'21

ANNUAL REPORT

Year ended 30 June 2021

HUB24

CONTENTS

CORPORATE GOVERNANCE

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, HUB24 Limited and its Controlled entities ('the Group') have adopted the fourth edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council on 27 February 2019, effective for the financial years beginning on or after 1 January 2020.

The Group's Corporate Governance Statement for the financial year ending 30 June 2021 is dated as at 30 June 2021 and was approved by the Board on 23 August 2021. The Corporate Governance Statement is available on HUB24 Limited's website at www.hub24.com.au/corporate-governance-statement.

HUB24's footprint has grown considerably through FY21, as the Company delivered record organic netflows and completed a series of strategic transactions providing increased scale, new key client relationships and product capability to access new client segments.

APPENDIX 4E – YEAR ENDED 30 JUNE 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Year ended 30 June 2021 $'000	Year ended 30 June 2020 $'000		% change
Revenue from continuing operations[1]	110,853	82,510	Up	34.4%
Net profit/(loss) after tax for the period attributable to equity holders	9,769	8,228	Up	18.7%
Basic earnings per share (cents)	14.83	13.13	Up	13.0%
Diluted earnings per share (cents)	14.28	12.85	Up	11.1%

1 Revenue from continuing operations includes a fair value gain on contingent consideration of $1.57 million ($0.85 million FY20). Refer to the Consolidated Statement of Profit or Loss and Other comprehensive income for further details.

DIVIDENDS

	Amount per security (cents)	Franked per security (%)
Interim dividend	4.50	100
Final dividend	5.50	100

Subsequent to year end the directors have declared a fully franked final dividend of 5.5 cents per share (a fully franked 3.5 cents per share final dividend was paid following the year ended June 2020).

Dates for the dividend are as follows:

Ex-date	13 September 2021
Record date	14 September 2021
Dividend payment date	15 October 2021

EXPLANATION OF RESULTS

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

	30 June 2021	30 June 2020
Net tangible assets (per fully paid ordinary share)[1]	$1.13	$0.56

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.

CHANGES IN CONTROLLED ENTITIES

HUB24 Limited completed the acquisition of investment platform provider Xplore Wealth Limited (Xplore) (ASX:XPL), sold the Licensee segment (Paragem Pty Ltd) to Easton Investment Limited (Easton; ASX:EAS) and acquired an interest in Easton during the course of FY21. HUB24 Limited has not gained or lost control of any other entity during the reporting period.

AUDIT

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

FINANCIAL HIGHLIGHTS FY21

GROUP UNDERLYING EBITDA[1]
$36.2m
↑ 47%

GROUP UNDERLYING NPAT[2]
$15.0m
↑ 53%

GROUP COST TO INCOME RATIO
67.1%
FY20: 69.5%

TOTAL GROUP REVENUE
$110.9m
↑ 34%

FULLY FRANKED FINAL DIVIDEND
5.5 cents per share
FY21 DIVIDEND: 10 CENTS PER SHARE
FY20 DIVIDEND: 7.0 CENTS PER SHARE ↑ 43%

DILUTED EARNINGS PER SHARE
14.3 cents
↑ 11.1%

PLATFORM NETFLOWS $8.9b ↑ 82%[2]

PLATFORM FUA OF $41.4b ↑ 141%[2]

PARS FUA OF $17.2b (FY20: $0.2b)[3]

NUMBER OF ADVISORS
3,063
↑ 48%

NUMBER OF PARS ACCOUNTS
7,538
FY20: 132

PLATFORM SEGMENT REVENUE
$101.1m
↑ 36%

All percentage changes shown above are relative to FY20.

1 Group Underlying EBITDA from continuing operations up 46% to $36.7 million (FY20: $25.2 million).
2 Custodial FUA Administration Services.
3 Non-custodial FUA as Portfolio Administration and Reporting Services (PARS).

CHAIRMAN AND MANAGING DIRECTOR'S REPORT

1. INTRODUCTION

Dear Shareholders,

On behalf of the Directors, we are pleased to present you with this Annual Report for HUB24.

In what has been a challenging year for many Australian businesses, HUB24 has remained focussed on developing innovative product solutions and delivering customer service excellence to empower licensees and advisers to deliver better financial futures for their clients. FY21 was a strong year of growth for HUB24 with record net inflows. The wealth management market dynamics are providing significant further opportunities for HUB24, and the Company is well-positioned to capture these opportunities.

HUB24's footprint in financial services has grown considerably through FY21, as the Company completed a series of strategic transactions which delivered increased scale and provided new key client relationships and product capability to access new client segments. As well as increasing FUA from acquisitions, HUB24 has achieved strong organic growth, and the Company's success has been reflected in the key financial metrics for the year.

KEY FINANCIAL METRICS

Total Group Revenue of $110.9 million up 34% on FY20

Group Underlying EBITDA of $36.2 million up 47% on FY20

Platform FUA grew by 141% to $41.4 billion including record netflows of $8.9 billion and $11.2 billion from the Xplore acquisition

PARS FUA of $17.2 billion as at 30 June 2021 including $9 billion from the acquisition of Ord Minnett PARS, up from $0.2 billion as at 30 June 2020

In October 2020 we announced the acquisition of Xplore Limited via a scheme of arrangement, the acquisition of Ord Minnett PARS, the divestment of Paragem to Easton Investments Limited (Easton) and strategic investment in Easton. The transactions were completed on schedule and are all performing to expectations. With the completion of these transactions Platform FUA now consists of Xplore platform and HUB24 platform, whilst PARS FUA represents Ord Minnett and Xplore PARS FUA.

HUB24's financial report begins on page 47 of this annual report.

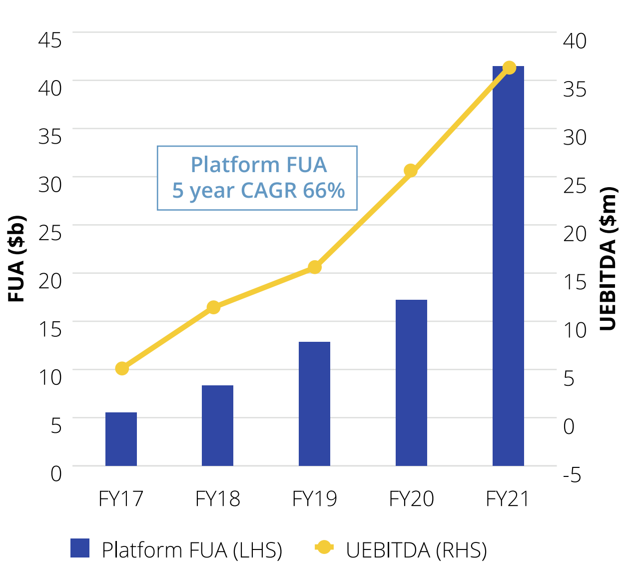
Given these strong financial results the Company has announced a fully franked full year dividend of 5.5 cents, this brings the full year dividend to 10 cents, an increase of 43% on the prior year.

HUB24 has continued to be recognised by financial advisers and the industry for customer service and product excellence. During FY21 the HUB24 platform was awarded:

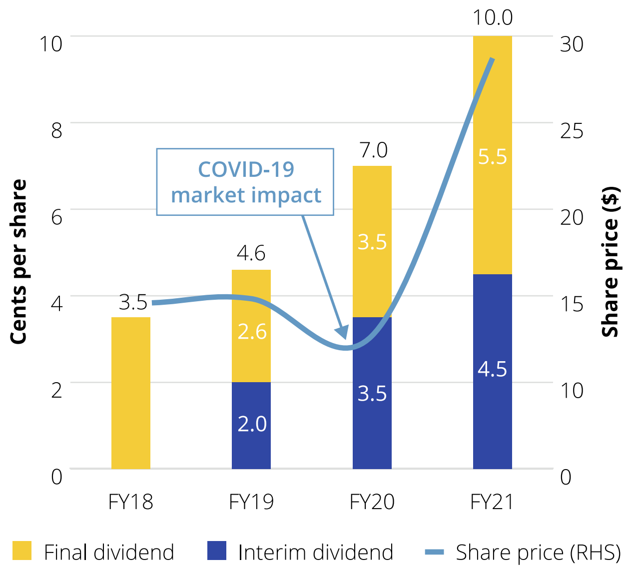
- Best Platform Overall in Investment Trends 2020 Platform Benchmarking and Competitive Analysis Report
- 1st for Overall Satisfaction by advisers in the 2021 Wealth Insights Platform Service Level Report and first in five of the nine survey categories including platform offering, administrative support, ease of doing business, communications and reporting and IT and Web functionality.

In the recent Investment Trends Adviser Needs Report (previously called Planner Technology report) HUB24

PLATFORM FUA AND UNDERLYING EBITDA TRENDS



SHARE PRICE AND DIVIDEND TRENDS



maintained its 2nd place ranking in both adviser satisfaction and adviser advocacy and has consistently ranked in the top 2 platforms for the last 6 years. Additionally, HUB24 was ranked first in seven categories including administrative accuracy, client portal, tax optimisation tools, helpfulness of contact centre staff, contact centre support, follow-up with problems, and complaints handling.[1]

Over the last 12 months the shift towards specialist platforms has continued as consolidation has increased in the institutional platform sector and the banks continue to exit from wealth management. Institutional platforms have either partially or completely divested their wealth management arms or are re-evaluating their wealth management strategy. Specialist platforms have continued to dominate net inflows with over $16 billion net inflows over the past year, whilst institutional platforms experienced $14 billion in net outflows overall.[2]

In the licensee segment, the shift away from institutional advice licensees continues, privately-owned licensees continue to grow with three out of five advisers now privately licensed, and the majority of advisers who are exiting the industry are exiting from the institutional space.[3] HUB24 is well-placed to leverage this growing trend, having built solid relationships with large national licensees who are wanting to collaborate with platform and technology providers that are investing and continuing to innovate.

1 Investment Trends 2020 Adviser Needs Report.
2 Strategic Insights Platform Market Share Analysis March 2021.
3 Adviser Ratings Musical Chairs Report Q2021.

Throughout FY21 advisers remained focussed on supporting their clients through the financial impacts of the pandemic, whilst also refining their value proposition, creating efficiencies in their business and managing ongoing regulatory change. HUB24's approach is to support advisers by providing them with flexible options to manage regulatory change and to continue to deliver a wide range of investment choices that enable them to deliver value to their clients, the validation of this approach is reflected in the recognition of HUB24 as a platform of choice by independent industry surveys.

Meanwhile, the demand for financial advice has increased, with the COVID-19 pandemic an additional catalyst as Australians face economic uncertainty and market volatility. In a recent Investment Trends survey, it was estimated that 2.6 million non-advised Australians intend to seek help from a financial adviser over the next two years, whilst 44% of the Australians surveyed said the COVID-19 pandemic had increased their likelihood of seeking advice. Whilst demand is increasing so is the cost of delivering financial advice with the median advice fee per client rising to $3,240, making it inaccessible for many Australians.[4]

HUB24 is committed to working with licensees and other industry participants to develop innovative solutions that will enable cost-effective advice.

HUB24 has continued to lead the market in the growing managed portfolios segment, maintaining 1st place

4 Investment Trends Financial Advice Report July 2020.

for Platform Managed Accounts functionality for the 5th year running.[5] The use of managed portfolios accelerated in FY21 with 44% of financial advisers now using them to manage their clients' investments and allocations of new client inflows into managed portfolios up from 12% on average in 2020 to 17%.[6] Funds Under Management (FUM) in managed portfolios in Australia has grown to more than $95 billion as advisers increasingly recognise the benefits of using them to access professional investment management for their clients.[7] During FY21, HUB24 launched the Managed Portfolio Academy to educate advisers on the adviser and client benefits of managed portfolios and what to look for when choosing a managed portfolio solution.

2. FINANCIAL PERFORMANCE

The Group's preferred measure of profitability, which is Underlying Earnings Before Interest, Tax, Depreciation, Amortisation and Abnormal items (Underlying EBITDA), increased 47% to $36.2 million for FY21 ($24.7 million in FY20), with Underlying Net profit After Tax (Underlying NPAT) up 53% to $15 million for FY21 ($9.8 million for FY20).

They key drivers of the Group's Underlying EBITDA performance for FY21 were:

- Platform FUA growth from $17.2 billion as at 30 June 2020 to $41.4 billion as at 30 June 2021, an increase of 141% with record net inflows of $8.9 billion achieved during FY21, highlighting HUB24's industry leadership and continued development of strong relationships
- Total Group Revenue increased by 34% to $110.9 million which includes the continuing businesses, Platform, Tech Solutions and Corporate segment
- Platform Revenue increased by 36% to $101.1 million for FY21 ($74.3 million for FY20) while platform expenses grew by 39% to $63.2 million ($45.6 million for FY20)
- Platform underlying EBITDA increased by 32% to $37.9 million
- Increased expenses were largely driven by total headcount increasing by 49% to 391 (FY20: 263). This included further investment in distribution, technology, and operations staff to support growth in FUA, expand our reach, and continue product and technology innovation. The acquisitions of Ord Minnett and Xplore also increased headcount by 85 (at 30 June 2021)
- The Group's cost to income ratio improved from 69.5% FY20 to 67.1% in FY21 arising from scale benefits partially offset by the RBA rate cuts which reduced revenue by ~ $9 million in FY21
- PARS FUA grew to $17.2 billion during the year, reflecting the growing market demand from licensees and advisers for solutions to administer non-custodial client assets, and realised through the strategic acquisitions of Xplore and Ord Minnett's PARS.

Underlying Net Profit After Tax, being NPAT before abnormal items, forms the basis of HUB24's dividend determination. This has increased by 53% to $15.0 million in FY21. A statutory NPAT of $9.8 million was recorded in FY21 after incurring $7.5 million of transaction related costs ($8.2 million for FY20).

3. GROWTH

During FY21 the Company has delivered significant growth and according to the latest available platform market share data, HUB24 maintained second place for both quarterly and annual net inflows, increasing market share from 2.5% last year to 3.9% (including Xplore).[8] HUB24 has now delivered a compound annual growth rate of 66% in FUA over the last five years.

HUB24's record organic FUA growth is a result of the increased distribution footprint, product innovation and customer service excellence. HUB24 has built strong relationships across all segments of the market including the growing mid-tier licensee segment, self-licensed advisers, advice collectives, boutiques and large national brokers.

This FY21, HUB24 signed 117 new licensee agreements. Whilst actively pursuing new relationships, our distribution team is also focussed on working with our large national accounts and their advisers to leverage existing strong growth opportunities within their network. The number of advisers using our platforms increased by 997, up 48.3% on the prior comparative period.[9]

FUA across our HUB24 Investor Directed Portfolio Service (IDPS) and HUB24 Super product as of 30 June

5 Investment Trends Platform Analysis and Benchmarking Report 2021.
6 Investment Trends February 2021 Managed Accounts Report.
7 IMAP/Milliman Managed Accounts FUM Census December 2020.
8 Strategic Insights Platform Market Share Analysis March 2021.
9 Includes advisers from Xplore.

2021 was 51% in IDPS and 49% in Super, the majority of FUA on Xplore is held in an IDPS. The retail version of the HUB24 platform now accounts for 78% of FUA, with 17.5% in customer branded white labels. During FY21, HUB24 launched two new private label solutions for large national licensees.

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

4. OPERATIONS

With the COVID-19 pandemic still having a significant impact on our community, maintaining the wellbeing and effectiveness of our teams has remained a priority. Our team has worked tirelessly to achieve our business objectives and continue to deliver customer service excellence during this period. Our management team has played a significant role in leading the business through this period of transformation and growth whilst the pandemic has continued. Having effectively mobilised our team to work remotely last year, we continued to offer flexible working arrangements for all employees throughout FY21, ensuring we could respond quickly to changing restrictions across the country as well as delivering flexibility which contributes to employee satisfaction and wellbeing.

Throughout FY21 we have continued to make enhancements to the platform to provide flexibility and ensure advisers and their clients have access to a broad range of investment options. This year we launched a new digital onboarding experience as well as new 'co-browse' functionality which enables our customer service representatives to train advisers on new functionality and provide faster resolution to queries.

HUB24 is committed to supporting licensees and advisers through ongoing regulatory change. This year we worked with licensees and advisers to deliver a flexible approach to the new advice fee opt-in requirements and are supporting licensees with education for the requirements, arising from legal obligations to comply with Distribution and Design Obligations.

In October, the Company completed a project to streamline our market leading managed portfolios by moving them into a non-unitised managed investment scheme, laying the foundations for future managed portfolio innovation and providing additional client benefits. As of 30 June 2021, managed portfolios represented $18 billion of our FUA, representing a 19% market share.[10]

Providing advisers with product solutions and tools to enable them to help their clients to meet their retirement goals remains a priority. This year, we integrated the Allianz Retire+ retirement product Future Safe onto the HUB24 platform providing advisers with access to Future Safe Reporting retirement tools and resources through the adviser desktop and enabling clients to view their Future Safe investments alongside other investments on the platform.

Following a pilot program with a group of advisers, BlackRock's iRetire tool was rolled out to the HUB24 adviser base through the HUB24 adviser desktop. iRetire by BlackRock supports advisers in retirement outcome conversations with their clients by demonstrating their portfolio today against their future needs, and how they can start to close their retirement income gaps.

During FY21, the Company worked with two large licensee clients to launch our first private label offerings. In May, the bulk transition of $1.4 billion in FUA was completed from ClearView Wealth across to the new ClearView Wealth private label solution on HUB24. In December, HUB24 entered into an agreement with IOOF to develop a range of solutions including an investment and superannuation wrap platform utilising HUB24's custody, administration and technology capabilities and a suite of managed portfolios. This offer was launched to the IOOF network of advisers in Q4 FY21.

We also welcomed both the Ord Minnett PARS and Xplore teams to HUB24 during the year. The acquisition of Ord Minnett's PARS was completed at the end of November which together with acquisition of Xplore, facilitated HUB24's entry to this segment and work is underway to transition PARS from Ord Minnett systems to HUB24. This expected to be completed by the end of Q2 FY22.

The acquisition of Xplore Wealth was completed in March. Distribution, product and compliance teams have been integrated and we are leveraging our collective capability to progress the development of product solutions for existing and new clients.

As part the strategic investment in Easton, a Technology and Partnership Distribution agreement is in place, under which HUB24 will collaborate with Easton to develop product solutions which leverage HUB24's data and technology expertise.

10 IMAP/Milliman Managed Accounts FUM Census December 2020.

During FY22 licensee, adviser and client data and technology solutions were aligned under the HUBconnect banner. Products and services delivered under HUBconnect leverage HUB24's data and technology expertise to deliver innovative solutions to solve common challenges faced by licensees and advisers to enable affordable financial advice for more Australians.

The HUBconnect team have been working with a group of licensees to better understand their business challenges and to provide the data they need to run more efficient businesses and replace the manual processes that increase the cost of advice. HUBconnect Insight provides a range of solutions that take unstructured data sources and advice documentation from advice practices and format it, to deliver efficiencies for licensee business management activities for example monitoring key risk indicators or remuneration reporting. A pilot program is underway with four licensees and the capability will be rolled out to other licensees during FY22, including Easton as part of the Technology and Partnership Agreement.

5. CORPORATE GOVERNANCE

Throughout a busy and successful FY21, HUB24's Board of Directors and Management remained committed to maintaining and enhancing a robust system of corporate governance.

The ongoing review and improvement of corporate governance practices and processes are important aspects of business and ensuring HUB24 maintains industry best practice including our reporting, commitment to diversity and expanding the skillset across the Board.

As the Company grows, we continue to invest in our corporate governance, risk and compliance frameworks to develop and articulate our ESG principals to ensure they are fit for purpose and commensurate with not just the present demands but for our growth trajectory.

In March, Mr Ian Litster retired from the Board, we would like to thank him for his many years of service. An extensive search was undertaken for a new Director and in July 2021, we announced the appointment of Ms Catherine Kovacs as Non-Executive Director. Ms Kovacs has broad financial services experience spanning fintech, business strategy and growth, and investments including M&A.

6. OUTLOOK

HUB24 is proud to have delivered an extremely successful year, achieving record levels of platform net inflows, and FUA growth as well as the completion of three strategic transactions and continued industry recognition as a market leader in both the platform and managed portfolios space. Shareholder value has grown significantly in recognition of our strong financial and operating performance.

These results have been delivered in the context of a global pandemic and are underpinned by the continued investment in our technology, the strength of our offer and the expertise and commitment of our team to continue to deliver outcomes for our customers and shareholders.

Despite the sustained pandemic conditions, we believe the market conditions continue to be highly favourable for HUB24 as the wealth management industry continues to transform. As a result of our continued investment and the completion of strategic transactions this year, we are well-placed to pursue emerging opportunities and growth in all segments of our business, as we lead the industry as the best provider of integrated wealth platform, technology and data solutions.

To leverage these opportunities, HUB24 will focus on delivering initiatives that provide customer value and growth. We will continue to invest and build the platform of the future, and collaborate with licensees, advisers and other wealth industry providers to deliver technology and data solutions to shape the future of the industry.

Moving forward we expect ongoing strong net inflows to the platform and are now targeting a Platform FUA range of \$63–\$70 billion by 30 June 2023 (excluding PARS FUA).

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

Yours sincerely,

Bruce Higgins
Chairman

Andrew Alcock
Managing Director

DIRECTORS' REPORT

Your Directors present their report together with the financials statements, on the Consolidated Group (referred to hereafter as "the Group" or "HUB24") consisting of HUB24 Limited (referred to hereafter as "the Company") and the entities it controlled for the full year ended 30 June 2021 ("FY21").

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

DIRECTORS

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

Mr Bruce Higgins (Chairman)
Mr Andrew Alcock (Managing Director)
Mr Ian Litster (resigned 5 March 2021)
Mr Anthony McDonald
Mr Paul Rogan
Ms Ruth Stringer
Ms Catherine Kovacs (appointed 19 July 2021)

COMPANY SECRETARIES

Ms Kitrina Shanahan (appointed 7 September 2020)
Mr Andrew Brown (appointed 30 April 2021)
Ms Debbie Last (resigned 6 September 2020)
Mr Paul Howard (resigned 18 December 2020)

INFORMATION ON DIRECTORS

BRUCE HIGGINS

B Eng CP Eng, MBA, FAICD

Chairman and Non-Executive Director

Bruce has more than 20 years experience as a senior executive or CEO, with companies such as Honeywell, Raytheon and listed technology companies. He is a specialist in rapid growth entrepreneurial companies, financial and software services companies, M&A and corporate governance and has also served on ASX boards as a Non-Executive Director or Chairman for over 15 years.

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

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

Previous listed company directorships held in the last three years:

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

ANDREW ALCOCK
B Bus, GAICD

Managing Director

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

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

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

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

Previous listed company directorships held in the last three years:

- Nil.

RUTH STRINGER
B Sc, LLM, GAICD

Non-Executive Director

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

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

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

Previous listed company directorships held in the last three years:

- Nil.

ANTHONY MCDONALD
B Comm LLB

Non-Executive Director

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

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

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

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

Previous listed company directorships held in the last three years:

- 8IP Emerging Companies Limited (appointed 24 September 2015, resigned 1 April 2021)
- URB Investments Limited (appointed 13 October 2016, resigned 23 December 2019)
- Easton Investments Ltd (appointed 1 February 2021).

PAUL ROGAN
FAICD, FCPA, B Bus

Non-Executive Director

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

Paul has more than 27 years experience serving on entity boards and industry groups including 13 years in the not for profit sector. Paul was appointed to the HUB24 Limited board on 20 December 2017 and appointed as Chair of the Audit, Risk and Compliance Committee on 1 March 2018. Paul was appointed a member of the Remuneration and Nominations Committee effective 1 August 2020.

Previous listed company directorships held in the last three years:

- Nil

CATHERINE KOVACS

B.Comm , MAppFin, GAICD

Non-Executive Director

Catherine has over 30 years' experience in the financial services industry, having held senior executive leadership roles at Westpac Banking Group, Ellerston Capital, Macquarie Group and BT Financial Group.

Catherine's most recent executive role was as Group Head of Business Development at Westpac 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 a Graduate of the Australian Institute of Company Directors and a Member of the Association of Superannuation Funds of Australia. She holds a Bachelor of Commerce (UNSW) and a Master of Applied Finance (Macquarie University).

Catherine was appointed to the Board on 19 July 2021.

Previous listed company directorships held in the last three years:

- OFX (appointed 22 February 2021).

IAN LITSTER

B Sc (Hons)

Non-Executive Director

Ian has more than 14 years experience in designing and developing software for the financial services industries, particularly in the area of financial planning. He has been the founder of the companies behind the VisiPlan and COIN software packages, two of the leading financial planning systems in Australia. His main areas of expertise are the management of information technology organisations and software development. Ian has a Bachelor Degree in Science (Honours in Mathematics).

Ian was appointed to the Board on 25 September 2012 and resigned on 5 March 2021.

Previous listed company directorships held in the last three years:

- Nil.

COMPANY SECRETARY

The name and details of the Company Secretaries in office during the 2021 financial year and at the date of this report are as follows:

KITRINA SHANAHAN

CIMA, CPA, AGSM MBA

Company Secretary and Chief Financial Officer

Kitrina has over 20 years of experience in finance, governance and risk. Prior to HUB24, Kitrina was Chief Financial Officer Insurance at Westpac. She has also held roles across BTFG as Deputy Chief Financial Officer and as Group Financial Controller at Westpac. With deep experience in platforms, advice and broader financial services, Kitrina has executive leadership experience delivering large strategic transformation projects.

Previous listed company directorships held in the last three years:

- Nil.

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

ANDREW BROWN

Diploma in Law, FCG, MAICD

Company Secretary

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

Previous listed company directorships held in the last three years:

- Nil.

Andrew was appointed Company Secretary on 30 April 2021.

PAUL HOWARD
B Comm LLB, GAICD

Company Secretary

Paul was appointed Company Secretary on 31 July 2019 and resigned on 18 December 2020.

DEBBIE LAST
B COMM, CA

Company Secretary and Interim Chief Financial Officer

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

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

Previous listed company directorships held in the last three years:

- Mainstream Group Holdings Ltd.

Debbie was appointed Company Secretary and Interim Chief Financial Officer on 5 March 2020 and resigned on 6 September 2020.

GROUP OVERVIEW

HUB24 Limited ABN 87 124 891 685 (HUB24, HUB, the Group or the Company) is a financial services company that was established in 2007 and is a leading provider of wealth management superannuation investment platforms, technology and data solutions to the Australian market.

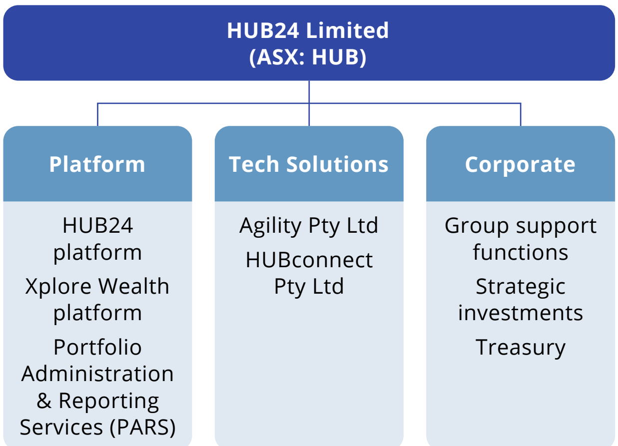
Initial products were launched to market from 2010 growing to $1 billion in Funds Under Administration (FUA) in 2014. Since that time the business has grown to over $58.6 billion in FUA (as at 30 June 2021) and employs 391 people on a full-time equivalent (FTE) basis.

HUB24's head office is based in Sydney and operates in all Australian states and territories.

HUB24 is listed on the Australian Securities Exchange (ASX) under the code 'HUB'. HUB24's market capitalisation was approximately $1.7 billion as at 4 August 2021.

PRINCIPAL ACTIVITIES

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



PLATFORM

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

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

HUB24's platform offers broad product choice and a market-leading experience for advisers and their clients. In February 2021, HUB24 was announced as the Best Platform Overall, and having the Best Platform Managed Accounts Functionality for the 5th year running by Investment Trends in the 2020 Platform Competitive Analysis and Benchmarking Report. It serves a growing number of respected and high-profile financial services companies.

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

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

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

TECH SOLUTIONS

HUB24 provides technology and data services through HUBconnect Pty Ltd (HUBconnect) and Agility Applications Pty Ltd (Agility).

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

HUB24 is a strategic shareholder in Easton Investments Limited (Easton) which is a diversified financial services business servicing the needs of financial advisers and accountants. Under a Technology Partnership & Distribution agreement Easton is a cornerstone client for HUBconnect's data and technology services.

REVIEW AND RESULTS OF OPERATIONS

The key items regarding the Group performance for FY21 were:

FUNDS UNDER ADMINISTRATION

- Total Funds Under Administration (FUA) of $58.6 billion ($17.4 billion at 30 June 2020, an increase of 237%)
- Platform[1] FUA growth from $17.2 billion at 30 June 2020 to $41.4 billion at 30 June 2021, an increase of 141%
- PARS[2] FUA was $17.2 billion at 30 June 2021 with $9 billion relating to the Ord Minnett PARS transition and $6 billion relating to Xplore transition, which were completed during the period.

INCOME

- The Group recorded a 34% increase in total income[3] to $110.9 million for FY21 ($82.5 million for FY20)
- Platform operating revenue increased by 36% to $101.1 million for FY21 ($74.3 million for FY20)
- Ord Minnett and Xplore, acquired during the year, contributed $9.8 million of revenue.

EBITDA

- The Group's preferred measure of profitability is Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and abnormal items, which increased by 47% to $36.2 million for FY21 ($24.7 million in FY20)
- On a continuing operations basis, the Group's Underlying EBITDA (refer to note 5) increased 46% to $36.7 million for FY21 ($25.2 million in FY20)
- This Underlying EBITDA performance included Platform expenses (direct and operating expenses) increasing by 39% to $63.2 million ($45.6 million for FY20).

UNDERLYING NET PROFIT AFTER TAX

Underlying Net Profit After Tax[4] from continuing operations (which forms the basis of the Group's dividend payout policy) represents NPAT before abnormal items. Underlying Net Profit After Tax increased 53% to $15.0 million for FY21 ($9.8 million in FY20).

Abnormal items of $8.1 million ($1.8 million for FY20) include $7.5 million in transaction and due diligence and implementation costs in relation to the strategic transactions of acquiring Ord Minnett's PARS business, Xplore, the investment in Easton, and the divestment of the Licensee Paragem and $0.6 million in relation to the implementation of Private Label capability for both ClearView and IOOF and finalising the transfer of the Group's management portfolio into a Management Investment Scheme (MIS). Partially offsetting the abnormal items is a $1.6 million fair value gain on contingent consideration offset by the recognition of $1.6 million of share based payments for the purchase of Agility Applications Pty Ltd and the $1.4 million gain on sale of Paragem.

STATUTORY NPAT

Statutory Net Profit After Tax (NPAT) was up 20% to $9.8 million for FY21 ($8.2 million for FY20).

CASH FLOWS

The Group recorded a 24% decrease in net cash flow from operating activities to $19.2 million for FY21 ($25.3 million for FY20). Net underlying cashflow from operating activities was up 3% to $26.4 million (FY20: $25.7 million) when adjusted for the abnormal costs of $7.2 million.

In addition to the information disclosed in this Annual Report, readers are referred to the Group's disclosures to the ASX on 24 August 2021 for further details and analysis of the Group's performance and financial position.

1 Platform FUA refers to the custodial portfolio.
2 PARS FUA refers to the non-custodial portfolio.
3 Group income includes operating revenue, fair value gain on contingent consideration, interest and other income. Refer to the Consolidated Statement of Profit or Loss and Other comprehensive income.
4 Underlying Net Profit After Tax excludes the fair value gain on deferred consideration, the Agility consideration share based payments, gain on sale of investment, strategic transactions and implementation costs and other abnormal items.

Reconciliation of Underlying NPAT to Statutory NPAT	Year ended 30 June 2021 $ million	Year ended 30 June 2020 $ million
Underlying NPAT[1]	15.0	9.8
Fair value gain on contingent consideration	1.6	0.9
Agility consideration share based payment expense	(1.6)	0
Impairment of Agility CGU		(1.0)
Gain on Sale of Investment	1.4	-
Strategic transaction due diligence and implementation costs	(7.5)	0
Other abnormal costs	(0.6)	(1.8)
Tax effects	1.5	0.3
Statutory NPAT	9.8	8.2

1 Underlying NPAT for FY20 has been restated to remove the tax effect of abnormal items.

CORPORATE

Strategic transactions

During the year ended 30 June 2021 the Group completed three strategic transactions and the sale of the Licensee business.

On 28 November 2020, HUB24 Limited completed the acquisition of PARS. See note 30 for more information.

On 1 February 2021 the Group completed a proportional takeover of Easton. This investment is recognised as an investment in associate on the balance sheet. See note 26 for more information.

On 2 March 2021, the Group completed the acquisition of Xplore. See note 30 for more information.

The Group sold its licensee business, Paragem Pty Limited, to Easton Investments Limited on 1 February 2021. The transaction included a capital return of $3.2 million and the Group received 3,333,333 shares in Easton Investments Limited as consideration for the sale. An accounting gain of $1.4 million has been recognised in FY21.

Capital management initiatives

On 29 October 2020, the Group announced that it had successfully completed a $50 million fully underwritten placement of 2.5 million new fully paid ordinary shares to institutional and sophisticated investors at a price of $20 per new share.

On 25 November 2020, the Group announced 1 million new fully paid ordinary shares would be issued on 30 November 2020 at a price of $20 per new share under a non-underwritten share purchase plan (SPP) to eligible shareholders raising an additional $20 million in capital. The actual number of shares issued was 999,999 for a value of $19,999,980.

The Group secured an additional ANZ loan facility for $12.5 million amortising over 3 years which was fully drawn down on the 18 February 2021. This is in addition to the $5m overdraft (undrawn) the Group has with ANZ.

During FY21 the Group purchased $5 million additional treasury shares to service the Group's Employee Share Plans.

See notes 15 and 18 for more information.

Options and performance rights

The following options, performance rights and shares were issued in accordance with plans approved by shareholders. These awards contain ambitious targets, including FUA targets of up to $70 billion by FY25[5], in order to retain, incentivise and align key staff towards HUB24 achieving its strategic objectives:

- 91,384 share options were issued to staff and executives in the financial year ended 30 June 2021 (331,332 in FY20)
- 1,130,667 performance award rights were issued to staff, executives and directors in the financial year ended 30 June 2021 (132,680 in FY20)
- 531,519 shares were issued for options exercised by staff and executives in the financial year ended 30 June 2021 (441,182 in FY20)
- 65,296 shares were issued for performance award rights earned by staff and executives in the financial year ended 30 June 2021 (75,533 in FY20).

5 In measuring the achievement of performance and FUA targets, the Board reserved 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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Apart from the strategic transactions mentioned previously, there have been no other significant changes in the nature or state of affairs of the consolidated Group.

DIVIDENDS

Subsequent to the end of the year, the directors have determined a final dividend of 5.5 cents per share fully franked to be paid on 15 October 2021.

Together with the fully franked interim dividend of 4.5 cents per share, the fully franked full year dividend of 10.0 cents per share (FY20 7.0 cents per share) represents a 43% increase in dividends for the year and a payout ratio of 45% of Underlying NPAT (FY20 45%).

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

As disclosed above, subsequent to year end, the Directors have determined a fully franked final dividend of 5.5 cents per share (a fully franked dividend of 3.5 cents per share final dividend was determined in FY20).

Catherine Kovacs was appointed as a Non Executive Director to the Board on 19 July 2021.

The Group has increased the loan to HTFS Holdings Pty Ltd by $3.6 million, who had in turn used it to subscribe for capital in HTFS Holdings Nominees Pty Ltd, a wholly owned subsidiary of EQT Holdings Limited (ASX:EQT), which is the Trustee for the HUB24 Super Fund (**the Fund**). The loan agreement is entered into on an arm's length basis and on commercial terms at an interest rate of 10% per annum. The capital received by the Trustee is reserved for the purpose of meeting the Operational Risk Financial Requirement (**ORFR**) for the Fund in accordance with APRA Prudential Standard SPS114.

No other significant matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

With the continued growth in FUA and continuing success of its supporting businesses and strategic transactions, the Group expects its financial results to continue improving with scale.

COVID IMPACT

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

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

The Group has realised record custodial net inflows of $8.9 billion for FY21, suggesting that advisors have adapted to the COVID-19 environment. Given the ongoing opportunities for growth the Company remains focused on investing for the future and delivering our strategic objectives.

Net flows have proved to be resilient, our new business pipeline remains strong and assisted FUA transitions are continuing. HUB24's priority has been, and remains, ensuring the health and safety of the team whilst continuing to operate our business to meet the needs of licensees, advisers and their clients as well as other key stakeholders.

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

DIRECTORS' INDEMNITY

During FY21 the Group paid a premium in respect of insuring all directors and officers against liability, except wilful breach of duty, of a nature that is required to be disclosed under section 300(8) of the *Corporations Act 2001*. In accordance with commercial practice, the amount of the premium has not been disclosed.

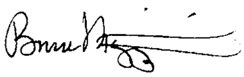
The Group has indemnified officers and directors to the extent permitted by law against any liability that arises as a result of actions as an officer or director and has not otherwise, during or since the end of FY21, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

MEETINGS OF DIRECTORS

The numbers of meetings of the Group's board of Directors and of each board committee held during the year ended 30 June 2021, and the numbers of meetings attended by each Director were as per the table below:

	Board meetings		Audit, risk & compliance committee meetings		Remuneration & nomination committee meetings	
Director	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**
Mr Bruce Higgins (Chairman)	13	13	7	7	4	4
Mr Andrew Alcock (Managing Director)	13	13	-	-	-	-
Mr Ian Litster (resigned 5 March 2021)	9	10	-	-	1	2
Mr Anthony McDonald	13	13	-	-	4	4
Mr Paul Rogan	13	13	7	7	3	3
Ms Ruth Stringer	13	13	7	7	-	-
Ms Catherine Kovacs	-	-	-	-	-	-

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



Mr Bruce Higgins (Chairman)
Director
Sydney

REMUNERATION REPORT

CONTENTS OF THE REMUNERATION REPORT

This Remuneration Report (on pages 25–45) sets out HUB24's remuneration framework and details of remuneration outcomes for key management personnel (KMP) for the year ended 30 June 2021 (FY21).

Accounting standards define KMP as those executives and non-executive directors with the authority and responsibility for planning, directing and controlling the activities of HUB24, either directly or indirectly.

The FY21 Remuneration Report has been prepared and audited in accordance with the disclosure requirements of the *Corporations Act 2001*.

REMUNERATION REPORT

"We are proud of our FY21 performance in a year where we achieved record growth by executing on our strategy, delivering increased market share, great customer outcomes and capitalising on a rapidly changing market whilst navigating COVID."

TO OUR SHAREHOLDERS

On behalf of the Board and its Remuneration and Nomination Committee, I am pleased to present HUB24's FY21 Remuneration Report.

During FY21, we undertook a review of the structure and style of our Remuneration Report to improve overall disclosure and readability. We trust this assists shareholders to more readily evaluate the links between performance and remuneration outcomes.

HUB24's remuneration approach focuses on setting challenging targets that are aligned to our broader strategic objectives and are designed to motivate executives to deliver strong performance over the short, medium and longer term. As we grow, we are committed to providing market competitive remuneration that retains our executive talent who are critical to HUB24's continued success.

OUR RESPONSE TO A RAPIDLY CHANGING MARKET

The market in which we operate continued to experience rapid and fundamental change. We pride ourselves on being a dynamic organisation that responds to this change and adopts a strategy that seeks to enhance shareholder value by capitalising on the shifts occurring throughout our industry. FY21 was characterised by strong organic growth as well as strategic M&A activity and integration that stretched management while delivering enhanced shareholder returns and set up a sound platform for future growth.

OUR RESPONSE TO COVID-19

This year, COVID-19 has again had a significant impact on the broader Australian community. We are extremely proud of all our employees who have worked tirelessly to achieve our strong results and who continue to deliver high quality service to our clients over this period. Additionally, we would like to acknowledge the role our management team has played to lead the business through a period of significant transformation and growth whilst the COVID-19 pandemic has continued. This year, we again placed a high priority on keeping our employees safe and supporting their wellbeing throughout the ongoing uncertainty presented by the pandemic. Having effectively and quickly mobilised all team members to work remotely last year, we continued to offer flexible working arrangements for all employees throughout FY21. This allowed us to respond with agility to changing restrictions across the country as well as delivering flexibility to our employees which we know is highly valued and contributed to overall employee satisfaction and wellbeing. To ensure ongoing connection and interaction between our people whilst operating with a remote workforce, we redesigned our onboarding and induction programs and internal communications to be delivered virtually.

We continued this year to support our people through the personal impacts of COVID-19 restrictions, broadening our Employee Assistance Program to include immediate family members and creating greater flexibility where required to support individual circumstances.

Considering the frequent disruption throughout the year, we are proud of our success in balancing employee welfare and business results which has allowed us to operate effectively and efficiently without accessing JobKeeper or any other government subsidy.

PERFORMANCE DURING FY21

Despite challenging market conditions, FY21 was a landmark year for HUB24 with strong outcomes achieved for our customers, our employees and our shareholders. We had a record amount of Platform FUA at $58.6 billion which is up 141% since last year and platform annual net flows of $8.9 billion. We established PARS in the last year via acquisition, achieving $17.2 billion. Our strategic transactions this year included the successful completion of the acquisitions of Xplore Wealth Limited and Ord Minnett Pty Ltd PARS, a 31.5% investment in Easton Investments Limited (**Easton**) and the sale of Paragem Pty Ltd to Easton. In addition, we completed the launch of our Managed Portfolio Academy and private labels for ClearView Wealth Limited and IOOF Holdings Limited.

Our performance has translated to strong outcomes for our shareholders, delivering full year dividends of $0.10 up 43% on FY20, combined with 207% share price growth over the financial year. Our underlying profit also increased to $15.0 million.

Financial advisers have also rated our platform first for Overall Satisfaction in the 2021 Wealth Insights Platform Service Level Report and we were also awarded the Best platform for Managed Accounts functionality for the fifth year running which recognises our commitment to customer service excellence and innovative product solutions.

As we look ahead to FY22, we are focussed on achieving sustainable growth that benefits our employees, customers and shareholders. We are committed to enabling Australians to receive cost-effective advice that empowers better financial futures and being the leading provider of integrated platform, technology and data solutions to the wealth industry.

2021 REMUNERATION OUTCOMES

In late FY20, the Board engaged external advisers to undertake a review of the remuneration mix and levels for Executive KMP relative to the market following a period of agreed fixed remuneration freeze. Following assessment of this data, fixed remuneration changes for KMP were awarded effective 1 December 2020 to ensure that HUB24's remuneration remained competitive and supported the ongoing retention of key Executives.

The Board set challenging targets for the FY21 STI to drive business operations, financial performance and maximise shareholder value. Our FY21 STI performance measures included financial, operational and individual strategic measures, based on the key metrics used to assess HUB24's success over the short-term. For the Managing Director, all base targets were exceeded in FY21, with the stretch target achieved in full for progress against strategy and growth objectives. KMP performance outcomes against scorecard deliverables ranged from 91% to 96%, reflecting a very strong performance year.

The outcomes of the FY18 LTI grant for Executive KMP and other key senior leaders reflect our strong business performance, critical retention priorities and recognition of unique functional expertise or knowledge. LTI was offered to Executive KMP as a mix of options (40%) and performance rights (60%) with a 3-year performance period.

At the FY20 AGM, a grant of a special equity award was approved by shareholders for the Managing Director. A similar award was made to a small number of key executives, in addition to the annual LTI plan. These awards were granted to recognise the importance of the Managing Director and key people in the successful delivery of HUB24's strategy over the long-term, and to retain key executives through a period of significant change in the industry. These awards will only vest where significant growth is achieved against challenging FUA targets over a period of five years. To further leverage the retention impact, the Special

PARs grants were made in exchange for longer notice periods for each key executive, which are now set at 12 months.

BOARD AND EXECUTIVE KMP CHANGES

In FY21, HUB24 welcomed the appointment of Kitrina Shanahan as our Chief Financial Officer and Joint Company Secretary effective 7 September 2020. Kitrina brings a wealth of experience in platforms, advice and broader financial services. We thank Debbie Last for her dedication to the role of interim CFO and Joint Company Secretary during the last year.

We also farewell Ian Litster and thank him for his unwavering commitment to the Board over the last nine years and his efforts in developing the HUB24 platform. Between the end of FY21 and the release of this Report, we are also delighted to welcome Catherine Kovacs to HUB24's Board effective 19 July 2021 who brings deep experience in financial services and furthers our aspiration to increase female representation on the Board.

LOOKING AHEAD TO FY22

Over the last few years, HUB24 has grown rapidly to an S&P/ASX 200 listed company. Our executive remuneration framework has been reflective of our origins as a smaller company while still ensuring we attract and retain top-tier executive talent. During FY21, the Board engaged external advisors to undertake a comprehensive remuneration review and to provide market benchmarking information on contemporary remuneration practices and remuneration trends. The Board continues to consider this information in light of the changing regulatory landscape, particularly in the financial services sector, to ensure HUB24's executive remuneration framework remains relevant and fit-for-purpose.

We trust the FY21 Remuneration Report assists shareholders to more readily assess our remuneration philosophy, framework and alignment. We remain committed to continuous improvement and to open communication with shareholders and other stakeholders, particularly around our remuneration practices and disclosures. As such, we welcome any feedback that you may have.

Regards,

Anthony (Tony) McDonald
Chair, Remuneration and Nomination Committee

1. KEY MANAGEMENT PERSONNEL

The KMP for FY21 were:

Name	Role in FY21	Term as KMP in FY21
Non-executive Directors (NEDs)		
Bruce Higgins	Non-Executive Director, Chairman	Full year
Anthony McDonald	Non-Executive Director	Full year
Paul Rogan	Non-Executive Director	Full year
Ruth Stringer	Non-Executive Director	Full year
Ian Litster	Non-Executive Director	Part year – retired 5 March 2021
Catherine Kovacs	Non-Executive Director	Commenced 19 July 2021
Executive KMP		
Andrew Alcock	Managing Director	Full year
Jason Entwistle	Director, Strategic Development	Full year
Craig Lawrenson	Chief Operating Officer	Full year
Kitrina Shanahan	Chief Financial Officer and Joint Company Secretary	Part year – commenced 7 September 2020
Debbie Last	Interim Chief Financial Officer and Joint Company Secretary	Part year – ceased 6 September 2020

2. REMUNERATION SNAPSHOT

Our remuneration framework is designed to support HUB24's objectives. To achieve our purpose of "Empowering better financial futures, together" HUB24 needs exceptional people to deliver customer value and growth in an innovative and collaborative manner. We have outlined below our remuneration principles which guide our remuneration framework and enable us to attract and retain the best people.

OUR REMUNERATION PRINCIPLES

Remuneration Principles

- Provide competitive and reasonable rewards to attract, motivate and retain high calibre individuals to drive the success of HUB24
- Ensure our people are rewarded via market competitive remuneration structures and practices
- Our incentive schemes are designed 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

EXECUTIVE KMP REMUNERATION FRAMEWORK

HUB24's Executive KMP Remuneration Framework is made up of three components that when combined create **the total remuneration opportunity for Executive KMP and senior leadership team members.**

Fixed Remuneration (FR)

FR consists of Base Salary, Superannuation and Benefits.

FR is set to attract and retain Executive KMP with the right capability and experience.

FR is reviewed annually, and the process consists of a review of company-wide, functional portfolio and individual performance, relevant comparative remuneration in the market, and where appropriate, external advice on practices and market comparisons.

Short Term Incentive (STI)

STI is paid in three equal instalments, with one third paid at the end of the performance year, one third after 6 months and the remaining third, 12 months after the end of the performance period.

STI rewards Executive KMP based on structured qualitative and quantitative scorecard measures being achieved as determined by the Board. The scorecard measures include 'target' and 'stretch' Key Performance Indicators (**KPIs**).

Executive KMP are kept accountable through deferral periods that act as malus and clawback mechanisms intended to protect shareholder interests.

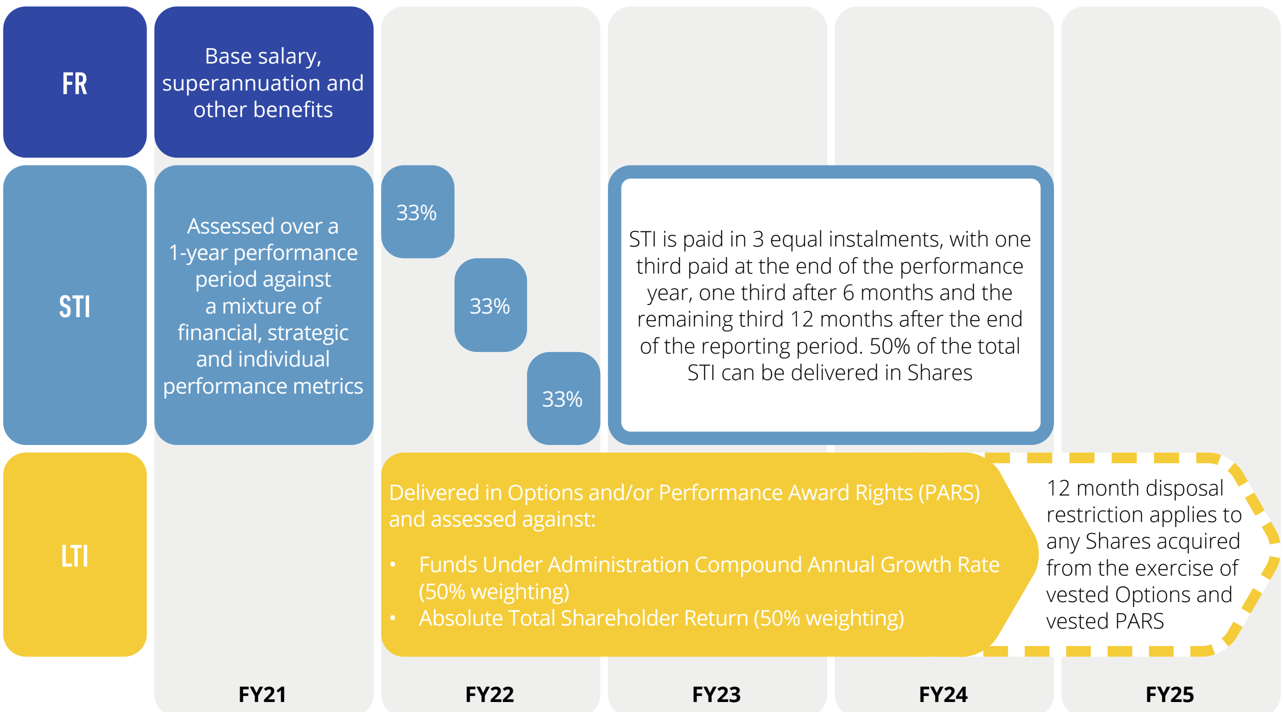
Long Term Incentive (LTI)

LTI is delivered in a mixture of Options and/or Performance Award Rights (PARS) that are performance-tested over a 3 or 5-year period.

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

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

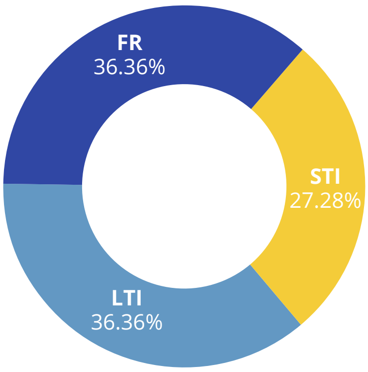
Special awards of PARS under different terms & conditions may be granted to Executives in limited circumstances to recognise their additional contribution in the growth of HUB24.



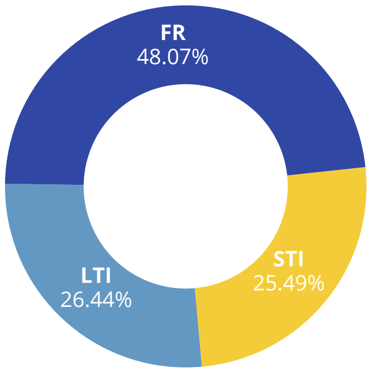
FY21 EXECUTIVE KMP REMUNERATION MIX

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 FY21.

Managing Director Pay Mix at Maximum for FY21



Other Executive KMP Pay Mix at Maximum for FY21 (average)

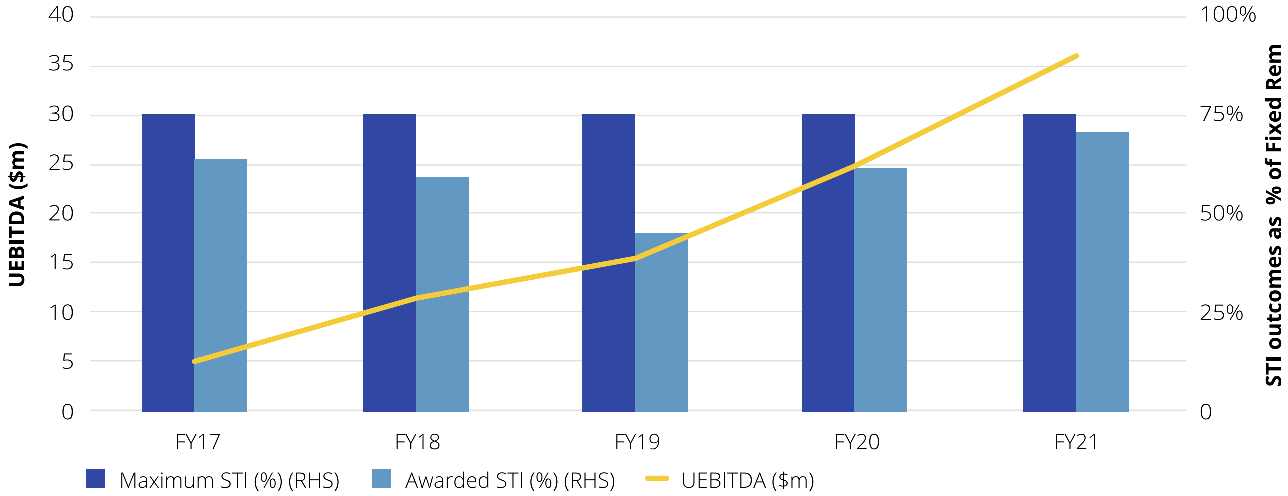


3. BUSINESS PERFORMANCE IN FY21

$58.6b	$8.9b	$36.2m	$15.0m	208%
Total FUA	Net Flows	Underlying EBITDA	Underlying NPAT	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



The table below details HUB24's performance against key financial and operational metrics for the five-year period ended 30 June 2021.

	FY21	FY20	FY19	FY18	FY17
PARS FUA ($b)	17.2	0.2	-	-	-
Platform FUA ($b)	41.4	17.2	13.1	8.3	5.5
Revenue ($m)	110.9	82.5	98.7	87.0	63.8
Underlying EBITDA ($m)	36.2	24.7	15.4	11.4	5.1
Underlying Profit/(Loss) after income tax ($m)	15.0	9.8	6.5	5.4	3.9
Earnings per Share (statutory basic) ($)	14.83	13.13	11.54	12.27	34.95
Dividends per share (cents per share $)	0.10	0.07	0.046	0.035	Nil
Total dividends paid and payable ($m)	6.8	4.4	2.9	2.2	Nil
Share price at financial year end ($)	28.51	9.30	11.88	11.55	6.24
TSR in the financial year[1]	208%	-21%	3%	86%	70%

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

4. EXECUTIVE KMP REMUNERATION OUTCOMES

As reported in section 3, HUB24 had a standout year, delivering strong results against all Executive KPIs for FY21. Reflecting our performance and the shareholder value that has been generated over the longer-term, we expect the LTI issued in FY18 to vest at 100% once tested on 18 October 2021 using the 40 day VWAP following our financial reporting.

FIXED REMUNERATION

To ensure Fixed Remuneration continues to support the achievement of our strategy and future needs of the business, the Board sought advice from external advisers and benchmarked Executive KMP remuneration against a primary comparator group of 15 companies with similar scale, complexity, revenue and market capitalisation. A secondary comparator group of wealth management and platform businesses within larger institutions was also considered to ensure a rigorous review of market conditions. An agreed freeze to Executive KMP fixed remuneration expired in FY21, and this quality market data ensured that we were able to correct shortfalls against current market conditions to continue to attract and retain the highest calibre of Executive KMP.

During FY21 the Board made Fixed Remuneration adjustments to Executive KMP of between 9–15% to align their total remuneration position to the market following an agreed two year freeze period. These increases also reflect the significant growth in HUB24's size and scale, its entrance into the ASX200 and the resulting increase in the responsibilities of Executive KMP. These adjustments ensure that the executive remuneration framework continues to support the achievement of our strategy and the future needs of our business by retaining our key talent. These adjustments to fixed remuneration were effective from 1 December 2020, rather than the usual date of 1 September 2020, as a cost management response to the then unclear impact of COVID-19 on local economic conditions.

Name	Fixed Remuneration (including superannuation) frozen 2018 to 2020	Fixed Remuneration (including superannuation) effective 1 Dec 2020
A. Alcock – Managing Director	$451,805	$520,000
J. Entwistle – Director, Strategic Development	$370,000	$425,000
C. Lawrenson – Chief Operating Officer	$369,570	$402,000

STI OUTCOMES – LINK TO PERFORMANCE

The Managing Director's FY21 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.

FY21 STI Measure	FY21 outcome	Commentary
Financial Performance – 35% weighting		**Result – 32.35%**
Profitability	Group profitability	• Group underlying EBITDA up $11.5 million (47%) year on year. • Group underlying NPAT up $8.2 million (84%) year on year.
	Platform profitability	• Platform underlying EBTDA up $9.2 million (32%) year on year.
	Tech Solutions profitability	• Tech Solutions underlying EBITDA of $1.8 million (up $2.7 million from FY20).
Operating Cashflow		• Positive operating cashflow outcome of $26.4 million (excluding strategic transaction costs), largely driven by underlying growth in platform account numbers and balances.
Platform revenue margin		• Platform revenue margin impacted by shift in mix of client portfolios from Xplore acquisition, lower RBA cash rates throughout FY21 and lower trading activity because of reduced market volatility.
Strategy & Growth – 35% weighting		**Result – 35%**
Platform net inflows		• Record platform annual net flows of $8.9bn (including $1.4bn bulk transition) up 80% on FY20.
Private Client PARS		• Acquisition of Xplore Wealth and Ord Minnett PARS delivering capability and scale in non-custody administration services and facilitated HUB24's entry to the PARS market. • PARS FUA $17.2bn at 30 June 2021 across 7,538 accounts.
Mergers & Acquisitions		• Completed two strategic transactions delivering transformational FUA scale, market leadership in PARS and new capabilities with accretive synergies to be realised in future periods. • Divested our licensee services business Paragem Pty Ltd and completed a strategic investment in Easton Investments, a diversified financial services business servicing the needs of financial advisers and accountants.
Current year growth initiatives		• Continued investment in sales, technology, operational and marketing capabilities to accelerate organic growth. • Launched new Private Label Investment & Superannuation solutions and completed a bulk transition of $1.4bn FUA into the private label solution. • Increased the number of advisers who use the platforms by 48% during FY21. • Established a strategic relationship with IOOF to act as their platform administration and custody provider and collaborate to develop a range of solutions and products.

FY21 STI		
Measure	**FY21 outcome**	**Commentary**
Future growth initiatives		• Refreshed corporate strategy to reflect changing landscape. • Acquisition of Xplore Wealth and Ord Minnett PARS delivering capability and scale in non-custody administration services and facilitated HUB24's entry to the growing PARS market. • Entered private client/HNW market through acquisitions including additional capabilities such as bonds and internationally domiciled managed funds. • Entered into a technology partnership & distribution agreement with Easton Investments as a cornerstone client for HUBconnect's data and technology services.
Innovation, Customer Service & Market Leadership – 15% weighting		**Result – 13.40%**
Customer experience and market leadership		• **Customer satisfaction:** High satisfaction rate maintained. • Awards: Financial advisers rated HUB24's platform first for Overall satisfaction in the 2021 Platform Service Level Report recognising HUB24's customer service excellence and market leading solutions. HUB24 ranked highly across all categories, taking out 1st place in 5 of the 9 survey categories.
Product and service development		• Expansion of our product and service offerings including: – Launch of new Private Label Investment & Superannuation solutions and completed a bulk transition of $1.4bn FUA into the solution. – Launch of a Managed Portfolio Academy to educate advisers and solidify HUB24's market leadership position.
Industry innovation and market leadership		• **Awards:** HUB24 announced as the Best Platform Overall, and Best Platform Managed Accounts Functionality for the 5th year running by Investment Trends in the 2020 Platform Competitive Analysis and Benchmarking Report. • Data and technology solutions implemented for key licensee clients to deliver reporting efficiencies and compliance monitoring solutions.
Operational Capability & Certainty – 15% weighting		**Result – 14.25%**
Risk & Compliance		• Effective risk culture. Continued to mature HUB24's risk and compliance framework, including systems upgrades and risk culture. Risk focus supported by internal and external auditors. • Responded effectively to the changing COVID-19 environment continuing to deliver high quality service to our clients and establishment of a flexible hybrid working model and delivery of initiatives to support employee welfare. • Maintained HUB24 ISO:27001 accreditation. • Continued to mature HUB24's Cyber Resilience program, including modifications to HUB24's Cyber Risk management framework in line with evolving market environment.

FY21 STI		
Measure	**FY21 outcome**	**Commentary**
Group Operating Model evolution		• **Sustainable employee engagement** – Overall engagement score remains Highly Satisfied, with improved scores across all key FY21 focus areas. • Continued to build capacity and scale in terms of systems, people and processes to ensure operational continuity and provide foundations for future growth including the appointment of a new Chief Product Officer. • Repositioned HUBconnect business in line with strategy. HUBconnect infrastructure now underpinning many Group initiatives.
		Total Overall Outcome – 95%

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

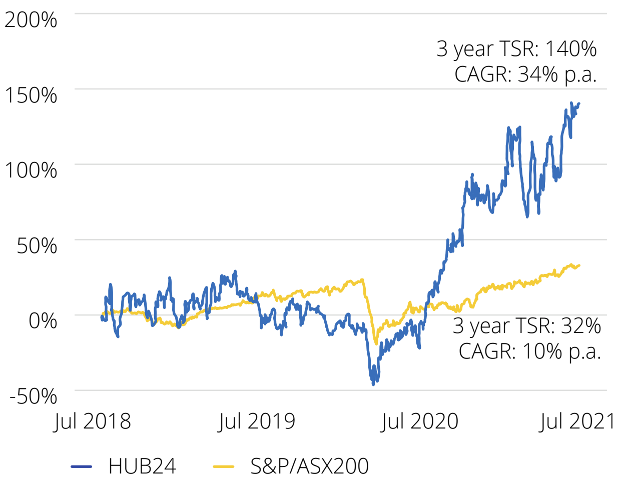
The STI outcomes for Executive KMP against their maximum opportunities are disclosed below.

Name	STI maximum opportunity	% of maximum STI earned	%of maximum STI forfeited
A. Alcock – Managing Director	$390,000	95%	5%
J. Entwistle– Director, Strategic Development	$318,750	95%	5%
C. Lawrenson – Chief Operating Officer	$261,300	91.5%	8.5%
K. Shanahan – Chief Financial Officer and Joint Company Secretary	$170,000	92.6%	7.4%

LTI OUTCOMES – LINK TO PERFORMANCE

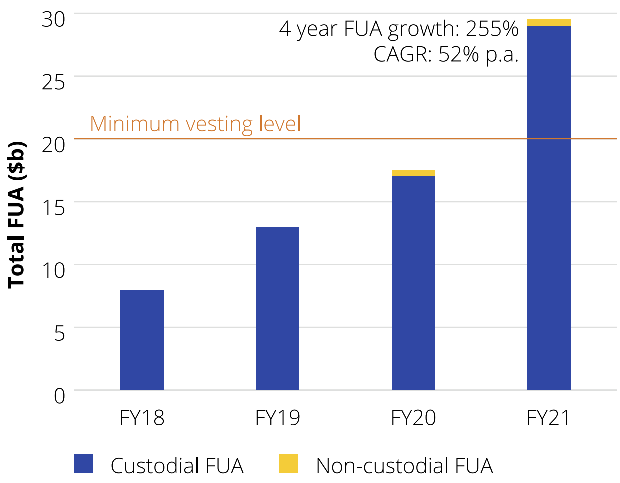
The FY18 LTI is tested over a 3-year period from 1 July 2018 to 30 June 2021, with the ATSR hurdle tested using the 40 day volume weighted average price (VWAP) following the FY21 full year results announcement (being 18 October 2021). Executive KMP have achieved 50% performance measures as shown in the table below resulting in 100% per cent of Options and PARS vesting of those which are currently eligible for testing. The remaining 50% of Options and PARS requires final performance testing on 18 October 2021, but if based on testing 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 FY18 LTI performance period.

HUB24 v S&P/ASX200 3-year TSR



*TSR data sourced from Thomson Reuters' Eikon Refinitiv platform

HUB24 FUA



Measure	Weighting	Vesting criteria	Result (% vested)
ATSR	50%	The CAGR in the ATSR over the three-year period until 18 October 2021 is assessed as follows: • Threshold: 12.5% ATSR CAGR – 25% vesting; and • Stretch: 17.5% ATSR CAGR – 100% vesting. Straight-line vesting will occur between threshold and stretch.	To be tested 18 October 2021
CAGR FUA	50%	The CAGR in FUA over the three-year period until 30 June 2021 is assessed as follows: • No vesting below 29.23% CAGR in FUA p.a. which is 115.8% over three years; • 50% vesting once CAGR in FUA reaches 33.85% p.a. which is 139.8% over three years representing approximately $20 billion; and • 100% vesting once CAGR in FUA reaches 40.23% p.a. which is 175.7% over three years representing approximately $23 billion or more. Straight-line vesting will occur between 29.23% and 33.85% CAGR (for 0 to 50% vesting) and between 33.85% and 40.23% CAGR in FUA (for 50 to 100% vesting).	100%

5. EXECUTIVE KMP REMUNERATION STRUCTURE

STI

The objective of the STI is to reward Executive KMP in a manner that focusses them on achieving short-term business goals tailored to functional leadership deliverables and which contribute to the strategy and creation of shareholder value.

Below we have set out the key terms of the STI for FY21:

Element	Description
Opportunity	Managing Director: 75% of Fixed Remuneration at maximum. Other Executive KMP: 40–75% of Fixed Remuneration at maximum.
Delivery	STI is paid in three equal instalments, with one third paid at the end of the performance year, one third after 6 months and the remaining third 12 months after the end of the performance period. These deferral periods are intended to enhance malus and clawback mechanisms and mitigate risk. STI is offered in cash. However, at the election of Executive KMP, 50% of the total STI earned can be delivered in Shares.
Performance period	1 year (i.e. 1 July to 30 June).
Performance measures	HUB24's STI strategy aims to focus Executive KMP on a balance of financial, operational and strategic targets. This ensures Executive KMP are rewarded for achieving objectives that are fundamental to the success of HUB24. The weightings for each category in the Managing Director's FY21 scorecard are outlined below. **Financial Performance – 35% weighting** **Strategy & Growth – 35% weighting** **Innovation & Market Leadership – 15% weighting** **Operational Capability & Certainty – 15% weighting** • The financial measures were chosen as they represent key drivers of HUB24's financial performance (EBITDA, Operating Cashflow and revenue margin aimed at protecting revenue margins and profitability from the impact of price cutting), 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 developments of new markets. • Innovation and Market Leadership measures represent key metrics related to HUB24's interactions with customers (service and experience), rollout of new products and new product offerings and the progress of strategic innovation. • Operational Capability & Certainty measures focus on critical objectives related to improvements to our risk framework, our regulatory compliance and our progress in building HUB24's sustainable scalability and growth. 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 appropriate senior leaders.

Below we have set out the key terms of the LTI issued in FY21:

<table>
<tr><th>Element</th><th>Description</th></tr>
<tr><td>Opportunity</td><td>Managing Director: 100% of Fixed Remuneration.
Other Executive KMP: 40–100% of Fixed Remuneration.</td></tr>
<tr><td>Delivery</td><td>Options (40%) and PARS (60%).</td></tr>
<tr><td>Performance period</td><td>3 years. A further 12-month disposal restriction applies to Shares issued upon the exercise of vested Options and vested PARS.</td></tr>
<tr><td>Exercise price</td><td>The exercise price of the Options will be equal to the twenty-day volume weighted average price (VWAP) of HUB24’s shares traded on the ASX prior to the release of full-year results.

No exercise price will be payable in respect of the exercise of vested Performance Rights.</td></tr>
<tr><td>Expiry period</td><td>Options: 5 years from the date of issue.
PARS: 15 years from the date of issue.</td></tr>
<tr><td>Performance measures</td><td>ATSR performance measure – 50% weighting

ATSR is measured as the growth in share price over the performance period and any dividends declared. ATSR has been selected as an appropriate measure for HUB24 given: its status as a growth company (therefore relative comparisons are not as relevant); there are insufficient listed companies in the Australian market comparable to HUB24; a broader index is not considered appropriate given this could be misaligned to the creation of shareholder value; and achieving challenging ATSR outcomes over the long-term should align vesting with superior shareholder returns.

The calculation methodology for ATSR is:
Opening share price used: 20 trading day VWAP immediately prior to the release of full year results.
Closing share price used: 40 trading day VWAP immediately following the release of full year results.
<table>
<tr><th>Target</th><th>Vesting</th></tr>
<tr><td>Threshold: 11.5% p.a.</td><td>25%</td></tr>
<tr><td>11.5–16.5% p.a.</td><td>Straight line vesting between 25% and 100%</td></tr>
<tr><td>Maximum: 16.5% p.a.</td><td>100%</td></tr>
</table>

Where ATSR targets are not met after the 3-year performance period, any portion of unvested awards will be subject to a higher test in the 4th year. These awards will only vest in the 4th year where cumulative ATSR CAGR targets over 4 years are achieved (i.e. the ATSR returns must be above threshold compounded over 4 years). This retesting provision allows for the possibility that market dynamics and factors outside of management’s control may result in HUB24’s share price at the end of the performance period not reflecting actual business success. The application of the retest provision is at the sole discretion of the Board. The Board considers that the requirement to achieve the higher test in year 4 for vesting is aligned to shareholder value over the long-term and mitigates risks arising from a cliff vesting at 3 years.

CAGR FUA – 50% weighting

CAGR FUA is measured as the total amount of funds under which HUB24 provides administrative services and charges a fee for managing. This includes growth in Platform FUA, Portfolio Administration and Reporting Services (PARS) FUA and net flows driving HUB24’s overall profitability. CAGR FUA has been selected for HUB24 as it is a key financial metric used in the wealth management industry and measures HUB24’s market share.
<table>
<tr><th>Target</th><th>Vesting</th></tr>
<tr><td>Threshold: 26.8% p.a. representing an increase of 103.9% over three years of approximately $35 billion in CAGR FUA.</td><td>50%</td></tr>
<tr><td>26.8-35.7% p.a. representing an increase of approximately $35 billion to $43 billion in CAGR FUA.</td><td>Straight line vesting between 50% and 100%</td></tr>
<tr><td>Maximum: 35.7% p.a. representing an increase of 150% over three years of approximately $43 billion in CAGR FUA.</td><td>100%</td></tr>
</table></td></tr>
</table>

SPECIAL PARS GRANT

At the FY20 AGM, shareholder approval was received for the grant of a special award to the Managing Director, separate to the annual LTI plan. Similar awards were made to other key executives. These awards were granted to recognise the importance of the Managing Director and key executives in the ongoing success of HUB24's business over the long-term and to retain them through a period of significant change in the industry. To act as a further retention mechanism, the Special PARS grants were made in exchange for longer notice periods for each key executive, now set at 12 months. All FY21 awards are subject to a significant FUA CAGR hurdle and run over a 5 year performance period.

No further special grants will be made in FY22. The below table provides details of the one-off FY21 award to the Managing Director as approved by shareholders.

<table>
<tr><th>Element</th><th>Description</th></tr>
<tr><td>Opportunity</td><td>270,000 Performance Rights</td></tr>
<tr><td>Performance period</td><td>5 years – 1 July 2020 to 30 June 2025.</td></tr>
<tr><td>Vesting criteria</td><td>220,000 Performance Rights are measured against growth of CAGR in FUA as follows:
<table>
<tr><th>Target</th><th>Vesting</th></tr>
<tr><td>Zero vesting below 23.8% p.a. CAGR in FUA</td><td></td></tr>
<tr><td>Threshold: 23.8% p.a. representing an increase of 191% over five years of approximately $50 billion in CAGR FUA.</td><td>50%</td></tr>
<tr><td>23.8–28.4% p.a. representing approximately $50 billion to $60 billion in CAGR FUA.</td><td>Straight line vesting between 50% and 100%</td></tr>
<tr><td>Maximum: 28.4% p.a. representing an increase of 249% over five years of approximately $60 billion in CAGR FUA.</td><td>100%</td></tr>
</table>
50,000 Performance Rights are measured against growth of CAGR in FUA as follows:
<table>
<tr><th>Target</th><th>Vesting</th></tr>
<tr><td>Below 32.4% p.a. of CAGR in FUA.</td><td>Zero</td></tr>
<tr><td>Target: 32.4% p.a. representing an in-crease of 307% over five years of approximately $70 billion in CAGR FUA.</td><td>100%</td></tr>
</table>
</td></tr>
<tr><td>Board assessment</td><td>In assessing CAGR in FUA against all vesting criteria, the following will be considered:

To vary on a good faith basis the percentage of PARS which may vest as well as the FUA dollar thresholds which must be satisfied to account for;

acquisitions of businesses, assets, companies or other entities which may be undertaken by HUB24 during the performance period; and
increases in PARS (or other agreed profit contributing organic business lines) on a forecast or actual underlying business proportionality basis; and

To reduce by up to 50%, the number of PARS that vest if FUA growth was achieved on commercial terms materially less favourable to HUB24 than terms generally offered in the normal course of business unless such commercial terms were approved by the Board. The Board will exercise such discretion in a manner consistent with protecting HUB24's long-term interests, sound risk management and aligned with the creation of long-term shareholder value.

</td></tr>
</table>

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.	Unless the Board exercises its discretion, unvested and vested 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 will be treated in the event of a change of control (CIC) event, depending on the circumstances of the transaction.	Upon a change of control (CIC) 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 in full, dependent upon circumstances. The FY21 Special PARS grants are also subject to this change of control clause.
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.	

6. KMP SERVICE AGREEMENTS

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

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

The major provisions of the Executive KMP agreements relating to remuneration are set out below. Salaries set out below are for FY21 and are subject to review by the Remuneration and Nomination Committee.

Name	Fixed Remuneration (including superannuation)	Notice period – either party	Contractual Termination payments
A. Alcock – Managing Director	$520,000	12 months	Nil
J. Entwistle – Director, Strategic Development	$425,000	12 months	Nil
C. Lawrenson – Chief Operating Officer	$402,000	12 months	Nil
K. Shanahan – Chief Financial Officer and Joint Company Secretary	$425,000	12 months	Nil
D. Last – Interim Chief Financial Officer	Not applicable	Not applicable	Nil

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 enter into a service 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 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 are limited to a maximum aggregate amount approved by shareholders. An increase was approved at the 2021 AGM, resulting in the current limit of $900,000 per financial year.

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

NEDs receive fees for both Board and Committee membership. The payment of additional fees for serving on a Committee recognises the additional time commitment required by NEDs who serve on a Committee. HUB24's current policy for NED fees are as per the table below and are inclusive of superannuation.

The Chair's fee is inclusive of all additional participation on HUB24's Committees – no additional fee is received.

Board and Committee fees (per annum)	Fees
Chair	$220,000
Board member (all other NEDs)	$85,000
Board member fee (Anthony McDonald only)	$75,000
Chair of the Audit, Risk and Compliance Committee	$20,000
Chair of the Remuneration and Nomination Committee	$20,000
Membership of a Committee	$10,000

As a result of COVID-19, the Board determined to freeze NED fees at the October 2019 level until October 2021. During FY22 the Board intends to undertake an independent benchmarking review of market rates for NED fees taking into account the increased scale and complexity of HUB24 so as to ensure we remain competitive in attracting and retaining the right skills and experience.

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. There are no retirement schemes or retirement benefits other than statutory benefits for NEDs.

GRANT OF PARS TO THE CHAIR OF THE REMUNERATION AND NOMINATION COMMITTEE

At the FY18 AGM, shareholder approval was received for the grant of PARS to the Remuneration and Nomination Committee Chair, Anthony McDonald. The PARS were granted to recognise the additional efforts of Mr McDonald to support the growth of HUB24. When granted, HUB24 was a smaller company experiencing rapid growth and required a flexible approach to NED remuneration. These PARS were performance tested over three years between 1 July 2018 to 30 June 2021 and were subject to Mr McDonald supporting HUB24's executive team in maintaining key accounts and his role in facilitating growth and customer satisfaction amongst key accounts. In lieu of granting these PARS, Mr McDonald agreed to a fee freeze between October 2017 to October 2020, and he received a lower Board member fee than other NEDs.

The Board has determined that Mr McDonald has met the performance requirements to vest this special PARS grant which has been verified by a qualified Independent Accountant.

Going forward, HUB24 does not anticipate these types of awards will be necessary for NEDs given our increased scale and state of maturity.

NED STATUTORY REMUNERATION

The remuneration of NEDs for the year ended 30 June 2021 and 30 June 2020 is detailed below.

AUD		Short-term benefits			Post Employment Benefits	End of service	Share-based payments		Total remuneration
		Cash Salary and fees $	Bonus $	Non-monetary benefits $	Super-annuation[1] $	Long Service Leave $	Shares $	Options & PARS $	Total $
NEDS									
B. Higgins	FY21	107,033	-	-	106,357	-	-	-	213,390
	FY20	210,672	-	-	-	-	-	-	210,672
A .McDonald	FY21	56,489	-	-	42,696	-	-	89,857	188,772
	FY20	87,000	-	-	-	-		94,639	181,639
P. Rogan	FY21	82,192	-	-	30,270	-	-	-	112,462
	FY20	101,588	-	-	-	-	-	-	101,588
R. Stringer[2]	FY21	86,758	-	-	8,242	-	-	-	95,000
	FY20	35,388	-	-	3,362	-	-	-	38,750
I. Litster[3]	FY21	23,028	-	-	36,334	-	-	-	59,362
	FY20	98,254	-	-	-	-	-	-	98,254
Total	**FY21**	**355,500**	**-**	**-**	**224,079**	**-**	**-**	**89,587**	**669,166**
	FY20	**532,902**	**-**	**-**	**3,362**	**-**	**-**	**94,639**	**630,903**

1 During FY21, the Company revised its assessment of the obligation to pay Superannuation Guarantee Charges (SGC) to NEDs. Following the review, SGC for the period from 2013 to 2020 was paid in the current year. Additionally, all relevant NEDs received a reduction in their current year fee. The cumulative NED fees and SGC to date represents the fees agreed.

2 Appointed 1 February 2020.

3 Resigned 5 March 2021.

NED SHAREHOLDINGS

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 start of the year	Other changes during the year	Balance at the end of the year
B. Higgins	806,811	1,500	808,311
A. McDonald	17,374	1,500	18,874
P. Rogan	35,000	5,000	40,000
R. Stringer	2,550	520	3,070
I. Litster[1]	3,280,677	(800,000)	2,480,677

1 Ian Litster ceased as a Director on 5 March 2021.

8. REMUNERATION GOVERNANCE

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

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

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

HUB24 Board

The Remuneration and Nomination Committee

The Remuneration and Nomination Committee is delegated responsibility by the Board for 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;
- HUB24's compliance with applicable legal and regulatory requirements in respect of remuneration matters; and
- approval of the allocation of shares and incentives under HUB24's schemes.

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 advisors as required.

The Managing Director is responsible for reviewing the performance of HUB24's Executive KMP and the Remuneration and Nomination Committee reviews the Managing Director's performance.

External advisors

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

During FY21, the Committee sought advice from KPMG and Aon Hewitt.

This did not involve providing any remuneration recommendations as defined by the *Corporations Act 2001*.

SECURITIES DEALING POLICY

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

LOANS AND TRANSACTIONS

HUB24 has not provided any loans or entered into transactions with any KMP and/or related parties in FY21.

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 FY21 and FY20.

AUD		Cash Salary and fees[1] $	Bonus $	Non-monetary benefits $	Super-annuation[1] $	Long Service Leave $	Shares $	Options & PARS $	Total $	Performance related %
		Short-term benefits			Post Employment Benefits	End of service	Share-based payments		Total remuneration	
Executive KMP										
A. Alcock	FY21	506,116	370,481	4,955	21,694	10,077	25,862	886,619	1,825,804	20%
	FY20	438,669	270,000	-	21,003	9,303	-	728,966	1,467,941	19%
J. Entwistle	FY21	380,956	302,813	-	21,694	8,118	1,000	759,396	1,473,977	21%
	FY20	342,901	223,000	-	21,003	7,536	1,000	664,076	1,259,517	18%
C. Lawrenson	FY21	363,427	237,783	-	21,694	-	1,000	280,165	904,069	26%
	FY20	350,946	208,000	-	21,003	8,290	1,000	263,800	853,039	25%
K. Shanahan	FY21	360,009	207,420[2]	-	17,773	-	-	39,264	624,466	25%
	FY20	-	-	-	-	-	-	-	-	-
D. Last	FY21	284,477	-	-	-	-	-	-	284,477	-
	FY20	158,400	-	-	-	-	-	-	158,400	-
Total	**FY21**	**1,894,985**	**1,118,497**	**4,955**	**82,855**	**18,195**	**27,862**	**1,965,444**	**5,112,793**	-
	FY20	**1,549,946**	**701,000**	**-**	**78,034**	**25,129**	**3,000**	**1,743,869**	**4,100,979**	-

1 Includes movements in annual leave balances.

2 K.Shanahan received $50,000 signing bonus during FY21.

KMPS' INTERESTS IN OPTIONS AND PARS

We have detailed beneficial interests in Options and PARS granted as at 30 June 2021 in the table below. We discuss the service and performance criteria for the equity awards vesting in FY21 in section 4.

Name	Type	Balance at 1 July 2020	Granted	Exercised	Lapsed/ Forfeited	Other trans-actions	Balance at 30 June 2021
NEDs							
A. McDonald	PARS	20,000	Nil	Nil	Nil	Nil	20,000
Executive KMP							
A. Alcock	Options	440,491	33,558	150,000	Nil	Nil	324,049
	PARS	184,752	301,395	Nil	Nil	Nil	486,147
J. Entwistle	Options	356,117	27,435	120,000	Nil	Nil	263,552
	PARS	167,118	295,653	28,857	Nil	Nil	433,914
C. Lawrenson	Options	86,454	10,380	57,664	Nil	Nil	39,170
	PARS	62,981	74,706	18,378	Nil	Nil	119,309
K. Shanahan	Options	Nil	10,974	Nil	Nil	Nil	10,974
	PARS	Nil	75,261	Nil	Nil	Nil	75,261
D. Last	Options	Nil	Nil	Nil	Nil	Nil	Nil
	PARS	Nil	Nil	Nil	Nil	Nil	Nil
Total	**Options**	**883,062**	**82,347**	**327,664**	**Nil**	**Nil**	**637,745**
	PARS	**434,851**	**747,015**	**47,235**	**Nil**	**Nil**	**1,134,631**

KMP OPTIONS

KMP hold the following Options:

Name	Financial year of grant	Financial year in which Options may vest	Number of Options granted	Value of Options at grant $	Number of Options vested during the year	Number of Options lapsed/ forfeited during the year
Executive KMP						
A. Alcock	2021	2024	33,558	371,990	Nil	Nil
	2020	2023	54,764	208,083	Nil	Nil
	2019	2022	51,186	215,994	Nil	Nil
	2018	2021	78,077	317,133	78,077	Nil
	2017	2020	106,464	198,449	Nil	Nil
	2016	2019	150,000	240,000	Nil	Nil
J. Entwistle	2021	2024	27,435	304,117	Nil	Nil
	2020	2023	44,848	170,406	Nil	Nil
	2019	2022	40,000	142,880	Nil	Nil
	2018	2021	63,940	191,580	63,940	Nil
	2017	2020	87,329	203,477	Nil	Nil
	2016	2019	120,000	114,000	Nil	Nil
C.Lawrenson	2021	2024	10,380	115,062	Nil	Nil
	2020	2023	13,438	51,059	Nil	Nil
	2019	2022	15,352	54,808	Nil	Nil
	2018	2021	23,417	70,163	23,417	Nil
	2016	2019	34,247	119,126	34,247	Nil
K.Shanahan	2021	2024	10,974	121,647	Nil	Nil
D.Last	Nil	Nil	Nil	Nil	Nil	Nil

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

KMP PARS

KMP hold the following PARS:

Name	Financial year of grant	Financial year in which PARS may vest	Number of PARS granted	Value of PARS at grant $	Number of PARS vested during the year	Number of PARS lapsed/forfeited during the year
NEDS						
A. McDonald	2019	2021	20,000	255,115	Nil	Nil
Executive KMP						
A. Alcock	2021	2024	301,395	6,078,887	Nil	Nil
	2020	2023	21,932	206,507	Nil	Nil
	2019	2023	90,000	1,142,224	Nil	Nil
	2019	2022	14,072	157,034	Nil	Nil
	2018	2021	23,897	166,129	23,897	Nil
	2017	2020	34,851	113,475	Nil	Nil
J. Entwistle	2021	2024	295,653	5,978,919	Nil	Nil
	2020	2023	17,961	169,117	Nil	Nil
	2019	2023	90,000	1,142,224	Nil	Nil
	2019	2022	11,000	117,852	Nil	Nil
	2018	2021	19,570	107,966	19,570	Nil
	2017	2020	28,587	93,079	Nil	Nil
C. Lawrenson	2021	2024	74,706	1,500,831	Nil	Nil
	2020	2023	5,382	50,676	Nil	Nil
	2019	2023	35,000	444,198	Nil	Nil
	2019	2022	4,221	45,219	Nil	Nil
	2018	2021	11,211	71,212	11,211	Nil
	2018	2021	7,167	39,542	7,167	Nil
K. Shanahan	2021	2024	75,261	1,510,494	Nil	Nil
D. Last	2021	2024	Nil	Nil	Nil	Nil

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

PARS granted carry no dividend or voting rights.

EXECUTIVE KMP SHAREHOLDINGS

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

Ordinary Shares	Balance at the start of the year	Received due to tax exempt share plan issue	Other changes during the year	Balance at the end of the year
A. Alcock	939,683	-	121,700	1,061,383
J. Entwistle	1,371,158	58	(550,319)	820,897
C. Lawrenson	323	58	65,940	66,321
K. Shanahan	Nil	Nil	Nil	Nil
D. Last	Nil	Nil	Nil	Nil

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

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

23 August 2021

Dear Board Members

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 directors of HUB24 Limited.

As lead audit partner for the audit of the financial report of HUB24 Limited for the year ended 30 June 2021, 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

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Consolidated 2021 $	Consolidated 2020[1] $
Income			
Revenue	6	107,956,897	80,714,880
Fair value gain on contingent consideration	17	1,567,978	850,627
Interest and other income		855,679	944,510
Share of profit from associates		472,500	-
		110,853,054	**82,510,017**
Expenses			
Platform and custody fees		(10,566,847)	(7,689,122)
Employee benefits expense	6	(57,241,333)	(40,778,103)
Property and occupancy costs		(310,613)	(347,841)
Depreciation and amortisation expense	6	(6,957,116)	(5,279,582)
Administrative expenses	6	(20,217,953)	(13,793,621)
Impairment write-off		-	(1,000,000)
Interest expense on lease liability	9	(210,955)	(204,408)
		(95,504,817)	**(69,092,677)**
Profit before income tax from continuing operations		**15,348,237**	**13,417,340**
Profit before income tax from discontinued operations	31	**822,536**	**(589,942)**
Income tax expense	7	(6,401,633)	(4,599,101)
Profit after income tax for the year		**9,769,140**	**8,228,297**
Total comprehensive income for the year		**9,769,140**	**8,228,297**

		Cents	Cents
Earnings per share, attributable to ordinary equity holders of HUB24 Limited			
Basic earnings per share	24	14.83	13.13
Diluted earnings per share	24	14.28	12.85
Earnings per share from continuing operations, attributable to ordinary equity holders of HUB24 Limited			
Basic earnings per share – continuing operations	24	13.58	14.07
Diluted earnings per share – continuing operations	24	13.07	13.77

1 Some comparative balances have been restated to move the Licensee segment to discontinued operations.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		Consolidated	
	Notes	2021 $	2020[1] $
Assets			
Current assets			
Cash and cash equivalents	20	63,461,183	33,809,323
Trade and other receivables	8	16,632,900	10,046,081
Other current assets		2,570,332	1,799,377
Total current assets		**82,664,415**	**45,654,781**
Non-current assets			
Investment in associates	26	14,518,627	-
Intangible assets	11	103,975,943	39,963,264
Loans	12	7,550,000	-
Right of use asset	9	6,093,322	5,436,824
Deferred tax assets (net of deferred tax liability)	7	12,761,191	5,101,024
Office equipment	10	1,455,293	1,661,629
Total non-current assets		**146,354,376**	**52,162,741**
Total assets		**229,018,791**	**97,817,522**
Liabilities			
Current liabilities			
Provisions	14	16,117,929	7,811,054
Trade and other payables	13	9,095,559	5,369,919
Borrowings	15	3,125,000	-
Lease liabilities	9	2,204,461	1,670,311
Deferred income		315,800	88,879
Total current liabilities		**30,858,749**	**14,940,163**
Non-current liabilities			
Borrowings	15	9,375,000	-
Lease liabilities	9	4,549,697	4,385,270
Provisions	16	2,347,868	1,513,662
Deferred income		775,916	587,078
Other non-current liabilities	17	41,204	1,567,978
Total non-current liabilities		**17,089,685**	**8,053,988**
Total liabilities		**47,948,434**	**22,994,151**
Net assets		**181,070,357**	**74,823,371**
Equity			
Issued capital	18	199,214,378	100,146,048
Profit reserve	32	45,341,770	40,847,253
Reserves	19	11,507,257	8,823,118
Accumulated losses		(74,993,048)	(74,993,048)
Total equity		**181,070,357**	**74,823,371**

1 Some comparative balances have been restated to move the Licensee segment to discontinued operations.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

Consolidated	Notes	Issued capital $	Reserves $	Profit reserves $	Retained earnings $	Total equity $
Opening balance		100,146,048	8,823,118	40,847,253	(74,993,048)	74,823,371
Balance at 1 July 2020		**100,146,048**	**8,823,118**	**40,847,253**	**(74,993,048)**	**74,823,371**
Total comprehensive income for the year		-	-	-	9,769,140	9,769,140
Transfer to profit reserve		-	-	9,769,140	(9,769,140)	-
Total comprehensive income for the year		**-**	**-**	**9,769,140**	**-**	**9,769,140**
Transactions with owners in their capacity as owners:						
Dividends provided for or paid		-	-	(5,274,623)	-	(5,274,623)
Capital raising costs		(1,315,440)	-	-	-	(1,315,440)
Options and rights exercised	18, 19	3,820,138	(1,603,780)	-	-	2,216,358
Options and rights granted – Employees		-	4,515,919	-	-	4,515,919
Share based payments – Agility		1,568,356	-	-	-	1,568,356
Capital raising		69,999,980	-	-	-	69,999,980
Xplore settlement		29,753,296	-	-	-	29,753,296
Treasury shares		(4,986,000)	-	-	-	(4,986,000)
Issue of treasury shares to employees	19	228,000	(228,000)	-	-	-
Balance at 30 June 2021		**199,214,378**	**11,507,257**	**45,341,770**	**(74,993,048)**	**181,070,357**

Consolidated	Notes	Issued capital $	Reserves $	Profit reserves $	Retained earnings $	Total equity $
Opening balance		98,187,400	5,256,545	13,014,445	(51,534,848)	64,923,542
Balance at 1 July 2019		**98,187,400**	**5,256,545**	**13,014,445**	**(51,534,848)**	**64,923,542**
Opening balance adjustment on adoption of new accounting standard		-	-	-	(26,747)	(26,747)
Total equity at the beginning of the financial year		**98,187,400**	**5,256,545**	**13,014,445**	**(51,561,595)**	**64,896,795**
Total comprehensive income for the year		-	-	-	8,228,297	8,228,297
Transfer to profit reserves		-	-	31,659,750	(31,659,750)	-
Total comprehensive income for the year		**-**	**-**	**31,659,750**	**(23,431,453)**	**8,228,297**
Transactions with owners in their capacity as owners:						
Capital raising costs		(11,867)	-	-	-	(11,867)
Options granted – Employees		-	4,294,717	-	-	4,294,717
Issue of treasury shares to employees	19	212,000	(212,000)	-	-	-
Dividends provided for or paid		-	-	(3,826,942)	-	(3,826,942)
Options and rights exercised	18	1,758,515	(516,144)	-	-	1,242,371
		1,958,648	**3,566,573**	**(3,826,942)**	**-**	**1,698,279**
Balance at 30 June 2020[1]		**100,146,048**	**8,823,118**	**40,847,253**	**(74,993,048)**	**74,823,371**

1 Some comparative balances have been restated to move the Licensee segment to discontinued operations.

The above *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 2021

	Notes	Consolidated 2021 $	2020[1] $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		129,176,166	116,810,659
Payments to suppliers and employees (inclusive of GST)		(101,034,426)	(91,768,273)
Interest received		849,977	633,021
Interest paid on lease liability	9	(210,952)	(204,408)
Short term lease payments	9	(187,101)	(212,620)
Strategic transaction and due diligence costs		(7,166,872)	-
Income tax payment		(2,261,754)	-
Net cash inflow from operating activities	20	**19,165,038**	**25,258,379**
Cash flows from investing activities			
Payments for acquisitions (net of cash acquired)	30	(47,729,882)	(475,000)
Payments for office equipment		(587,785)	(498,365)
Payments for intangible assets		(5,457,817)	(6,726,957)
Proceeds from disposal of controlled entities, net of cash disposed	20	(1,332,270)	-
Net cash (outflow) from investing activities		**(55,107,754)**	**(7,700,322)**
Cash flows from financing activities			
ORFR loan facility advance settlement proceeds		(7,550,000)	2,000,000
Payments for capital raising costs		(1,315,440)	(15,756)
Proceeds from capital raising		69,999,980	-
Proceeds from issues of shares and other equity securities		3,635,503	1,242,371
Proceeds from borrowing		13,200,000	-
Payments for treasury share buy-backs	18	(5,012,386)	-
Repayment of lease principal payments	9	(2,088,458)	(1,614,253)
Dividends paid		(5,274,623)	(3,826,943)
Net cash inflow (outflow) from financing activities		**65,594,576**	**(2,214,581)**
Net increase in cash and cash equivalents		**29,651,860**	**15,343,476**
Cash and cash equivalents at the beginning of the financial year		33,809,323	18,465,847
Cash and cash equivalents at end of year	20	**63,461,183**	**33,809,323**

1 Some comparative balances have been restated to move the Licensee segment to discontinued operations.

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

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Annual Report of HUB24 Limited and its controlled entities ('the Group or HUB24') for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Board of Directors on 23 August 2021 and covers the company as an individual entity as well as the Group consisting of the company and its subsidiaries as required by the *Corporations Act 2001*.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

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

PARENT ENTITY INFORMATION

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 27.

COMPLIANCE WITH IFRS

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

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

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

GOING CONCERN

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

DIVIDENDS

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

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June each year. Refer to Note 26 for a listing of all subsidiaries.

FUNCTIONAL AND PRESENTATION CURRENCY

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

COMPARATIVES

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

OPERATING SEGMENTS

The Corporations Act and Accounting Standard AASB8 'Operating Segments' define a business segment. An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available. An operating segment may engage in business activities for which it has yet to earn revenues, for example, start-up operations may be operating segments before earning revenues.

In line with AASB8 requirements the Group's segment reporting has been updated for the following areas of change in FY21:

- Sale of Paragem Pty Ltd (Paragem) has led to the Licensee segment being discontinued with the transfer of control of Paragem to Easton occurring on 1 February 2021 and HUB24 reflecting 7 months of revenues and expenses in the discontinued Licensee segment in FY21.
- Investment in Easton Investments Ltd (Easton) of 31.5%, is reflected as an Investment in Associate and equity accounted. The investment in associate is reflected in the Corporate segment.
- Following the acquisition of Xplore and the Ord Minnett Portfolio, Administration and Reporting Services (PARS) the HUB24 FUA now comprises significant balances in both Platform and PARS FUA. These services are reported under the Platform segment.

3. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables, borrowings and cash and cash equivalents. The Group does not trade in derivative instruments. The Group is exposed to the following risks from its use of financial instruments:

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

The Group's exposure to each of the above risks, their objectives, policies, and processes for measuring and managing risk, and the management of capital are outlined in various disclosures within this financial report.

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

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

CREDIT RISK

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

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

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

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

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

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

LIQUIDITY RISK

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

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

Refer to Note 29: Financial Instruments for a market risk analysis of the Group's financial assets and liabilities.

MARKET RISK

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

Refer to Note 29: Financial Instruments for a market risk analysis of the Group's financial assets and liabilities.

CAPITAL MANAGEMENT

The Board's policy is to maintain a sufficient capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. It is noted that the Group, through its licensed subsidiaries, fully complied with the minimum regulatory capital requirements for IDPS Operators and providers of custodial services for the year ended 30 June 2021 so as to ensure ongoing capital adequacy. Refer to notes 12 and 29 for information on the Group's ORFR requirements.

As part of broader capital management plans, during the year the Group issued share capital of $70 million and secured a $12.5 million amortising bank loan facility, in addition to the established $5 million overdraft facility (refer to notes 15, 18 and 29).

The ANZ bank loan facility was secured specifically for the strategic transactions. The loan was fully drawn down on 18 February 2021 with principal repayments of $3.125 million payable every calendar year in February and the amount outstanding at termination date (23 November 2023) payable. The bank loan facility may not be redrawn once it has been repaid.

During FY21 the Group purchased $5 million additional treasury shares to service the Group's Employee Share Plans (refer to note 18).

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

Refer to Note 29 Financial Instruments for an interest rate risk analysis of the Group's financial assets and liabilities.

FOREIGN EXCHANGE RISK

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

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

Market volatility may impact Funds Under Administration (FUA) and trading based fees, and any movement in official cash rate may impact cash margin income. Net flows have proved to be resilient, our new business pipeline remains strong and assisted FUA transitions are continuing. HUB24's priority has been, and remains, ensuring the health and safety of the team whilst continuing to operate our business to meet the needs of licensees, advisers and their clients as well as other key stakeholders.

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

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

- Deferred tax assets (Note 7)
- Investment platform estimate of useful life (Note 11)
- Goodwill and other indefinite life intangible assets (Note 11)
- Agility contingent consideration (Notes 13 and 17)
- Restructuring provision (Note 14)
- Useful life assessment for CGUs (Note 11)
- Value in Use assessment of CGUs (Note 11)
- Third Party Claims provision (Note 14)
- Share based payment (Note 22)

5. OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE SEGMENTS

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

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

KEY ACCOUNTING POLICIES

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

During the financial year ended 30 June 2021 the Group has effected a change to the structure of reportable segments. The Platform segment is inclusive of the purchases of both Xplore and PARS. The Licensee segment has been discontinued as the Paragem business was sold effective 1 February 2021. FY21 financials are reflected for the period up to 31 January 2021. The IT Services segment was renamed as Tech Solutions and now includes both Agility and HUBconnect fee paying services. HUBconnect development that supports the Platform functionality offering and which does not derive a separate fee remains in the Platform segment.

The changes to operating segments in FY21 do not have a material impact on the prior period financial information and therefore prior periods have not been restated.

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

PLATFORM

Development and provision of investment and superannuation platform services to financial advisers, stockbrokers, accountants and their clients. This segment includes both custody and non-custody products and from the financial year ended 30 June 2021 incorporates the Xplore and PARS businesses.

TECH SOLUTIONS

Provision of application and technology products for the financial services sector. Fees are generated from license and consulting services relating to data management, software and infrastructure. The re-branded HUBconnect fee generating offer will reside in this segment going forward.

CORPORATE

The provision of corporate services supports the three operating segments and therefore includes an allocation of overhead costs. The interest in associate related to Easton Investments is recognised through the Interest and other income line in the Corporate segment.

Consolidated – year ended 30 June 2021	Platform $	Tech Solutions $	Corporate $	Total $
Sales to external customers	101,149,649	6,633,502	-	107,783,151
Interest and other income	2,365	-	1,325,814	1,328,179
Expenses	(63,210,236)	(4,845,167)	(4,313,459)	(72,368,862)
Underlying EBITDA	**37,941,778**	**1,788,335**	**(2,987,645)**	**36,742,468**
Non-recurring revenue	173,746	-	-	173,746
Fair value gain – contingent consideration	-	-	1,567,978	1,567,978
Agility consideration share based payments expense	-	-	(1,568,349)	(1,568,349)
Share based payments – Employees and Director (including payroll tax)	-	-	(6,179,028)	(6,179,028)
Abnormal items[1]	(8,128,500)	-	-	(8,128,500)
Depreciation and amortisation	(6,703,462)	(253,654)	-	(6,957,116)
Interest expense	(209,790)	(1,165)	(92,007)	(302,962)
Profit before income tax	**23,073,772**	**1,533,516**	**(9,259,051)**	**15,348,237**
Profit before income tax on discontinued operations	-	-	822,536	822,536
Income tax expense	-	-	(6,401,633)	(6,401,633)
Profit after income tax	**23,073,772**	**1,533,516**	**(14,838,148)**	**9,769,140**

Reconciliation to revenue from ordinary activities from continuing operations	
Sales to external customers	107,783,151
Interest and other income	1,328,179
Non-recurring revenue	173,746
Fair value gain – contingent consideration	1,567,978
Revenue from ordinary activities from continuing operations	**110,853,054**

1 Abnormal items includes strategic transaction due diligence and implementation costs of $7.5 million and $0.6 million in relation to the implementation of Private Label capability for both ClearView and IOOF and finalising the transfer of the Group's management portfolio into a Management Investment Scheme (MIS). Refer to page 19 within the Directors' report for more information.

Consolidated – year ended 30 June 2020	Platform $	Tech Solutions $	Corporate $	Total $
Revenue				
Sales to external customers	74,261,042	6,360,248	-	80,621,290
Interest and other income	-	-	640,827	640,827
Expenses	(45,596,060)	(7,244,465)	(3,199,998)	(56,040,523)
Underlying EBITDA	**28,664,982**	**(884,217)**	**(2,559,171)**	**25,221,594**
Other items:				
Non-recurring revenue	93,592	-	-	93,592
Fair value gain – contingent consideration	-	-	850,627	850,627
Share based payments – Employees and Director (including payroll tax)	-	-	(4,416,131)	(4,416,131)
Discount on contingent consideration	-	-	(97,404)	(97,404)
Abnormal items[1]	(1,740,651)	(10,300)	-	(1,750,951)
Depreciation and amortisation	(4,879,879)	(399,701)	-	(5,279,580)
Agility consideration share based payments expense	-	-	(1,000,000)	(1,000,000)
Interest expense	(194,735)	(9,672)	-	(204,407)
Profit before income tax	**21,943,309**	**(1,303,890)**	**(7,222,079)**	**13,417,340**
Profit before income tax on discontinued operations	-	-	(589,942)	(589,942)
Income tax (expense)/benefit	-	-	(4,599,101)	(4,599,101)
Profit after income tax	**21,943,309**	**(1,303,890)**	**(12,411,122)**	**8,228,297**

Reconciliation to revenue from ordinary activities from continuing operations	
Sales to external customers	80,621,290
Interest income	640,827
Non-recurring revenue	93,590
Fair value gain – contingent consideration	850,627
Waived service fees	269,849
Sub-lease rental income	33,834
Revenue from ordinary activities from continuing operations	**82,510,017**

1 Abnormal items include committed restructuring costs ($0.8m), and costs associated with the newly appointed superannuation fund trustee ($0.9m).
Note: Prior comparatives have been reclassified for presentation purposes and consistency with the current period.

MAJOR CLIENTS

During the year ended 30 June 2021, HUB24's customer base in the Platform segment grew significantly, in line with the increase in FUA achieved from organic growth and the impacts of the Group's strategic transactions announced in October 2020. The largest client accounted for approximately 6% or $6.0 million in revenue to the consolidated Group. The client is a wealth management business, serviced by the Platform segment. (During the year ended 30 June 2020, HUB24's largest client accounted for approximately 4.8% or $5.3 million in revenue to the consolidated Group. The client is a financial advice business and was serviced by the Licensee segment).

Platform segment: no client contributed 10% in external revenue to the segment during the year ended 30 June 2021 or 30 June 2020.

Tech Solutions segment: one client contributed more than 10% to the segment, with a 62% or $4.1 million external revenue contribution (during 30 June 2020 one client contributed more than 10% to the segment, with a 53% or $4.0 million external revenue contribution).

Discontinued operations (formerly the Licensee Service segment): no client contributed 10% in external revenue to the segment during the year ended 30 June 2021 or 30 June 2020.

6. REVENUE AND EXPENSES FROM CONTINUING OPERATIONS

KEY ACCOUNTING POLICIES

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

Revenue is recognised for the major business activities as follows:

PLATFORM FEES

- FUA fee revenue is recognised and measured at the fair value of the consideration received or receivable on the value of client account balances.
- Transaction fee revenue is recognised and measured at the fair value of the consideration received or receivable on the date of execution of the transaction.
- Platform fees are accrued daily, paid monthly in arrears for the ongoing provision for agreed services and transactions.
- Portfolio administration and reporting fees are accrued daily, paid monthly in arrears for the ongoing provision for agreed non-custody related services.
- Managed discretionary account (MDA) services. Rather than delivering an off-the-shelf product, the Group focuses on designing, implementing and operating services that incorporate the specific requirements of advisory firms, wealth managers and stockbrokers into a private-label service. MDA fees are accrued daily and paid monthly in arrears.
- Superannuation administration services. DIY Master Pty Ltd, a provider of specialist superannuation administration services acquired through the Xplore acquisition, allows the Group to offer superannuation administration services to clients. The superannuation administration fees are accrued daily and paid monthly in arrears.

TECH SOLUTIONS

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

INTEREST INCOME

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

	Consolidated	
	2021 $	2020 $
(a) Revenue		
Platform fees	101,323,395	74,354,632
IT Services fees	6,633,502	6,360,248
	107,956,897	**80,714,880**

	Consolidated 2021 $	Consolidated 2020 $
Expenses		
(b) Employee benefits expenses		
Wages and salaries (including superannuation & payroll tax)	41,726,261	28,474,267
Share based payments expense	6,312,268	4,294,717
Other employee benefits expenses	9,202,804	8,009,119
	57,241,333	**40,778,103**
(c) Depreciation and amortisation		
Depreciation of right-of-use assets	1,960,236	1,688,003
Depreciation of office equipment	890,719	762,760
Amortisation of intangible assets	4,106,161	2,828,819
	6,957,116	**5,279,582**
(d) Administrative expenses		
Corporate fees	1,958,356	1,079,296
Professional and consultancy fees	3,078,966	2,463,960
Information services and communication	5,036,258	3,674,833
Travel and entertainment	616,139	874,270
Transaction costs	6,280,891	1,733,266
Discount on consideration	-	98,989
Superfund administrative fees	1,841,155	1,590,949
Bad and doubtful debts	27,751	24,204
Other administrative expenses	1,378,437	2,253,854
	20,217,953	**13,793,621**

7. INCOME TAX

KEY ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

OTHER TAXES

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

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

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

KEY ESTIMATES AND JUDGEMENTS

Recovery of deferred tax assets

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

The deferred tax asset continues to be recognised as at 30 June 2021 based on the following management judgements:

- The Group continues to be profitable with consistent growth, margins and profit line trends over the last 6 financials years;
- For the year ended 30 June 2021, the Group has increased profit performance and is expected to remain profitable.

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

RESEARCH AND DEVELOPMENT EXPENDITURE

The income tax calculation for the year ended 30 June 2021, included in the financial statements is based upon a number of estimates. A material estimate of this calculation relates to Research and Development (R & D) expenditure. Remuneration expenses of the development team are the largest component of the R & D expenditure, which for the year ended 30 June 2021, comprise 73% of the total estimated R & D claim. This percentage allocation is consistent with the actual R & D claim for the year ended 30 June 2020.

	Notes	Consolidated 2021 $	2020 $
(a) Income tax expense/(benefit)			
Current tax payable		5,241,042	-
Deferred tax expense		1,308,512	4,642,517
Prior period deferred tax under/(over) provision		(147,921)	(43,416)
Income tax expense/(benefit)		**6,401,633**	**4,599,101**
Deferred tax included in income tax expense/(benefit) comprises:			
Current tax payable	14	5,241,042	-
Decrease in deferred tax assets		1,302,795	3,228,488
Prior period deferred tax under/(over) provision		(147,921)	(43,416)
(Decrease)/increase in deferred tax liabilities		(542,134)	1,398,676
Tax – debited directly to equity		547,851	15,353
		6,401,633	**4,599,101**

	2021 $	2020 $
(b) Reconciliation of income tax expense/(benefit) to pre-tax accounting profit/(loss)		
Profit from continuing operations before income tax expense	15,348,237	13,417,340
Prima facie income tax at 30.0%	4,604,471	4,025,202
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	4,590,372	1,372,561
Non-assessable income	(662,685)	(362,812)
Tax credits (carry forward losses, franking credit, R&D tax credits)	(1,824,775)	(215,450)
Prior period deferred tax under/(over) provision	(147,921)	(43,416)
Tax on discontinued operations	(157,829)	(176,984)
Income tax expense	**6,401,633**	**4,599,101**

	2021 $	2020 $
(c) Deferred Tax Asset		
Deferred tax asset comprises temporary differences attributable to:		
Intangibles – other	1,762,654	322,731
Accrued expenses	241,941	429,091
Provisions	3,660,108	2,730,896
Depreciable assets	384,500	-
Carry forward tax losses	5,965,404	-
Non-refundable carry forward tax offsets	-	1,600,262
Sundry DTA	-	23,168
Lease liabilities – right-of-use assets	2,026,248	1,816,674
	14,040,855	**6,922,822**
Movements:		
Opening balance	6,922,822	10,108,465
Impact on adoption of new accounting standards	-	2,300,950
Additions acquired through acquisition	8,420,828	-
Recognised in the income statements	(1,302,795)	(5,486,593)
Closing balance	**14,040,855**	**6,922,822**

	2021 $	2020 $
(d) Deferred Tax Liability		
Deferred tax liability comprises temporary differences attributable to:		
DTL on intangibles	89,616	190,751
Other depreciable assets – right-of-use assets	1,190,048	1,631,047
	1,279,664	**1,821,798**

	Consolidated 2021 $	2020 $
Movements:		
Opening balance	1,821,798	423,122
Other depreciable assets – right-of-use assets – recognition	-	2,147,978
Recognised in the income statements	(542,134)	(749,302)
Closing balance	**1,279,664**	**1,821,798**
(e) Other disclosure items		
Capital raising costs in Equity	(547,851)	(15,353)
Deferred tax asset (net of deferred tax liability)	**12,761,191**	**5,101,024**

TAX CONSOLIDATION

Members of the tax consolidated entity and the tax sharing arrangement

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

Tax effect accounting by members of the tax consolidated Group

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

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

8. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

KEY ACCOUNTING POLICIES

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

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

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

KEY ESTIMATES AND JUDGEMENTS

Estimation of bad debts and provisioning

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

	Consolidated 2021 $	2020 $
Trade receivables	14,914,817	9,945,881
Provision for doubtful debts	(38,019)	(43,268)
Other receivables	1,756,102	143,468
	16,632,900	**10,046,081**

Impairment and recoverability

Balances within trade and other receivables do not contain impaired assets. It is expected that these balances will be received as and when they fall due. Refer to Note 29 for the maturity analysis.

Fair value

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

9. RIGHT-OF-USE ASSETS

KEY ACCOUNTING POLICIES

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

Under AASB16, as a lessee the Group will recognise a right-of-use asset, representing its right to use the underlying asset, and a lease liability, for all leases with a term of more than 12 months, exempting those leases where the underlying asset is deemed to be of a low-value.

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

The right-of-use asset is measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

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

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

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

MODIFICATIONS TO LEASE ARRANGEMENTS

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

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

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

AMOUNTS RECOGNISED IN THE BALANCE SHEET

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

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

	Consolidated	
	2021 $	2020 $
Right of use asset	6,093,322	5,436,824
Total right-of-use assets	**6,093,322**	**5,436,824**

The additions to right-of-use assets during the year ended 30 June 2021 were $2.66 million (FY20: nil).

These relate to services from Cisco and Dell for Group Technology infrastructure projects and acquisition of Xplore business. An extension of a one year property lease was executed in March 2021, while related lease incentives began in September 2020.

	Consolidated	
	2021 $	2020 $
Current	2,204,461	1,670,311
Non-current	4,549,697	4,385,270
Total lease liabilities	**6,754,158**	**6,055,581**

	Future value of minimum lease payments $	Interest $	Present value of minimum lease payments $
30 June 2021			
Within 1 year	2,382,884	(178,423)	2,204,461
After 1 year and less than 5 years	4,715,156	(165,459)	4,549,697
More than 5 years	-	-	-
Total	**7,098,040**	**(343,882)**	**6,754,158**
30 June 2020			
Within 1 year	1,830,111	(159,800)	1,670,311
After 1 year and less than 5 years	4,613,437	(228,167)	4,358,270
More than 5 years	-	-	-
Total	**6,443,548**	**(387,967)**	**6,055,581**

AMOUNTS RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS

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

	Consolidated	
	2021 $	2020 $
Depreciation charge on right-of-use asset	(2,056,833)	(1,723,103)
Interest expense on lease liabilities	(210,955)	(204,408)
Expenses relating to short-term leases	(187,101)	(212,620)

The total cash outflow for lease payments (interest & principal) in the year ended 30 June 2021 was $2,299,410 (FY20: $1,818,661).

10. OFFICE EQUIPMENT

KEY ACCOUNTING POLICIES

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

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

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

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

	Computer equipment $	Office furniture and fittings $	Total $
Year ended 30 June 2021			
Cost or fair value	2,836,636	2,086,073	4,922,709
Accumulated depreciation	(2,116,035)	(1,351,381)	(3,467,416)
Net book amount	**720,601**	**734,692**	**1,455,293**
Reconciliations of the carrying amounts at the beginning and end of the financial year:			
Opening net book amount	631,670	1,029,959	1,661,629
Additions	505,859	96,379	602,238
Disposals	-	(2,400)	(2,400)
Depreciation charge	(416,928)	(389,246)	(806,174)
Closing net book amount	**720,601**	**734,692**	**1,455,293**

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

11. NON-CURRENT ASSETS – INTANGIBLE ASSETS

KEY ACCOUNTING POLICIES

Goodwill

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

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

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

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

Intangibles

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

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill above, such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis. The Group had no indefinite life intangible assets in FY21 (FY20: nil)

KEY ESTIMATES AND JUDGEMENTS

Investment Platform estimate of useful life

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

The three components with different useful lives are:

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

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

Goodwill and other indefinite life intangible assets

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

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

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

Capitalisation of development costs

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

Consolidated	Investment Platform $	Goodwill $	Agility Connect software $	Agility customer relationship $	Other[1] $	Total $
Year ended 30 June 2021						
At cost	69,481,741	63,768,277	2,540,970	1,284,000	5,434,798	142,509,786
Accumulated amortisation and impairment	(32,034,830)	-	(1,939,055)	(985,281)	(3,574,677)	(38,533,843)
Net carrying amount	**37,446,911**	**63,768,277**	**601,915**	**298,719**	**1,860,121**	**103,975,943**
Reconciliations of the carrying amount at the beginning and end of the financial year:						
Opening carrying amount	21,417,108	16,325,588	773,891	384,067	1,062,610	39,963,264
Other additions[2]	5,421,889	24,152,359	-	-	33,351	29,607,599
Addition through acquisition[3,4]	14,010,322	23,290,330	-	-	1,424,081	38,724,733
Disposals through business sale	-	-	-	-	(211,486)	(211,486)
Amortisation and impairment from Acquisition	(3,402,408)	-	-	-	-	(3,402,408)
Amortisation and impairment	-	-	(171,976)	(85,348)	(448,435)	(705,759)
Closing carrying amount	**37,446,911**	**63,768,277**	**601,915**	**298,719**	**1,860,121**	**103,975,943**

1 Other is comprised of Managed fund client list, Software intangibles, and Xplore Client Book.

2 Goodwill other additions $24 million relates to the goodwill reflected in the provisional fair value for the purchase price accounting (PPA) for the acquisition of the Xplore businesses. The PPA will be finalised within 12 months of acquisition date (5 March 2021).

3 Investment Platform 'Addition through acquisition' $4 million relates to the Ord Minnett PARS customer contract $10.7 million and Xplore Platform $3.3 million.

4 Goodwill addition through acquisition $23 million relates to the consolidation of the Xplore subsidiaries into the HUB24 Group.

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

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

Intangible assets are allocated to the Group's cash-generating units (CGUs) as required by AASB 136. Intangibles are associated with a CGU as listed below:

Investment Platform CGU	PARS CGU	Tech Solutions CGU
Investment Platform	PARS customer relationships	Agility connect software
Managed fund client list		Agility customer relationship
Software		Software
Goodwill on acquisitions		

INVESTMENT PLATFORM (INCLUDED WITHIN INVESTMENT PLATFORM CGU)

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

GOODWILL (INCLUDED WITHIN INVESTMENT PLATFORM CGU)

Goodwill recognised through acquisition is allocated to the Investment Platform CGU.

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

AGILITY CONNECT SOFTWARE (INCLUDED WITHIN TECH SOLUTIONS CGU)

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

The recoverable amount of the Agility connect software intangible has been assessed for indicators of impairment as at 30 June 2021 with no impairment required.

AGILITY CUSTOMER RELATIONSHIPS (INCLUDED WITHIN TECH SOLUTIONS CGU)

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

The recoverable amount of the Agility customer relationships intangible has been assessed for indicators of impairment as at 30 June 2021 with no impairment required.

PARS CUSTOMER RELATIONSHIPS (INCLUDED WITHIN THE PARS CGU)

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

The recoverable amount of the PARS customer relationships intangible has been assessed for indicators of impairment as at 30 June 2021 with no impairment assessed.

KEY ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS – INVESTMENT PLATFORM CGU

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

KEY ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS – INVESTMENT PLATFORM INTANGIBLE

1. Growth in FUA on the platform – Growth in the number of client accounts and hence FUA on the platform is a key assumption used in calculating future cashflows. Management have estimated future FUA on the platform at a 5

year compound annual growth rate of 22% (FY20: 27%) with reference to current client transition rates, industry data and pipeline monitoring.

2. Pre-tax discount rate – The pre-tax discount rate used for the Group's value-in-use calculations is 14% (FY20: 14%) which equates to the weighted average cost of capital over the reporting period.
3. Terminal growth rate – The terminal growth rate used for the Group's value-in-use calculations is 2.5% (FY20: 2.5%).
4. Period over which cashflows have been discounted – Management have used a period of 5 years to discount projected cashflows for its value-in-use calculations. This period is considered reasonable given the stage of platform development and the remaining useful life of the core database (9 years and 5 months from 30 June 2021).

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 FY21 (FY20: nil).

IMPACT OF POSSIBLE CHANGES IN KEY ASSUMPTIONS – INVESTMENT PLATFORM INTANGIBLE

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

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

KEY ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS – AGILITY CUSTOMER RELATIONSHIP AND AGILITY CONNECT SOFTWARE

1. Growth in Connect licenses, consulting income and IT infrastructure support are key assumptions used in calculating future cash flows. Management have estimated revenue growth of the Tech Solutions CGU as a 5 year CAGR of 4% with reference to current client license rates, industry data and pipeline monitoring.
2. Pre-tax discount rate – The pre-tax discount rate used for the company's value-in-use calculations is 16% (FY20: 16%). This has been determined based on the weighted average cost of capital for the Tech Solutions CGU.
3. Period over which cashflows have been discounted – Management have used a period of 5 years to discount projected cashflows for its value-in-use calculations.
4. Terminal growth rate – The terminal growth rate used for the company's value-in-use calculations is 1.5%. (FY20:1.5%).

There were no other key assumptions used in the Customer relationship and Connect software value-in-use calculation prepared at the date of acquisition.

Based on the above assessment there was no impairment of the Agility customer relationship or Agility connect software for the year ended 30 June 2021 (FY20 $1 million impairment write-off).

IMPACT OF POSSIBLE CHANGES IN KEY ASSUMPTIONS – CUSTOMER RELATIONSHIP AND CONNECT SOFTWARE

If the business EBITDA margin were 1% lower than management estimates over the period of the value-in-use calculation, there would be no impairment of intangible assets.

If the pre-tax discount rate for this CGU had been 2% higher than management estimates (18% instead of 16%) there would be no impairment of intangible assets.

KEY ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS – PARS CUSTOMER RELATIONSHIPS

1. Growth in non-custody accounts is a key assumption used in calculating future cash flows. Management have estimated revenue growth of the PARS CGU as a 5 year CAGR of 44% with reference to current non-custody data and pipeline monitoring.
2. Pre-tax discount rate – The pre-tax discount rate used for the company's value-in-use calculations is 14.0% (FY20: 14.0%). This has been determined based on the weighted average cost of capital for the PARS CGU.

3. Period over which cashflows have been discounted – Management have used a period of 5 years to discount projected cashflows for its value-in-use calculations.
4. Terminal growth rate – The terminal growth rate used for the company's value-in-use calculations is 2.5%. (FY20: 2.5%).

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

IMPACT OF POSSIBLE CHANGES IN KEY ASSUMPTIONS – PARS CUSTOMER RELATIONSHIPS

If the business EBITDA margin were 2% lower than management estimates over the period of the value-in-use calculation, there would be no impairment of intangible assets.

If the pre-tax discount rate for this CGU had been 2% higher than management estimates there would be no impairment of intangible assets.

Based on the above the value-in-use of the PARS Customer relationships intangibles were not considered to be impaired.

12. LOANS

	Consolidated	
	2021 $	2020 $
ORFR loan	**7,550,000**	**-**

ORFR LOAN FACILITY

The Group advanced a loan to HTFS Holdings Pty Ltd, who used the proceeds to subscribe for capital in HTFS Holdings Nominees Pty Ltd, a wholly owned subsidiary of EQT Holdings Limited (ASX:EQT), which is the Trustee for the HUB24 Super Fund ("the Fund"). The loan agreement is entered into on an arm's length basis and on commercial terms at an interest rate of 10% per annum. Repayment of the loan is subject to the Trustee continuing to meet its obligations to the Fund, including making good any losses from operational risk events.

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

13. TRADE AND OTHER PAYABLES

KEY ACCOUNTING POLICIES

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

	Consolidated	
	2021 $	2020 $
Trade creditors	685,386	1,690,042
Deferred contingent consideration	6,494	175,000
Sundry creditors	8,403,679	3,504,877
Total trade and other payables	**9,095,559**	**5,369,919**

On 30 November 2020, HUB24 Limited acquired the PARS from Ord Minnett and through a part of the Administration Agreement, will pay a royalty for each new account opened by a third party other than HUB24. As at 30 June 2021, HUB24 Limited has recognised an amount of $6,494 within current deferred contingent consideration and $41,204 within non-current deferred contingent consideration (Note 17).

14. CURRENT PROVISIONS

KEY ACCOUNTING POLICIES

Provisions

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

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

Employee benefits

Short-term benefits

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

Long-term benefits

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

Superannuation and other post employment benefits

All Australian employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans provide accumulated benefits. Employees contribute to the plans at various percentages of their wages and salaries.

Lease make good

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

Third party claims

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

Restructuring Provision

The Group has reflected $725,000 in FY21 in relation to restructuring for the review of Xplore product and compliance obligations. The Group estimated the provision for restructuring in FY20 in respect of cost obligations for the change of HUB24 Super Fund trustee and the transfer of the Group's management portfolio into a Management Investment Scheme (MIS) structure.

Tax Provision

The Group estimates the provision for Tax, which is a liability to the Australian Taxation Office and expected to be settled within the next 12 months based on an assessment of the taxable earnings of the Group calculated using current tax legislation.

	Consolidated 2021 $	Consolidated 2020 $
Employee benefits – Short term incentive	6,012,277	4,563,494
Employee benefits – Annual leave	3,772,201	2,260,329
Restructuring provision	725,000	662,349
Third party claims	316,510	300,000
Lease make good	50,899	24,882
Tax provision	5,241,042	-
	16,117,929	**7,811,054**

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

Consolidated	Tax provision $	Third party claims $	Rental lease liability $	Lease make good $	Restructuring provision $
2021					
Carrying amount at the start of the year	-	300,000	-	24,882	662,349
Additional provisions recognised/(released)	5,241,042	16,510	-	26,017	(662,349)
Additional provisions recognised	-	-	-	-	725,000
Carrying amount at the end of the year	**5,241,042**	**316,510**	**-**	**50,899**	**725,000**
2020					
Carrying amount at the start of the year	-	-	361,646	24,882	-
Additional provisions recognised/(released)	-	-	(361,646)	-	-
Additional provisions recognised	-	300,000	-	-	662,349
Carrying amount at the end of the year	**-**	**300,000**	**-**	**24,882**	**662,349**

15. BORROWINGS

	Consolidated 2021 $	Consolidated 2020 $
Guaranteed		
Bank loans – Current liabilities	3,125,000	-
Bank loans – Non-current liabilities	9,375,000	-
Total secured non-current borrowings	**12,500,000**	**-**

The amortising ANZ bank loan facility was secured specifically for the strategic transactions. The loan was fully drawn down on 18 February 2021 with principal repayments of $3.125 million payable every calendar year in February and the amount outstanding at termination date (23 November 2023) payable. The bank loan facility may not be redrawn once it has been repaid.

The Group incurs a commitment fee of 0.40% per annum to maintain the loan facility with an interest rate of 1 month BBSY + 1.95% applied to any drawn balances and paid quarterly.

The loan facility is 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; HUB24 Services Pty Ltd; HUBconnect Pty Ltd. Regulatory capital requirements are excluded from the collateral and guarantee commitments.

The $5 million overdraft facility remains available to the Group to assist with working capital requirements. The facility was undrawn throughout the year. The Group incurs a commitment fee of 0.60% per annum to maintain the overdraft facility with an interest rate of 1 month BBSY + 1.25% applied to any drawn balances and paid quarterly.

The bank loan facility and overdraft facility have common and referrable security charges with each facility.

Further information relating to loans from related parties is set out in note 26.

16. NON-CURRENT PROVISIONS

	Consolidated	
	2021 $	2020 $
Employee benefits – long service leave	1,882,344	1,133,111
Employee benefits – deferred short term incentive	400,872	265,000
Lease make good provision	64,652	115,551
	2,347,868	**1,513,662**

EMPLOYEE BENEFITS – DEFERRED SHORT TERM INCENTIVE

The provision represents the portion of STI bonus relating to the financial year ending 30 June 2021 payable to senior staff members that has been deferred until after the FY22 financial year end.

LEASE MAKE GOOD

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

MOVEMENTS IN PROVISIONS

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

Consolidated	Employee benefits – deferred short-term incentive $	Lease make good $	Rental lease liability $
2021			
Carrying amount at start of year	265,000	115,551	-
Provisions (utilised)	(265,000)	(50,899)	-
Additional provisions recognised	679,472	-	-
Provisions reclassified/(released) during the year	(278,600)	-	-
Carrying amount at end of period	**400,872**	**64,652**	**-**
2020			
Carrying amount at start of year	-	115,551	110,047
Provisions (utilised)	-	-	-
Additional provisions recognised	265,000	-	(110,047)
Provisions reclassified/(released) during the year	-	-	-
Carrying amount at end of period	**265,000**	**115,551**	**-**

17. OTHER NON-CURRENT LIABILITIES

	Consolidated 2021 $	Consolidated 2020 $
Deferred contingent consideration	41,204	1,567,978
	41,204	**1,567,978**

Consolidated	Contingent consideration $
2021	
Carrying amount at start of year	1,567,978
Deferred consideration through acquisition of PARS	41,204
Fair value gain on contingent consideration	(1,567,978)
Carrying amount at end of period	**41,204**
2020	
Carrying amount at start of year	2,146,200
Provisions reclassified/(released) during the year	(175,000)
Unwinding of discount	97,404
Fair value gain on contingent consideration	(500,626)
Carrying amount at end of period	**1,567,978**

Note: Refer to note 13 for current liability deferred consideration.

DEFERRED CONTINGENT CONSIDERATION – AGILITY

During the financial year ended 30 June 2021 the terms of a 'fourth deed of amendment to the share sale deed' relating to the shares in the capital of Agility Applications Pty Ltd (Deed) between HUB24 Limited (the Purchaser), the shareholders of Agility Applications Pty Ltd and others (the Vendors) were finalised and settled.

Under the terms of the deed, HUB24 (on 29 September 2020) issued 109,752 fully paid ordinary shares to the Vendors equal to the value of $1,568,348 with the number of ordinary shares determined by taking the VWAP of the Purchaser's ordinary shares in the 20 day period up to 24 August 2020 ($14.29). As a result of the amendment to the share sale deed the accounting treatment of a contingent payment is altered from additional purchase price to compensation to the seller. The impact is the write back of the liability of the $1,567,978 and proportionally recognised share based payment expense in the statement of profit or loss.

For the financial year ended 30 June 2021, $1,568,349 has been recognised as an expense in the statement of profit or loss. Shares have been issued and recognised in the Group's share capital, with 50% vesting on 31 December 2021 for tranche 1 and 50% vesting on 31 December 2022 for tranche 2.

18. ISSUED CAPITAL

KEY ACCOUNTING POLICIES

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

			Consolidated	
	2021 Number	2020 Number	2021 $	2020 $
Issued and paid up capital				
Ordinary shares, fully paid	68,333,179	62,846,130	204,227,168	100,172,838
Other equity securities				
Treasury shares	(212,158)	(39,636)	(5,012,790)	(26,790)
Total capital	**68,121,021**	**62,806,494**	**199,214,378**	**100,146,048**
Movements in issued and paid up capital				
Beginning of the financial year	62,846,130	62,329,415	100,172,838	98,225,656
Shares issued	4,988,495	516,715	103,318,937	1,242,371
Transfer from share based payment reserve	498,554	-	1,603,781	516,144
Additional paid up capital	-	-	447,052	200,534
Total shares	**68,333,179**	**62,846,130**	**205,542,608**	**100,184,705**
Capital raising costs	-	-	(1,315,440)	(11,867)
End of the period	**68,333,179**	**62,846,130**	**204,227,168**	**100,172,838**
Movement in other equity securities – treasury shares				
Beginning of the financial year	39,636	56,596	26,790	38,256
Employee share issue	(40,439)	(16,960)	(26,386)	(11,466)
Shares purchased on-market	212,961	-	5,012,386	-
End of the period	**212,158**	**39,636**	**5,012,790**	**26,790**

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

ORDINARY SHARES – FOR THE YEAR ENDED 30 JUNE 2021

On 30 September 2020, the Group issued 68,847 ordinary shares for options exercised by employees of the Group for consideration of $343,322.

On 15 October 2020, the Group issued 120,000 ordinary shares for options exercised by employees of the Group for consideration of $295,200.

On 26 October 2020, the Group issued 109,752 ordinary shares relating to the purchase of Agility Applications Pty Ltd. These shares are restricted for 12 months for 50% of the shares and 24 months for the remaining 50%. Holders of the shares are entitled to rights and benefits in line with other ordinary shareholders.

On 5 November 2020, the Group issued 2,500,000 ordinary shares under a share purchase plan for consideration of $50,000,000.

On 30 November 2020, the Group issued 999,999 ordinary shares under a share purchase plan for consideration of $19,999,980.

On 30 November 2020, the Group issued 309,707 ordinary shares for options and PARs exercised by employees of the Group for consideration of $1,358,055.

On 2 March 2021, the Group issued 1,378,744 ordinary shares as HUB24 Limited script consideration for the purchase of Xplore.

ORDINARY SHARES – FOR THE YEAR ENDED 30 JUNE 2020

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

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

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

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

TREASURY SHARES

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

On 1 July 2020, 1,599 shares were added from previous issues have not been taken up by employees.

On 2 October 2020, 4,787 shares were utilised in the course of employee options being exercised.

On 18 November 2020, company transferred 13,224 shares to eligible employees under the HUB24 Employee Share Ownership Plan.

On 30 November 2020, 22,626 shares were utilised in the course of employee options being exercised.

On 13 April 2021, the company transferred 696 shares to eligible employees under the HUB24 Employee Share Ownership Plan.

On 26 April 2021, the company transferred 705 shares to eligible employees under the HUB24 Employee Share Ownership Plan.

During April 2021 the Group purchased 212,961 shares on market through Pacific Custodians Pty Ltd:

- On 9 April 2021, the company purchased 45,512 shares on-market.
- On 16 April 2021, the company purchased 50,000 shares on-market.
- On 19 April 2021, the company purchased 33,621 shares on-market.
- On 20 April 2021, the company purchased 83,828 shares on-market.

19. RESERVES

GENERAL RESERVES

	Consolidated	
	2021 $	2020 $
Share based payments share reserve	**11,507,257**	**8,823,118**
Movements in share based payments share reserves:		
Opening balance	8,823,118	5,256,545
Reserve reclassified to share capital through options exercised	(1,603,780)	(516,144)
Employee share based payment expense	4,515,919	4,294,717
Shares issued through HUB24 Share Ownership Trust	(228,000)	(212,000)
Closing balance	**11,507,257**	**8,823,118**

20. RECONCILIATION OF CASH FLOWS

KEY ACCOUNTING POLICIES

Cash and cash equivalents

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

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

	Consolidated 2021 $	2020 $
(a) Reconciliation of the net profit/(loss) after tax to cash flow from operations		
Net profit/(loss) after tax for the year	9,769,140	8,228,297
Non-cash items:		
Depreciation and amortisation	6,971,173	5,322,539
Share based payment expense – Employee	6,312,268	4,294,717
Fair value (gains)/losses	(1,567,978)	(850,627)
Deferred (revenue)/expenses	578,796	(358,765)
Gain on sale of Paragem	(1,388,799)	-
Loss on disposal of office equipment	-	25,121
Impairment of intangible	-	1,000,000
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(7,250,313)	(2,480,615)
(Increase)/decrease in deferred tax assets	1,160,591	4,599,672
(Increase)/decrease in other assets	(6,446,717)	(8,178,307)
Increase/(decrease) in trade and other payables	2,867,714	2,656,849
Increase/(decrease) in provisions	8,159,163	10,999,498
Net cash flow from operating activities	**19,165,038**	**25,258,379**
(b) Reconciliation of cash and cash equivalents		
Cash and cash equivalents comprises:		
Cash on hand and at bank	63,461,183	33,809,323

(c) Terms and conditions

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

	Consolidated 2021 $	2020 $
(d) Details of Paragem assets and liabilities which were disposed of in FY21.		
Assets		
Cash and cash equivalents	1,332,270	-
Trade and other receivables	52,149	-
Intangibles	211,486	
Other current assets	116,255	-
Office equipment	6,625	-
Total assets	**1,718,785**	**-**
Liabilities		
Provisions	(133,433)	-
Trade and other payables	(331,461)	-
Total liabilities	**(464,894)**	**-**
Net assets	**1,253,891**	**-**
Consideration received (net of costs and working capital transferred)	2,642,690	-
Gain on disposal	1,388,799	
Reconciliation of cash proceeds from disposal		
Cash proceeds received[1]	-	-
Less: Cash deconsolidated	(1,332,270)	-
Net cash flow from operating activities	**(1,332,270)**	**-**

1 Consideration received was shares within Easton.

21. COMMITMENTS AND CONTINGENCIES

The Group had no commitments or contingencies as at 30 June 2021 (FY20 nil).

22. SHARE BASED PAYMENTS

KEY ACCOUNTING POLICIES

Equity settled transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KEY ESTIMATES AND JUDGEMENTS

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

RECOGNISED SHARE-BASED PAYMENT EXPENSES

The expense recognised from equity-settled share-based payment transactions during the year is $6,312,268 (FY20: $4,294,717).

TYPES OF SHARE-BASED PAYMENT PLANS

1. 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	[I] Must be an employee at date of issue	
II. Market	[II] 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	[II] 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 – 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	[I] Must be an employee at date of issue	
II. Market	[II] 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	[II] 100% of the performance rights will be subject to, and will vest on, the achievement of a hurdle measuring the compound annual growth (CAGR) in FUA over the next three years. The vesting is calibrated as follows: zero vesting will occur if the FUA is below a minimum level of 26.8% (an increase of 103.9% over three years representing approximately $35 billion by 30 June 2023); 50% vesting will occur if the FUA reaches 26.8% per annum; 100% vesting will occur if the FUA reaches 35.7% per annum (an increase of 150% over three years representing approximately $43 billion by 30 June 2023); and vesting for between 26.8% and 35.7% per annum (for between 50% and 100% vesting) will be on a straight-line basis between the two levels.
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.

Rights – Employees	
Issue Date	4 February 2021
Number issued	82,700
Expiry date	4 February 2036
Expected Vesting Period	3 years
Exercise Price	-
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)
II. FUA	[II] 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	
Number issued	565,000	127,500
Expiry Date	30 June 2025	
Expected Vesting Period	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.

Special 5 Year LTI Performance Rights – MD		
	Special LTI – Tranche 1	**Special LTI – Tranche 2**
Issue Date	24 December 2020	
Number issued	220,000	50,000
Expiry Date	30 June 2025	
Expected Vesting Period	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.

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

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

Options and Rights – Employees		
	Share Ownership Plan	**PARs (Rights)**
Issue Date	25 Nov 2019	25 Nov 2019
Number of Options Issued	323,151	129,404
Expiry Date	25 November 2024	25 November 2034
Expected Vesting Period	3 years	3 years
Exercise Price	$12.36	nil
Vesting Conditions		
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)	
II. Market	[II] 50% of the options and performance rights will be subject to, and will vest on, the achievement of a hurdle measuring the Absolute Total Shareholder Return (ATSR) of 12.5% to 17.5% over the next three years. The vesting is calibrated as follows: 25% vesting occurs when a threshold of 12.5% ASTR compounded annually is achieved; 100% vesting occurs when a threshold of 17.5% ASTR compounded annually is achieved; and vesting between 25% and 100% will be on a straight line basis between the two levels.	

III. FUA	[III] 50% of the options and 50% of the performance rights will be subject to, and will vest on, the achievement of a hurdle measuring the compound annual growth (CAGR) in 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 Nov 2019	25 Nov 2019
Number of Options Issued	8,181	3,276
Expiry Date	25 November 2024	25 November 2034
Expected Vesting Period	3 years	3 years
Exercise Price	$12.36	nil
Vesting Conditions		
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)	
II. Leadership	[II] Effective leadership of the Group's Legal and Compliance functions together with the development of enhancements to these functions.	
III. Strategy	[III] Effective leadership and management of key legal and compliance matters across the Group such that the contribution of the Legal & Compliance team through its management of these matters supports the Group in achieving is strategic outcomes and priorities.	
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.	

3. 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						
	Share Ownership Plan	PARs (Rights)	Share Ownership Plan – Paragem	PARs (Rights) – Paragem	Share Ownership Plan	PARs (Rights)
Issue Date	7 Sep 2018	7 Sep 2018	7 Sep 2018	7 Sep 2018	7 Sep 2018	7 Sep 2018
Number of Options Issued	257,852	70,888	12,000	4,000	30,000	10,000
Expiry Date	7 Sep 2023	7 Sep 2033	7 Sep 2023	7 Sep 2033	7 Sep 2023	7 Sep 2033
Expected Vesting Period	3 years	3 years	2 years	2 years	2 years	2 years
Exercise Price	$12.04	nil	$12.04	nil	$11.73	nil
Vesting Conditions						
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)					
II. Market	[II] 50% vesting on the achievement of Performance condition 2. Absolute Total Shareholder Return (ATSR) CAGR in excess of 17.5% over three years, proportional vesting between 12.5% and 17.5%.					
III. FUA	[III] 50% vesting on the achievement of Performance condition 1. Growth in FUA CAGR in excess of 115.8% over three years, proportional vesting between 29.23% and 40.23% p.a.		[III] 0% vesting if the CAGR in FUA was below a minimum level of 25.88% p.a (99.5% over three years). 50% vesting will occur if the CAGR in FUA 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% over three years)		[III] 0% vesting if the CAGR in FUA was below a minimum level of 25.88% p.a (99.5% over three years). 50% vesting will occur if the CAGR in FUA 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%over three years)	
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.					

Options and Rights – Employees				
	Share Ownership Plan – MD	PARs (Rights) – MD	Share Ownership Plan – CFO	PARs (Rights) - CFO
Issue Date	12 Dec 2018	12 Dec 2018	12 Dec 2018	12 Dec 2018
Number of Options Issued	51,186	14,072	24,667	6,981
Expiry Date	12 Dec 2023	12 Dec 2033	12 Dec 2023	12 Dec 2033
Expected Vesting Period	3 years	3 years	3 years	3 years
Exercise Price	$12.04	nil	$13.44	nil
Vesting Conditions				
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)			
II. Market	[II] 50% vesting on the achievement of Performance condition 2. Absolute Total Shareholder Return (ATSR) CAGR in excess of 17.5% over three years, proportional vesting between 12.5% and 17.5%.			
III. FUA	[III] 50% vesting on the achievement of Performance condition 1. Growth in FUA CAGR in excess of 115.8% over three years, proportional vesting between 29.23% and 40.23% p.a.			
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.			

Options and Rights – Employees	
	PARs (Rights) – Director
Issue Date	12 Dec 2018
Number of Options Issued	20,000
Expiry Date	12 Dec 2033
Expected Vesting Period	3 years
Exercise Price	nil
Vesting Conditions	
I. Service	[I] Must be a director from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)
II. Market	[II] Performance condition (a) stipulates that the director must provide support to the HUB24 Managing Director and KMPs in relation to the securing and maintenance of key accounts over the period from 1 July 2018 to 30 June 2021.
III. Growth	[III] Performance condition (b) stipulates that the director must directly liaise with key accounts to facilitate growth and customer satisfaction as measured by the improvement in the company's customer satisfaction service levels over the period from 1 July 2018 to 30 June 2021

Options and Rights – Employees	
	PARs (Rights) – Head of Legal & Compliance
Issue Date	12 Dec 2018
Number of Options Issued	20,000
Expiry Date	12 Dec 2033
Expected Vesting Period	4 years
Exercise Price	nil
Vesting Conditions	
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)
II. Market	[II] Performance condition (a) stipulates that the employee must display effective leadership of the development and operation of the Group's risk and compliance framework and policies over the Performance Period.
III. Growth	[III] Performance condition (b) stipulates that the employee must display effective leadership and management of key legal, risk and compliance matters across the HUB24 Group.

Options and Rights – Employees	
	PARs (Rights) – Special LTI
Issue Date	12 Dec 2018
Number of Options Issued	425,000
Expiry Date	12 Dec 2033
Expected Vesting Period	4 years
Exercise Price	nil
Vesting Conditions	
I. FUA	[I] Applying to 425,000 performance rights, 100% vesting will occur if the 4 year CAGR in FUA reaches 33% per annum.
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.

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

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

Options and Rights – Employees	Share Ownership Plan	PARs (Rights)	Share Ownership Plan	PARs (Rights)	Share Ownership Plan – MD	PARs (Rights) – MD
Issue Date	11 Oct 2017	11 Oct 2017	21 Aug 2017	21 Aug 2017	11 Dec 2017	11 Dec 2017
Number of Options Issued	401,686	122,942	34,247	11,211	78,077	23,897
Expiry Date	11 Oct 2022	11 Oct 2032	21 Aug 2022	21 Aug 2032	11 Dec 2022	11 Dec 2032
Expected Vesting Period	3 years	3 years	3 years	3 years	3 years	3 years
Exercise Price	$7.09	nil	$6.25	nil	$7.09	nil
Vesting Conditions						
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days).					
II. Market	[II] 50% vesting on the achievement of Performance condition 2. Absolute Total Shareholder Return (ATSR) CAGR in excess of 17.5% over three years, proportional vesting between 12.5% and 17.5%.					
III. FUA	[III] 50% vesting on the achievement of Performance condition 1. Growth in FUA CAGR in excess of 117.6% over three years, proportional vesting between 25.88% and 33.09% p.a.		[III] 50% vesting on the achievement of Performance condition 1. Growth in FUA CAGR in excess of 109.7% over three years, proportional vesting between 28% and 45% p.a.		[III] 50% vesting on the achievement of Performance condition 1. Growth in FUA CAGR in excess of 117.6% over three years, proportional vesting between 25.88% and 33.09% p.a.	
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.					

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

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

Options and Rights – Employees			
FY 2017	**Share Ownership Plan**	**PARs (Rights)**	**Share Ownership Plan**
Issue Date	29 Nov 2016	29 Nov 2016	29 Nov 2016
Number of Options Issued	418,639	137,043	50,000
Expiry Date	29 Nov 2021	29 Nov 2031	29 Nov 2021
Expected Vesting Period	3 years	3 years	3 years
Exercise Price	$4.46	nil	$5.17
Vesting Conditions			
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)		
II. Market	[II] 50% vesting on the achievement of Performance condition 1. Absolute Total Shareholder Return (ATSR) CAGR in excess of 17.5% over three years, proportional vesting between 12.5% and 17.5%.		[II] Achieve share price hurdle of 52% greater than exercise price for 20 consecutive days in the period between 36 months from the issue date and expiry of options.
III. FUA	[III] 50% vesting on the achievement of Performance condition 2. Growth in FUA CAGR in excess of 45% over three years, proportional vesting between 28% and 45%.		N/A
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.		

Options and Rights – Employees			
FY 2016	**Share Ownership Plan**	**PARs (Rights) – MD**	**Share Ownership Plan**
Issue Date	14 Oct 2015	7 Dec 2015	30 Mar 2016
Number of Options Issued	620,000	150,000	50,000
Expiry Date	14 Oct 2020	7 Dec 2030	30 Mar 2021
Expected Vesting Period	3 years	3 years	3 years
Exercise Price	$2.46	$2.46	$3.98
Vesting Conditions			
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)		
II. Market	[II] Achieve share price hurdle of greater than 52% of exercise price for 20 consecutive days in the period between 36 months from the issue date and expiry of options.		
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.		

Options and Rights – Employees		
FY 2015	**Share Ownership Plan**	**Share Ownership Plan – MD**
Issue Date	17 Oct 2014	4 Dec 2014
Number of Options Issued	760,000	200,000
Expiry Date	17 Oct 2019	4 Dec 2019
Expected Vesting Period	3 years	3 years
Exercise Price	$0.98	$0.98
Vesting Conditions		
I. Service	[I] Must be an employee from date of issue until options are exercised, unless considered a good leaver (in which case must exercise within 30 days)	
II. Market	[II] Achieve share price hurdle in excess of 60% of the exercise price for 20 consecutive days in the period between 36 months from issue and expiry of options.	[II] Achieve share price hurdle in excess of 60% of the exercise price for 20 consecutive days in the period between 36 months from issue and expiry of options.
III. Performance	As determined by the Board in its sole discretion	
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to discharge tax obligations in relation to the issue.	

Summary of options and rights granted

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

Summaries of options granted	2021 Number	WAEP	WASP	2020 Number	WAEP	WASP
Outstanding at the beginning of the year	1,633,095	-	-	1,792,344	-	-
Granted during the year	91,384	$14.29	-	331,332	$12.36	-
Forfeited during the year	(72,029)	-	-	(49,397)	-	-
Exercised during the year	(491,322)	$4.53	$21.34	(441,182)	$2.82	$11.91
Expired during the year	-	-	-	-	-	-
Outstanding at the end of the year	1,161,128	-	-	1,633,097	-	-
Exercisable at the end of the year	426,876	-	-	535,711	-	-

Summaries of rights granted	2021 Number	WAEP	WASP	2020 Number	WAEP	WASP
Outstanding at the beginning of the year	864,936	-	-	823,092	-	-
Granted during the year	1,130,667		-	132,680		-
Forfeited during the year	(23,481)	-	-	(15,303)	-	-
Exercised during the year	(63,886)			(75,533)		
Expired during the year	-	-	-	-	-	-
Outstanding at the end of the year	1,908,236	-	-	864,936	-	-
Exercisable at the end of the year	131,798	-	-	-	-	-

OPTION PRICING MODEL

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

The following table lists the inputs to the models used:

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

Options & Rights	Options & Rights – Employee	Special 5 Year LTI
Dividend Yield (%)	0.34%	0.34%
Expected Volatility (%)	58.8%	58.8%
Risk-free Interest Rate (%)	0.35%	0.35%
Expected Life of Options (Months)	60	36
Average Share price at Measurement Date ($)	$20.83	$20.83
Model used	Hoadleys/Black Scholes	Hoadleys/Black Scholes

2. Share based payment plans issued prior to 1 July 2020.

	25 Nov 2019 SOP	25 Nov 2019 PRP (Rights)	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 (%)	0.39	0.39	0.54	0.54	0.54	0.54	0.54	0.54
Expected Volatility (%)	44	47	41	41	41	41	41	41
Risk-free Interest Rate (%)	0.82	0.82	2.17	2.17	2.17	2.17	2.17	2.17
Expected Life of Options (Months)	36	36	36	36	24	24	24	24
Option Exercise Price ($)	12.36	N/A	12.04	N/A	12.04	N/A	11.73	N/A
Average Share Price at Measurement Date ($)	11.83	11.83	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	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

23. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Subsequent to year end the Directors have determined a fully franked final dividend of 5.5 cents per share (a fully franked 3.5 cents per share final dividend was declared in FY20)

Catherine Kovacs was appointed as a Non Executive Director to the Board on 19 July 2021.

The Group has advanced a $3.64m loan to HTFS Holdings Pty Ltd, who had in turn used it to subscribe for capital in HTFS Holdings Nominees Pty Ltd, a wholly owned subsidiary of EQT Holdings Limited (ASX:EQT), which is the Trustee for the HUB24 Super Fund (the Fund). The loan agreement is entered into on an arm's length basis and on commercial terms at an interest rate of 10% per annum. The capital received by the Trustee is reserved for the purpose of meeting the Operational Risk Financial Requirement (ORFR) for the Fund in accordance with APRA Prudential Standard SPS114.

No other significant matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

24. EARNINGS PER SHARE

KEY ACCOUNTING POLICIES

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

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

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

Diluted earnings per share includes 1,212,205 options and 1,918,797 rights issued for employees.

	Consolidated	
	2021 $	2020 $
Earnings per share		
Total comprehensive income	9,769,140	8,228,297
Profit/(Loss) after income tax attributable to the owners of HUB24 Ltd used in calculating basic and diluted earnings per share	9,769,140	8,228,297

	Consolidated	
	2021 Number	2020 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	65,865,008	62,666,196
Weighted average number of ordinary shares used in calculating diluted earnings per share	68,433,859	64,044,938

	Consolidated	
	2021 Cents	2020 Cents
Basic earnings per share	14.83	13.13
Diluted earnings per share	14.28	12.85

	Consolidated	
	2021 Cents	2020 Cents
Basic earnings per share – Continuing operations	13.58	14.07
Diluted earnings per share – Continuing operations	13.07	13.77

25. REMUNERATION OF AUDITORS

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

	Consolidated	
	2021 $	2020 $
Audit and review of financial statements provided by Deloitte Touche Tohmatsu	531,000	365,000
Other assurance services	203,000	91,350
Tax and other services	258,000	266,043
Total audit and other fees	**992,000**	**722,393**

26. RELATED PARTY DISCLOSURES

(A) SUBSIDIARIES

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

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

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

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

All transactions between Group entities are eliminated on consolidation.

	% Equity Interest as at 30 June 2021	as at 30 June 2020
Operating Entities		
HUB24 Custodial Services Limited (formerly ANZIEX Ltd)	100	100
HUB24 Share Ownership Trust	100	100
HUB24 Management Services Pty Ltd	100	100
HUB24 Administration Pty Ltd	100	100
HUB24 Services Pty Ltd	100	100
Firstfunds Ltd	100	100
HUBconnect Pty Ltd (formerly ConnectHUB Pty Ltd)	100	100
Marketsplus Australia Pty Ltd	100	100
Paragem Pty Ltd[1]	-	100
Agility Applications Pty Ltd	100	100
Xplore Wealth Pty Ltd[2]	100	-
Xplore Business Services Pty Ltd	100	-
Investment Administration Services Pty Ltd	100	-
Margaret Street FInancial Holdings Pty Ltd	100	-
Margaret Street Administration Services Pty Ltd	100	-
Margaret Street Promoter Services Pty Ltd	100	-
Margaret Street Attorney Services Pty Ltd	100	-
Aracon Superannuation Pty Ltd	100	-
DIY Master Pty Ltd	100	-
Non-operating Entities		
HUB24 International Nominees Pty Ltd (formerly ANZIEX Nominees Ltd)	100	100
HUB24 Nominees Pty Ltd (formerly Kardinia Nominees Pty Ltd)	100	100
Investorfirst Securities Ltd	100	100
Researchfirst Pty Ltd	100	100
Captain Starlight Nominees Pty Ltd	100	100
Findlay & Co Stockbrokers Ltd	100	100
HTH Nominees Pty Ltd	100	100
Planner Holdings Limited	100	-
PHL Securities Pty Ltd	100	-
Margaret Street Nominees Pty Ltd	100	-
Xplore Equity Finance Pty Ltd	100	-
Equity Finance Pty Ltd	100	-
Margaret Street Attorney Services Pty Ltd	100	-

1 The sale of Paragem Pty Ltd to Easton Investments Ltd was completed on1 February 2021.
2 Formerly known as Xplore Wealth Limited, but was delisted upon completion of acquisition in March 2021.

(B) ASSOCIATES

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

The Group has a 31.5% in Easton Investments Limited. For more information, refer to Note 5.

	% Equity Interest as at 30 June 2021	as at 30 June 2020
Easton Investments Limited (ASX: EAS)	31.5	-

	Consolidated 2021 $	2020 $
Investment in Easton Reconciliation		
Initial Investment in Easton	14,223,926	-
Add: Share of associate profits	472,500	-
Less: Dividend Received	(177,799)	-
Closing investment in Easton	**14,518,627**	**-**

(C) ULTIMATE PARENT

HUB24 Limited is the ultimate parent entity of the Group.

27. PARENT ENTITY FINANCIAL INFORMATION

SIGNIFICANT ACCOUNTING POLICIES

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

SUMMARY FINANCIAL INFORMATION

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

	Consolidated 2021 $	2020 $
Statement of profit or loss and other comprehensive income		
Profit after income tax	8,972,118	16,891,558
Total comprehensive income	**8,972,118**	**16,891,558**
Statement of financial position		
Total assets	211,482,629	101,383,287
Total liabilities	(29,819,132)	(25,142,638)
Net assets	**181,663,497**	**76,240,649**

CONTINGENT LIABILITIES

The parent entity did not have any contingent liabilities as at 30 June 2021 or 30 June 2020.

CAPITAL COMMITMENTS

The parent entity had no capital commitments as at 30 June 2021 or 30 June 2020.

DEFERRED TAX ASSET

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

28. KEY MANAGEMENT PERSONNEL

KEY MANAGEMENT PERSONNEL COMPENSATION

	Consolidated	
	2021 $	2020 $
Short term employment benefits	3,373,935	2,783,848
Post employment benefits	325,130	106,526
Share based payments	2,082,894	1,841,508
	5,781,959	**4,731,882**

Key management personnel (KMP) are those who, directly or indirectly, have authority and responsibility for planning, directing and controlling the activities of HUB24. The KMPs are outlined in the Remuneration Report on page 28.

29. FINANCIAL INSTRUMENTS

KEY ACCOUNTING POLICIES

Held to maturity investments

The Group's principal financial instruments comprise cash, receivables, a debt facility and payables. For the year ended 30 June 2021, the Group did not utilise derivatives and has not traded in financial instruments including derivatives.

Interest rate risk

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

	Consolidated	
	2021 $	2020 $
Cash and cash equivalents at end of period	63,461,183	33,809,323
ORFR loan	7,550,000	-
Borrowings	(12,500,000)	-
Financial Instruments subject to interest rate risk at the end of period	**58,511,183**	**33,809,323**
Cash and cash equivalents at end of period	63,461,183	33,809,323
50 basis points increase in interest rate	317,306	169,047
50 basis points decrease in interest rate	(317,306)	(169,047)
Borrowings	(12,500,000)	-
50 basis points increase in interest rate	(62,500)	-
50 basis points decrease in interest rate	62,500	-
Net impact on profit after tax		
Profit for the year	9,769,140	8,228,297
50 basis points increase in interest rate	10,023,946	8,397,344
50 basis points decrease in interest rate	9,514,334	8,059,250

Credit risk

The Group advanced a loan to HTFS Holdings Pty Ltd, who used the proceeds to subscribe for capital in HTFS Holdings Nominees Pty Ltd, a wholly owned subsidiary of EQT Holdings Limited (ASX:EQT), which is the Trustee for the HUB24

Super Fund (**the Fund**). The loan agreement is entered into on an arm's length basis and on commercial terms at an interest rate of 10% per annum.

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

The credit risk on this facility is low due to the segregation of the cash for the ORFR.

Liquidity risk

The table below reflects contractually fixed amounts for settlement resulting from financial liabilities. Cash flows are undiscounted. The remaining contractual maturities of the consolidated entity's and parent entity's financial liabilities are:

	Consolidated	
	2021 $	2020 $
Not later than one month	6,610,196	4,563,708
Later than 1 month not later than 3 months	1,841,250	657,333
Later than 3 months not later than 1 year	3,769,113	148,878
Later than 1 year	-	-
	12,220,559	**5,369,919**

FINANCING ARRANGEMENTS AND CAPITAL MANAGEMENT

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

	Consolidated	
	2021 $	2020 $
Floating rate – Expiring within one year (bank overdraft facility)	5,000,000	5,000,000
Floating rate – 3 year term (loan facility)	12,500,000	-
Drawn at balance date	12,500,000	-

The $5 million bank overdraft facility may be drawn at any time, and may be cancelled by giving the bank 10 business days notice. During the year ended and as at 30 June 2021, the overdraft facility was not drawn down. The bank loan facilities are subject to annual review.

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

The 3 year amortising ANZ bank loan facility was secured specifically for the strategic transactions. The loan has been fully drawn down with principal repayments of $3.25m payable every calendar year. The first repayment is due following the release of these financial statements. The bank loan facility may not be redrawn once it has been repaid.

The Group incurs a commitment fee of 0.40% per annum to maintain the loan facility with an interest rate of BBSY + 1.95% applied to any drawn balances and paid quarterly.

Both the overdraft and loan facility 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; HUB24 Services Pty Ltd; HUBconnect Pty Ltd. The Group's regulatory capital requirements have been ring-fenced from the ANZ security arrangements.

Maturity analysis of financial assets and liabilities

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

	0-1 month $	1-3 months $	4-12 months $	1-5 years $	Total $
30 June 2021					
Consolidated financial assets:					
Cash and cash equivalents	62,366,183	70,000	1,025,000	-	63,461,183
Trade and other receivables	11,929,904	3,803,725	899,271	-	16,632,900
	74,296,087	**3,873,725**	**1,924,271**	**-**	**80,094,083**
Consolidated financial liabilities:					
Trade and other payables	6,610,196	1,841,250	644,113	-	9,095,559
Borrowings	-	-	3,125,000	9,375,000	12,500,000
	6,610,196	**1,841,250**	**3,769,113**	**9,375,000**	**21,595,559**
Net Maturity	**67,685,891**	**2,032,475**	**(1,844,842)**	**(9,375,000)**	**58,498,524**
30 June 2020					
Consolidated financial assets:					
Cash and cash equivalents	28,668,004	5,141,319	-	-	33,809,323
Trade and other receivables	9,076,626	804,173	165,282	-	10,046,081
	37,744,630	**5,945,492**	**165,282**	**-**	**43,855,404**
Consolidated financial liabilities:					
Trade and other payables	4,563,708	657,333	148,878	-	5,369,919
	4,563,708	**657,333**	**148,878**	**-**	**5,369,919**
Net Maturity	**33,180,922**	**5,288,159**	**16,404**	**-**	**38,485,485**

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

MARKET RISK

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

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

FAIR VALUE MEASUREMENT

No other financial instruments for the year ended 30 June 2021 required fair value assessment (FY20: nil).

30. BUSINESS COMBINATION

ORD MINNETT'S PORTFOLIO ADMINISTRATION AND REPORTING SERVICE (PARS)

On 28 November 2020 HUB24 Limited completed the acquisition of Ord Minnett's Portfolio Administration and Reporting Service (PARS).

PARS is a non-custody portfolio service that has been operating within Ord Minnett for 15 years and includes tax reporting and corporate action management

The transaction, which includes the acquisition of an experienced team of 12 employees, software and related intellectual property, was completed for an upfront cash consideration of $10.5 million.

	Total $
Purchase consideration	
Cash paid – at completion	10,500,000
Royalty consideration	47,698
Total purchase consideration	**10,547,698**

	Fair value $
The fair values of the acquisition are as follows:	
Administration agreement	10,761,331
Assumed other employee entitlements	(213,633)
Net identifiable assets acquired	**10,547,698**
Net assets acquired	**10,547,698**

REVENUE AND PROFIT CONTRIBUTION

The acquired business contributed revenue of $1.8 million and expenses of $1.4 million to the Group for the period from 1 December 2020 to 30 June 2021. It's impracticable to provide this information for the full period ending 30 June 2021 as it is not readily available. These contributions have been recognised in the Platform segment for the purposes of this annual financial statement.

XPLORE WEALTH LIMITED

On 2 March 2021 HUB24 Limited completed the acquisition of Xplore.

Xplore brings highly complementary expertise and scale to HUB24 for both high-net worth customers as well as portfolio administration and reporting services.

The transaction, which includes the acquisition of an experienced team of 81 employees, software and related intellectual property, was completed for an upfront cash consideration of $29.8 million and issuance of 1.4 million ordinary shares to Xplore shareholders, and an upfront cash consideration of $0.4 million to Xplore Option holders.

A purchase price allocation assessment is expected to be undertaken during FY22 to determine fair value of the assets required.

	Total $
Purchase consideration	
Cash paid – at completion	29,763,993
Cash settlement for Xplore options	412,251
HUB24 shares issued (scrip issue)	29,753,296
Total purchase consideration	**59,929,540**

	Fair value $
The provisional fair values of the acquisition are as follows:	
Cash balances acquired	3,170,287
Non cash assets acquired	38,517,358
Assumed liabilities	(5,910,465)
Net identifiable assets acquired	**35,777,180**
Add: Acquisition intangibles	24,152,359
Net assets acquired	**59,929,539**

The acquired business contributed revenue of $8 million and net profit after tax of $0.6 million to the Group for the period consolidated 2 March 2021 to 30 June 2021. The full year revenue for Xplore was $24 million. Net profit after tax for the full year is not provided as the changes in the cost base since acquisition make it impracticable to determine. All contributions to the Group for the period from 2 March 2021 to 30 June 2021 have been recognised in the Platform segment.

31. DISCONTINUED OPERATIONS

	Consolidated	
	2021 $	2020 $
Statement of profit or loss		
Revenue	17,568,810	29,550,189
Expenses	(18,135,072)	(30,140,131)
Loss before income tax from discontinued operations	**(566,262)**	**(589,942)**
Income tax benefit	157,829	176,984

On 28 October 2020 the Group announced its intention to sell the subsidiary, Paragem Pty Limited ("Paragem"), to Easton Investments Limited ("Easton"). A binding heads of agreement was signed on 20 December 2020 stating that the sale would be undertaken through a share sale agreement whereby Easton would issue approximately 3.3 million shares to HUB24 Limited in consideration for the transfer of all shares in Paragem.

The sale of Paragem completed on 1 February 2021 and included a capital return of $3.2 million.

An accounting gain of $1.4m is recorded in the financial accounts to 30 June 2021. The profit before income tax from discontinued operations is $0.8m.

32. PROFIT RESERVES

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

	Consolidated	
	2021 $	2020 $
Profit reserve	**45,341,770**	**40,847,253**
Opening balance	40,847,253	13,014,445
Transfer to profit reserves	9,769,140	31,659,750
Dividends provided for or paid	(5,274,623)	(3,826,942)
Closing balance	**45,341,770**	**40,847,253**

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2021

IN THE DIRECTORS' OPINION:

a. the financial statements and notes set out on pages 48 to 100 are in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and

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

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

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

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

Signed in accordance with a resolution of Directors.

Bruce Higgins
Chairman

Sydney

INDEPENDENT AUDITOR'S REPORT

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

Independent Auditor's Report to the Members of HUB24 Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of HUB24 Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and 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.

Deloitte.

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.

<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>Intangible Assets

As at 30 June 2021 the carrying value of intangible assets includes the following as disclosed in Note 11:

<table>
<tr><td></td><td>$m</td></tr>
<tr><td>Investment platform</td><td>37.4</td></tr>
<tr><td>Goodwill</td><td>63.8</td></tr>
<tr><td>Agility customer relationships</td><td>0.3</td></tr>
<tr><td>Agility CONNECT software</td><td>0.6</td></tr>
<tr><td>Other</td><td>1.9</td></tr>
<tr><td>Total</td><td>104.0</td></tr>
</table>

Evaluation of the recoverable amount of intangible assets requires significant judgement due to the estimation of future cash flows, discount and terminal growth rates, and the period over which cash flows have been discounted.</td>
<td>Our procedures included, but were not limited to:

• obtaining an understanding of the key controls associated with the preparation of the value-in-use models;
• evaluating management’s methodologies and their documented basis for key assumptions;
• in conjunction with our valuation specialists, we assessed and challenged the following:
  ○ reasonableness of long-term growth rates used in the forecast cash flows by comparing them to historical results, economic and industry forecasts; and
  ○ discount rate applied.
• testing the mathematical accuracy and integrity of the value-in-use models;
• assessing the accuracy of managements’ forecast cash flow models and Board approved budget;
• performing sensitivity analysis on the key drivers of growth rates used in the cash flow forecasts and the discount rate applied; and
• assessing managements’ consideration of the sensitivity to a change in key assumptions that both individually or collectively would be required for assets to be impaired and considered the likelihood of such a movement in those key assumptions.

We also assessed the appropriateness of the disclosures in the Notes to the financial statements.</td></tr>
<tr><td>Acquisitions and Divestments

During the year ended 30 June 2021, HUB24 undertook the following strategic transactions:

• acquisition of investment platform provider Xplore Wealth Limited (Xplore) by way of a scheme of arrangement for $50.9 million through combination of cash consideration and HUB24 shares issued as disclosed in Note 30;</td>
<td>Our procedures included, but were not limited to:

• obtaining an understanding of key processes within the acquired businesses;
• testing the design, implementation and operating effectiveness of relevant controls in place over key processes – and evaluating effectiveness of controls during the acquisition period;
• obtaining an understanding over the consolidation and equity accounting process;
• evaluating management’s position paper outlining their methodologies and assumptions used to assess</td></tr>
</table>

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
• acquisition of Ord Minnett's non-custody Portfolio Administration and Reporting Service (PARS) for \$10.5 million cash consideration as disclosed in Note 30; • acquisition of 1 out of every 3 shares in Easton Investment Limited (Easton) for \$10.2 million cash consideration as disclosed in Note 26; and • divestment of HUB24 subsidiary Paragem Pty Limited to Easton for \$4 million of Easton Shares as disclosed in Note 20. There is significant judgement and complexity in relation to: • determining whether the transactions meet the definition of an asset acquisition or a business combination; • integration of financial reporting lines, equity accounting, and consolidation of new subsidiaries; • determining the purchase price allocation and calculation of goodwill; • initial recognition of deferred tax balances associated with the acquisitions; and • removal of Paragem from the group, and recognition and measurement of a gain/loss.	the accounting impact of each of the transactions; and • assessing and challenging the reasonableness of assumptions and judgements used by management, or management's expert, in conjunction with our financial reporting, corporate finance, and tax specialists, to determine the recognition and measurement of identifiable assets acquired (including non-controlling interest in the acquiree) in accordance with AASB 3 *Business Combinations*. We also assessed the appropriateness of 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 2021, but does not include the financial report and our auditor's report thereon.

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

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

Deloitte.

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

Deloitte.

- 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 on pages 28 to 45 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of HUB24 Limited, for the year ended 30 June 2021, 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, 23 August 2021

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. This information is current as at 30 June 2021.

DISTRIBUTION OF EQUITY SECURITIES

Ordinary share capital – 68,333,179 fully paid ordinary shares are held by 5,148 individual security holders.

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

	Holders	Total units	%
Fully paid ordinary shares – holding ranges			
1 to 1,000	3,181	1,115,747	1.63
1,001 to 5,000	1,543	3,565,502	5.22
5,001 to 10,000	223	1,569,701	2.30
10,001 to 100,000	170	4,836,523	7.08
100,001 and over	31	57,245,706	83.77
Total	**5,148**	**68,333,179**	**100.00**

OPTIONS

1,154,379 options and 2,052,086 performance rights are held. Options and performance rights do not carry a right to vote.

SUBSTANTIAL SHAREHOLDERS – QUOTED ORDINARY SECURITIES

	Number held	%IC
Citicorp Nominees Pty Ltd	13,372,595	19.57%
HSBC Cutody Nominees (Australia) Ltd	10,946,327	16.02%
J P Morgan Nominees Australia Pty Ltd	8,371,051	12.25%
UBS Nominees Pty Ltd	4,935,765	7.22%
BNP Paribas Noms Pty Ltd	3,672,981	5.38%
National Nominees Ltd	3,385,660	4.95%
BNP Paribas Nominees Pty Ltd	2,836,075	4.15%
Pacific Custodians Pty Ltd	1,572,069	2.30%
Mrs jasmin Zheng-Min Zhao Litster	1,188,545	1.74%
BNP Paribas Nominees Pty Ltd HUB24 Custodial Serv Ltd	827,451	1.21%
Mr Ian James Litster	678,994	0.99%
Mr Jason Matthew Entwistle	580,052	0.85%
Litster & Associates Pty Ltd	578,388	0.85%
Mr Bruce Higgins & Mrs Ruth Higgins	510,000	0.75%
Netwealth Investments Ltd	370,433	0.54%
Skylyx Pty Ltd	360,392	0.53%
Jasforce Pty Ltd	329,845	0.48%
Citicorp Nominees Pty Ltd	308,826	0.45%
Mirrabooka Investments Ltd	304,000	0.44%
Craig Apps & Michelle Apps	238,376	0.35%
Total	**55,367,825**	**81.02%**

CORPORATE DIRECTORY

DIRECTORS

Mr Bruce Higgins (Chairman)
Mr Andrew Alcock (Managing Director)
Mr Ian Litster (resigned 5 March 2021)
Mr Anthony McDonald
Mr Paul Rogan
Ms Ruth Stringer
Ms Catherine Kovacs (appointed 19 July 2021)

SECRETARIES

Mr Paul Howard (resigned 18 December 2020)
Ms Debbie Last (resigned 6 September 2020)
Ms Kitrina Shanahan (appointed 7 September 2020)
Mr Andrew Brown (appointed 30 April 2021)

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 2
7 Macquarie Place
Sydney NSW 2000
Australia

ABN 87 124 891 685

SHARE REGISTRY

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

STOCK EXCHANGE LISTINGS

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

AUDITOR

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000

WEBSITE

hub24.com.au

NOTES

HUB24