

ASX Release: 11 November 2019

Chairman's Address to the Annual General Meeting

On behalf of the Directors I welcome shareholders to the Annual General Meeting of HUB24.

I am pleased to report that in the financial year to 30 June 2019, HUB24 Group revenue was up 15% and Platform revenue increased by 36% while the Group's preferred measure of profitability is Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (Underlying EBITDA), which increased 30% to \$14.8 million. Our statutory Net Profit after Tax (NPAT) was \$7.2m.

We have continued our strong growth trajectory since the last Annual General meeting demonstrated by;

- Maintaining our position as the fastest growing platform provider in Australia with Funds Under Administration (FUA) up 54% to \$12.9b (and reaching \$14.4bn at the end of Q1 for FY20).
- Revenue of \$96m up 15% with Platform revenue of \$54m up 36%.
- Underlying Platform EBITDA of \$18m, up 52%.
- Underlying Platform EBITDA margin increased from 30.0% to 33.3%.

HUB24 scale benefits continue to emerge as a result of growing FUA and revenues, with Platform direct costs rising by only 26% compared to revenue increase of 36%.

Margin improvements have been made across the profit lines in our Platform segment with gross profit and Underlying EBITDA increasing to 74.7% and 33.3% of revenue respectively. We expect further margin expansion and increased profitability moving forward.

Growth

HUB24 has maintained our position as the fastest growing platform in the market in percentage terms and we have achieved a compound annual growth rate (CAGR) in Platform revenue over the past five years of 76%.

Our company is well-positioned to take advantage of opportunities and this has been demonstrated by our record growth in the first quarter of FY20, with net inflows of FUA of \$1.2bn representing an increase of 94% on the prior corresponding quarter.

We are seeing strong demand for our Investor Directed Portfolio Service (IDPS) and Super product including the continued demand for managed accounts, for which HUB24 is the current market leader.

Market conditions for our services continue to support our investment for strong growth of HUB24 and our Managing Director Andrew Alcock will discuss this in his presentation to shareholders.

Our growth is well distributed across 256 active licensees with 84 new agreements signed in FY19 with a total of 1625 advisers as at 30 June 2019, an increase of 32%. There are now 17 white label relationships.

Our ongoing success is best illustrated by the latest available market data where we achieved 57% of industry annual net inflows which is a run rate of ~40 times our underlying market share of 1.45%.

Our customers continue to be our advocates. In the most recent Investment Trends Planner Technology Report HUB24 maintained our first place ranking for adviser platform advocacy and increased our overall adviser satisfaction ranking. We continue to be the leader in the important managed accounts segment which is forecast to be the fastest growing segment in our industry.

Operations

HUB24 is committed to developing innovative solutions for our clients. Operationally we are focused on;

- Working closely with licensee's to service our 1,625 adviser relationships.
- Extending our leadership in managed portfolios.
- Investment in an expanded distribution sales force to take advantage of the unprecedented market opportunity.
- Leveraging our bulk migration capabilities proved in FY19 to support large scale platform transitions and migrations.
- Managing our infrastructure to support our growth and future planning.
- Maintaining and developing our compliance culture and investing in our people.

In December our operations team successfully completed our largest transition to date bringing across Fitzpatrick's Private Wealth in-house MDA ahead of schedule providing evidence of our technology capability and experience in managing complex transitions whilst maintaining momentum across our business.

Our Agility business has further extended their product capability and in June we announced an agreement with Cashwerkz to integrate their term deposit and cash management platform into Agility's functionality and successfully implemented the open Markets application and infrastructure solution.

Our Paragem team led by Nathan Jacobsen over the past 12 months has recruited 12 new advice practices as part of the accelerating migration of advisers away from institutional licensees. The Paragem adviser network is growing and supporting advisers to operate their business effectively and achieve their clients' goals.

Dividend

HUB24 has delivered on our growth plans and our strong financial performance supported the payment of an interim dividend of 2.0 cents paid in April and a final dividend paid in October of 2.6 cents taking the total unfranked dividend for the year to 4.6 cents.

Board & Corporate Governance

This year we welcomed Paul Howard as HUB24 new company secretary, who will lead this function and brings key skills and experience as a former senior executive, corporate lawyer, company secretary including experience with one of Australia's largest superannuation funds. Paul will be

supported by Mark Goodrick as joint company secretary. Mark was appointed in November 2018 as Chief Financial Officer and has made a strong contribution in his new role in his first year with HUB24.

In the midst of significant regulatory change both HUB24 Directors and all management recognise our duties and obligations to maintain a strong system of corporate governance and ongoing review and improvement to reflect industry best practice.

During FY19 we enhanced the capability of our risk and compliance teams and refreshed HUB24's risk management framework and also undertook a board led organisational culture review which evidenced overall positive cultural alignment and feedback for ongoing improvements. Having a strong risk management culture is core to our governance approach and our commitment to high standards of ethical behaviour is fundamental to building long term shareholder value.

At HUB24 we see diversity as a major competitive advantage and we strive for leadership in cultural, ethnic and gender diversity within our overall workforce. Our skilled workforce has enabled our investment platform business to achieve our impressive 72% CAGR in FUA growth over the past 5 years. The HUB24 board will be expanded with the announcement of our first female Non-executive Director within the next few weeks with key expertise in compliance and risk management and this will support our plans to have dedicated audit, and risk and compliance committees in FY21.

The Board of HUB24 is committed to achieving and demonstrating high standards of corporate governance and compliance with the Australian Securities Exchange (ASX) regulations of good corporate governance.

Our Remuneration Report has been upgraded this year with a focus on demonstrating the remuneration components against key performance metrics and mapping against underlying financial performance. We will be further expanding on our Remuneration Report content in the current year to reflect ASX 200 company expectations.

Outlook

The future Australian Wealth Management industry is now taking shape and HUB24 is well positioned with our products, technology and client services to take advantage of positive tailwinds and the significant opportunity for further growth. We have invested in more staff to grow our distribution capability and as a result we are now targeting a FUA range of \$22 to \$26 billion by 30 June 2021.

We are confident that we can continue our profitable growth based on the broad appeal of our platform and managed accounts solution and our strong focus on innovation for customers, financial advisers, stockbrokers and investment managers.

On behalf of the Directors, we wish to thank our entire team for their commitment, contribution and customer focus during another exciting year for HUB24.

As always, we also wish to thank our customers for their ongoing support.

Bruce E. Higgins

Chairman

11 November 2019



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About HUB24

The Australian Securities Exchange-listed HUB24 Ltd ABN 87 124 891 685 (ASX: HUB) connects advisers and their clients through innovative solutions that create opportunities. The business is focussed on the delivery of the HUB24 platform and the growth of its wholly owned subsidiaries Paragem Pty Ltd, a financial advice licensee, and Agility Applications Pty Ltd and ConnectHUB Pty Ltd which provide data, reporting and software services to Australian stockbroking and wealth management market. HUB24's award-winning investment and superannuation platform provides broad product choice and an innovative experience for advisers and investors. Its flexible technology allows advisers and licensees to customise their platform solution to fit their individual business so they can move faster and smarter. It serves a growing number of respected and high-profile financial services companies.

This release is not financial product advice. Past performance is not indicative of future performance and any forward- looking statements in this release are not representations or guarantees as to future performance.

For further information, please visit: www.HUB24.com.au