Succeed as one

Deliver with integrity

During FY24, we continued to listen to our employees through multiple channels and surveys and saw an improvement in employee engagement and sentiment overall year on year (overall engagement lifted to 76% from 74% year on year), driven through management's focus on the strategy, increased communication, management support and focus on learning and career development.

The HUB24 Group also continued to invest in key roles and capabilities including early career professionals (interns and graduates), and a number of technical areas including cyber, security, data and broader management and leadership capability.

An enhanced focus on learning and development has been an important focus during FY24, including broad based professional development, technical skill enhancements and targeted programs for key talent and identified succession opportunities.

We were also pleased to be recognised in the 'Top 10 employers' by AFR *Boss Best Place to Work* in April 2024 in the Banking, Superannuation and Financial Services sector.

PERFORMANCE DURING FY24

The HUB24 Group delivered another year of growth in FY24, achieving strong platform net inflows of $15.8 billion and finishing the year with total FUA of $104.7 billion, consisting of $84.4 billion of platform FUA and $20.3 billion of PARS FUA.

As highlighted elsewhere in this report, our performance has translated to strong outcomes for our shareholders, delivering a full year dividend of 38.0 cents up 17% on FY23. Our underlying net profit after tax was $67.8 million (up 15% on FY23). Our UEBITDA was $118.0 million (up 15% on FY23) which reflects a 4 year CAGR of 48%.

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

Looking ahead to FY25, 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.

Remuneration report

EFFECTIVE PERFORMANCE INCENTIVES

During FY24, the Board engaged advisers Aon Advisory Australia to undertake a benchmark remuneration review of key executive roles against the external market, identify market remuneration trends taking into consideration the increasing demands on executives based on the scale and complexity of the HUB24 Group's business.

Benchmark remuneration data has been assessed across both financial services and fintech industry sectors, to ensure the competitive landscape has been fully considered. Remuneration increases for KMP were awarded as part of the annual cycle in September 2023 to ensure that the HUB24 Groups overall remuneration remained competitive and supported the ongoing retention of key executives. In addition, there were changes to KMP's during the year with associated changes to remuneration to reflect the KMP changes during the year.

Consistent with previous years, overall STI targets for the year were directly linked to delivery against base and stretch Key Performance Indicators (KPIs) in the focus areas of operational excellence, financial performance, customer outcomes and the strategic development of the HUB24 Group in order to maximise shareholder value. FY24 STI performance measures included a combination of financial, strategic, growth, people/culture and operational measures. Key metrics against each of these performance measures have been applied to assess the HUB24 Group's success over the short-term (i.e. the FY24 annual performance period).

The Managing Director met an overall aggregate of 87% of the FY24 assigned KPI targets, which included the base and stretch target components. (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 2023 Annual General Meeting). The offer was for Performance Rights and had a three year vesting period with performance conditions based on FUA Compound Annual Growth Rate (CAGR) and Relative Total Shareholder Return (RTSR).

BOARD AND EXECUTIVE KMP CHANGES

During FY24, we welcomed our new Chair Paul Rogan following the farewell of our long-serving Chair Bruce Higgins, whom we thank for his contribution to the HUB24 business. Most recently in June 2024, we welcomed Michelle Tredenick as a Non-Executive Director and are looking forward to her contribution which has started on a very positive note.

Paul Biggs was also added as KMP on 8 January 2024, in line with his role change to Chief Product & Technology Officer. Paul Biggs joined the HUB24 Group in 2017 as a founding director of Agility Applications Pty Limited (Agility). Following the integration of Agility into the HUB24 Group, Paul was appointed as Chief Technology Officer and has led the evolution of technology function, data and cyber capability across the Group, and most recently, taken on accountability for leading the Product & Innovation division. The appointment of Paul Biggs to KMP reflects the significant contribution he has made to HUB24, and the importance of the HUB24 product and technology strategy, plans and delivery.

LOOKING AHEAD TO FY25

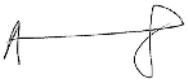
The Board continues to monitor and assess market movements and trends in remuneration practices with particular focus on appropriate market comparator groups across the financial services and technology sectors, and ensuring the HUB24 Group's executive remuneration framework remains relevant with the appropriate mix of fixed and variable incentives that work to attract, motivate and retain talented leaders for our business.

The significant growth of the Group, delivered through the execution of our strategy, has consolidated our leadership position within the industry. Given this, the comparator groups for remuneration benchmarking will include some larger Groups within the ASX 300 Diversified Financials Index. The Board continues to review appropriate benchmarking and remuneration structures to retain, motivate and attract key talent. In addition, the Board are committed to listening to shareholder feedback and as such continue to benchmark appropriate long term incentive structure and inputs.

The momentum we have created during FY24 on enhancing our culture and employee workplace experience initiatives will be an ongoing focus for the year ahead, along side a focus on talent development and succession planning across the organisation.

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

I would like to take this opportunity to thank all employees and the HUB24 Group management team for their consistent effort and input during FY24. The culture at HUB24 is strong and the recent refreshed core organisational values with broad involvement from employees across the Group reflect this. We also have a strong performance culture and the FY24 results squarely reflect this. Our team is to be congratulated and we look forward to the year ahead.



Anthony (Tony) McDonald
Chair, Remuneration and Nomination Committee
20 August 2024

Remuneration report

This Remuneration Report (on pages 20 to 38) sets out the HUB24 Group's remuneration framework and details of remuneration outcomes for KMP for the year ended 30 June 2024 (FY24).

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 the HUB24 Group, either directly or indirectly, being the Non-Executive Directors (NEDs), Managing Director and Chief Executive Officer (MD), Chief Financial Officer (CFO), Director, Strategic Development, Chief Operating Officer (COO) and the Chief Product and Technology Officer (CPTO).

The FY24 Remuneration Report has been prepared and audited in accordance with the disclosure requirements of the *Corporations Act 2001*.

1. Key Management Personnel (KMP)
2. Remuneration snapshot
3. Business performance in FY24
4. Executive KMP remuneration outcomes
5. Executive KMP remuneration structure
6. KMP employment agreements
7. NED remuneration
8. Remuneration governance
9. Other statutory disclosures

1. KEY MANAGEMENT PERSONNEL

The KMP for FY24 were:

Name	Role in FY24	Term as KMP in FY24
Independent Non-Executive Directors (NEDs)		
Paul Rogan	Independent Non-Executive Director, Chair	Full year (appointed as Chair 16 November 2023)
Rachel Grimes AM	Independent Non-Executive Director	Full year
Catherine Kovacs	Independent Non-Executive Director	Full year
Anthony McDonald	Independent Non-Executive Director	Full year
Michelle Tredenick	Independent Non-Executive Director	Part year (appointed 11 June 2024)
Bruce Higgins	Independent Non-Executive Director, Chair	Part year (retired from the Board 16 November 2023)
Executive KMP		
Andrew Alcock	Managing Director	Full year
Paul Biggs	Chief Product and Technology Officer	Part year (KMP from 8 January 2024)
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 the HUB24 Group'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

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

FIXED REMUNERATION (FR)

FR consists of Base Salary, Superannuation and Benefits.

FR is set to attract and retain Executive KMP with the capability and experience to deliver on our business strategy.

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.

SHORT TERM INCENTIVE (STI)

STI 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.

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' KPIs.

Deferral periods applied to Executive KMP STI payments act as a malus and clawback mechanism intended to protect shareholder interests.

LONG TERM INCENTIVE (LTI)

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, with a 4 year retest in certain circumstances.

LTI rewards Executive KMP for long-term performance, encourages shareholder alignment and delivers long-term value creation for shareholders based on:

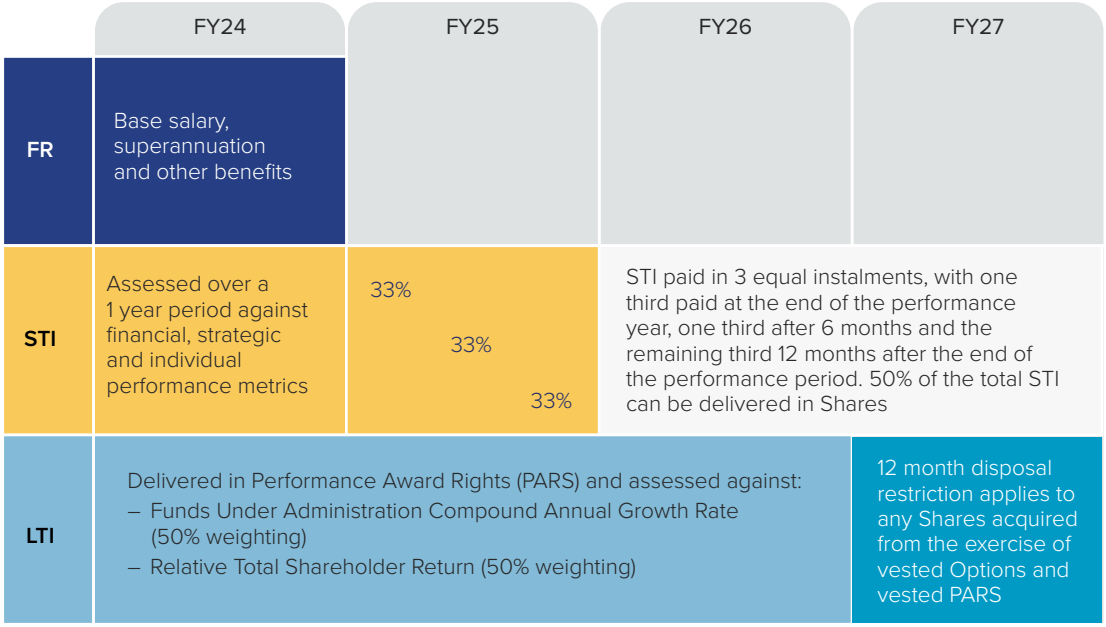
- Compound Annual Growth Rate (CAGR) in FUA; and
- Total Shareholder Return performance.

Special awards of PARS under different terms and conditions may be granted to Executives in limited circumstances to recognise their additional contribution in the growth of the HUB24 Group.

In FY24, in consultation with our external remuneration advisers AON Advisory Australia (AON), the Board adjusted the previous Absolute Shareholder Return performance condition to become a Relative Shareholder Return (RTSR) condition. This measures HUB24's Total Shareholder Return (TSR) against the TSR of the ASX300 Diversified Financials Index.

FY24 EXECUTIVE KMP REMUNERATION MIX

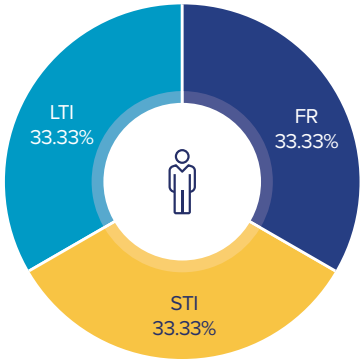
The weighting of each remuneration component of an executive's total remuneration opportunity is aligned to the executive remuneration framework outlined in section 5. The following diagrams set out the weighting of each remuneration component for the Managing Director and other Executive KMP based on their maximum potential STI and LTI opportunities and does not represent actual remuneration received for FY24.



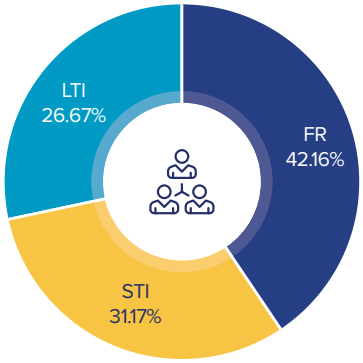
Remuneration report

2. REMUNERATION SNAPSHOT continued

Managing Director Pay Mix at Maximum for FY24



Other Executive KMP Pay Mix at Maximum for FY24 (average)

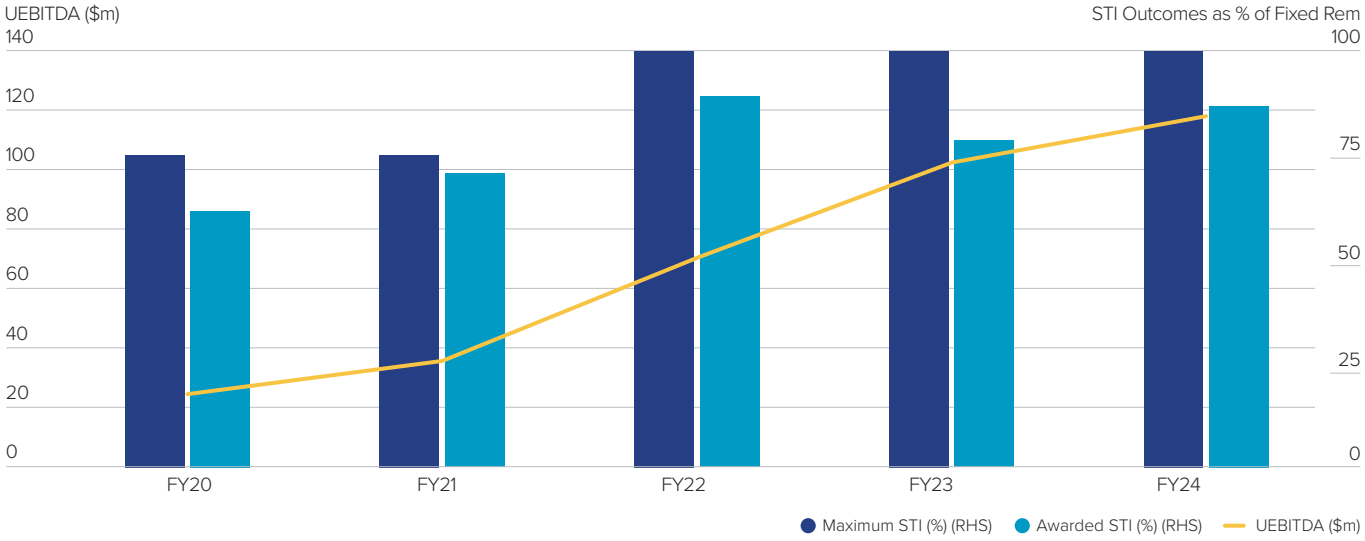


3. BUSINESS PERFORMANCE IN FY24

$104.7b	$15.8b	$118.0m	$67.8m	67%
Total FUA	Net flows	Underlying EBITDA	Underlying NPAT	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 FY24 continued

The table below details the HUB24 Group's performance against key financial and operational metrics for the five-year period ended 30 June 2024.

	FY24	FY23	FY22	FY21	FY20
PARS FUA ($b)	**20.3**	17.6	15.9	17.2	0.2
Platform FUA ($b)	**84.4**	62.7	49.7	41.4	17.2
Revenue ($m)	**327.3**	279.5	192.5	110.9	82.5
Underlying EBITDA ($m)	**118.0**	102.4	70.4	36.2	24.7
Underlying Profit/(Loss) after income tax ($m)	**67.8**	58.8	35.9	15.4	9.8
Earnings per share (statutory basic) (cents)	**58.15**	47.69	20.18	14.83	13.13
Dividends per share ($)	**0.38**	0.325	0.20	0.10	0.07
Total dividends paid and payable ($m)	**30.9**	26.3	16.0	6.8	4.4
Share Price – closing ($)	**46.50**	25.45	20.27	28.51	9.30
TSR in the financial year[1]	**85%**	27%	(29%)	208%	(21%)

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 FY24. Our Company performance and the resulting shareholder value creation over the longer-term leads us to expect that the LTI issued in 2022 will vest at 100% once tested on 17 September 2024 using the 40 day volume weighted average price (VWAP) spanning the FY24 full year results announcement.

FIXED REMUNERATION

Consistent with previous practice, the Board sought advice from external advisers AON 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. Industry 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 2023, the Board made fixed remuneration adjustments to Executive KMP of between 4.1% and 6.4%, 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 Executive increases were between 3.5% and 4.5%. These FY24 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, motivating and retaining key executive talent. Short term incentive arrangements were also considered as part of the benchmarking process, with existing arrangements for the Chief Financial Officer recommended to be recalibrated from 60% to 70% to align with market. No further adjustments to STI % opportunity were applied for KMP roles.

Name	Fixed Remuneration (including superannuation)	Fixed Remuneration (including superannuation) effective from 1 September 2022
A. Alcock – Managing Director	$744,244[1]	$706,698
P. Biggs – Chief Product and Technology Officer	$550,000[2]	—[3]
J. Entwistle – Director, Strategic Development	$584,962[1]	$555,000
C. Lawrenson – Chief Operating Officer	$460,000[1]	$440,000
K. Shanahan – Chief Financial Officer and Joint Company Secretary	$550,000[2]	$500,000

1. Fixed remuneration effective from 1 September 2023.
2. Fixed remuneration effective from 8 January 2024.
3. Mr Biggs was appointed a KMP on 8 January 2024.

Remuneration report

4. EXECUTIVE KMP REMUNERATION OUTCOMES continued

STI OUTCOMES – LINK TO PERFORMANCE

Following the market benchmark review of remuneration completed in August 2023, the Managing Director's FY24 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.

FY24 STI

Measure	FY24 outcome	Commentary
Financial performance: 32.5% weighting		**Result: 25%**
Profitability	**Group profitability**	– Group underlying EBITDA of $118.0m up $15.6m (15%) year-on-year. Base met and stretch partially met.
	Platform profitability	– Platform underlying EBITDA of $103.0m up $17.9m (21%) year-on-year. Base met and stretch partially met.
	Cost to income ratio	– Cost to income ratio of 63.9%.
Operating & Investing cash flow		– $97.5m. Target not met due to increased tax payments.
Strategy & Growth: 35.5% weighting		**Result: 31%**
Platform net flows		– Industry leading platform annual net flows of $15.78b (including large migrations).
Non-custody growth		– Base measure partially met.
Xplore integration and development of non-custody capability		– Enhancements to non-custody service offers were progressed with pilot of new service in market. – Integration of Xplore Wealth into HUB24 program of work was finalised in FY24. – Acquisition benefit realisation (synergies) for FY24 were achieved.
myprosperity		– Business integrated and portal delivered. Upside remains on growth targets.
Current and future growth initiatives		– Development of strong opportunity pipeline to support future FUA growth. – Active adviser growth to 4,525 using platform. – 145 new licensee agreements. – Secured large FUA transitions. – Developed new platform menu offer partnering with investment managers to drive growth.
Class business performance and strategy development		– Improved market share position. – High level of sales. – Created efficiencies in the operation of the business to allow for the acceleration of growth. – Compliance of the Future initiative on track. – MYOB clients onboarded.

Remuneration report

4. EXECUTIVE KMP REMUNERATION OUTCOMES continued

Measure	FY24 outcome	Commentary
Customer and Service Delivery: 17% weighting		**Result: 16%**
Delivery and governance of strategic and operational work programs		– Ongoing delivery of enterprise project portfolio across: > 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		– Customer satisfaction: Industry leading satisfaction rates maintained. – Various awards and recognition including: > Ranked first in overall functionality from Adviser Ratings including 1st for Best Advice Platform, Best Client Experience, Best Adviser Experience, Ease of Onboarding, Online/Call Centre Support, BDM Support. > Ranked first 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 13%. – Industry leading retention rate.
Product and service development		– Achieved Best Platform award from Investment Trends (and other industry awards). – Expansion of our product and service development to deliver adviser efficiency, flexibility and choice including: > Leverage the myprosperity acquisition to create a client portal; > Introduced a new integrated retirement product as an accessible investment option; > Added product features to the platform to better align with the needs of High Net Worth investors; and > Commenced a pilot of our non-custody offer.
Industry innovation and market leadership		– Launch of industry leading Discover menu option providing lower cost options for clients with simpler needs. – Development of enterprise myprosperity to assist advisers with cyber security, record keeping and compliance monitoring. – Introduced our HUB24 ecosytem core integrated technology spine.

Remuneration report

4. EXECUTIVE KMP REMUNERATION OUTCOMES continued

Measure	FY24 outcome	Commentary
People, Compliance and Business Operations: 15% weighting		**Result: 15%**
People and Culture		– Improvement in employee engagement. – Improved employee retention measures. – Increased score in employees sentiment relating to a culture that values outcomes and behaviors, confidence in the company direction and being positioned to succeed and communicating a motivating vision. – Positive overall rating with alignment on servicing the customer and leading the industry as measured by survey activity conducted on behalf of the Board. – Continued focus on employee development, leadership development and succession planning. – Developed and delivered the new HUB24 Group employee values.
Risk, Compliance and Markets		– 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 the implementation of a new risk and compliance system and improvements to processes and controls. – 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 Sustainability		– Further developed our ESG capabilities. – Achieved key ESG targets.
Group Operating Model		– Continued investment in systems and processes to ensure operational continuity, scalability and provide foundations for future growth. – Initiatives implemented across the business to build capacity and scale successfully transacting record flows and transitions into the business. – Ongoing core system architecture and performance improvements creating operational efficiencies and improved customer service outcomes. – Maintained rolling platform service metrics, system uptime and availability.
		Total Overall Outcome: 87%

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

Where there are two circles for a FY24 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	$744,244	87	13
P. Biggs – Chief Product and Technology Officer	$273,027[1]	89	11
J. Entwistle – Director, Strategic Development	$584,962	87	13
C. Lawrenson – Chief Operating Officer	$299,000	85	15
K. Shanahan – Chief Financial Officer and Joint Company Secretary	$385,000	89	11

1. Mr Biggs (Chief Product and Technology Officer) was appointed as a KMP from 8 January 2024. The STI disclosed of $273,027 comprises the amount for the period 1 July 2023 – 7 January 2024 ($108,027) and the amount from his tenure as a KMP from 8 January 2024 – 30 June 2024 ($165,000).

Remuneration report

4. EXECUTIVE KMP REMUNERATION OUTCOMES continued

LTI VESTING OUTCOMES – LINK TO PERFORMANCE

The FY22 LTI will be tested over the 3-year period to 30 June 2024, with the Absolute TSR (ATSR) hurdle tested using the 40 day VWAP spanning the FY24 full year results announcement (being 17 September 2024).

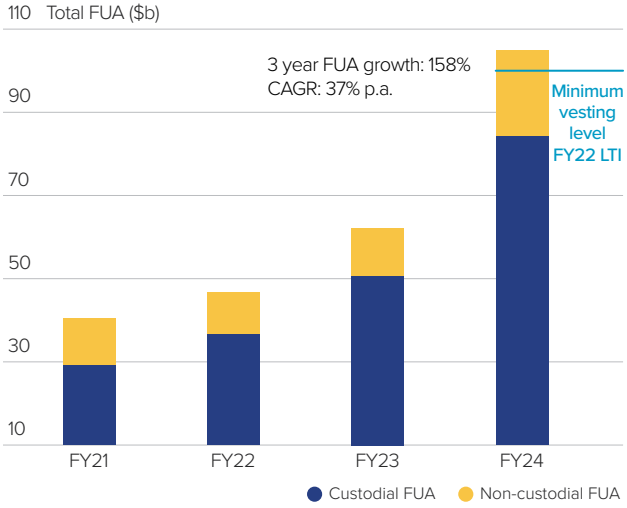
Executive KMP have achieved the FUA hurdle (which is 50% of the performance measures). The remaining 50% of Options and PARS that relates to the ATSR hurdle requires final performance testing on 17 September 2024.

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 FY22 LTI performance period.

HUB24 vs S&P/ASX200 3-year TSR[1]

1. TSR data sourced from Morningstar 1 July 2021 – 30 June 2024.

HUB24 Platform FUA



FY22 LTI GRANT PERFORMANCE CONDITIONS

Measure	Weighting	Vesting criteria	Result (% vested)
ATSR	50%	The CAGR in the ATSR over the three-year period until 17 September 2024 is assessed as follows: – Threshold: 10% ATSR CAGR – 25% vesting; and – Stretch: 15% ATSR CAGR – 100% vesting. Straight-line vesting will occur between threshold and stretch.	To be tested 17 September 2024
Growth in FUA	50%	The growth in FUA over the three-year period until 30 June 2024, assessed via a calculated score assessing relative growth of custody and non-custody FUA, as follows: – Zero vesting if the FUA did not exceed 70.6% by 30 June 2024; – 50% vesting if the FUA reached 70.6% growth by 30 June 2024; – 100% vesting if the FUA reached 94.5% growth by 30 June 2024; and – Straight-line vesting will occur between 70.6% and 94.5% growth (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 FY24:

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 paid 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, people and culture 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 FY24 scorecard are outlined below. **Financial Performance –** 32.5% weighting **Strategy objectives & Growth –** 35.5% 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 people and culture 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 FY24:

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. A 4 year retest in certain circumstances.
Exercise price	No exercise price will be payable in respect of the exercise of vested PARS.

Remuneration report

5. EXECUTIVE KMP REMUNERATION STRUCTURE continued

Element	Description
Expiry period	15 years from the date of issue.
Performance measures	50% of the value of the PARS will be subject to and will vest based on achievement of a hurdle measuring compound annual growth rate of custody funds under administration (FUA) for the three years ending on 30 June 2026. This hurdle has been set at a three year CAGR of FUA between 16.84% and 21.33% p.a., and a FUA growth of between 59.5% and 78.6%, over three years to 30 June 2025. Based on data at 30 June 2023 this would equate to total FUA of $100-112b by 30 June 2026. 50% of the value of the PARS will be subject to, and will vest on, the achievement of a hurdle measuring the Relative Total Shareholder Return (RTSR) over the next three years. The RTSR measure compares the Company's Total Shareholder Return (TSR) performance against the TSR performance of companies in the S&P/ASX300 Diversified Financials Index (Index). Vesting is calibrated as follows: – 25% vesting of PC2 Performance Rights will occur when the Company's TSR is at a threshold of the 50th percentile performance when compared against the companies in the Index; – 100% vesting of PC2 Performance Rights will occur when the Company's TSR is at a threshold of 80th percentile performance when compared against the companies in the Index; and – vesting between 50th percentile and 80th percentile performance against the companies in the Index 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 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 FY24 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 month 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 reflect arrangements as at 30 June 2024 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	$744,244	12 months	Nil
P. Biggs – Chief Product and Technology Officer	$550,000	12 months	Nil
J. Entwistle – Director, Strategic Development	$584,962	12 months	Nil
C. Lawrenson – Chief Operating Officer	$460,000	12 months	Nil
K. Shanahan – Chief Financial Officer and Joint Company Secretary	$550,000	12 months	Nil

Remuneration report

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

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 $1,300,000 per financial year was approved by HUB24 shareholders at the 2023 AGM. The total of Board and Committee fees, including superannuation paid to Non-Executive Directors in FY24 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. Prior to his appointment as Board Chair, Paul Rogan received a Special Fee of $10,000 for the additional work he undertook in considering growth opportunities with the Chair and management.

In the context of the change to the HUB24 Limited Board Chair and in considering the circumstances, the Board approved an increase to the NED Board fee effective 1 January 2024, and a reduction in the HUB24 Limited Chair fee effective 17 November 2023. The total of Board and Committee fees remains 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 Chair of the Board receives a higher Board fee to reflect the additional time commitment and responsibilities of the role and does not receive any additional fees for participation in Board Committees.

Board and Committee Fees (inclusive of superannuation)	Year	Board Fee	Audit Risk and Compliance Committee	Remuneration and Nomination Committee	Special Fee
Chair	**2024**	**$285,000**			
	2023	$325,000			
Member Fee	**2024**	**$135,000**	**$15,000**	**$15,000**	**$10,000**
	2023	$125,000	$15,000	$15,000	$10,000
Committee Chair Fee	**2024**		**$30,000**	**$30,000**	
	2023		$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 currently 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 2024 and 30 June 2023 is detailed below.

		Short-term benefits			Post Employment Benefits	End of service	Share-based payments		Total remuner -ation
Non-Executive Directors		Cash Salary and fees $	Bonus $	Non-monetary benefits $	Super-annuation $	Long Service Leave $	Shares $	Options & PARS $	Total $
P. Rogan	**FY24**	**221,450**	**—**	**—**	**23,891**	**—**	**—**	**—**	**245,341**
	FY23	151,584	—	—	15,916	—	—	—	167,500
R. Grimes AM	**FY24**	**139,025**	**—**	**—**	**15,293**	**—**	**—**	**—**	**154,318**
	FY23	11,935	—	—	1,253	—	—	—	13,188
C. Kovacs	**FY24**	**144,144**	**—**	**—**	**15,856**	**—**	**—**	**—**	**160,000**
	FY23	118,778	—	—	12,472	—	—	—	131,250
A. McDonald	**FY24**	**144,144**	**—**	**—**	**15,856**	**—**	**—**	**—**	**160,000**
	FY23	128,959	—	—	13,541	—	—	—	142,500
M. Tredenick [1]	**FY24**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	FY23	—	—	—	—	—	—	—	—
B. Higgins [2]	**FY24**	**124,001**	**—**	**—**	**12,305**	**—**	**—**	**—**	**136,306**
	FY23	266,370	—	—	24,880	—	—	—	291,250
R. Stringer [3]	**FY24**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	FY23	94,268	—	—	9,898	—	—	—	104,166
Total	**FY24**	**772,764**	**—**	**—**	**83,201**	**—**	**—**	**—**	**855,965**
	FY23	771,894	—	—	77,960	—	—	—	849,854

1. The appointment of Ms Tredenick as Director was on the 11th June 2024 and therefore payment for services from this date to year-end will be made after 30 June 2024. The payment will be subject to the usual terms and conditions applicable to Non-Executive Director remuneration and will be part of the remuneration disclosed in the FY25 Annual Report. This disclosure is designed to align with the Group's financial reporting period and ensure accurate disclosure of NED remuneration.
2. Mr Higgins retired as a Director 16 November 2023.
3. 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
P. Rogan	45,000	—	45,000
R. Grimes AM	—	1,000	1,000
C. Kovacs	3,750	—	3,750
A. McDonald	41,644	—	41,644
M. Tredenick [1]	—	—	—
B. Higgins [2]	538,611	(274,223)	264,388 [3]

1. Ms Tredenick was appointed as a Director 11 June 2024.
2. Mr Higgins retired as a Director 16 November 2023.
3. Mr Higgins balance as at 16 November 2023 per Appendix 3Z - Final Director's Interest Notice lodged with the ASX.

Remuneration report

8. REMUNERATION GOVERNANCE

The HUB24 Group'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 the HUB24 Group'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

The HUB24 Group 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. During FY24 the HUB24 Group submitted its first WGEA Pay Gap Statement to provide context to our gender pay gap results which were published by WGEA for the first time relating to the 2023-2024 period.

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 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 engaged external remuneration advisors to assist in Non-Executive Director fee benchmarking against a comparator group of companies. During FY24, the Committee and management received information from AON.

SECURITIES TRADING POLICY

All employees and directors are required to comply with the HUB24 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 FY24 (FY23: 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 FY24 and FY23.

		Short-term benefits			Post Employment Benefits	End of service	Share-based payments		Total remuner -ation	
Executive KMP		Cash Salary and fees[1] $	Bonus $	Non-monetary benefits $	Super-annuation $	Long Service Leave $	Shares $	Options & PARS $	Total $	Perfor -mance related %
A. Alcock	**FY24**	**710,939**	**568,134**	**26,424**	**27,399**	**27,144**	**—**	**2,459,536**	**3,819,576**	**15%**
	FY23	675,797	521,027	27,055	25,292	15,140	—	2,253,691	3,518,002	15%
P. Biggs[2]	**FY24**	**259,377**	**57,614**	**2,332**	**13,699**	**22,884**	**—**	**362,061**	**717,967**	**8%**
	FY23	—	—	—	—	—	—	—	—	—
J. Entwistle	**FY24**	**552,921**	**441,490**	**5,907**	**27,399**	**18,620**	**1,000**	**2,198,456**	**3,245,793**	**14%**
	FY23	525,106	408,938	6,422	25,292	11,952	980	2,241,453	3,220,143	13%
C. Lawrenson	**FY24**	**430,699**	**208,080**	**4,960**	**27,399**	**14,836**	**1,000**	**605,829**	**1,292,803**	**16%**
	FY23	412,771	226,199	4,481	25,292	32,709	980	613,324	1,315,756	17%
K. Shanahan	**FY24**	**508,359**	**231,740**	**5,467**	**27,399**	**7,521**	**1,000**	**768,469**	**1,549,955**	**15%**
	FY23	468,389	217,153	3,482	25,292	7,801	980	879,463	1,602,560	14%
Total	**FY24**	**2,462,295**	**1,507,058**	**45,090**	**123,295**	**91,005**	**3,000**	**6,394,351**	**10,626,094**	
	FY23	2,082,063	1,373,317	41,440	101,168	67,602	2,940	5,987,931	9,656,461	

1. Includes movements in leave balances.
2. Mr Biggs was appointed a KMP in FY24, and this disclosure relates to the period from 8 January 2024.

KMP INTERESTS IN OPTIONS AND PARS

We have detailed beneficial interests in Options and PARS granted as at 30 June 2024 in the table below. We discuss the service and performance criteria for the equity awards vesting in FY24 in section 4.

Executive KMP	Type	Balance at 1 July 2023	Granted	Exercised	Lapsed/ Forfeited	Other transactions	Balance at 30 June 2024
A. Alcock	Options	139,508	—	105,950	—	—	33,558
	PARS	575,211	31,708	148,748	—	—	458,171
P. Biggs[1]	Options	—	—	—	—	—	—
	PARS	93,860	—	—	—	—	93,860
J. Entwistle	Options	112,283	—	40,000	—	—	72,283
	PARS	484,497	24,922	—	—	—	509,419
C. Lawrenson	Options	39,170	—	15,352	—	—	23,818
	PARS	141,551	7,839	44,603	—	—	104,787
K. Shanahan	Options	10,974	—	—	—	—	10,974
	PARS	127,403	13,606	27,511	—	—	113,498
Total	**Options**	**301,935**	**—**	**161,302**	**—**	**—**	**140,633**
	PARS	**1,422,522**	**78,075**	**220,862**	**—**	**—**	**1,279,735**

1. Mr Biggs' opening balance is based on holdings as at the date of commencement as a KMP (8 January 2024).

Remuneration report

9. OTHER STATUTORY DISCLOSURES continued

KMP OPTIONS

KMP hold the following Options:

Executive KMP	Financial year of grant	Financial year in which Options may vest	Number of Options held	Value of Options held at grant $	Number of Options vested during the year	Number of Options lapsed/forfeited during the year
A. Alcock	2021	2024	33,558	371,990	33,558	—
P. Biggs	—	—	—	—	—	—
J. Entwistle	2021	2024	27,435	304,117	27,435	—
	2020	2023	44,848	170,406	—	—
C. Lawrenson	2021	2024	10,380	115,062	10,380	—
	2020	2023	13,438	51,059	—	—
K. Shanahan	2021	2024	10,974	121,647	10,974	—

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:

Executive KMP	Financial year of grant	Financial year in which PARS may vest	Number of PARS held	Fair value of PARS held at grant $	Number of PARS vested during the year	Number of PARS lapsed/forfeited during the year
A. Alcock	2024	2027	31,708	877,000 [1]	—	—
	2023	2026	53,163	1,168,722	—	—
	2022	2025	35,901	800,882	—	—
	2021	2024	301,395	6,078,887	31,395	—
	2020	2023	21,932	206,507	—	—
	2018	2022	14,072	157,034	—	—
P. Biggs	2024	2027	7,669	200,357	—	—
	2023	2026	12,939	284,449	—	—
	2022	2025	8,252	154,000	—	—
	2021	2024	65,000	1,331,850	—	—
J. Entwistle	2024	2027	24,922	651,092	—	—
	2023	2026	41,751	917,845	—	—
	2022	2025	28,132	658,538	—	—
	2021	2024	295,653	5,978,919	25,653	—
	2020	2023	17,961	169,117	—	—
	2019	2023	90,000	1,142,224	—	—
	2019	2022	11,000	117,852	—	—
C. Lawrenson	2024	2027	7,839	204,801	—	—
	2023	2026	13,240	291,064	—	—
	2022	2025	9,002	210,732	—	—
	2021	2024	74,706	1,500,831	9,706	—
K. Shanahan	2024	2027	13,606	355,457	—	—
	2023	2026	22,568	496,134	—	—
	2022	2025	12,324	288,500	—	—
	2021	2024	65,000	1,331,850	—	—

1. A. Alcock grant issued in Financial Year 2024 has a face value of $1,066,657 based on the closing share price of $33.64 for ASX:HUB on 13 October 2023 (being the day before the issue of the Notice of Annual General Meeting).

Remuneration report

9. OTHER STATUTORY DISCLOSURES continued

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 financial year	Received due to tax exempt share plan issue	Other changes during the year	Balance at the end of the financial year
A. Alcock	1,081,824	—	4,698	1,086,522
P. Biggs[1]	165,855	—	(4,596)	161,259
J. Entwistle	699,777	30	(210,000)	489,807
C. Lawrenson	216	30	53,968	54,214
K. Shanahan	78	30	27,511	27,619

1. Mr Biggs' opening balance is based on holdings as at the date of commencement as a KMP (8 January 2024).

Auditor's independence declaration

Deloitte.

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20 August 2024

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

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 2024, 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

DELOITTE TOUCHE TOHMATSU

Stuart Alexander
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Financial statements

For the year ended 30 June 2024

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Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

	Notes	2024 $'000	2023 $'000
Income			
Revenue from customers	2.1, 2.2	**323,488**	276,307
Interest and other income	2.3	**3,240**	2,319
Share of profit from associates	6.3	**630**	906
Gain on sale of investment in associate	6.3	**2,987**	—
Total income		**330,345**	279,532
Expenses			
Platform and custody expenses		**(28,115)**	(23,864)
Employee related expenses	2.4	**(141,646)**	(122,450)
Depreciation and amortisation expense	2.4	**(36,823)**	(27,706)
Administrative expenses	2.4	**(49,082)**	(40,497)
Share based payments expense	7.1	**(13,521)**	(11,096)
Interest expense – lease liability	3.4.2	**(443)**	(315)
Interest expense – other		**(1,889)**	(1,614)
Impairment charge on non-financial assets	6.3	**—**	(3,248)
Total expenses		**(271,519)**	(230,790)
Profit before income tax		**58,826**	48,742
Income tax expense	5.1	**(11,667)**	(10,576)
Profit after income tax for the year		**47,159**	38,166
Other comprehensive income/(loss)	3.7	**(682)**	—
Total comprehensive income for the year attributable to ordinary equity holders of HUB24 Limited		**46,477**	38,166

	Notes	Cents	Cents
Earnings per share, attributable to ordinary equity holders of HUB24 Limited			
Basic earnings per share	2.5	**58.15**	47.69
Diluted earnings per share	2.5	**56.38**	46.06

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 2024

	Notes	2024 $'000	2023 $'000
Assets			
Current assets			
Cash and cash equivalents	4.5	**88,048**	72,747
Trade and other receivables	3.1	**37,824**	29,531
Current tax receivables		**8,119**	1,847
Other current assets		**8,034**	6,817
Total current assets		**142,025**	110,942
Non-Current assets			
Investment in associates	6.3	**—**	12,172
Equity securities	3.7	**11,115**	—
Intangible assets (including goodwill)	3.5	**449,347**	459,205
Right of use assets	3.4.1	**14,637**	9,556
Deferred tax assets (net of deferred tax liabilities)	5.2	**—**	539
Property, plant and equipment	3.6	**3,008**	3,017
Other non-current assets		**2,602**	1,250
Total non-current assets		**480,709**	485,739
Total assets		**622,734**	596,681
Liabilities			
Current liabilities			
Trade and other payables	3.2	**14,584**	16,630
Provisions	3.3	**30,227**	24,425
Lease liabilities	3.4.2	**2,651**	3,765
Other current liabilities		**252**	127
Total current liabilities		**47,714**	44,947
Non-current liabilities			
Lease liabilities	3.4.2	**12,596**	6,434
Provisions	3.3	**5,078**	4,548
Borrowings	4.1	**29,975**	29,975
Deferred tax liabilities (net of deferred tax assets)	5.2	**6,589**	—
Deferred income		**271**	365
Other non-current liabilities		**809**	—
Total non-current liabilities		**55,318**	41,322
Total liabilities		**103,032**	86,269
Net assets		**519,702**	510,412
Equity			
Issued capital	4.2.1	**476,986**	491,477
Profit reserve	4.2.3	**84,234**	67,178
Share based payment reserves	4.2.2	**34,157**	26,750
Equity securities at FVOCI[1] reserve	4.2.4	**(682)**	—
Retained earnings		**(74,993)**	(74,993)
Total equity		**519,702**	510,412

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

1. Fair Value through Other Comprehensive Income (FVOCI).

Consolidated statement of changes in equity

For the year ended 30 June 2024

	Notes	Issued capital $'000	Share based payment reserves $'000	Profit reserves $'000	Equity securities at FVOCI reserve $'000	Retained earnings $'000	Total $'000
Consolidated 2024							
Opening balance as at 1 July 2023		**491,477**	**26,750**	**67,178**	**—**	**(74,993)**	**510,412**
Total comprehensive income/(loss) for the year		**—**	**—**	**—**	**(682)**	**47,159**	**46,477**
Transfer to profit reserves		**—**	**—**	**47,159**	**—**	**(47,159)**	**—**
Transactions with owners in their capacity as owners							
Dividends paid on ordinary shares		**—**	**—**	**(30,103)**	**—**	**—**	**(30,103)**
Shares issued transaction costs		**(12)**	**—**	**—**	**—**	**—**	**(12)**
Shares issued through employee share option plan		**636**	**—**	**—**	**—**	**—**	**636**
On-market share buy back		**(12,493)**	**—**	**—**	**—**	**—**	**(12,493)**
Options and rights exercised	4.2.1	**7,401**	**(5,153)**	**—**	**—**	**—**	**2,248**
Options and rights granted – employees		**—**	**12,560**	**—**	**—**	**—**	**12,560**
Treasury shares purchased on-market	4.2.1	**(10,023)**	**—**	**—**	**—**	**—**	**(10,023)**
Balance as at 30 June 2024		**476,986**	**34,157**	**84,234**	**(682)**	**(74,993)**	**519,702**
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)	—
Transactions with owners in their capacity as owners							
Dividends paid on ordinary shares		—	—	(21,219)	—	—	(21,219)
Shares issued transaction costs		(49)	—	—	—	—	(49)
Shares issued through employee share option plan		461	—	—	—	—	461
Options and rights exercised	4.2.1	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	4.2.1	(10,012)	—	—	—	—	(10,012)
Balance as at 30 June 2023		491,477	26,750	67,178	—	(74,993)	510,412

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 2024

	Notes	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers		**313,525**	273,753
Payments to suppliers and employees		**(207,595)**	(176,402)
Interest received	2.3	**3,252**	2,102
Interest paid on lease liability	3.4.2	**(443)**	(315)
Short-term lease payments	3.4.2	**(201)**	(244)
Strategic transactions and project costs		**(9,319)**	(9,669)
Income tax payment		**(10,970)**	(13,735)
Net cash inflow from operating activities	4.6	**88,249**	75,490
Cash flows from investing activities			
Payments for acquisitions net of cash acquired	6.1	**—**	(353)
Payments for office equipment		**(1,344)**	(1,639)
Payment for further investment in associates	6.3	**(1,393)**	—
Proceeds on sale of investment in an associate		**3,415**	—
Payments for intangible assets		**(21,387)**	(16,187)
Dividends received from investment in associate	6.3	**1,969**	653
Net cash (outflow) from investing activities		**(18,740)**	(17,526)
Cash flows from financing activities			
Loan facility repayment		**—**	14,405
Payment for issuance of shares	4.2	**(12)**	(49)
Proceeds from issues of shares		**2,249**	1,228
Repayment of borrowings		**—**	(9,320)
Treasury shares purchased on-market	4.2.1	**(10,023)**	(10,012)
On-market share buy back		**(12,493)**	—
Repayment of lease liabilities	3.4.2	**(3,826)**	(3,704)
Dividends paid on ordinary shares	4.2.3	**(30,103)**	(21,219)
Net cash (outflow) from financing activities		**(54,208)**	(28,671)
Net increase in cash and cash equivalents		**15,301**	29,293
Cash and cash equivalents at beginning of year		**72,747**	43,454
Cash and cash equivalents at end of year	4.5	**88,048**	72,747

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

Notes to the financial statements

For the year ended 30 June 2024

1. OVERVIEW

1.1 CORPORATE INFORMATION

The Annual Report of HUB24 Limited ("the Company") and its controlled entities ('HUB24 Group) for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Board of Directors on 20 August 2024 and covers the company as an individual entity as well as the HUB24 Group consisting of the company and its subsidiaries as required by the *Corporations Act 2001*.

HUB24 Limited 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 HUB24 Group are described in the Directors' Report.

1.2 BASIS OF PREPARATION

This general purpose consolidated financial report for the year ended 30 June 2024 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 HUB24 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 HUB24 Group's activities;
3. **Financial position** provides disclosure on the HUB24 Group's assets and liabilities;
4. **Capital structure** and financing provides information about the debt and equity components of the HUB24 Group's capital, and commentary on the HUB24 Group's exposure to various financial and capital risks, including the potential impact on the results and how the HUB24 Group manages these risks;
5. **Income tax** includes disclosures relating to the HUB24 Group's tax expense and balances;
6. **Group structure** includes disclosures in relation to transactions impacting the HUB24 Group structure;
7. **Employee remuneration** provides commentary on the HUB24 Group's share based payment expenses; and
8. **Other** includes additional disclosures required to comply with Australian Accounting Standards (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 the HUB24 Group in determining the numbers.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the HUB24 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 Australian Accounting Standards Board (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 HUB24 Group. The HUB24 Group has not adopted any Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

Rounding

The HUB24 Group is of a kind referred to in the ASIC *Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The HUB24 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.

Notes to the financial statements

1. OVERVIEW continued

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 HUB24 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.

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 HUB24 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 HUB24 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 HUB24 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 HUB24 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 the Company'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 Reserve Bank of Australia (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.

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)
- recoverability of deferred tax assets (note 5.2)
- valuation of share based payments (note 7.1)
- assessment of useful life of intangible assets recognised (note 3.5)

Notes to the financial statements

2. GROUP PERFORMANCE

Overview

This section provides analysis and commentary on the HUB24 Group's operating activities.

The HUB24 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.

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 HUB24 Group's performance. The operating segments are consistent with the basis on which information is provided to the HUB24 Group Executive (identified as the Chief Operating Decision Maker ("CODM")) for measuring performance, being the basis upon which the HUB24 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 HUB24 Group's income in either 2024 or 2023.

The HUB24 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, 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 pay per use basis (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 2024				
Sales to external customers	**252,814**	**70,674**	**—**	**323,488**
Share of profit from associates	**—**	**—**	**630**	**630**
Interest and other income	**—**	**—**	**3,240**	**3,240**
Revenue from ordinary activities [1]	**252,814**	**70,674**	**3,870**	**327,358**
Expenses	**(149,766)**	**(48,568)**	**(10,994)**	**(209,328)**
Underlying EBITDA	**103,048**	**22,106**	**(7,124)**	**118,030**
Share based payment expense (including payroll tax)	**—**	**—**	**(13,521)**	**(13,521)**
Strategic transactions and project costs [2]	**(9,515)**	**—**	**—**	**(9,515)**
Depreciation and amortisation	**(17,231)**	**(19,592)**	**—**	**(36,823)**
Gain on sale of investment in associate	**—**	**—**	**2,987**	**2,987**
Interest expense	**—**	**—**	**(2,332)**	**(2,332)**
Profit/(loss) before income tax	**76,302**	**2,514**	**(19,990)**	**58,826**
Income tax expense	**—**	**—**	**(11,667)**	**(11,667)**
Profit/(loss) after income tax	**76,302**	**2,514**	**(31,657)**	**47,159**
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
Revenue from ordinary activities [1]	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 [3]	(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

1. Includes revenue from customers, interest and income from investments in associates, excludes gain on sale of investment in associates.
2. Strategic transactions and project costs of $9.5m largely relate to Xplore integration and large migrations. Refer to page 14 within the Directors' report for more information.
3. 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 14 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, Managed Investment Schemes (MIS), and Investor Directed Portfolio Service (IDPS) products;
- Managed Discretionary Account solutions that incorporate specific requirements of advisory firms, wealth managers and stockbrokers into a private label service;
- 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 provisions 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.

	2024 $'000	2023 $'000
Platform fees	**252,814**	208,803
License fees	**60,426**	57,795
Transaction fees	**7,973**	7,441
Commissions	**2,275**	2,268
Tech Solutions fees	**70,674**	67,504
Total	**323,488**	276,307

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

	2024 $'000	2023 $'000
Interest income	**3,252**	2,102
Other income [1]	**(12)**	217
	3,240	2,319

1. Includes deferred research and development credits and foreign exchange movements, which were negative in FY24.

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	2024 $'000	2023 $'000
a) Employee benefits expenses			
Wages and salaries (including superannuation and payroll tax)		**136,354**	116,263
Other employee benefits expenses		**2,357**	3,579
Travel and entertainment		**2,935**	2,608
		141,646	122,450
b) Depreciation and amortisation			
Depreciation of right-of-use assets		**3,793**	3,688
Depreciation of office equipment		**1,627**	1,793
Amortisation of intangible assets	3.5	**31,403**	22,225
		36,823	27,706
c) Administrative expenses			
Corporate fees		**3,343**	3,458
Professional and consultancy fees		**9,923**	7,979
Information services and communication		**21,649**	16,551
Property and occupancy costs		**776**	645
Strategic transactions and project costs [1]		**9,515**	9,691
Other administrative expenses		**3,876**	2,173
		49,082	40,497
d) Impairment charge on non-financial assets			
Impairment charge on non-financial assets	6.3	**—**	3,248

1. 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.

	2024 Cents	2023 Cents
Earnings per share, attributable to ordinary equity holders of HUB24 Limited		
Basic earnings per share	**58.15**	47.69
Diluted earnings per share	**56.38**	46.06

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:

	2024 $'000	2023 $'000
Profit after income tax attributable to the owners of HUB24 Ltd used in calculating basic and diluted earnings per share	**47,159**	38,166
Profit after tax	**47,159**	38,166

2.5.2 Weighted average number of ordinary shares

	2024 Number	2023 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**81,095,890**	80,021,546
Weighted average number of ordinary shares used in calculating diluted earnings per share	**83,642,736**	82,859,360

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.

	2024 $'000	2023 $'000
Trade receivables [1]	**36,658**	29,013
Other receivables	**1,166**	518
	37,824	29,531

1. Net of an allowance for expected credit losses of $522 thousand (FY23: $371 thousand).

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 HUB24 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 HUB24 Group 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.

Notes to the financial statements

3. FINANCIAL POSITION continued

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 HUB24 Group prior to the end of the financial year that are unpaid and arise when the HUB24 Group becomes obliged to make future payments in respect of the purchase of these goods and services.

	2024 $'000	2023 $'000
Trade payables	**2,063**	4,422
Other payables[1]	**12,521**	12,208
Total trade and other payables	**14,584**	16,630

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 HUB24 Group prior to the end of the period that are unpaid and arise when the HUB24 Group becomes obliged to make future payments in respect of the purchase of these goods and services.

3.3 PROVISIONS

Overview

Provisions are recognised when the HUB24 Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the HUB24 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.

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 $665 thousand in FY24 for redundancy provisions in relation to restructuring of Class and Group Technology functions. (FY23: $Nil).

Notes to the financial statements

3. FINANCIAL POSITION continued

	2024 $'000	2023 $'000
Current Liabilities		
Employee benefits – annual leave	**7,836**	7,231
Employee benefits – other	**20,990**	16,509
Third party claims	**133**	469
Restructuring provision	**665**	—
Lease make good provision	**603**	216
Current Liabilities	**30,227**	24,425
Non-current Liabilities		
Employee benefits – long service leave	**3,396**	3,036
Employee benefits – deferred short term incentive	**875**	614
Lease make good provision	**807**	898
Non-current liabilities	**5,078**	4,548
Total Provisions	**35,305**	28,973

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
2024			
Carrying amount at the start of the year	**469**	**—**	**216**
Additional provisions recognised/(released)	**(336)**	**665**	**387**
Carrying amount at the end of the year	**133**	**665**	**603**
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

Accounting policies

Provisions are recognised when the HUB24 Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the HUB24 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.

Notes to the financial statements

3. FINANCIAL POSITION continued

3.4 RIGHT OF USE ASSETS AND LEASE LIABILITIES

Overview

The HUB24 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 HUB24 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

	2024 $'000	2023 $'000
Total right-of-use assets	**14,637**	9,556

The additions to right of use assets during FY24 were $8.9 million (FY23 $3.7 million). These relate to the following:

- A new 5-year property lease was signed in April 2024 by HUB24 in Brisbane.
- A new 5-year property lease was signed in May 2024 by HUB24 in Melbourne; and
- An extension of a 1-year property lease by Myprosperity.

Right of Use	2024 $'000	2023 $'000
Cost	**25,483**	19,183
Accumulated Depreciation	**(10,846)**	(9,627)
Net book amount	**14,637**	9,556
Reconciliations of the carrying amounts at the beginning and end of the year		
Opening net book amount	**9,556**	9,525
Additions	**8,878**	3,719
Disposals	**(4)**	—
Depreciation charge	**(3,793)**	(3,688)
Closing net book amount	**14,637**	9,556

3.4.2 Lease liabilities

	2024 $'000	2023 $'000
Current	**2,651**	3,765
Non-current	**12,596**	6,434
	15,247	10,199
Reconciliations of the carrying amounts at the beginning and end of the year		
Opening net book amount	**10,199**	10,184
Additions	**8,870**	3,719
Disposals	**(5)**	—
Lease payments	**(4,260)**	(4,019)
Interest payments	**443**	315
Closing net book amount	**15,247**	10,199

Notes to the financial statements

3. FINANCIAL POSITION continued

	Future value of minimum lease payments $'000	Interest $'000	Present value of minimum lease payments $'000
30 June 2024			
Within 1 year	**3,532**	**(881)**	**2,651**
After 1 year and less than 5 years	**8,140**	**(2,745)**	**5,395**
More than 5 years	**8,608**	**(1,407)**	**7,201**
Total	**20,280**	**(5,033)**	**15,247**
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

Accounting policies

Under AASB 16, as a lessee the HUB24 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 HUB24 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 HUB24 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 HUB24 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 HUB24 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:

	2024 $'000	2023 $'000
Depreciation charge on right-of-use assets	**3,793**	3,688
Interest expense on lease liabilities	**443**	315
Expenses relating to short-term leases	**201**	244
	4,437	4,247

The total cash outflow for leases in the year ended 30 June 2024 was $4.3 million (FY23: $4 million).

Notes to the financial statements

3. FINANCIAL POSITION continued

3.5 INTANGIBLE ASSETS

Overview

Intangible assets are assets with no physical substance. The most significant classes of intangible assets of the HUB24 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 acquisitions			Goodwill on acquisition

The table above is representative of the FY24 and FY23 Intangible assets. Refer to table on the following page for the movement.

Consolidated	Computer Software $'000	Customer Relationship $'000	Brand $'000	Goodwill $'000	Total $'000
Year ended 30 June 2024					
At cost	**178,121**	**103,630**	**8,761**	**246,246**	**536,758**
Accumulated amortisation and impairment	**(69,069)**	**(18,342)**	**—**	**—**	**(87,411)**
Net carrying amount	**109,052**	**85,288**	**8,761**	**246,246**	**449,347**
Reconciliations of the carrying amount at the beginning and end of the financial year					
Opening carrying amount	**112,827**	**91,530**	**8,761**	**246,087**	**459,205**
Other additions [1]	**21,387**	**—**	**—**	**—**	**21,387**
Addition through acquisition [2]	**—**	**—**	**—**	**159**	**159**
Amortisation from acquisition	**(16,665)**	**(6,157)**	**—**	**—**	**(22,822)**
Amortisation	**(8,497)**	**(85)**	**—**	**—**	**(8,582)**
Closing carrying amount	**109,052**	**85,288**	**8,761**	**246,246**	**449,347**
Year ended 30 June 2023					
At cost	156,734	103,630	8,761	246,087	515,212
Accumulated amortisation and impairment	(43,907)	(12,100)	—	—	(56,007)
Net carrying amount	112,827	91,530	8,761	246,087	459,205
Reconciliations of the carrying amount at the beginning and end of the financial year					
Opening carrying amount	101,801	97,180	8,761	221,630	429,372
Other additions [1]	16,188	—	—	—	16,188
Addition through acquisition [2]	10,884	529	—	24,457	35,870
Amortisation from acquisition	(10,117)	(6,094)	—	—	(16,211)
Amortisation	(5,929)	(85)	—	—	(6,014)
Closing carrying amount	112,827	91,530	8,761	246,087	459,205

1. Other additions relate to internally generated software across the Platform and Tech Solutions segments.
2. A Purchase Price Accounting (PPA) assessment has been finalised as at 31 December 2023 with the outcomes included in the half year financial report and above. 30 June 2023 Provisional PPA balances have been adjusted to reflect the finalisation of the PPA for the myprosperity business acquired. Refer to note 6.1 for more information.

Notes to the financial statements

3. FINANCIAL POSITION continued

Accounting policies

Indefinite life intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the HUB24 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 and is tested for impairment at least annually or whenever there is an indication for impairment.

For the purpose of impairment testing, goodwill is allocated to the CGU or group of CGU's that are expected to benefit from synergies arising from the acquisition. Operating segments reflect the level at which goodwill is monitored for impairment by management and is the level at which the HUB24 Group monitors and manage its operations. As the HUB24 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, CGUs and the allocation of goodwill to those operating segments periodically.

When the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognised.

Brand names

Brand names acquired in a business information including Class are recognised at cost. Subsequently, brand names are not amortised but tested for impairment at least annually or whenever there is an indication of impairment.

Finite Life intangible assets (Software and customer relationships)

Intangible assets acquired 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 as an expense in the year in which the expenditure is incurred.

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.

Estimate of useful lives for finite life intangible assets

Intangible assets with finite lives are amortised over their useful life. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each reporting date and changes are accounted for prospectively.

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.

The HUB24 Group has recognised internally generated intangible assets associated with the development of new information technology infrastructure. These assets have a finite useful life in range of up to 10 years and are amortised on a straight line basis from the date each asset is determined to be available for use.

During second half 2024 the expected useful life of some intangible assets was determined to be shorter than previous estimates. The amortisation period for these assets was changed accordingly. This resulted in an increase in amortisation of $7.1 million recognised in second half 2024.

Management have assessed the remaining useful life of indefinite life intangible assets as follows:

	Operating segment	
Intangible	**Platform**	**Technology solutions**
Core databases	FY24: 10 years (FY23: 20 years)	FY24: 5 years (FY23: 10 years)
Applications	FY24: 10 years (FY23: 10 years)	FY24: 5 years (FY23: 5 years)
User Interfaces and Product Development	FY24: 5 years (FY23: 5 years)	FY24: 5 years (FY23: 5 years)

Critical accounting judgements and estimates

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.

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 Group 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 16% (FY23: 20%) with reference to current client transition rates, industry data and pipeline monitoring;
2. Post-tax discount rate – 10% (FY23: 10.5%) which approximates the weighted average cost of capital of the Investment Platform;
3. Terminal growth rate – 2.5% (FY23: 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) – 27.5% (FY23: 27.5%).

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 FY24 (FY23: nil).

Sensitivities of assumptions

There is no reasonably possible change in the key assumptions on which the recoverable amount of the Investment Platform is based, which would cause the recoverable amount to be less than the carrying amount.

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 intangible asset.

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 2024 financial year.

The Group has undertaken a detailed impairment assessment as at 30 June 2024, given the lower headroom within the Class CGU and the uncertain market conditions which existed during the period.

Class has been focused on the opportunities present within the core business, leveraging further cost synergies opportunities available by being part of the Group, and aligning strategic priorities to enable the Group to capitalise on the long-term strategic intent for Class. Given this, revenue growth is based on past performance and management's expectations of market development. Expenses growth anticipates Class leverages more Group wide processes and capabilities in the future.

The result of the detailed impairment assessment as at 30 June 2024 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 2024 at a 5 year CAGR of 6% (FY23: between 5% to 21% for the subsequent 6 years), with reference to current client rates, industry data and pipeline monitoring;
2. Post-tax discount rate – 10.25% (FY23: 11.25%). This has been determined based on the weighted average cost of capital for the Tech Solutions segment;
3. Terminal growth rate – 2.5% (FY23: 2.5%);
4. Period over which cashflows have been discounted – 5 years (FY23: 6 years); and
5. Tax rates:
   5a. HUBconnect CGU tax rate (effective) – 30% (FY23: 30%).
   5b. Class CGU tax rate (effective) – 18%[1] (FY23: 16%).

Sensitivities of assumptions

– If the post-tax discount rate was 0.65% higher (10.9% instead of 10.25%), or if there were a 0.75% decrease in the terminal growth rate (+1.75% instead of +2.5%) the recoverable amount of the Tech Solutions CGU would equal the carrying amount.

Projected outcomes for Tech Solutions exclude benefits from future revenue initiatives currently in development that involve leveraging the Group's larger distribution footprint and technology capabilities.

1. Corporate tax rate of 30% has been adopted however a one-off tax benefit associated with the acquisition of Class has been included which reduces the effective tax rate from 30% to 18%.

Critical accounting judgements and estimates

When assessing for impairment of intangible assets, significant judgment is needed to determine the appropriate cash flows, discount rate and terminal growth rates applied to the calculations. The key assumptions applied and their sensitivity to the result are outlined above.

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 2024			
Cost or fair value	**7,305**	**5,161**	**12,466**
Accumulated depreciation and impairment	**(5,761)**	**(3,697)**	**(9,458)**
Net book amount	**1,544**	**1,464**	**3,008**
Reconciliations of the carrying amounts at the beginning and end of the financial year			
Opening net book amount	**1,780**	**1,237**	**3,017**
Other Additions	**823**	**818**	**1,641**
Disposals	**(23)**	**—**	**(23)**
Depreciation charge	**(1,036)**	**(591)**	**(1,627)**
Closing net book amount	**1,544**	**1,464**	**3,008**
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
Reconciliations of the carrying amounts at the beginning and end of the financial year			
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

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

3. FINANCIAL POSITION continued

3.7 EQUITY SECURITIES

The Group has a 11.55% investment in Count Limited.

Overview

Prior to 1 March 2024 the HUB24 Group had a 34.4% (30 June 2023: 31.5%) investment in Diverger Limited (Diverger), an accounting and wealth management service provider. On 1 March 2024 Count Limited (Count) completed the acquisition of Diverger resulting in the HUB24 Group no longer holding an investment in Diverger.

On 1 March 2024, the HUB24 Group became a strategic shareholder in Count with a 11.55% holding. Count is a diversified financial services business providing integrated accounting and wealth management services to the Australian Market. The investment in Count is recognised as an equity investment and revalued through other comprehensive income for presentation and disclosure purposes.

Consolidated	2024 $'000	2023 $'000
Investment in Count Reconciliation		
Initial Investment made in the year	**11,797**	—
Unrealised gains/(losses) in other comprehensive income	**(682)**	—
Closing investment	**11,115**	—

Accounting policies

Equity securities are measured at FVOCI where they are not held for trading, the group does not have control or significant influence over the investee and where an irrevocable decision is made to measure them at FVOCI.

These securities are measured at fair value with unrealised gains and losses recognised in Other Comprehensive Income (OCI) except for dividend income which is recognised in the income statement. The cumulative gain or loss recognised in OCI is not subsequently recognised in the income statement when the instrument is disposed.

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 HUB24 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 HUB24 Group's activities. The HUB24 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 HUB24 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 HUB24 Group arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Exposure at reporting date is addressed at each particular note. The HUB24 Group does not hold any credit derivatives to offset its credit exposure. The Group's objective in managing credit risk is to minimise the credit losses incurred, mainly on trade and other receivables and loans.

It is the HUB24 Group's policy that 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. In addition, credit risk exposures and receivable balances are monitored on an ongoing basis with the objective that the HUB24 Group's exposure to bad debts is not significant.

Management has assessed the expected credit losses on trade receivables, generally 30 days from the date of invoice and have used a provision matrix to measure the HUB24 Group's impairment losses. 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.

The HUB24 Group provides financial guarantees to wholly-owned subsidiaries and has provided a guarantee to Commonwealth Bank of Australia (CBA) with regards to the borrowing facilities in operation during the financial year.

Liquidity Risk

Liquidity risk is the risk that the HUB24 Group will not be able to meet its financial obligations as they fall due. The HUB24 Group's approach to managing liquidity risk is to ensure, as far as possible, that there are always cash contingency above regulatory requirements equal to a minimum of one-month average of operational cashflow (on a rolling 12-month average basis) and access to banking facilities (e.g. overdrafts), excluding the potential impact of extreme circumstances that cannot be reasonably predicted.

The HUB24 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 HUB24 Group's reputation.

Market Risk

Market risk is the risk that changes in market prices will affect the HUB24 Group's income and includes price risk.

Capital Management

It is noted that the HUB24 Group, through its licensed subsidiaries, fully complied with the minimum regulatory capital requirements for IDPS Operators and providers of custodial services for the year ended 30 June 2024 so as to ensure ongoing capital adequacy.

As part of broader capital management plans, the HUB24 Group has a $31 million revolving bank loan facility (refer to note 4.1), a $5 million overdraft facility which remained undrawn during the year and an accordion facility for $50 million specifically for strategic transactions 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 HUB24 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 HUB24 Group's exposure to the risk of a change in foreign currency relates primarily to the HUB24 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

The HUB24 Group has in place loan facilities with The Commonwealth Bank of Australia (CBA).

The HUB24 Group has in place a $31 million 3 year debt facility with CBA. $1 million remained undrawn during the period.

In addition, an accordion facility of $50 million is available to the HUB24 Group specifically for strategic transactions, which remained undrawn during the period.

A $5 million overdraft facility is available (but undrawn) to the HUB24 Group to assist with working capital requirements.

Loan Facility	2024 $'000	2023 $'000
Non-current	**29,975**	29,975
Total Non-current	**29,975**	29,975
Total Group Borrowings	**29,975**	29,975

HUB24 Group facilities

The overdraft facility was undrawn throughout the year. The HUB24 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.

The 3 year revolving CBA bank loan facility was secured to enable the consolidation of the HUB24 Group debt. $1 million remained undrawn during the period. The HUB24 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.

The CBA accordion facility of $50 million was secured specifically for strategic transactions. The HUB24 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 HUB24 Group's regulatory capital requirements are ring-fenced from the CBA security arrangements.

The loan facility and overdraft facility have common and referrable security charges with each facility. Refer to note 4.4 for debt maturity profile.

4.2 CONTRIBUTED EQUITY AND RESERVES

4.2.1 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 HUB24 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 HUB24 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.

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

Notes to the financial statements

4. CAPITAL STRUCTURE AND FINANCING continued

	2024 Number	2023 Number	2024 $'000	2023 $'000
Issued and paid-up capital				
Ordinary shares, fully paid	**81,157,658**	81,502,338	**480,543**	501,123
Treasury shares	**(108,630)**	(356,229)	**(3,557)**	(9,646)
Total issued and paid up capital	**81,049,028**	81,146,109	**476,986**	491,447
Movements in issued and paid up capital				
Beginning of the financial year	**81,502,338**	80,058,178	**501,123**	468,018
Shares issued through employee share option plan	**19,080**	20,284	**636**	461
On-market share buy back	**(363,760)**	—	**(12,493)**	—
Options and rights exercised	**553,134**	377,428	**7,401**	4,065
myprosperity settlement consideration	**—**	1,423,876	**—**	36,565
Treasury shares issued from Trust	**(553,134)**	(377,428)	**(16,112)**	(7,937)
Total shares	**81,157,658**	81,502,338	**480,555**	501,172
Shares issued transaction costs	**—**	—	**(12)**	(49)
End of the financial year	**81,157,658**	81,502,338	**480,543**	501,123
Movement in Treasury shares				
Beginning of the financial year	**356,229**	312,632	**9,646**	7,571
Employee share issue	**(553,134)**	(377,428)	**(16,112)**	(7,937)
Treasury shares purchased on-market	**305,535**	421,025	**10,023**	10,012
End of the financial year	**108,630**	356,229	**3,557**	9,646

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

Ordinary shares – for the year ended 30 June 2024
On 10 November 2023, the HUB24 Group issued 19,080 shares to eligible employees under the HUB24 Employee Share Scheme.

Ordinary shares – for the year ended 30 June 2023
On 15 February 2023, the HUB24 Group issued 20,284 shares to eligible employees under the HUB24 Employee Share Scheme.

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

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.

4.2.2 Share based payment reserves

	2024 $'000	2023 $'000
Share based payments share reserve	**34,157**	26,750
Movement in reserve		
Opening balance	**26,750**	19,975
Reserve reclassified to share capital through exercised options and rights	**(5,153)**	(2,837)
Employee Share Based Payment expense	**12,560**	9,612
	34,157	26,750

For accounting policy refer to note 7.1.

Notes to the financial statements

4. CAPITAL STRUCTURE AND FINANCING continued

4.2.3 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.

	2024 $'000	2023 $'000
Opening balance	**67,178**	50,231
Transfer to profit reserves	**47,159**	38,166
Dividends paid on ordinary shares	**(30,103)**	(21,219)
	84,234	67,178

4.2.4 Equity securities at Fair Value through Other Comprehensive Income reserve

	2024 $'000	2023 $'000
Opening balance	**—**	—
Net gains/(losses) from changes in fair value	**(682)**	—
Closing balance	**(682)**	—

4.3 DIVIDENDS

Overview

The HUB24 Group's dividend policy is a target payout ratio of 40%-60% of the HUB24 Group's Underlying Net Profit After Tax.

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

	2024 Final	2024 Interim	2023 Final	2023 Interim
Dividend cents per share	**19.5**	**18.5**	18.5	14.0
Franking percentage	**100**	**100**	100	100
Dividend payout ($'000)	**15,826**	**15,025**	15,078	11,211
Payout ratio	**46%**	**49%**	47%	42%
Payment Date	**11 October 2024**	**16 April 2024**	13 October 2023	18 April 2023

The Board has elected to determine a final dividend of 19.5 cents per share franked at 100%.

Franking credits

Franking credits available as at 30 June 2024 to shareholders of the Company amount to $6.7 million (2023: $13.7 million) at the 30 percent corporate tax rate.

Notes to the financial statements

4. CAPITAL STRUCTURE AND FINANCING continued

4.4 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	2024 $'000	2023 $'000
Cash and cash equivalents at end of period	**88,048**	72,747
Other non-current assets	**1,750**	1,250
Borrowings	**(29,975)**	(29,975)
Financial Instruments subject to interest rate risk at the end of period	**59,823**	44,022
Cash and cash equivalents at end of period	**88,048**	72,747
0.5% increase in interest rate	**440**	364
0.5% decrease in interest rate	**(440)**	(364)
Loans receivable	**1,750**	1,250
0.5% increase in interest rate	**9**	6
0.5% decrease in interest rate	**(9)**	(6)
Borrowings	**(29,975)**	(29,975)
0.5% increase in interest rate	**(150)**	(150)
0.5% decrease in interest rate	**150**	150
Net impact on profit after tax		
Profit for the year	**47,159**	38,166
0.5% increase in interest rate	**47,458**	38,380
0.5% decrease in interest rate	**46,860**	37,952

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 $1,750,000 (FY23: $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 a fixed rate arrangement, entered on an arm's length basis and on commercial terms which were prevailing during 2022, which has 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	2024 $'000	2023 $'000
HUB24 Financial Instruments		
Floating rate – Expiring within one year (bank overdraft facility)	**5,000**	5,000
Floating rate – 3 year term (revolving loan facility)	**31,000**	31,000
Accordion facility	**50,000**	50,000
Drawn at balance date	**29,975**	29,975

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 2024, the overdraft facility was not drawn down. The bank loan facilities are subject to annual review.

The HUB24 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. $1 million remained undrawn during the period. The HUB24 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.

The CBA accordion facility of $50m was secured specifically for strategic transactions. The HUB24 Group does not any 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 are ring-fenced from the CBA security arrangements.

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 HUB24 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 2024						
Consolidated financial assets						
Cash and cash equivalents	**88,048**	**—**	**—**	**—**	**—**	**88,048**
Trade and other receivables	**35,079**	**1,484**	**714**	**547**	**—**	**37,824**
Other non-current assets	**—**	**—**	**—**	**—**	**1,750**	**1,750**
	123,127	**1,484**	**714**	**547**	**1,750**	**127,622**
Consolidated financial liabilities						
Trade and other payables	**11,624**	**453**	**2,507**	**—**	**—**	**14,584**
Borrowings	**—**	**—**	**—**	**29,975**	**—**	**29,975**
Lease Liability	**397**	**783**	**2,351**	**8,140**	**8,608**	**20,279**
	12,021	**1,236**	**4,858**	**38,115**	**8,608**	**64,838**
Net Maturity	**111,106**	**248**	**(4,144)**	**(37,568)**	**(6,858)**	**62,784**
30 June 2023						
Consolidated financial assets						
Cash and cash equivalents	72,290	—	400	57	—	72,747
Trade and other receivable	29,255	108	96	72	—	29,531
Other non-current assets	—	—	—	—	1,250	1,250
	101,545	108	496	129	1,250	103,528
Consolidated financial liabilities						
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

The HUB24 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), however this metric is often exceeded.

Market risk

The HUB24 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.

Foreign exchange risk

The HUB24 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 2024 required fair value assessment (FY23: nil).

Notes to the financial statements

4. CAPITAL STRUCTURE AND FINANCING continued

4.5 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	2024 $'000	2023 $'000
a) Reconciliation of the net profit/(loss) after tax to cash flow from operations		
Net profit/(loss) after tax for the year	**47,159**	38,166
Non-cash items		
Depreciation and amortisation	**36,823**	27,706
Share based payment expense – Employee	**13,196**	10,073
Share of profit from associates	**(630)**	(906)
Impairment losses on financial assets	**—**	3,248
(Gains)/losses on disposal of leasehold improvements	**23**	(38)
Gain on sale of investment in associate	**(2,987)**	—
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**(8,293)**	(2,981)
(Increase)/decrease in current tax receivables	**(6,272)**	(1,847)
(Increase)/decrease in deferred tax assets	**6,970**	628
(Increase)/decrease in other assets	**(1,254)**	(1,454)
Increase/(decrease) in trade and other payables	**(2,046)**	1,293
Increase/(decrease) in current tax liabilities	**—**	—
Increase/(decrease) in provisions	**5,560**	1,602
Net cash flow from operating activities	**88,249**	75,490
b) Reconciliation of cash and cash equivalents		
Cash and cash equivalents comprises		
Cash at bank	**88,048**	72,747

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.

4.6 COMMITMENTS AND CONTINGENCIES

The HUB24 Group has signed a long-term lease for a new Sydney CBD office premises, the commencement date is not until the 2025 financial year, there are no other commitments or contingencies as at 30 June 2024 (FY23 nil).

The Group has a $15 million loan agreement in place with HTFS Holdings Pty Ltd "HTFS", a wholly owned subsidiary of EQT Holdings Limited (ASX:EQT), which is the Trustee for the HUB24 Super Fund ("the Fund"). The loan agreement enables HTFS to access funding for the sole purpose of meeting the Operational Risk Financial Requirement (ORFR) for the Fund in accordance with APRA Prudential Standard SPS114. The loan agreement is entered into on an arm's length basis and on commercial terms at an interest rate of 10% per annum. There was no funding drawn down for either FY24 or FY23.

Notes to the financial statements

5. INCOME TAX

Overview

Income 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 accrual accounting.

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

	2024 $'000	2023 $'000
a) Income tax expense		
Current tax expense	**9,394**	11,886
Decrease/(increase) in deferred tax assets	**1,851**	(796)
Prior period deferred tax under/(over) provision	**2,618**	(1,890)
Prior period under/(over) provision	**(4,696)**	(1,937)
(Decrease)/Increase in deferred tax liabilities	**2,500**	3,313
Income Tax Expense/(Benefit)	**11,667**	10,576
b) Reconciliation of income tax expense to pre-tax accounting profit		
Profit before income tax expense	**58,826**	48,742
Prima facie income tax at 30%	**17,648**	14,623
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Non-deductible expenses	**75**	219
Non-assessable income	**(29)**	(243)
Other deductible amounts	**(3,358)**	(3,669)
Tax credits (carry forward losses, franking credits)	**(591)**	(196)
Prior period deferred tax under/(over) provision	**(2,078)**	(158)
Income tax expense	**11,667**	10,576

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 HUB24 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 HUB24 Group have entered into a tax sharing agreement.

Tax effect accounting by members of the tax consolidated Group

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

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

Notes to the financial statements

5. INCOME TAX continued

5.2 DEFERRED TAXES

	2024 $'000	2023 $'000
a) Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to		
Investments	**—**	824
Accrued expenses	**444**	611
Provisions	**10,509**	8,700
Blackhole expenses	**920**	1,484
Carry forward tax losses	**5,320**	6,640
Employee share costs	**4,834**	5,800
Lease liabilities	**183**	193
Deferred revenue	**398**	—
Closing Balance	**22,608**	24,252
Movements		
Opening balance	**24,252**	17,584
Additions acquired through acquisition	**—**	1,891
Prior period deferred tax provision	**207**	3,981
Recognised in the Statement of profit or loss	**(1,851)**	796
Closing balance	**22,608**	24,252
b) Deferred tax liability		
Temporary differences attributable to		
Intangibles	**29,056**	23,664
Depreciable assets	**141**	49
Closing balance	**29,197**	23,713
Movements		
Opening balance	**23,714**	18,309
Additions acquired through acquisition	**159**	—
Prior period deferred tax provision	**2,825**	2,091
Recognised in the Statement of profit or loss	**2,499**	3,313
Closing balance	**29,197**	23,713
Net deferred tax asset/(Net deferred tax liability)	**(6,589)**	539

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 HUB24 Group continues to generate consistent profitable growth, with improving margins and profit line trends; and
- For the year ended 30 June 2024, the HUB24 Group increased profits and is expected to remain profitable.

The HUB24 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

In the financial year ended 30 June 2023, the HUB24 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**

A Purchase Price Accounting (PPA) assessment has been finalised with the outcomes included in the 31 December 2023 Interim Report. 30 June 2023 Provisional PPA balances have been adjusted to reflect the finalisation of the PPA for the myprosperity business acquired. From the provisional PPA disclosed in the 30 June 2023 financial report, the allocation between goodwill and intangibles identified has been updated retrospectively in accordance with AASB 3 Business Combinations. This has resulted in an increase in intangibles identified and a decrease of goodwill recognised of $11.4m.

	Fair value $'000
The completed 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)**
Customer relationships acquired	529
Software acquired	10,885
Intangibles identified	**11,414**
Total identifiable assets acquired and liabilities assumed	**12,767**
Goodwill	24,616
Deferred tax on intangible assets identified	(160)
Total purchase consideration	**37,223**

Notes to the financial statements

6. GROUP STRUCTURE continued

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 $24.6 million represents the benefits from 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.

Acquisition related costs (included in administrative expenses within FY23) amount to $0.4 million.

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 HUB24 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 HUB24 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 HUB24 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 HUB24 Group entities are eliminated on consolidation.

	% Equity Interest	
	as at 30 June 2024	as at 30 June 2023
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 [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**	100
myprosperity Aust Pty Ltd	**100**	100
myprosperity UK Pty Ltd	**100**	100

1. Entities included within the Scope of HUB24 Limited Deed of Cross Guarantee (DOCG) 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.

Notes to the financial statements

6. GROUP STRUCTURE continued

	% Equity Interest	
	as at 30 June 2024	as at 30 June 2023
Non-operating Entities		
HUB24 Services Pty Ltd	**100**	100
Planner Holdings Pty Limited	**100**	100
PHL Securities Pty Ltd	**100**	100
Margaret Street Nominees Pty Ltd [1]	**—**	100
Xplore Equity Finance Pty Ltd [1]	**—**	100
Margaret Street Attorney Services Pty Ltd	**100**	100
Margaret Street Investment Consulting Services Pty Ltd [1]	**—**	100
Aracon Superannuation Pty Ltd [1]	**—**	100
Marketsplus Australia Pty Ltd [1]	**—**	100
Assuriti Pty Ltd	**100**	100
Topdocs Pty Ltd	**100**	100
Topdocs Edge Pty Ltd [1]	**—**	100
Accounting & Legal Dynamics Pty Ltd [1]	**—**	100
Company Dynamics Pty Ltd [1]	**—**	100

1. Entities voluntarily deregistered during the 2024 financial year. The deregistered entities had been dormant and were no longer required for ongoing business purposes.

6.3 ASSOCIATED ENTITIES

Prior to 1 March the HUB24 Group was a strategic shareholder in Diverger Limited (Diverger), an accounting and wealth management service provider, until Diverger and Count Limited (Count) entered into a Scheme Implementation Agreement under which Count acquired 100% of the issued shares in Diverger by way of a Scheme of Arrangement (the "Scheme") between Diverger and its shareholders. The scheme was completed on 1 March 2024, resulting in an accounting gain on sale of $3.0 million pre tax (which was recorded as a notable item in FY24).

On 1 March 2024 the HUB24 Group became a strategic shareholder in Count with an 11.55% holding. Count is a diversified financial services business providing integrated accounting and wealth management services to the Australian Market.

Consolidated	2024 $'000	2023 $'000
Investment in Diverger Reconciliation		
Opening investment in Diverger	**12,172**	15,167
Add: Additional investment during the period	**1,393**	—
Add: Share of associate profits	**630** [1]	906
Less: Dividend declared	**(1,969)**	(653)
Impairment of investment in Diverger	**—**	(3,248)
Less: Sale of investment in Diverger	**(15,213)** [2]	—
Gain on sale of investment in Diverger	**2,987** [1]	—
Closing investment in Diverger	**—**	12,172

1. Share of associate profits is based upon Diverger's earnings prior to impacts associated with the Count scheme implementation. One-off costs associated with the scheme implementation have been recognised within the net gain on sale.
2. Includes $3.4 million cash consideration and $11.8 million shares in Count Limited. Refer to Note 3.7 for further details.

Notes to the financial statements

6. GROUP STRUCTURE continued

Accounting policies

Associates are entities in which the HUB24 Group has significant influence, but not control, over the operating and financial policies. The HUB24 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 HUB24 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 HUB24 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 HUB24 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.

6.4 PARENT ENTITY FINANCIAL INFORMATION

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the HUB24 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	2024 $'000	2023 $'000
Statement of profit or loss and other comprehensive income		
Profit after income tax	**36,831**	48,100
Total comprehensive income	**36,831**	48,100
Statement of financial position		
Total assets	**539,980**	539,836
Total liabilities	**(31,798)**	(30,615)
Equity	**508,182**	509,221

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2024 or 30 June 2023.

Capital commitments

The parent entity had no capital commitments as at 30 June 2024 or 30 June 2023.

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 HUB24 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.

Notes to the financial statements

6. GROUP STRUCTURE continued

6.5 DEED OF CROSS GUARANTEE FINANCIALS

Pursuant to ASIC Corporations (wholly Owned Companies) Instrument 2016/785 ("instrument") the wholly owned controlled entities footnoted 1 in note 6.2 are relieved from the *Corporations Act 2001* requirement for preparation, audit and lodgment 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.

	2024 $'000	2023 $'000
Income		
Revenue	**85,668**	82,532
Interest and other income	**38,876**	38,452
Share of profits from associates	**630**	906
Gain on sale of investment in associate	**2,987**	—
Total income	**128,161**	121,890
Expenses		
Platform and custody fees	**(8,524)**	(6,723)
Employee related expenses	**(41,794)**	(37,357)
Depreciation and amortisation expense	**(10,683)**	(8,515)
Administrative expenses	**(13,700)**	(11,560)
Share based payments expense	**(13,521)**	(11,096)
Interest expense – lease liability	**(434)**	(314)
Interest expense – other	**(1,878)**	(1,614)
Impairment charge on non-financial assets	**—**	(3,248)
Total expenses	**(90,534)**	(80,427)
Profit/(loss) before income tax	**37,627**	41,463
Income tax expense	**(5,277)**	(6,857)
Profit after income tax for the year	**32,350**	34,606

Notes to the financial statements

6. GROUP STRUCTURE continued

	2024 $'000	2023 $'000
Assets		
Current assets		
Cash and cash equivalents	**56,365**	35,049
Trade and other receivables	**29,993**	22,492
Current tax receivables	**8,119**	1,847
Other current assets	**7,834**	6,579
Total current assets	**102,311**	65,967
Non-Current assets		
Investment in associates	**–**	12,172
Investment in subsidiaries	**104,056**	104,461
Equity securities	**11,115**	—
Intangible assets (including goodwill)	**443,499**	456,606
Other non-current assets	**2,603**	1,250
Right of use assets	**14,392**	9,418
Property, plant and equipment	**2,954**	2,929
Total non-current assets	**578,619**	586,836
Total assets	**680,930**	652,803
Liabilities		
Current liabilities		
Trade and other payables	**10,090**	11,104
Provisions	**30,095**	23,716
Lease liabilities	**2,547**	3,654
Deferred tax liabilities (net of deferred tax assets)	**7,892**	1,478
Other current liabilities	**252**	127
Total current liabilities	**50,876**	40,079
Non-current liabilities		
Lease liabilities	**12,451**	6,407
Provisions	**5,017**	4,387
Borrowings	**29,975**	29,975
Deferred income	**271**	365
Other non-current liabilities	**809**	—
Total non-current liabilities	**48,523**	41,134
Total liabilities	**99,399**	81,213
Net assets	**581,531**	571,590
Equity		
Issued capital	**532,654**	547,310
Profit reserve	**47,347**	35,007
Share based payment reserves	**34,157**	26,750
Equity securities at FVOCI reserve	**(682)**	—
Retained earnings	**(31,945)**	(37,477)
Total equity	**581,531**	571,590

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 HUB24 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 HUB24 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 2024, the HUB24 Group recognised $13.2 million ($13.5m when including the impact of payroll tax) of equity-settled share-based payment transactions (FY23: $10.1 million, $11.1 when including the impact of payroll tax).

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 2024

PARs (Rights)	Issue Date	Number Issued
MD	23 November 2023	31,708
Employees	3 November 2023	162,345
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	Performance condition (a) 50% Performance Rights will be subject to the hurdle based on growth in custody FUA which has been set to between $100 billion and $112 billion which represents a three year compound annual growth rate (CAGR) of FUA between 16.84% and 21.33% per annum, and a FUA growth of between 59.5% and 78.6%, over the three years to 30 June 2026. The vesting is calibrated as follows: zero vesting will occur if the CAGR in custody FUA is below a minimum level of 16.84% per annum (an increase of 59.5% over three years representing approximately $100 billion by 30 June 2026); 25% vesting will occur if the CAGR in custody FUA reaches 16.84% per annum (an increase of 59.5% over three years representing approximately $100 billion by 30 June 2026); 100% vesting will occur if the CAGR in custody FUA reaches 21.33% per annum (an increase of 78.6% over three years representing approximately $112 billion by 30 June 2026); and vesting between 16.84% and 21.33% per annum CAGR in custody FUA (representing approximately $100 billion and $112 billion in FUA for between 25% and 100% vesting) will be on a straight-line basis between these two levels.	
III. Market	Performance condition (b)50% Performance Rights will be subject to, and will vest on, the achievement of a hurdle measuring the Relative Total Shareholder return (RTSR). The RTSR measure compares the Company's total share return (TSR) performance against the TSR performance of companies in the S&P/ASX300 Diversified Financials Index (Index) over the next three years. The vesting is calibrated as follows: zero vesting occurs when the Company's TSR is below a threshold of the 50th percentile performance when compared against the companies in the Index; 25% vesting occurs when the Company's TSR is at a threshold of the 50th percentile performance when compared against the companies in the Index; 100% vesting occurs the Company's TSR is at a threshold of 80th percentile performance when compared against the companies in the Index ; and vesting between 50th percentile and 80th percentile performance against the companies in the Index will be on a straight-line basis between these two levels. **Thresholds** The measurement of the Company's TSR will be from a baseline using the 40 trading day VWAP for the Company's Shares commencing on 4 August 2023 and ending on 29 September 2023. The 40 trading day VWAP for the Hub24 Share price up to that date was $31.67. The determination of the TSR achieved over the three year performance period will be on the 40 trading day VWAP of the Shares as traded on the ASX in the 20 trading day period prior to, and post, the 31 August for the relevant prior fiscal year and include dividends during the three year performance period. The TSR of the comparison companies in the Index will be measured in the same way.	
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 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	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. 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.
III. Market	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. **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 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.
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: – 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).

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

3. 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 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	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. The Score is calculated as: Score = ((PR-PVC)/PFUA) x PFUA + CFUA ((CR-CVC)/CFUA) Where: – 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 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.

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

PARs (Rights)	Issue Date	Number 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 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

4. 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.	

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

Options & Rights – Key Management Personnel (excluding MD)	
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.

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.	

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

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.

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 Conditions[1]	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

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 Conditions[1]	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.

5. 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.

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

Options and Rights – Employees		
	Share Ownership Plan	*PARS (Rights)*
Issue Date	25 November 2019	25 November 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.	

Options and Rights – Employees		
	Share Ownership Plan	*PARS (Rights)*
Issue Date	25 November 2019	25 November 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 is strategic outcomes and priorities.	
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.	

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

6. 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.

Options and Rights – Employees			
	PARS (Rights)	*PARS (Rights) – Paragem*	*PARS (Rights)*
Issue Date	7 September 2018	7 September 2018	7 September 2018
Number of Options Issued	70,888	4,000	10,000
Expiry Date	7 September 2033	7 September 2033	7 September 2033
Expected Vesting Period	3 years	2 years	2 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 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.		

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

Options and Rights – Employees		
	PARS (Rights) – MD	*PARS (Rights) – CFO*
Issue Date	12 December 2018	12 December 2018
Number of Options Issued	14,072	6,981
Expiry Date	12 December 2033	12 December 2033
Expected Vesting Period	3 years	3 years
Exercise Price	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 CAGR in excess of 115.8% over three years, proportional vesting between 29.23% and 40.23% p.a.	
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.	

Options and Rights – Employees	
PARS (Rights) – Director	
Issue Date	12 December 2018
Number Issued	20,000
Expiry Date	12 December 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.

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

Options and Rights – Employees	
PARS (Rights) – Head of Legal & Compliance	
Issue Date	12 December 2018
Number Issued	20,000
Expiry Date	12 December 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 December 2018
Number Issued	425,000
Expiry Date	12 December 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.

7. 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.

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

Options and Rights – Employees			
	PARS (Rights)	*PARS (Rights) – Paragem*	*PARS (Rights) – MD*
Issue Date	11 October 2017	21 August 2017	11 December 2017
Number of Options Issued	122,942	11,211	23,897
Expiry Date	11 October 2032	21 August 2032	11 December 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 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.		

8. 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.

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

Options and Rights – Employees

FY2017	*PARS (Rights)*	
Issue Date	29 November 2016	
Number of Options Issued	137,043	
Expiry Date	29 November 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.	

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:

	30 June 2024			30 June 2023		
Summaries of options granted	**Number**	**WAEP**	**WASP**	**Number**	**WAEP**	**WASP**
Outstanding at the beginning of the financial year	**484,698**	**—**	**—**	695,188	—	—
Granted during the year	**—**	**—**	**—**	—	—	—
Forfeited during the year	**(4,161)**	**—**	**—**	(1,926)	—	—
Exercised during the year	**(297,306)**	**$12.24**	**$32.54**	(208,564)	$9.67	$24.04
Expired during the year	**—**	**—**	**—**	—	—	—
Outstanding at the end of the year[1]	**183,231**	**—**	**—**	484,698	—	—
Exercisable at the end of the year	**118,842**	**—**	**—**	324,764	—	—

1. The range of exercise prices is $12.05 to $14.29 (FY23 $12.04 to $14.29), and weighted average remaining contractual life is 1.44 years (FY23 1.22 years).

	30 June 2024			30 June 2023		
Summaries of rights granted	**Number**	**WAEP**	**WASP**	**Number**	**WAEP**	**WASP**
Outstanding at the beginning of the year	**2,591,869**	**—**	**—**	2,018,719	—	—
Granted during the year	**194,053**	**—**	**—**	816,160	—	—
Forfeited during the year	**(55,694)**	**—**	**—**	(43,494)	—	—
Exercised during the year	**(298,687)**	**—**	**—**	(199,516)	—	—
Expired during the year	**—**	**—**	**—**	—	—	—
Outstanding at the end of the year	**2,431,541**	**—**	**—**	2,591,869	—	—
Exercisable at the end of the year	**365,794**	**—**	**—**	491,245	—	—

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

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 2024.

Rights for MD	FUA target Rights	ATSR target Rights
Dividend Yield (%)	1.0%	1.0%
Expected Volatility (%)	30.0%	39.0%
Risk-free Interest Rate (%)	4.6%	4.6%
Life (years)	3.0	3.0
Spot price on Valuation Date ($)	33.81	33.81
Model used	Monte-Carlo Simulation & Black Scholes	Monte-Carlo Simulation & Black Scholes

Rights for Employees	FUA target Rights	ATSR target Rights
Dividend Yield (%)	1.0%	1.0%
Expected Volatility (%)	30.0%	39.0%
Risk-free Interest Rate (%)	4.6%	4.6%
Life (years)	3.0	3.0
Spot price on Valuation Date ($)	32.35	32.25
Model used	Monte-Carlo Simulation & Black Scholes	Monte-Carlo Simulation & Black Scholes

2. Share based payment plans issued prior to 1 July 2023.

	4 Dec 2023 (Rights) – MD	3 Nov 2023 (Rights)	30 May 2023 (Rights) – Myp
Dividend Yield (%)	0.9%	0.9%	1.1%
Expected Volatility (%)	50.0%	50.0%	N/A
Risk-free Interest Rate (%)	3.0%	3.0%	3.4%
Expected Life of Options (Months)	3.0	3.0	3.2
Option Exercise Price ($)	N/A	N/A	N/A
Average Share Price at Measurement Date ($)	27.62	25.00	25.68
Model Used	Monte-Carlo Simulation & Black Scholes	Monte-Carlo Simulation & Black Scholes	Black Scholes

	22 Nov 2021 (Rights)	14 Dec 2021 (Rights) – MD	2 Mar 2021 PRP (Rights) – Special LTI	4 Feb 2021 PRP (Rights)	25 Nov 2019 SOP	25 Nov 2019 PRP (Rights)
Dividend Yield (%)	0.23	0.23	0.34	0.34	0.39	0.39
Expected Volatility (%)	47	47	59	59	44	47
Risk-free Interest Rate (%)	1.38	1.38	0.35	0.35	0.82	0.82
Expected Life of Options (Months)	36	36	36	60	36	36
Option Exercise Price ($)	N/A	N/A	N/A	N/A	12.36	N/A
Average Share Price at Measurement Date ($)	30.17	29.24	20.83	25.37	11.83	11.83
Model Used	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes	Hoadleys/ Black Scholes

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

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

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

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

	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

Notes to the financial statements

7. EMPLOYEE REMUNERATION continued

7.2 KEY MANAGEMENT PERSONNEL

Key management personnel compensation

Consolidated	2024 $'000	2023 $'000
Short term employment benefits	**4,787**	4,268
Post employment benefits	**298**	247
Share based payments	**6,397**	5,991
	11,482	10,506

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 23.

8. OTHER INFORMATION

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

The HUB24 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 changes to accounting standards did not have any significant impact on the financial performance or position of the HUB24 Group.

Date Issued	Pronouncement	Effective for annual reporting periods beginning on or after
March 2021	AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [1]	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 [1]	1 January 2023
December 2022	AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards [1]	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 [1]	1 January 2024
November 2022	AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback [1]	1 January 2024

1. Adopted by the HUB24 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 19.5 cents per share (a fully franked dividend of 18.5 cents per share was determined in FY23).

No other significant matter or circumstance has arisen since 30 June 2024 that has notably affected, or may significantly affect the HUB24 Group's operations, the results of those operations, or the HUB24 Group's state of affairs in future financial years.

Notes to the financial statements

8. OTHER INFORMATION continued

8.3 REMUNERATION OF AUDITORS

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

Consolidated	2024 $'000	2023 $'000
Audit and review of financial statements provided by Deloitte Touche Tohmatsu – Group and controlled entities	**672**	645
Statutory assurance services [1]	**163**	144
Other assurance services [2]	**690**	594
Total assurance services	**1,525**	1,383
Taxation services	**198**	155
Other services	**242**	75
Total non-assurance services	**440**	230
Total fees	**1,965**	1,613

1. Statutory assurance services relate to audit engagements required for the Group's Australian Financial Services Licenses (AFSL) held.
2. Other assurance services relate to engagements pertaining to the Group's GS007 / ISAE 3402 controls assurance reports.

Consolidated entity disclosure statement

As at 30 June 2024

Entity name	Entity Type	Place formed or Incorporated	% of share capital held	Tax residency
HUB24 Custodial Services Ltd	Body Corporate	Australia	100	Australian
HUB24 Management Services Pty Ltd	Body Corporate	Australia	100	Australian
HUB24 Administration Pty Ltd	Body Corporate	Australia	100	Australian
Firstfunds Pty Ltd	Body Corporate	Australia	100	Australian
HUBconnect Pty Ltd	Body Corporate	Australia	100	Australian
Agility Applications Pty Ltd	Body Corporate	Australia	100	Australian
Xplore Wealth Pty Ltd	Body Corporate	Australia	100	Australian
Xplore Business Services Pty Ltd	Body Corporate	Australia	100	Australian
Investment Administration Services Pty Limited	Body Corporate	Australia	100	Australian
Margaret Street Financial Holdings Pty Ltd	Body Corporate	Australia	100	Australian
Margaret Street Administration Services Pty Ltd	Body Corporate	Australia	100	Australian
Margaret Street Promoter Services Pty Ltd	Body Corporate	Australia	100	Australian
DIY Master Pty Ltd	Body Corporate	Australia	100	Australian
HUB24 Limited Employee Share Trust	Trust	Australia	100	Australian
Class Pty Limited	Body Corporate	Australia	100	Australian
Class Technology Pty Ltd	Body Corporate	Australia	100	Australian
Class Investment Reporter Pty Ltd	Body Corporate	Australia	100	Australian
NowInfinity Pty Ltd	Body Corporate	Australia	100	Australian
NowInfinity 3505 Pty Ltd	Body Corporate	Australia	100	Australian
myprosperity Pty Ltd	Body Corporate	Australia	100	Australian
myprosperity Aust Pty Ltd	Body Corporate	Australia	100	Australian
myprosperity UK Pty Ltd	Body Corporate	Australia	100	Australian
HUB24 Services Pty Ltd	Body Corporate	Australia	100	Australian
Planner Holdings Pty Limited	Body Corporate	Australia	100	Australian
PHL Securities Pty Ltd	Body Corporate	Australia	100	Australian
Margaret Street Attorney Services Pty Ltd	Body Corporate	Australia	100	Australian
Assuriti Pty Ltd	Body Corporate	Australia	100	Australian
Topdocs Pty Ltd	Body Corporate	Australia	100	Australian

Directors' declaration

In the Directors' opinion:

a. the financial statements and notes set out on pages 40 to 97 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 2024 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*.

e. the consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of Directors.

Paul Rogan
Chair
Sydney
20 August 2024

Independent auditor's report

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

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 controlled entities (the "Group") which comprises the consolidated statement of financial position as at 30 June 2024, 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 material accounting policy information, the Directors' declaration and the Consolidated Entity Disclosure Statement.

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 2024 and of their 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.

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Independent auditor's report

Deloitte.

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

Impairment of non-financial assets including goodwill
 	
Refer to Note 3.5 *Intangible assets*
 	
As at 30 June 2024 the carrying value of non-financial assets of the Class Cash Generating Unit ("CGU") totaled $315 million and comprised the following intangible assets:
 	
$'000
Computer software 58,230
Customer relationships 69,927
Brand 8,761
Goodwill 178,040
Total 314,958
 	
Evaluation of the recoverable amount of intangible assets for impairment testing requires significant judgement. This includes the estimation of future cash flows, discount and terminal growth rates in the value-in-use model prepared by Management.
 	
For intangible assets with a finite life, the determination of the carrying value also requires judgement, in particular the assessment of the useful lives of the assets.
	Specific to the evaluation of the recoverable amount, in conjunction with our valuation specialists, our procedures included, but were not limited to:
	
	• 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:
	  o Revenue and expenses projections used in the forecasted cash flows by comparing them to historical results, and where appropriate, market evidence;
	  o Terminal growth rates; and
	  o Discount rate applied.
	
	• Testing the mathematical accuracy and integrity of the value-in-use model; and
	
	• 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.
	
	Specific to the evaluation of the carrying value, our procedures included, but were not limited to challenging the accuracy of the useful life of intangibles recognised, comparing these to other intangibles, future business plans and benchmarking against market comparators.
	
	In addition, our procedures involved assessing the adequacy of the relevant disclosures in the notes to the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Independent auditor's report

Deloitte.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial reports in accordance with the *Corporation Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and are 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent auditor's report

Deloitte.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

We have audited the Remuneration Report included in pages 19 to 36 of the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of the Group, for the year ended 30 June 2024, 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

DELOITTE TOUCHE TOHMATSU

Stuart Alexander
Partner
Chartered Accountants

Sydney, 20 August 2024

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 31 July 2024.

Distribution of equity securities

Ordinary share capital – 81,157,658 fully paid ordinary shares are held by 8,256 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:

Fully paid ordinary shares – holding ranges	Number of Shareholders	Total Number of Shares	% of Total Issued Shares
1 to 1,000	6,191	1,871,408	2.31%
1,001 to 5,000	1,689	3,677,920	4.53%
5,001 to 10,000	187	1,332,091	1.64%
10,001 to 100,000	156	4,414,545	5.44%
100,001 and over	33	69,861,694	86.08%
Total	**8,256**	**81,157,658**	**100.00**

There were 229 shareholders holding less than a marketable parcel of 11 securities, based on a close price of $49.56 as at 31 July 2024, and they hold 390 securities.

Options

183,231 options and 2,431,541 performance rights are held. Options and performance rights do not carry a right to vote.

Substantial shareholders

As at 31 July 2024 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%

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

Additional information

20 largest shareholders at 31 July 2024	Number held	%IC
Citicorp Nominees Pty Ltd	19,871,929	24.49%
HSBC Custody Nominees (Australia) Ltd	17,132,442	21.11%
J P Morgan Nominees Australia Pty Ltd	14,177,943	17.47%
UBS Nominees Pty Ltd	4,371,926	5.39%
BNP Paribas Nominees Pty Ltd	2,643,266	3.26%
National Nominees Limited	1,789,387	2.20%
BNP Paribas Noms Pty Ltd	1,434,569	1.77%
Pacific Custodians Pty Limited <HUB Plans Control A/C>	1,106,378	1.36%
BNP Paribas Nominees Pty Ltd <HUB24 Custodial Serv Ltd>	1,070,396	1.32%
Troncell Pty Ltd <P D Kibble Family A/C>	711,449	0.88%
Mr Andrew Alcock	702,566	0.87%
Netwealth Investments Limited <Wrap Services A/C>	627,926	0.77%
Citicorp Nominees Pty Limited < Colonial First State INV A/C>	532,714	0.66%
Litster & Associates Pty Ltd <C & C Super Fund A/C>	522,488	0.64%
HSBC Custody Nominees (Australia) Limited – A/C 2	374,215	0.46%
Mirrabooka Investments Limited	240,500	0.30%
Mrs Jasmin Zheng-Min Zhao Litster	239,311	0.29%
Jasforce Pty Ltd	230,155	0.28%
HSBC Custody Nominees (Australia) Limited	211,240	0.26%
Mac (P&K) Pty Ltd <The McCarthy & McFarlane Family A/C>	192,252	0.24%
Total of Top 20 Holdings	**68,183,052**	**84.01%**

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: www.hub24.com.au/shareholder-centre/corporate-governance

On-market buy-back

There is a current On-Market Buy-Back.

For further details, see Appendix 3C lodged with ASX on 22 August 2023.

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
MDA	Managed Discretionary Account
MIS	Managed Investment Scheme
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, and amortisation relating to the acquisition of Xplore, Class, Ord Minnett and myprosperity
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 Paul Rogan (Chair and Independent Non-Executive Director)
Mr Andrew Alcock (Managing Director)
Ms Rachel Grimes AM (Independent Non-Executive Director)
Ms Catherine Kovacs (Independent Non-Executive Director)
Mr Anthony McDonald (Independent Non-Executive Director)
Ms Michelle Tredenick (Independent Non-Executive Director appointed 11 June 2024)
Mr Bruce Higgins (Chair and Independent Non-Executive Director retired on 16 November 2023)

COMPANY SECRETARIES

Ms Kitrina Shanahan
Mr Andrew Brown

AUDITOR

Deloitte Touche Tohmatsu
Quay Quarter Tower,
50 Bridge St, Sydney NSW 2000

SHARE REGISTRY

Link Market Services Limited
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

www.linkedin.com/company/hub-24/

designdavey

HUB24

HUB24.COM.AU