'23

INTERIM FINANCIAL REPORT

for the half-year ended
31 December 2022

HUB24

CONTENTS

HUB24 has delivered strong growth during 1HFY23 whilst remaining focused on enhancing value for our customers and delivering on our strategic objectives and our purpose to empower better financial futures together.

APPENDIX 4D – HALF-YEAR ENDED 31 DECEMBER 2022 UNDER ASX LISTING RULE 4.2A.3

RESULTS FOR THE ANNOUNCEMENT TO THE MARKET

CURRENT PERIOD: 1 JULY 2022 TO 31 DECEMBER 2022
PRIOR CORRESPONDING PERIOD:1 JULY 2021 TO 31 DECEMBER 2021

KEY INFORMATION

	Half-year ended 31 Dec 2022	Half-year ended 31 Dec 2021	% change
	$'000	$'000	
Revenue from ordinary activities[1]	137,703	81,608	69%
Net profit/(loss) after tax for the period attributable to equity holders	15,531	8,393	85%
	Cents	Cents	
Basic earnings per share	19.47	12.27	59%
Diluted earnings per share	18.89	11.86	59%

1 Includes revenue from customers, interest and income from investments in associates. See page 13 and note 2.1 for further details.

DIVIDENDS

	Amount per security (cents)	Franked per security (%)
Interim dividend (per share)	14.0	100

Subsequent to half-year ended 31 December 2022 the directors have determined a fully franked interim dividend of 14.0 cents per share (a fully franked 7.5 cents per share interim dividend was paid following the half-year ended 31 December 2021).

Dates for the dividend are as follows:

Ex-date	20 March 2023
Record date	21 March 2023
Dividend payment date	18 April 2023

EXPLANATION OF RESULTS

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

	Half-year ended 31 Dec 2022	Half-year ended 31 Dec 2021
Net tangible assets (per fully paid ordinary share)[1]	$0.52	$1.24

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

ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

During the period ended 31 December 2022, the HUB24 group voluntarily derigestered Investorfirst Securities Ltd and Captain Starlight Nominees Pty Ltd. Please refer to note 6.2 in the financial report for more information.

AUDITOR REVIEW

The Interim Report is based on the consolidated half-year report that has been reviewed by the HUB24 Group's auditors, Deloitte Touche Tohmatsu.

FINANCIAL HIGHLIGHTS 1HFY23

GROUP

TOTAL REVENUE	UNDERLYING EBITDA	UNDERLYING NPAT[1]	COST TO INCOME RATIO
$137.7m	$49.9m	$26.6m	63.8%
↑ 69%	↑ 68%	↑ 87%	STABLE

FULLY FRANKED INTERIM DIVIDEND
14.0 cents per share
1HFY22 DIVIDEND:
7.5 CENTS PER SHARE
↑ 87%

DILUTED EARNINGS PER SHARE
18.89 cents
↑ 59%

PLATFORM KEY METRICS

PLATFORM NET INFLOWS[2] $5.8b ↓ (14%)[3]

PLATFORM FUA OF $55.8b ↑ 12%[3]

PARS FUA OF $17.2b ↓ (6%)[4]

NUMBER OF ADVISERS	NUMBER OF PARS ACCOUNTS	PLATFORM SEGMENT REVENUE
3,692	7,989	$102.7m
↑ 9%	STABLE	↑ 33%

TECH SOLUTIONS KEY METRICS

CLASS NUMBER OF ACCOUNTS[5]	CLASS DOCUMENT ORDERS[6]	COMPANIES ON CLASS CORPORATE MESSENGER[7]	TECH SOLUTIONS REVENUE
198,619	173,142	621,478	$33.4m
STABLE[8]	↑ 1%[8]	↑ 4%[8]	LARGE

All percentage changes shown above are relative to 1HFY22, unless stated otherwise.

1. Refer to Directors Report for more information on Group Underlying NPAT.
2. Platform net inflows of $5.8 billion from continuing business operations (excluding the Xplore Super Admin discontinued operations). During December 2022 quarter, $944 million of discontinued operations in relation to Xplore Super Admin transferred externally through a Successor Funds Transfer.
3. Custodial FUA Administration Services.
4. Non-custodial FUA as Portfolio Administration and Reporting Services (PARS).
5. Number of Class accounts as at 31 December 2022 consists of Class Super, Class Portfolio and Class Trust licenses.
6. Documents paid for by Pay Per Unit (PPU) and subscription customers for the last 12 months to 31 December 2022.
7. Number of active companies as at 31 December 2022.
8. Class percentage changes shown are relative to 2HFY22.

DIRECTORS' REPORT

The Directors present their interim report together with the financial report, on the HUB24 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 half-year ended 31 December 2022 ("1HFY23"). 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 Anthony McDonald
Mr Paul Rogan
Ms Ruth Stringer
Ms Catherine Kovacs

COMPANY SECRETARIES

Ms Kitrina Shanahan
Mr Andrew Brown

OPERATING AND FINANCIAL REVIEW

GROUP OVERVIEW

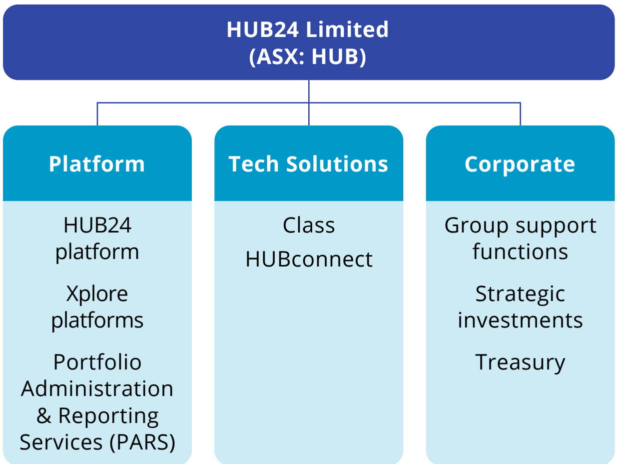
HUB24 Limited is a financial services company that was established in 2007 and is a leading provider of integrated platform, technology and data solutions to the Australian wealth industry. HUB24 is listed on the Australian Securities Exchange (ASX) under the code 'HUB' and includes the award-winning HUB24 platform, the Xplore platform, the Class businesses, and HUBconnect. As at 17 February 2023, HUB24's market capitalisation was approximately $2.14 billion.

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

HUB24's head office is based in Sydney and it provides its products and services across all Australian states and territories. As at 31 December 2022, the Group employed 736 people on a full- time equivalent (FTE) basis.

PRINCIPAL ACTIVITIES

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



PLATFORM

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

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

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

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

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

TECH SOLUTIONS

The Tech Solutions segment comprises Class and HUBconnect.

Class

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

Class delivers trust accounting, portfolio management, legal documentation, corporate compliance and SMSF administration solutions to approximately 7,000 customers[1] across Australia who depend on Class to drive business automation, increase profitability and deliver better client service.

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

Customers using the Class Super, Class Portfolio and Class Trust solutions represented over 198,600 portfolios and accounts as at 31 December 2022.

Class also operates in the document and corporate compliance segment through the service offerings provided under the NowInfinity brand.[2] NowInfinity is a leading cloud-based entity management and corporate compliance solution. In the Investment Trends 2022 SMSF Adviser & Accountant Report, NowInfinity was recognised as the most used legal document provider for SMSF related legal compliance.

HUBconnect

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

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

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

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

HUB24 is a strategic shareholder in Diverger Limited (Diverger), which is a diversified financial services business servicing the needs of financial professionals and their clients. Under a Technology Partnership and Distribution agreement Diverger is a cornerstone client for HUBconnect's data and technology services.

REVIEW AND RESULTS OF OPERATIONS

The key items regarding the Group's performance for 1HFY23 were:

FUNDS UNDER ADMINISTRATION[3]

- Total Funds Under Administration (FUA) increased by 7% to $73.0 billion ($68.3 billion at 31 December 2021).
- Platform[4] FUA increased by 12% to $55.8 billion ($50.0 billion at 31 December 2021).
- PARS[5] FUA decreased by 6% to $17.2 billion ($18.3 billion at 31 December 2021).

REVENUE

- Group operating revenue increased by 69% to $137.7 million (1HFY22: $81.6 million).
- Platform segment revenue increased by 33% to $102.7 million (1HFY22: $77.3 million).
- Tech Solutions has benefitted from the acquisition of Class, increasing to $33.4 million in revenue (1HFY22: $3.0 million) from software licensing and consulting services.

1 Class customer base represents practices of accountants, administrators and advisers as at 31 December 2022.
2 NowInfinity is a wholly owned subsidiary of Class.
3 Non-IFRS measure.
4 Platform FUA refers to the custodial portfolio.
5 PARS FUA refers to the non-custodial portfolio.

EBITDA

- The Group's preferred measure of profitability is Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (UEBITDA) before Notable items (refer to note 2.1), increased by 68% to $49.9 million (1HFY22: $29.7 million)
- UEBITDA performance included Group expenses of $87.8 million (1HFY22: $51.9 million)

UNDERLYING NET PROFIT AFTER TAX

- Underlying Net Profit After Tax represents NPAT before Notable Items. Underlying NPAT increased by 87% to $26.6 million for 1HFY23 (1HFY22: $14.2 million)
- Strategic transaction and project costs[6] of $4.0 million have been recognised in 1HFY23 (1HFY22: $3.2 million). This includes Xplore implementation related costs and the product development costs for the SMSF Access pilot launch.
- Acquisition amortisation of $8.5 million includes Xplore of $3.1 million, Class of $4.9 million and Ord Minnett of $0.5 million
- Impairment charge of $3.3 million in relation to the carrying value of the investment in Diverger Limited.

Reconciliation of Underlying NPAT to Statutory NPAT	Half-year ended 31 Dec 2022 $ million	Half-year ended 31 Dec 2021 $ million
Underlying NPAT	**26.6**	**14.2**
Strategic transaction and project costs	(4.0)	(3.2)
Acquisition amortisation	(8.5)	(5.1)
Impairment of non-financial assets	(3.3)	-
Tax effect on notable items	4.7	2.5
Statutory NPAT	**15.5**	**8.4**

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

STATUTORY NPAT

- Statutory Net Profit After Tax (NPAT) increased by 85% to $15.5 million (1HFY22: $8.4 million).

CASH FLOWS

- The Group recorded a 99% increase in net cash flow from operating activities to $30.0 million (1HFY22: $15.1 million). Underlying operating cash flows were $34.1 million (an increase of 87% on 1HFY22) when adjusted for implementation costs included in Strategic transaction and project costs of $4.1 million.

STRATEGIC TRANSACTIONS AND INTEGRATION UPDATE

Class

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

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

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

As part of our continuing commitment to deliver market-leading products and solutions for the growing SMSF segment, HUB24 SMSF Access, the first joint product development initiative leveraging the combined capability of HUB24, Class and NowInfinity was launched into pilot in October 2022. The SMSF Access product solution is designed for advisers to meet the needs of clients who wish to access the benefits of a cost-effective SMSF solution. Following the completion of the pilot we will progress to a broader market launch.

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

Xplore

The Xplore integration has continued to progress with the migrations for the discontinuation of the 'Xplore Super Admin' business substantially complete at 31 December 2022[7]. This represented 3% of Platform FUA as of 30 June 2022 and does not impact the achievement of the previously disclosed synergies arising from the Xplore acquisition.

The Xplore platform business has commenced migration to the HUB24 platform with the remaining successor fund transfers and migrations scheduled throughout FY23 and FY24.

CAPITAL MANAGEMENT

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

The Group has in place loan facilities with both The Australia and New Zealand Banking Group Ltd (ANZ) and Westpac Banking Corporation (Westpac) totalling $36.3 million.

The Group, through its licensed subsidiaries, fully complied with the minimum regulatory capital requirements for IDPS Operators and providers of custodial services for the period ended 31 December 2022 so as to ensure ongoing capital adequacy.

OPTIONS AND PERFORMANCE RIGHTS

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

- No share options were issued to staff and executives in the six months to 31 December 2022 (Nil in 1HFY22).
- 393,628 performance rights were issued to staff, executives and the Managing Director in the six months to 31 December 2022 (207,894 in 1HFY22).
- No shares were issued for options exercised by staff and executives in the six months to 31 December 2022 (271,870 in 1HFY22).
- No shares were issued for performance award rights exercised by staff and executives in the six months to 31 December 2022 (19,570 in 1HFY22).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

7 One further Successor Fund Transfer (SFT) of approximately $10 million is scheduled to occur in Q4 FY23.

DIVIDENDS

Subsequent to 31 December 2022, the Directors have determined an interim dividend of 14.0 cents per share fully franked to be paid on 18 April 2023.

The interim franked dividend of 14.0 cents per share represents an 87% increase in interim dividends for shareholders (1HFY22: 7.5 cents per share franked interim dividend paid) and a payout ratio of 42% of Underlying NPAT (1HFY22 42%).

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

SIGNIFICANT EVENTS OCCURING AFTER BALANCE SHEET DATE

As disclosed above, subsequent to 31 December 2022, the following items have occurred:

- Directors have determined a fully franked interim dividend of 14.0 cents per share (a fully franked interim dividend of 7.5 cents per share was determined in 1HFY22).
- A new five year property lease was signed in January 2023, commencing April 2023.

No other significant matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

HUB24 released its inaugural Sustainability Report in October 2022. This report covers the 2022 financial year from 1 July 2021 to 30 June 2022 (FY22) and reflects our most material social, environmental and governance opportunities.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration for the consolidated group, as required under section 307C of the *Corporations Act 2001*, is set out on page 11.

ROUNDING OF AMOUNTS

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

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

Mr Bruce Higgins (Chairman)
Director

Sydney
21 February 2023

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

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

21 February 2023

Dear Directors

Auditor's Independence Declaration to HUB24 Limited

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

As lead audit partner for the review of the half year financial report of HUB24 Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

(ii) Any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stuart Alexander
Partner
Chartered Accountant
Sydney

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Notes	31 Dec 2022[1] $'000	31 Dec 2021 $'000
Income			
Revenue	2.2	136,076	80,267
Interest and other income		1,066	802
Share of profit from associates	6.2	561	539
Total income		**137,703**	**81,608**
Expenses			
Platform and custody fees		(12,591)	(10,663)
Employee related expenses	2.3	(60,343)	(33,584)
Depreciation and amortisation expense	2.3	(14,129)	(8,333)
Administrative expenses	2.3	(18,853)	(10,840)
Share based payments expense	7.1	(4,420)	(5,970)
Interest expense – lease liability	3.4.2	(154)	(115)
Interest expense – other		(656)	(128)
Impairment charge on non-financial assets	6.2	(3,248)	-
Total expenses		**(114,394)**	**(69,633)**
Profit before income tax		**23,309**	**11,975**
Income tax expense	5.1	(7,778)	(3,582)
Profit after income tax for the period		**15,531**	**8,393**
Total comprehensive income for the half-year attributable to ordinary equity holders of HUB24 Limited		**15,531**	**8,393**

		Cents	Cents
Earnings per share, attributable to ordinary equity holders of HUB24 Limited			
Basic earnings per share	2.4	19.47	12.27
Diluted earnings per share	2.4	18.89	11.86

1 Balances have increased largely as a result of the Class acquisition (contributing to $31.3m revenue and $28.3m expenses).

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	31 Dec 2022 $'000	30 June 2022 $'000
Assets			
Current assets			
Cash and cash equivalents		67,057	43,454
Trade and other receivables	3.1	31,708	26,306
Other current assets		5,443	5,283
Total current assets		**104,208**	**75,043**
Non-Current assets			
Investment in associates	6.2	12,065	15,167
Intangible assets	3.5	424,844	429,372
Loans receivable	4.2	750	15,655
Right of use assets	3.4.1	9,045	9,525
Property, plant and equipment		2,982	2,956
Total non-current assets		**449,686**	**472,675**
Total assets		**553,894**	**547,718**
Liabilities			
Current liabilities			
Provisions	3.3	21,048	23,858
Trade and other payables	3.2	13,624	13,945
Borrowings	4.1	21,264	10,059
Lease liabilities	3.4.2	3,320	3,253
Deferred tax liabilities (net of deferred tax assets)	5.2	3,408	725
Other current liabilities		255	283
Total current liabilities		**62,919**	**52,123**
Non-current liabilities			
Lease liabilities	3.4.2	6,377	6,931
Provisions	3.3	2,878	3,252
Borrowings	4.1	15,064	29,236
Deferred income		380	492
Other non-current liabilities		-	24
Total non-current liabilities		**24,699**	**39,935**
Total liabilities		**87,618**	**92,058**
Net assets		**466,276**	**455,660**
Equity			
Issued capital	4.3.1	464,323	460,447
Profit reserve	4.3.3	55,755	50,231
Reserves	4.3.2	21,191	19,975
Retained earnings		(74,993)	(74,993)
Total equity		**466,276**	**455,660**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

$'000	Issued capital	Reserves	Profit reserves	Retained earnings	Total
Opening balance as at 1 July 2022	460,447	19,975	50,231	(74,993)	455,660
Total comprehensive income for the period	-	-	-	15,531	15,531
Transfer to profit reserves	-	-	15,531	(15,531)	-
Transactions with owners in their capacity as owners:					
Dividends paid on ordinary shares	-	-	(10,007)	-	(10,007)
Options and rights exercised	3,876	(2,732)	-	-	1,144
Options and rights granted – employees	-	3,948	-	-	3,948
Balance as at 31 December 2022	**464,323**	**21,191**	**55,755**	**(74,993)**	**466,276**

$'000	Issued capital	Reserves	Profit reserves	Retained earnings	Total
Opening balance as at 1 July 2021	199,214	11,507	45,342	(74,993)	181,070
Total comprehensive income for the period	-	-	-	8,393	8,393
Transfer to profit reserves	-	-	8,393	(8,393)	-
Transactions with owners in their capacity as owners:					
Dividends paid on ordinary shares	-	-	(3,768)	-	(3,768)
Capital raising costs	(10)	-	-	-	(10)
Shares issued	1,418	-	-	-	1,418
Xplore settlement consideration adjustment	(1,503)	-	-	-	(1,503)
Options and rights exercised	1,975	(1,975)	-	-	-
Options and rights granted – employees	-	5,970	-	-	5,970
Additional paid up capital	1,107	-	-	-	1,107
Treasury shares purchased on-market[1]	(5,014)	-	-	-	(5,014)
Balance as at 31 December 2021	**197,189**	**15,502**	**49,967**	**(74,993)**	**187,665**

1 Please refer to section 4.3.1 for more information.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Notes	31 Dec 2022 $'000	31 Dec 2021 $'000
Cash flows from operating activities			
Receipts from customers		131,858	72,877
Payments to suppliers and employees		(89,562)	(54,957)
Interest received		965	526
Interest paid on lease liability	3.4.2	(154)	(115)
Short-term lease payments	3.4.2	(119)	(56)
Strategic transactions and project costs		(4,091)	(3,197)
Income tax payment		(8,844)	-
Net cash inflow from operating activities		**30,053**	**15,078**
Cash flows from investing activities			
Payments for office equipment		(839)	(358)
Payments for intangible assets		(6,855)	(3,659)
Dividends received from investment in associate		-	83
Net cash outflow from investing activities		**(7,694)**	**(3,934)**
Cash flows from financing activities			
Loan facility (advance)/repayment		14,905	(7,855)
Payments for capital raising costs		-	(10)
Proceeds from issues of shares and other equity securities		1,144	2,742
Repayment of borrowings		(2,968)	-
Payments for treasury share buy-backs	4.3.1	-	(5,012)
Principal elements of lease payments		(1,830)	(1,177)
Dividends paid		(10,007)	(3,768)
Net cash (outflow) from financing activities		**1,244**	**15,080**
Net increase in cash and cash equivalents		**23,603**	**(3,936)**
Cash and cash equivalents at beginning of year		43,454	63,461
Cash and cash equivalents at end of period		67,057	59,525

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

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

1. OVERVIEW

1.1. BASIS OF PREPARATION

This general purpose condensed consolidated financial report for the half year ended 31 December 2022 (Interim Report) has been prepared in accordance with AASB 134 Interim Financial Reporting as issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*, as appropriate for profit orientated companies. The financial statements have also been prepared under the historical cost convention, except for, where applicable, the revaluation of certain classes of assets and liabilities.

The Interim Report does not include all the notes normally included in an annual financial report. Accordingly, it is recommended that this Interim report be read in conjunction with HUB24's Annual Report for the financial year ended 30 June 2022 and any public announcements made by HUB24 Limited and its controlled entities during the reporting period in accordance with the continuous disclosure requirements issued by the Australian Securities Exchange (ASX).

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

1. **Overview** contains information that impacts the Interim Report as a whole;
2. **Group Performance** brings together the results and operating segment disclosures relevant to the Group's activities;
3. **Financial Position** provides disclosure on the Group's assets and liabilities;
4. **Capital structure and financing** provides information about the debt and equity components of the Group's capital, and commentary on the Group's exposure to various financial and capital risks, including the potential impact on the results and how the Group manages these risks;
5. **Income Tax** includes disclosures relating to the Group's tax expense and balances;
6. **Group structure** includes disclosures in relation to transactions impacting the Group structure;
7. **Employee remuneration** provides commentary on the Group's share based payment expenses;
8. **Other** includes additional disclosures required to comply with Australian Accounting Standards. Where applicable within each note, disclosures are further analysed as follows:
   - **Overview** provides some context to assist users in understanding the disclosures.
   - **Disclosures** (both numbers and commentary) provide analysis of balances as required by Australian Accounting Standards.
   - **Accounting policies** summarises the accounting policies relevant to an understanding of the numbers.
   - **Critical accounting judgements and estimates** explains the key estimates and judgements applied by HUB24 in determining the numbers.

New and amended accounting standards and interpretations

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

Rounding

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

Going concern

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

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.

1.2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

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

Recognising the Russia/Ukraine conflict as well as Australia's broadening of its existing autonomous sanctions, the Directors and management continue to remain abreast of developments in this area and monitor the potential impacts across the Group.

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

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

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

- recognition of intangible assets and impairment (note 3.5);
- recoverability of deferred tax assets (note 5.2);
- valuation of share based payments (note 7.1); and
- valuation and impairment testing of investment in associates (note 6.3).

2. GROUP PERFORMANCE

OVERVIEW

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

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

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

2.1 OPERATING SEGMENTS

OVERVIEW

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

The Group's operating segments are as follows:

Platform

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

Tech Solutions

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

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

Corporate

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

Period ended 31 December 2022 ($'000)	Platform	Tech Solutions	Corporate	Total
Sales to external customers	102,688	33,388	-	136,076
Share of profit from associates	-	-	561	561
Interest and other income	-	-	1,066	1,066
Total income	**102,688**	**33,388**	**1,627**	**137,703**
Expenses	(61,252)	(22,889)	(3,615)	(87,756)
Underlying EBITDA	**41,436**	**10,499**	**(1,988)**	**49,947**
Share based payment expense (including Payroll tax)	-	-	(4,420)	(4,420)
Strategic transactions and project costs[1]	(4,031)	-	-	(4,031)
Depreciation and amortisation	(7,195)	(6,934)	-	(14,129)
Impairment of non-financial assets	-	-	(3,248)	(3,248)
Interest expense	-	(627)	(183)	(810)
Profit/(loss) before income tax	**30,210**	**2,938**	**(9,839)**	**23,309**
Income tax expense	-	-	(7,778)	(7,778)
Profit/(loss) after income tax	**30,210**	**2,938**	**(17,617)**	**15,531**

1 Strategic transactions and project costs of $4.0m largely relate to the Xplore implementation and product development costs related to the pilot launch of the HUB24 SMSF Access product. Refer to page 8 within the Directors' report for more information.

Period ended 31 December 2021 ($'000)	Platform	Tech Solutions	Corporate	Total
Sales to external customers	77,278	2,989	-	80,267
Share of profit from associates	-	-	539	539
Interest and other income	-	-	802	802
Total income	**77,278**	**2,989**	**1,341**	**81,608**
Expenses	(47,274)	(2,154)	(2,462)	(51,890)
Underlying EBITDA	**30,004**	**835**	**(1,121)**	**29,718**
Share based payment expense	-	-	(5,970)	(5,970)
Strategic transactions and project costs[1]	(3,197)	-	-	(3,197)
Depreciation and amortisation	(8,204)	(129)	-	(8,333)
Interest expense	-	-	(243)	(243)
Profit/(loss) before income tax	**18,603**	**706**	**(7,334)**	**11,975**
Income tax expense	-	-	(3,582)	(3,582)
Profit/(loss) after income tax	**18,603**	**706**	**(10,916)**	**8,393**

1 Strategic transactions and project costs of $3.2 million. Costs related to the Xplore and Ord Minnett implementation related costs. Refer to page 8 within the Directors' report for more information.

2.2 REVENUE

OVERVIEW

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

- Custodial platform services via superannuation, MIS, and IDPS products;
- Managed Discretionary Account solutions that incorporate specific requirements of advisory firms, wealth managers and stockbrokers into a private label service;
- Superannuation administration services through DIY Master Pty Ltd; and
- Non-custodial portfolio administration and reporting services.

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

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

	31 Dec 2022 $'000	31 Dec 2021 $'000
Platform fees	**102,688**	**77,278**
License fees	28,755	2,813
Transaction fees	3,383	176
Commissions	1,250	-
Tech Solutions fees	**33,388**	**2,989**
Total	**136,076**	**80,267**

ACCOUNTING POLICIES

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

Platform fees

- FUA fee revenue is recognised over time which include tiered administration fees and fees on client funds held as cash. FUA fees are accrued daily, paid monthly in arrears for the ongoing provision for agreed services.
- Transaction fees are recognised at a point in time when platform trading for equities, managed funds and insurance occurs.

Tech solutions fees

Class

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

HUBconnect

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

2.3 EXPENSES

	31 Dec 2022 $'000	31 Dec 2021 $'000
(a) Employee benefits expenses		
Wages and salaries (including superannuation and payroll tax)	56,973	32,321[1]
Other employee benefits expenses	2,040	1,017[1]
Travel and entertainment	1,330	246
	60,343	**33,584**
(b) Depreciation and amortisation		
Depreciation of right-of-use assets	1,824	1,150
Depreciation of office equipment	921	398
Amortisation of intangible assets	11,384	6,785
	14,129	**8,333**
(c) Administrative expenses		
Corporate fees	1,688	1,173
Professional and consultancy fees	3,532	2,001
Information services and communication	8,351	3,387
Property and occupancy costs	320	184
Strategic transactions and project costs[2]	4,031	3,197
Other administrative expenses	931	898
	18,853	**10,840**
(d) Impairment charge on non-financial assets		
Impairment charge on non-financial assets	3,248	-

1 STI Incentives and contractors costs previously included within Other employee benefits expenses have now been disclosed within Wages and salaries (including superannuation and payroll tax). For the 31 December 2021 comparative amount, this resulted in a $6.6m increase in Wages and salaries and a corresponding decrease in Other employee benefits expenses.

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

2.4 EARNINGS PER SHARE

OVERVIEW

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

	31 Dec 2022 Cents	31 Dec 2021 Cents
Earnings per share, attributable to ordinary equity holders of HUB24 Limited		
Basic earnings per share	19.47	12.27
Diluted earnings per share	18.89	11.86

2.4.1 Earnings used for earnings per share measures

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

	31 Dec 2022 $'000	31 Dec 2021 $'000
Profit after income tax attributable to the owners of HUB24 Ltd used in calculating basic and diluted earnings per share	15,531	8,393
Profit after tax	15,531	8,393

2.4.2 Weighted average number of ordinary shares

	31 Dec 2022 Number	31 Dec 2021 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	79,774,433	68,401,055
Weighted average number of ordinary shares used in calculating diluted earnings per share	82,231,684	70,761,838

3. FINANCIAL POSITION

3.1 TRADE AND OTHER RECEIVABLES

OVERVIEW

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

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

	31 Dec 2022 $'000	30 June 2022 $'000
Trade receivables[1]	29,238	25,642[2]
Other receivables	2,470	664[2]
	31,708	**26,306**

1 Net of a provision of doubtful debts of $254k (1HFY22: $64k).

2 Revenue accruals previously included within Other receivables have now been disclosed within Trade receivables. For the 31 December 2021 comparative amount, this resulted in a $1.9m increase in Trade receivables and a corresponding reduction in Other receivables.

ACCOUNTING POLICIES

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

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

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

3.2 TRADE AND OTHER PAYABLES

OVERVIEW

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

	31 Dec 2022 $'000	30 June 2022 $'000
Trade payables	3,182	3,889
Other payables[1]	10,442	10,056
Total trade and other payables	**13,624**	**13,945**

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

ACCOUNTING POLICIES

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

3.3 PROVISIONS

OVERVIEW

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that 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 and long-term benefits

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

Deferred short term incentive

The provision represents the deferred portion of STI bonus of senior staff members relating to the period.

Lease make good

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

Third party claims

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

Restructuring Provision

The Group has recognised $377 thousand in 1HFY23 for redundancy and retention obligations primarily related to the Class acquisition. (FY22: $649 thousand related to the review of Xplore products and compliance obligations).

	31 Dec 2022 $'000	30 June 2022 $'000
Current Liabilities		
Employee benefits – annual leave	6,576	5,976
Employee benefits – other	12,377	13,277
Tax provision	-	2,694
Restructuring provision	377	649
Third party claims	1,140	704
Lease make good provision	578	558
Current Liabilities	**21,048**	**23,858**
Non-current Liabilities		
Employee benefits – long service leave	2,319	2,342
Employee benefits – deferred short term incentive	-	440
Lease make good provision	559	470
Non-current liabilities	**2,878**	**3,252**
Total Provisions	**23,926**	**27,110**

ACCOUNTING POLICIES

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

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

3.4 RIGHT OF USE ASSETS AND LEASE LIABILITIES

OVERVIEW

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

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

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

3.4.1 Right of use assets

	31 Dec 2022 $'000	30 June 2022 $'000
Total right-of-use assets	**9,045**	**9,525**

The additions to right of use assets during 1HFY23 were $1.3m (1HFY22 $0.03m). These relate to the following:

- A new three year property lease was signed by Class in July 2022
- Computer equipment rent.

Right of Use	31 Dec 2022 $'000	30 June 2022 $'000
Cost	16,807	15,464
Accumulated Depreciation	(7,762)	(5,939)
Net Book amount	**9,045**	**9,525**
Reconciliations of the carrying amounts at the beginning and end of the period:		
Opening net book	9,525	6,093
Additions	1,344	6,103
Disposals	-	-
Depreciation charge	(1,824)	(2,671)
Closing net book amount	**9,045**	**9,525**

3.4.2 Lease liabilities

	31 Dec 2022 $'000	30 June 2022 $'000
Current	3,320	3,253
Non-current	6,377	6,931
	9,697	**10,184**
Reconciliations of the carrying amounts at the beginning and end of the period:		
Opening net book amount	10,184	6,754
Additions	1,344	6,075
Lease payments	(1,985)	(2,899)
Interest payments	154	254
Closing net book amount	**9,697**	**10,184**

31 December 2022 $'000	Future value of minimum lease payments	Interest	Present value of minimum lease payments
Within 1 year	3,550	(230)	3,320
After 1 year and less than 5 years	6,619	(242)	6,377
More than 5 years	-	-	-
Total	**10,169**	**(472)**	**9,697**

30 June 2022 $'000	Future value of minimum lease payments	Interest	Present value of minimum lease payments
Within 1 year	3,487	(234)	3,253
After 1 year and less than 5 years	7,198	(267)	6,931
More than 5 years	-	-	-
Total	**10,685**	**(501)**	**10,184**

ACCOUNTING POLICIES

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

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

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

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

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

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

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

	31 Dec 2022 $'000	31 Dec 2021 $'000
Depreciation charge on right-of-use assets	1,824	1,150
Interest expense on lease liabilities	154	115
Expenses relating to short-term leases	119	56
	2,097	**1,321**

The total cash outflow for leases in the half-year ended 31 December 2022 was $1,984k (1HFY22: $1,263k).

3.5 INTANGIBLE ASSETS

OVERVIEW

Intangible assets are assets with no physical substance. The most significant classes of intangible assets of the Group by cash generating unit (CGU) are detailed below:

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

Consolidated	Computer Software $'000	Customer Relationship $'000	Brand $'000	Goodwill $'000	Total $'000
Half-year ended 31 December 2022					
At cost	136,518	103,102	8,761	221,630	470,011
Accumulated amortisation and impairment	(36,155)	(9,012)	-	-	(45,167)
Net carrying amount	**100,363**	**94,090**	**8,761**	**221,630**	**424,844**
Reconciliations of the carrying amount at the beginning and end of the half-year:					
Opening carrying amount	101,801	97,180	8,761	221,630	429,372
Other additions[1]	6,856	-	-	-	6,856
Amortisation from acquisition	(5,454)	(3,047)	-	-	(8,501)
Amortisation	(2,840)	(43)	-	-	(2,883)
Closing carrying amount	**100,363**	**94,090**	**8,761**	**221,630**	**424,844**

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

Consolidated	Computer Software $'000	Customer Relationship $'000	Brand $'000	Goodwill $'000	Total $'000
Year ended 30 June 2022					
At cost	129,662	103,102	8,761	221,630	463,155
Accumulated amortisation and impairment	(27,861)	(5,922)	-	-	(33,783)
Net carrying amount	**101,801**	**97,180**	**8,761**	**221,630**	**429,372**
Reconciliations of the carrying amount at the beginning and end of the financial year:					
Opening carrying amount	28,651	11,557	-	63,768	103,976
Other additions[1]	12,000	-	-	-	12,000
Addition through acquisition[2,3]	72,845	89,660	8,761	157,862	329,128
Amortisation from acquisition	(8,360)	(3,952)	-	-	(12,312)
Amortisation	(3,335)	(85)	-	-	(3,420)
Closing carrying amount	**101,801**	**97,180**	**8,761**	**221,630**	**429,372**

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

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

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

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 amortization 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, Estimate of useful life, for detailed information.

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

3.5.1 Impairment testing of intangible assets

OVERVIEW

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

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

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

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

ACCOUNTING POLICIES

Impairment testing of goodwill and intangible assets

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

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimate of useful life

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

- Core database with a useful life of 20 years;
- Applications with a useful life of 10 years;
- User Interface and product development with a useful life of 5 years.[1]

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

Capitalisation of development costs

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

During 1HFY23 the Group performed a review of the Class expenditure and accounting treatment for Software Intangibles. Class's accounting treatment for Software Intangibles was aligned to the HUB24 accounting policy with effect from 1 July 2022, which had the effect of reducing the capitalisation of development costs for Class during 1HFY23. There was no change to the prior period disclosures.

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

4. CAPITAL STRUCTURE AND FINANCING

OVERVIEW

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

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

Credit Risk

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

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

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

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

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

Liquidity Risk

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

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

Market Risk

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

Capital Management

It is noted that the Group, through its licensed subsidiaries, fully complied with the minimum regulatory capital requirements for IDPS Operators and providers of custodial services for the period ended 31 December 2022 so as to ensure ongoing capital adequacy. Refer to note 4.2 for information on the Group's ORFR requirements.

As part of broader capital management plans, the Group has a $36 million amortising bank loan facility (refer to note 4.1) and a $5 million overdraft facility which remained undrawn during the period.

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

Interest Rate Risk

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

Foreign Exchange Risk

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

4.1 BORROWINGS

OVERVIEW

The Group has in place loan facilities with both The Australia and New Zealand Banking Group Ltd (ANZ) and Westpac Banking Corporation (Westpac).

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

Amortising Loan Facility

	31 Dec 2022 $'000	30 June 2022 $'000
HUB24 – Current	9,375	3,125
Class – Current	11,889	6,934
Total Current	**21,264**	**10,059**
HUB24 – Non-current	-	6,250
Class – Non-current	15,064	22,986
Total Non-current	**15,064**	**29,236**
Total Group Borrowings	**36,328**	**39,295**

HUB24

An amortising bank loan facility was fully drawn down on 18 February 2021 with principal repayments of $3.125m 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 an undrawn 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 and Xplore Wealth Pty Ltd. The Group's regulatory capital requirements have been ring-fenced from the ANZ security arrangements.

Class

A bank loan facility with a principal balance of $6.5 million outstanding. The facility is subject to a fixed rate of 2.97% per annum plus total principal repayments of $1.5 million due in the next 12 months with a bullet repayment for the amount outstanding on expiry of the loan term being 19 August 2023.

A bank loan facility with a principal balance of $1.365 million outstanding. The facility is subject to a variable rate of 1.93% plus BBSY per annum plus total quarterly principal repayments of $0.455 million due in the next 12 months with a bullet repayment for the amount outstanding on expiry of the loan term being 19 August 2023.

A bank loan facility with a principal balance of $8.088 million outstanding. The facility is subject to a variable rate of 1.93% plus BBSY per annum plus total quarterly principal repayments of $2.024 million due in the next 12 months with a bullet repayment for the amount outstanding on expiry of the loan term being 29 February 2024.

A bank loan facility with a principal balance of $11 million. The facility is subject to a variable rate of 1.93% plus BBSY per annum plus total quarterly principal repayments of $2 million due in the next 12 months with a bullet repayment for the amount outstanding on expiry of the loan term being 31 August 2024.

The facilities are secured by fixed and floating charges over the assets of Class Technology Reporter Pty Ltd, Class Investment Reporter Pty Ltd, Nowinfinity Pty Ltd, Nowinfinity 3505 Pty Ltd, Assuriti Pty Ltd, Company Dynamics Pty Ltd, Accounting & Legal Dynamics Pty Ltd.

Overdraft facility

HUB24

The overdraft facility was undrawn throughout the period. 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 HUB24 loan facility and overdraft facility have common and referrable security charges with each facility

4.2 LOANS RECEIVABLE

OVERVIEW

The Group has advanced a $750,000 loan to a strategic partner who used the proceeds solely for the purpose of development of advice production and advice delivery tools.

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

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

	31 Dec 2022 $'000	30 June 2022 $'000
ORFR Loan	-	15,405
Other Loans	750	250
Non-current	**750**	**15,655**

ACCOUNTING POLICIES

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

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

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

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

4.3 CONTRIBUTED EQUITY AND RESERVES

OVERVIEW

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

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

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

4.3.1 Contributed equity

	31 Dec 2022 Number	31 Dec 2021 Number	31 Dec 2022 $'000	31 Dec 2021 $'000
Issued and paid-up capital				
Ordinary shares, fully paid	80,058,178	68,624,619	464,446	201,295
Treasury shares	(5,985)	(141,981)	(123)	(4,106)
Total issued and paid up capital	**80,052,193**	**68,482,638**	**464,323**	**197,189**
Movements in issued and paid up capital				
Beginning of the financial year	80,058,178	68,333,179	468,018	204,227
Shares issued	-	291,440	-	1,418
Xplore settlement consideration adjustment	-	-	-	(1,503)
Options and rights exercised	-	-	3,876	1,975
Additional paid up capital	-	-	-	1,107
Treasury shares issued from Trust[1]	-	-	(7,448)	(5,919)
Total shares	**80,058,178**	**68,624,619**	**464,446**	**201,305**
Capital raising costs	-	-	-	(10)
End of the period	**80,058,178**	**68,624,619**	**464,446**	**201,295**
Movement in Treasury shares				
Beginning of the financial year	312,632	212,158	7,571	5,013
Employee share issue	(306,647)	(242,484)	(7,448)	(5,919)
Shares purchased on-market	-	172,307	-	5,012
End of the period	**5,985**	**141,981**	**123**	**4,106**

1 Number of treasury shares transferred from trust to satisfy options and rights exercised was 306,647 in 1HFY23 (242,484 1HFY22).

ACCOUNTING POLICIES

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

4.3.2 Share based payment reserves

	31 Dec 2022 $'000	30 June 2022 $'000
Share based payments share reserve	21,191	19,975
Movement in reserve		
Opening balance	19.975	11,507
Reserve reclassified to share capital through exercised options and rights	(2,732)	(2,056)
Employee share based payment expense	3,948	10,524
	21,191	**19,975**

4.3.3 Profit reserves

OVERVIEW

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

	31 Dec 2022 $'000	30 June 2022 $'000
Opening balance	50,231	45,342
Transfer to profit reserves	15,531	14,662
Dividends paid on ordinary shares	(10,007)	(9,773)
	55,755	**50,231**

4.4 DIVIDENDS

OVERVIEW

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

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

	31 Dec 2022 $'000	30 June 2022 $'000	31 Dec 2021 $'000
Dividend cents per share	14.0	12.5	7.5
Franking percentage	100	100	100
Payout ratio[1]	42%	46%	42%[1]
Payment Date	18 April 2023	14 October 2022	18 April 2022

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

The Board has elected to determine an interim dividend of 14.0 cents per share franked at 100%.

5. INCOME TAX

OVERVIEW

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

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

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

5.1 RECONCILIATION OF PRIMA FACIE TAX TO INCOME TAX EXPENSE

	31 Dec 2022 $'000	31 Dec 2021 $'000
(a) Income tax expense		
Current tax expense	4,672	4,185
Decrease/(increase) in deferred tax assets	1,124	(819)
(Decrease)/Increase in deferred tax liabilities	1,168	216
Prior period under/(over) provision	423	-
Prior period deferred tax under/(over) provision	391	-
Income tax expense/(benefit)	**7,778**	**3,582**
(b) Reconciliation of income tax expense to pre-tax accounting profit		
Profit before income tax expense	23,309	11,975
Prima facie income tax at 30%	6,992	3,593
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	96	390
Tax credits (carry forward losses, franking credits and R&D tax credits)	(124)	(25)
Prior period deferred tax under/(over) provision	814	(376)
Income tax expense	**7,778**	**3,582**

ACCOUNTING POLICIES

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

5.2 DEFERRED TAX

	31 Dec 2022 $'000	30 June 2022 $'000
(a) Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Investments	856	-
Accrued expenses	1,633	583
Provisions	6,266	7,396
Blackhole expenses	1,767	2,060
Carry forward tax losses	5,314	5,505
Employee share costs	37	1,843
Right of use assets	196	198
Closing balance	**16,069**	**17,584**
Movements:		
Opening balance	17,584	12,761
Additions acquired through acquisition	-	12,349
Prior period deferred tax provision	(391)	(636)
Regonised in the Statement of profit or loss	(1,124)	(6,891)
Closing balance	**16,069**	**17,584**
(b) Deferred tax liability		
Temporary differences attributable to:		
Intangibles	19,395	17,971
Prepayment Expense	-	1
Investments	-	74
Depreciable assets	82	263
Closing balance	**19,477**	**18,309**
Movements:		
Opening balance	18,309	-
Xplore PPA impacts	-	3,494
Additions acquired through acquisition	-	23,880
Recognised in the Statement of profit or loss	1,168	(9,065)
Closing balance	**19,477**	**18,309**
Net deferred tax asset/(Net deferred tax liability)	**(3,408)**	**(725)**

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

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

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

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

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

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

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

Recovery of deferred tax assets

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

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

- The Group continues to generate consistent profitable growth, with improving margins and profit line trends;
- For the half year ended 31 December 2022, the Group increased profits and is expected to remain profitable.

Research and development expenditure

The income tax calculation is based upon a number of estimates. A material item relates to the estimate of Research and Development (R&D) expenditure. For the period ended 31 December 2022 there was no estimate made for the Research and Development (R&D) expenditure. For the year ended 30 June 2022 remuneration expenses of the development team were the largest component of the R&D expenditure, which, comprise 73% of the total estimated R & D claim.

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

6. GROUP STRUCTURE

6.1 BUSINESS COMBINATIONS

Acquisition of Subsidiaries

Class Limited

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

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

Class was acquired primarily for the following reasons:

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

A PPA assessment has been finalised with the outcomes included in the 31 December 2022 interim financial report. There was no change from the provisional PPA assessment undertaken in the financial year ended 30 June 2022.

	$'000
Purchase consideration	
Cash paid – at completion	15,733
Equity instruments (11,433,559 ordinary shares of the Company)	268,003
Total purchase consideration	**283,735**

	$'000
Net cash outflow arising on acquisition	
Cash consideration	15,733
Less: cash and cash equivalent balances acquired	(8,183)
Net cash outflow arising on acquisition	**7,550**

	Fair value $'000
The provisional fair values of the acquisition are as follows:	
Cash & Cash Equivalents	**8,183**
Security Deposits	114
Trade receivables	2,866
Prepayments	2,017
Other current assets	27
Inventory	46
PP&E	1,426
ROU assets	5,067
Deferred tax assets/(liabilities)	2,963
Total Identifiable assets	**14,526**
Trade & Other payables	(5,550)
Other payables & accruals	(1,529)
Borrowings	(35,825)
Lease Liability	(5,067)
Provisions	823
Total Liabilities assumed	**(47,148)**
Brand name acquired	8,761
Customer relationships acquired	78,667
Software Platform acquired	61,664
Intangibles identified	**149,093**
Total identifiable assets acquired and liabilities assumed	**124,654**
Goodwill	178,040
Deferred tax on intangible assets identified	(18,959)
Total purchase consideration	**283,735**

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

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

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

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

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

6.2 CONTROLLED ENTITIES

During the period ended 31 December 2022, the following entities were voluntarily deregistered resulting in a loss of control by the group.

	% Equity Interest	
	as at 31 Dec 2022	as at 30 June 2022
Entities Deregistered during the period		
Investorfirst Securities Ltd	-	100
Captain Starlight Nominees Pty Ltd	-	100

6.3 ASSOCIATED ENTITIES

Consolidated	31 Dec 2022 $'000	30 June 2022 $'000
Investment in Diverger Reconciliation		
Opening investment in Diverger	15,167	14,519
Add: Share of associate profits	561	1,122
Less: Dividend declared	(415)	(474)
Impairment of investment in Diverger	(3,248)	-
Closing investment in Diverger	**12,065**	**15,167**

ACCOUNTING POLICIES

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

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

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

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

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

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

In accordance with accounting standard AASB 136 Impairment of Assets, HUB24 regularly reviews the carrying value of assets for impairment. As part of this review for the half year 31 December 2022, HUB24 recognised a pre-tax impairment charge of $3.2 million (incorporated into the Corporate operating segment) in relation to the carrying value of its investment in Diverger. The carrying value assessment has taken into consideration the latest Diverger share price, 90-day VWAP and HUB24's discounted cashflow forecast for Diverger. HUB24 continues to work alongside Diverger on developing technology solutions that address key challenges for licensees and advisers in delivering cost-effective financial advice.

7. EMPLOYEE REMUNERATION

7.1 SHARE BASED PAYMENTS

OVERVIEW

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

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

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

7.1.1 Recognised share-based payment expense

During the period ended 31 December 2022, the consolidated statement of profit and loss recognised $3.9m ($4.4m when including the impact of payroll tax) of equity-settled share-based payment transactions (1HFY22: $5,970k).

ACCOUNTING POLICIES

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

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

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

The impact of any service and non-market vesting conditions is excluded from the fair value. Instead, this is included in assumptions about the number of options that are expected to vest. These assumptions are revised at the end of each reporting period. The impact of any revision to original estimates is recognised as an expense in the Consolidated Statement of profit and loss, with a corresponding adjustment to equity.

7.1.2 Types of share-based payment plans

This section includes share based payment plans that were issued during 1HFY23 or modified subsequent to 30 June 2022. For a full list of share plans, refer to the 30 June 2022 Annual Report

1. Share based payment plans issued during the period ended 31 December 2022

Rights		
PARs (Rights)	**Issue Date**	**Number Issued**
MD	7 December 2022	53,163
Employees	7 December 2022	314,991
Vesting Terms		
Expiry Date	15 years after date of issue	
Expected Vesting Period	3 years	
Exercise Price	Nil	
Vesting Conditions		
I. Service	[I] Must be an employee at date of issue	
II. FUA	[II] Performance condition (a) 50% Performance Rights will be subject to the hurdle based on growth in custody FUA which has been set to between $85 billion and $100 billion which represents a three year compound annual growth rate (CAGR) of FUA between 19.59% and 26.25% per annum, and a FUA growth of between 71% and 101%, over the three years to 30 June 2025. The vesting is calibrated as follows: zero vesting will occur if the CAGR in custody FUA is below a minimum level of 19.59% per annum (an increase of 71% over three years representing approximately $85 billion by 30 June 2025); 25% vesting will occur if the CAGR in custody FUA reaches 19.59% per annum (an increase of 71% over three years representing approximately $85 billion by 30 June 2025); 100% vesting will occur if the CAGR in custody FUA reaches 26.25% per annum (an increase of 101.2% over three years representing approximately $100 billion by 30 June 2025); and vesting between 19.59% and 26.25% per annum CAGR in custody FUA (representing approximately $85 billion and $100 billion in FUA for between 25% and 100% vesting) will be on a straight-line basis between these two levels.	
III. Market	[III] Performance condition (b) 50% Performance Rights will be subject to, and will vest on, the achievement of a hurdle measuring the Absolute Total Shareholder return (ATSR) of 10% to 15% per annum over the next three years. The vesting is calibrated as follows: zero vesting occurs below a threshold of 10% ATSR compounded annually is achieved; 25% vesting occurs when a threshold vesting of 10% ATSR compounded annually is achieved; 100% vesting occurs when a threshold vesting of 15% ATSR compounded annually is achieved; and vesting between 10% and 15% ATSR will be on a straight-line basis between these two levels. **Thresholds** The determination of the ATSR thresholds will be based upon the 40 trading day VWAP for Shares spanning the full year results announcement on 23 August 2022 (20 days prior to and 20 days post results announcement). The 40 trading day VWAP for Shares on that basis (i.e. 27 July 2022 to 20 September 2022 was $23.98, therefore (in the absence of any dividends) the 10% threshold is $31.92 and the 15% threshold is $36.47, or $35.11 and $41.94 respectively when tested over a four year period as described further below.	
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.	

Rights – General Counsel & Chief Risk Officer	
PARS (Rights)	
Issue Date	7 December 2022
Number Issued	25,474
Vesting Terms	
Expiry Date	15 years after date of issue
Expected Vesting Period	3 years
Exercise Price	Nil
Vesting Conditions	
I. Service	[I] Must be an employee at date of issue
II. Growth	[II] Performance condition to effectively undertake: • General Counsel. Effective protection of the business in relation to key legal matters across the HUB24 Group over the period from 1 July 2022 to 30 June 2025. • Chief Risk Officer. Effective protection of the business in relation to key risk and compliance matters across the HUB24 Group over the period from 1 July 2022 to 30 June 2025.
Disposal Restrictions	Restriction on sale of shares for 12 months from exercise, except to fund options exercised for associated tax liabilities.

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 period:

	31 Dec 2022 Number	WAEP	WASP	30 June 2022 Number	WAEP	WASP
Summaries of options granted						
Outstanding at the beginning of the financial year	695,188	-	-	1,161,128	-	-
Granted during the period	-		-	-	-	-
Forfeited during the period	(1,926)	-	-	(28,412)	-	-
Exercised during the period	(194,705)	$9.48	$23.77	(437,528)	$6.38	$30.02
Expired during the period	-	-	-	-	-	-
Outstanding at the end of the period	498,557	-	-	695,188	-	-
Exercisable at the end of the period	338,623	-	-	251,028	-	-

	31 Dec 2022 Number	WAEP	WASP	30 June 2022 Number	WAEP	WASP
Summaries of rights granted						
Outstanding at the beginning of the financial year	2,018,719	-	-	1,908,236	-	-
Granted during the period	393,628	-	-	207,893	-	-
Forfeited during the period	(1,589)	-	-	(9,358)	-	-
Exercised during the period	(192,738)	-	-	(88,052)	-	-
Expired during the period	-	-	-	-	-	-
Outstanding at the end of the period	2,218,020	-	-	2,018,719	-	-
Exercisable at the end of the period	498,023	-	-	135,688	-	-

7.1.3 Option pricing model

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

The following table lists the inputs to the models used:

1. Share based payment plans issued during the period ended 31 December 2022.

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

8. OTHER INFORMATION

8.1 NEW AND AMENDED ACCOUNTING STANDARDS ADOPTED BY THE GROUP

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

Date issued	Pronouncement
June 2020	AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments
December 2021	AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

8.2 SIGNIFICANT EVENTS AFTER REPORT DATE

Subsequent to 31 December 2022, the following items have occurred:

- Directors have determined a fully franked interim dividend of 14.0 cents per share (a fully franked interim dividend of 7.5 cents per share was determined in 1HFY22).
- A new five year property lease was signed in January 2023.

No other significant matter or circumstance has arisen since 31 December 2022 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.

GLOSSARY

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

DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

IN THE DIRECTORS' OPINION:

a. the financial statements and notes set out on pages 13 to 49 are in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and

   ii. complying with Accounting Standard AASB 134 Interim Financial Reporting, Corporations Regulations 2001, and other mandatory professional reporting requirements; and

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

This declaration is made in accordance with a resolution of the Directors.

Bruce Higgins
Chairman

Sydney
21 February 2023

INDEPENDENT AUDITOR'S REPORT

Deloitte.

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Independent Auditor's Review Report to the Members of HUB24 Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of HUB24 Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, as set out on pages 13 to 49 and the Directors' declaration as set out on page 51.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors' Responsibilities for the Half-year Financial Report

The Directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Deloitte.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stuart Alexander
Partner
Chartered Accountant
Sydney, 21 February 2023

CORPORATE INFORMATION

HUB24 LIMITED

ACN 124 891 685

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

DIRECTORS

Mr Bruce Higgins (Chairman and Independent Non-executive Director)
Mr Andrew Alcock (Managing Director)
Mr Anthony McDonald (Independent Non-executive Director)
Mr Paul Rogan (Independent Non-executive Director)
Ms Ruth Stringer (Independent Non-executive Director)
Ms Catherine Kovacs (Independent Non-executive Director)

COMPANY SECRETARIES

Ms Kitrina Shanahan
Mr Andrew Brown

ELECTRONIC COMMUNICATIONS

HUB24 encourages our shareholders to receive investor communications electronically, including the Annual Report. These reports are available on our website at www.HUB24.com.au. To register for electronic investor communications, please go to www.linkmarketservices.com.au and register for online services.

WEBSITE

hub24.com.au