

HUB²⁴

'21

ANALYST PACK FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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1. FINANCIAL HIGHLIGHTS 1HFY21

PLATFORM SEGMENT
REVENUE

\$43.8m

↑ 25%
ON 1HFY20

PLATFORM SEGMENT
UNDERLYING EBITDA

\$17.4m

↑ 26%
ON 1HFY20

GROUP
UNDERLYING EBITDA

\$16.4m

↑ 41%
ON 1HFY20

GROUP
UNDERLYING NPAT¹

\$7.5m

↑ 39%
ON 1HFY20

 PLATFORM² NETFLOWS

\$3.1b ↑ 24% ON 1HFY20



PLATFORM² FUA OF **\$22.0b** ↑ 39% ON 31 DECEMBER 2019

PLATFORM² MARGIN (AS A PERCENTAGE OF FUA)

REVENUE

0.44%

↓ 0.05% ON 1HFY20

↓ 0.03% ON 2HFY20

PLATFORM MARGINS (AS A PERCENTAGE OF REVENUE)

GROSS PROFIT

75%

↑ 1% ON 1HFY20

UNDERLYING EBITDA

39.7%

↑ 0.3% ON 1HFY20

↑ FROM 37.9% 2HFY20

1. Underlying NPAT includes the statutory tax value. If the tax value was normalised for the abnormal items the Underlying NPAT is \$7.0m 1HFY21, \$5.6m 1HFY20 is 25% growth.

2. Platform netflows, FUA and margin refers to the custodial portfolio.

2. MARKET OVERVIEW AND OUTLOOK

GROUP OVERVIEW

The Australian Securities Exchange-listed HUB24 Ltd ABN 87 124 891 685 (ASX: HUB) connects advisers and their clients through innovative solutions that create investment opportunities. The business is focussed on the delivery of the HUB24 platform (Platform) and the growth of its wholly owned subsidiaries, Agility Applications Pty Ltd and HUBconnect Pty Ltd which provide data, reporting and software services to the Australian stockbroking and wealth management market.

The HUB24 platform offers a comprehensive range of investment options, including the market-leading managed portfolio solution, and enhanced transaction and reporting functionality. As one of the fastest growing platforms in the market, the platform is recognised for providing choice and innovative product solutions that create value for advisers and their clients.

IT Services focusses on leveraging data and technology to provide solutions to common challenges for licensees and advisers and enable the delivery of professional advice to more Australians.

Paragem (the Licensee) provides licensee services and is a boutique dealer group. Paragem was sold to Easton Investments Limited on 1 February 2021.

MARKET OVERVIEW

Australia's wealth management landscape is being shaped by several key trends including demand for technology solutions, increasing regulation, and adviser and client demand for unconflicted product options.

These forces have challenged the status quo in the industry and the historical dominance of institutional incumbents who have been unable to keep up with the pace of innovation in the platform space. Specialist platforms such as HUB24 have drawn into sharp focus their ability to develop innovative solutions to help satisfy best interest obligations and the needs of their clients.

Against this backdrop of unprecedented change and transformation, Australia's wealth management industry

continues to grow. Compulsory contributions underpin the superannuation market and growth is expected to continue as these contributions increase from 9.5% of gross salaries to 12.0% by 2025.¹ Currently, Australia has the fourth largest pension market globally and is expected to grow from \$2.7 trillion to more than \$4.8 trillion by 2034.²

In this operating environment, HUB24 has maintained its second place ranking for annual net inflows and has increased market share from 1.6% to 2.3% at September 2020.³ The business is well-positioned for continued growth and to benefit from these ongoing market conditions.

KEY TRENDS

CONTINUED DISLOCATION IN THE PLATFORM MARKET

The uncertainty provided by the dislocation in the Australian financial services industry continues to drive licensee and adviser demand for providers who are committed to wealth management and who are continuing to invest in their proposition. This has been evidenced by increasing net flows to specialist platforms and FUA transitions from incumbent platforms.

This dislocation has accelerated this financial year with several of the incumbent institutions either revising their wealth strategy or opting out of wealth management altogether by selling or announcing their wealth businesses would be sold.

Meanwhile, smaller platform providers who have not been as successful in gaining market share have embarked on consolidation activity. The need for growth and scale has been highlighted in a competitive market experiencing heightened market volatility due to COVID-19.

HUB24 continues to be positioned as a platform of choice, with robust operational infrastructure and

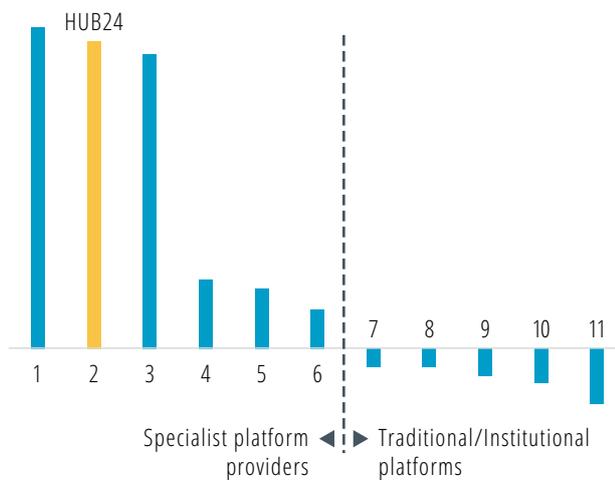
1 Deloitte – Dynamics of Australia's superannuation system, the next 20 years 2015 to 2035.

2 Rice Warner Superannuation market projections 2019 Report.

3 Based on Strategic Insights: Analysis of Wrap, Platform and Master Trust Managed Funds at September 2020.

customer service excellence and innovative product solutions. In response to growing adviser and client demand for choice and flexibility, specialist platforms have continued to grow their market share over the last five years from less than 3% to 11%⁴. In contrast, institutional platforms continue to be in net outflow, losing over \$7 billion in Funds Under Administration (FUA) over the past year⁴.

Net flow share to underlying market share ratio



SHIFT AWAY FROM INSTITUTIONAL LICENSEES AND CONVERGENCE OF STOCKBROKING AND FINANCIAL ADVICE SECTORS

Historically, institutional platforms have been supported by salaried and aligned financial advisers, but as the industry transforms, so do the segments within it. Of the 700 advisers who switched licensees in Q4 of 2020, only 4.3% moved into institutional licensees while 19.9% moved into aligned licensees and 75.8% of advisers moved into privately owned licensees⁵. With specialist platforms such as HUB24 strongly aligned to these groups, who demand choice and innovative product solutions for their clients.

HUB24 is well-positioned in growth segments which include the mid-tier licensee sector and the aggregated self-licensed practices. The convergence of the stockbroking and financial advice sectors has continued, as stockbrokers look to maintain the benefits of direct share ownership for their clients and service them more efficiently and expand their value proposition into wealth management. HUB24 is also well-positioned in this segment due to the strength of relationships with large broker clients, and the ability to leverage HUBconnect to integrate non-custodial client data.

INCREASING DEMAND FOR MANAGED PORTFOLIOS

As at June 2020, Funds Under Management (FUM) in managed portfolios in Australia stood at more than \$80 billion Australian dollars. A recent Investment Trends survey noted 18% of advisers who currently don't use managed portfolios to manage their client's investments intend to start using them in the future⁶. HUB24 has continued our market leadership, with managed portfolio FUA growing at a compound annual growth rate (CAGR) of 50% over the past four years⁷.

LICENSEE, ADVISER AND CLIENT DEMAND FOR TECHNOLOGY AND DATA SOLUTIONS

According to the Investment Trends 2020 Planner Technology Report, compliance is the number one challenge faced by advisers. There is strong demand for data and technology solutions to address this and other challenges in advice practices to improve access to quality data and to achieve scale. HUB24 believes it has a role to play in addressing this challenge by developing solutions that help licensees be cost effective and to meet their compliance obligations.

4 Adviser Ratings Musical Chairs Report Q4 2020.

5 Investment Trends Final Report 2020.

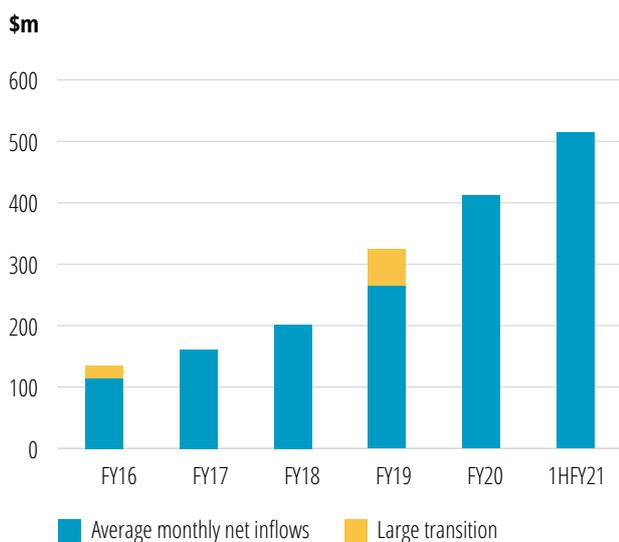
6 Results from Investment Trends December 2019 Platform Competitive Analysis and Benchmarking Report.

7 HUB24 data.

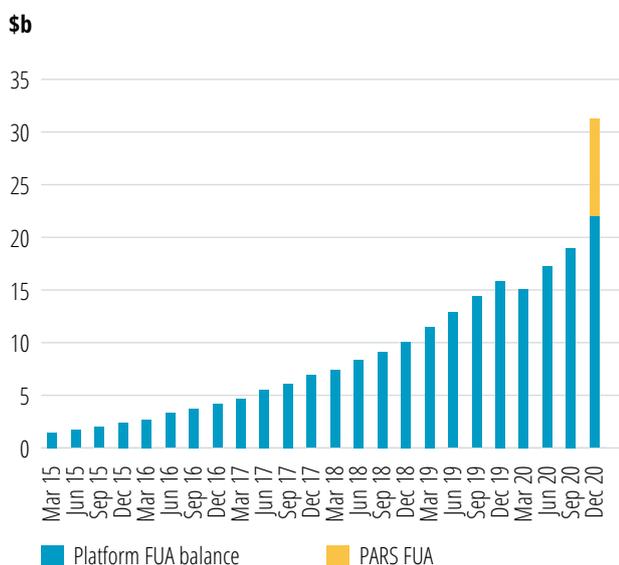
IMPACT OF KEY TRENDS

The result of these key market forces combined with HUB24's award winning custodial platform innovation is driving strong growth in average monthly net flows and FUA as shown in the charts below.

HUB24 Platform average monthly net inflows



HUB24 FUA



IMPACT OF COVID PANDEMIC

Although many industries in Australia have been impacted by the COVID-19 pandemic, HUB24 remains in a solid financial position operating profitably with cash reserves significantly above regulatory capital

requirements and generating strong operating cashflow. Strong customer advocacy and market leadership provided HUB24 with consistent growth, through increased net flows, as the long term drivers for adoption of the HUB24 Platform have not changed and we are continuing to secure new relationships.

STRATEGIC TRANSACTION UPDATE

At the end of October, HUB24 announced three strategic transactions which together will strengthen our position as the leading provider of integrated platforms, data and technology services for financial advisers, stockbrokers, private banks, licensees, accountants and their clients.

There is growing demand from licensees and advisers for solutions to administer non-custodial client assets. The acquisition of Ord Minnett's Portfolio Administration and Reporting Services (PARS) was completed at the end of November, resulting in \$9.3 billion in non-custodial FUA and facilitating HUB24's entry to the non-custodial administration segment. The PARS team, comprising 12 experienced people, has transitioned across to join HUB24.

The proposed acquisition of investment platform provider Xplore Wealth Limited (Xplore) by way of scheme of arrangement has now been approved, with Xplore shareholders and option holders voting in favour. The acquisition adds considerable scale with an additional \$16.6 billion in FUA (\$10.8 billion Custodial Platform FUA and \$5.8 billion Non-custodial FUA) as well as providing significant High Net Worth product capabilities, synergies and new client relationships.

HUB24 and Easton Investments Limited (Easton) entered into a transaction implementation deed in December 2020 and, on 6 January 2021, HUB24 lodged a bidder's statement in respect of a proportional takeover offer for 1 in every 3 fully paid ordinary shares in Easton. The offer closed at 7.00pm on 22 February. As at 19 February, HUB24's relevant interest in Easton was 31.18% of the total fully paid ordinary shares in Easton. On 1 February the sale of Paragem Pty Limited to Easton was completed. A Technology Partnership and Distribution Agreement has also been signed, under which HUB24 will collaborate with Easton to deliver innovative solutions that address key challenges for the delivery of cost-effective advice.

To fund these transactions HUB24 completed a \$50 million fully underwritten placement to institutional and sophisticated investors, which attracted strong demand from existing and new

investors. A \$20 million Share Purchase Plan for eligible retail shareholders was also completed this quarter. The total capital raised was \$68.3 million net of costs incurred. To provide further capital management flexibility, the company obtained a \$12.5 million 3 year committed loan facility which was drawn down (in full) on 18 February 2021.

FINANCIAL IMPACTS OF THE STRATEGIC TRANSACTIONS

In line with the announcements at the end of October 2020, the following table outlines the financial impacts of the Strategic Transactions together with the expected timing.

For 1HFY21 the PARS portfolio has been included within the Platform segment reporting. The P&L impacts are not material for this half. In addition, a \$10.5 million asset representing the purchase price of the business has been recognised on the balance sheet under Intangible Assets. The purchase price accounting will be completed within twelve months of acquisition at which time the \$10.5 million will be allocated to the separately identifiable assets of the transaction.

Total costs incurred between FY21 and FY24 are expected to be \$13 million (including transaction, due diligence and implementation costs), with synergies expected to be \$10 million on an annual basis by FY24 onwards.

\$ million	1HFY21	2HFY21	FY21	FY22	FY23	FY24 onwards	Total
Expected Transaction costs and Synergies							
Transaction and Due Diligence Costs ¹	2	1	3	-	-	-	3
Implementation Costs	-	2-3	2-3	5-6	1-3	-	10
Expected Synergies	-	-	-	1.0	6.0	10.0	n/a
Consideration (through cash and share issues)							
Xplore Wealth Ltd ²	-	60.0	-	-	-	-	-
Easton Investments Ltd ³	-	13.7	-	-	-	-	-
Ord Minnett (Portfolio Administration Reporting Services)	10.5	-	-	-	-	-	-
Paragem Pty Ltd ⁴	-	(4.0)	-	-	-	-	-
Funding Sources and Earnings per Share							
Capital Raisings (net of costs incurred)	68.3	-	-	-	-	-	-
ANZ Debt Facility ⁵	-	12.5	-	-	-	-	-
Earnings Per Share Growth ⁶	-	-	-	13%	-	-	-

1 Recognised through abnormal costs below underlying NPAT.

2 Cash and scrip consideration, \$0.20 per share for Xplore Wealth shares, \$0.4m for all XPL options.

3 Cash paid for 1 in every 3 Easton Shares on issue, \$1.20 per share for Easton shares.

4 Scrip consideration of 3,333,333 Easton shares with a value of \$1.20 per share (assumes 100% participation).

5 ANZ Debt Facility fully drawn on 18 February 2021.

6 Including full year contribution from the transactions, realisation of synergies and excludes one-off implementation and non-recurring costs. Integration expected to be completed June 2023.

3. REVIEW OF FINANCIAL RESULTS

The Group recorded a 18% increase in operating revenue to \$62.1 million for 1HFY21 (\$52.7 million for 1HFY20). Platform revenue was up 25% to \$43.8 million, Licensee Revenue up 3% to \$15.0 million and IT services revenue up 7% to \$3.3 million despite challenging and disrupted markets, underpinned by the COVID-19 pandemic during 1HFY21.

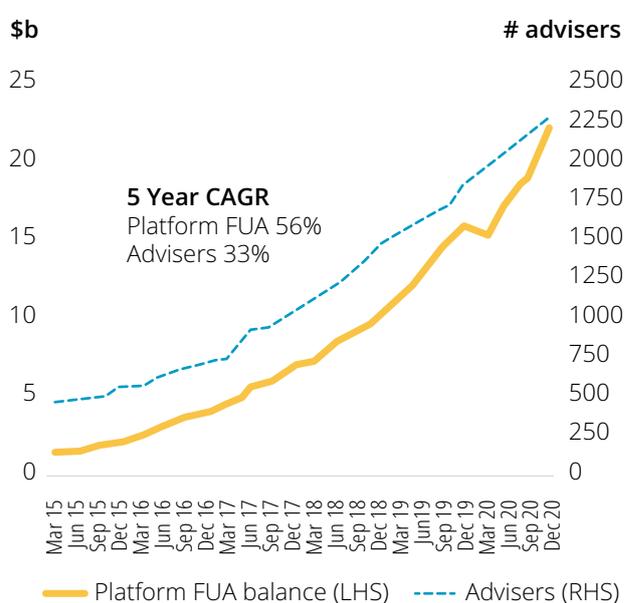
The Group's preferred measure of profitability is Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), which increased 41% to \$16.4 million for 1HFY21 (\$11.7 million in 1HFY20).

The key items driving the Group Underlying EBITDA performance for 1HFY21 were:

- Platform¹ Funds under Administration (FUA) Growth in the Platform segment from \$15.84 billion at 31 December 2019 to \$21.97 billion at 31 December 2020, an increase of 39%. PARS² FUA increased to \$9.32 billion from \$195 million with the acquisition of the Ord Minnett Portfolio Administration and Reporting Service (PARS) business acquisition finalised on 28 November 2020.
- Record Platform net inflows of \$3.1 billion were achieved during 1HFY21. Netflows growth was driven by transition opportunities from new and existing adviser relationships, as well as organic flows from existing advisers. New business is being generated from advisers in the national key account segment, mid-tier licensees, and self-licensed advisers and brokers. Additionally, increasing opportunities are being provided by the opening up of Approved Product Lists with the institutionally aligned licensee segment.
- Platform revenue increased by 25% to \$43.8 million for 1HFY21 (\$35.0 million for 1HFY20). We also saw strong markets over 1HFY21, as the ASX 300 increased by 12.2% in 1HFY21. FUA on the platform is not fully correlated to movements in equity markets with market growth representing 9.7%. The November 2020 15bps reduction in the official cash rate by the RBA negatively impacted revenue with both margin and cash balances lower. However, the market volatility has seen increased asset

trading volumes as advisers look for better yields for their clients. This has led to increased transactional revenue and higher account balances, which offsets some of the cash margin fee impacts. The PARS business contributed \$0.26 million of revenue in 1HFY21.

HUB24 PLATFORM FUA AND ADVISERS



- The Group continues to invest in the business to support growth. Platform expenses (direct and operating) increased by 24% to \$26.4 million (\$21.2 million for 1HFY20). The investment in people has been in sales and distribution, technology, and operations, to support growth in FUA, expand our distribution footprint and continue product and technology innovation.
- Underlying Net Profit After Tax³ (which forms the basis of the dividend payout ratio) represents Net Profit After Tax before abnormal items. Underlying Net Profit After Tax increased 39% to \$7.5 million for 1HFY21 (\$5.4 million in 1HFY20)³

¹ Platform FUA refers to the custodial portfolio.

² PARS FUA refers to the non-custodial portfolio.

³ Underlying NPAT includes the statutory tax value. If the tax value was normalised for the abnormal items the Underlying NPAT is \$7.0m 1HFY21, \$5.6m 1HFY20 is 25% growth.

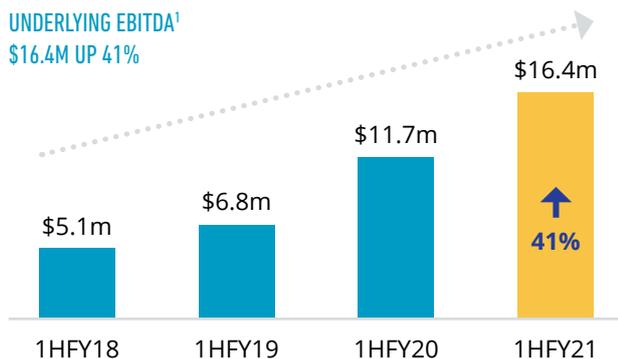
- Abnormal costs of \$1.8m (\$0.1 million for 1HFY20) incurred included \$1.7m of transaction and due diligence costs in relation to the strategic acquisitions of both Ord Minnett's Portfolio Administration and Reporting Services (PARS), Xplore Wealth Limited

(Xplore), the investment in Easton Investments Limited (Easton) and divestment of Paragem.

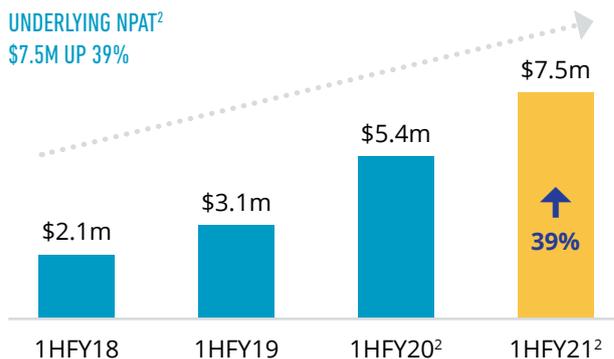
- A statutory Net Profit after Tax (NPAT) of \$6.1 million was recorded for 1HFY21 (\$6.0 million for 1HFY20). Refer table below reconciling Underlying NPAT to Statutory NPAT.

GROUP

UNDERLYING EBITDA¹
\$16.4M UP 41%

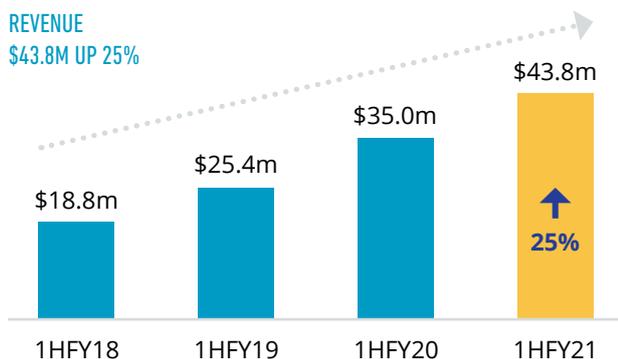


UNDERLYING NPAT²
\$7.5M UP 39%

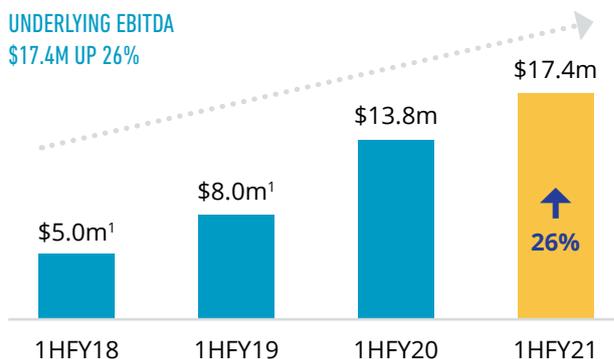


PLATFORM SEGMENT

REVENUE
\$43.8M UP 25%



UNDERLYING EBITDA
\$17.4M UP 26%



	Half-year ended 31 Dec 2020 \$ million	Half-year ended 31 Dec 2019 \$ million
Reconciliation of Underlying NPAT to Statutory NPAT		
Underlying NPAT	7.5	5.4
Fair value gain on contingent consideration	1.6	0.7
Agility consideration share based payment expense	(1.1)	0.0
Strategic transaction and due diligence costs	(1.7)	0.0
Other	(0.2)	(0.1)
Statutory NPAT	6.1	6.0

1 As disclosed at 30 June 2019, from 1 July 2019 interest income has been shown as part of Gross Profit and Underlying EBITDA to better represent cash generation.

2 Underlying NPAT includes the statutory tax value. If the tax value was normalised for the abnormal items the Underlying NPAT is \$7.0m 1HFY21, \$5.6m 1HFY20 (25% growth).

GROWTH INDICATORS AND FINANCIAL METRICS

HUB24 Group growth indicators	1H21	2H20	1H20	2H19	1H19	2H18	1H18
Total Funds under administration (\$m)	31,289	17,380	16,032	13,052	10,046	8,341	6,899
Custodial Platform Funds under administration (\$m)	21,966	17,217	15,837	12,870	10,046	8,341	6,899
Non-Custody Funds under administration (\$m)	9,322	163	195	182	0	0	0
Custodial Platform Net flows (\$m)	3,084	2,452	2,496	1,772	2,118	1,334	1,089
Advisers on the platform	2,280	2,066	1,841	1,625	1,456	1,227	1,040
Operating Revenue (\$m)	62.1	57.5	52.7	49.1	47.1	43.4	40.6
Gross Profit (\$m) ¹	36.4	32.9	28.0	24.3	21.8	18.6	16.2
Underlying EBITDA (\$m) ^{1,2}	16.4	13.0	11.7	8.6	6.8	6.8	5.1
Underlying NPAT (\$m) ³	7.5	4.7	5.4	3.7	3.1	3.3	2.1
Group financial metrics							
Gross Profit margin (%)	58.7%	57.2%	53.2%	49.4%	46.3%	42.8%	40.0%
Underlying EBITDA margin (%) ²	26.5%	22.6%	22.2%	17.5%	14.5%	15.7%	12.6%
EBITDA margin (%) ^{2,4}	21.7%	16.9%	20.2%	15.5%	12.2%	14.2%	10.5%
Cost to income ratio (%)	74.1%	78.0%	78.4%	83.1%	86.2%	85.1%	87.9%
Effective tax rate (statutory) (%)	33.8%	47.9%	29.9%	39.4%	25.5%	23.8%	27.0%
Statutory NPAT (\$m)	6.1	2.2	6.0	4.0	3.2	5.1	2.3
Operating cashflows (\$m)	10.5	15.5	9.9	8.2	3.4	7.7	4.6
Employee benefits expense (\$m)	(25.9)	(23.3)	(19.0)	(16.7)	(15.7)	(12.7)	(12.5)
Total staff at period end (#)	281	263	248	222	215	190	163
Earnings per share (cents)							
Basic – underlying	11.7	7.6	8.6	5.9	5.0	5.5	3.6
Basic – statutory	9.6	3.5	9.6	6.4	5.1	8.3	3.9
Diluted – underlying	11.4	7.4	8.4	5.8	4.9	5.3	3.5
Diluted – statutory	9.3	3.4	9.4	6.3	5.0	8.3	3.8
Share capital							
Ordinary (closing) (m)	67.0	62.8	62.8	62.3	62.1	61.6	61.0
Weighted average (m)	64.0	62.7	62.6	62.1	61.9	60.1	58.8
Weighted average diluted (m)	65.6	64.0	64.1	63.4	63.3	61.9	60.9
Share price – closing (\$)	21.34	9.30	11.16	11.88	11.88	11.55	9.57
Capital management							
Cash & cash equivalents (\$m) ⁴	85.3	33.8	21.9	18.5	15.5	16.9	13.6
Net assets – average (\$m)	113.9	73.1	68.1	62.7	58.7	54.2	47.6
Net assets – closing (\$m)	153.0	74.8	71.4	64.9	60.5	56.9	51.5
Net assets per basic share (\$)	2.3	1.2	1.1	1.0	1.0	0.9	0.8
Net tangible assets (\$m)	100.7	34.9	32.5	27.9	26.2	25.2	22.2
Net tangible assets per basic share (\$)	1.5	0.6	0.5	0.4	0.4	0.4	0.4
Dividend (cents) ⁵	4.5	3.5	3.5	2.6	2.0	3.5	0.0
Dividend franking (%)	100%	100%	0%	0%	0%	0%	0%
Underlying NPAT annual payout ratio	40%	47%	41%	44%	40%	40%	-

- As disclosed at 30 June 2019, from 1 July 2019 interest income has been shown as part of Gross Profit and Underlying EBITDA to better represent cash generation.
- AAASB 16 Leases standard was implemented on 1 July 2019, which resulted in a 1HFY20 reduction of operating expenses of \$0.9m, interest expense of \$0.1m and an increase in depreciation \$0.9m.
- Underlying NPAT includes the statutory tax value. If the tax value was normalised for the abnormal items the Underlying NPAT is \$7.0m 1HFY21, \$5.6m 1HFY20 is 25% growth.
- Normalised cash & cash equivalents as at 31 December 2020 \$27.5m (adjusted for strategic transaction requirements).
- The inaugural dividend represents a payout on full year FY18 profits.

GROUP FINANCIAL PERFORMANCE

HUB24 consolidated profit and loss (\$m)	1H21	2H20	1H20	2H19	1H19	2H18	1H18
Platform revenue	43.8	39.3	35.0	28.6	25.4	20.9	18.8
Licensee revenue	15.0	15.0	14.6	17.0	18.3	18.5	17.3
IT services revenue	3.3	3.3	3.1	3.5	3.5	4.0	4.5
Operating Revenue	62.1	57.5	52.7	49.1	47.1	43.4	40.6
Interest income ¹	0.4	0.4	0.3	0.3	0.3	0.3	0.2
Direct expenses – Platform	(10.8)	(9.4)	(9.2)	(7.0)	(6.7)	(5.5)	(5.8)
Direct expenses – IT Services	(1.7)	(2.1)	(2.6)	(2.7)	(2.3)	(2.8)	(3.0)
Direct expenses – Licensee	(13.6)	(13.5)	(13.1)	(15.5)	(16.7)	(16.8)	(15.8)
Direct expenses	(26.0)	(25.0)	(24.9)	(25.2)	(25.7)	(25.1)	(24.5)
Gross Profit	36.4	32.9	28.0	24.3	21.8	18.6	16.2
Opex – Platform	(15.6)	(15.0)	(12.1)	(11.6)	(10.8)	(8.5)	(8.0)
Opex – IT Services	(0.7)	(1.4)	(1.1)	(1.1)	(1.5)	(1.3)	(1.4)
Opex – Licensee	(1.8)	(1.8)	(1.6)	(1.6)	(1.6)	(1.5)	(1.4)
Opex – Corporate	(1.8)	(1.7)	(1.5)	(1.3)	(1.1)	(0.4)	(0.3)
Operating expenses²	(20.0)	(19.9)	(16.4)	(15.7)	(15.0)	(11.8)	(11.1)
Underlying EBITDA	16.4	13.0	11.7	8.6	6.8	6.8	5.1
Other items							
Share based payment expenses	(3.0)	(3.3)	(1.1)	(1.0)	(1.1)	(0.7)	(0.9)
Other income	0.0	0.0	0.0	0.0	0.0	0.0	0.1
EBITDA (before abnormal items)	13.5	9.7	10.6	7.6	5.8	6.1	4.3
Depreciation and amortisation ²	(2.8)	(2.8)	(2.5)	(1.3)	(1.3)	(1.0)	(1.0)
Discount on consideration	0.0	(0.1)	(0.0)	(0.1)	(0.3)	(0.3)	(0.3)
Interest expense ²	(0.1)	(0.1)	(0.1)	0.0	0.0	0.0	0.0
Profit/(loss) before tax (before abnormal items)	10.6	6.8	8.0	6.3	4.2	4.9	2.9
Less: Income tax expense	(3.1)	(2.0)	(2.6)	(2.6)	(1.1)	(1.6)	(0.8)
Underlying NPAT³	7.5	4.7	5.4	3.7	3.1	3.3	2.1
Abnormal items excluding tax effect:							
Fair value gain on contingent consideration (Agility)	1.6	0.1	0.7	0.4	0.7	2.2	0.2
Share based expenses (Agility)	(1.1)	0.0	0.0	0.0	0.0	0.0	0.1
Impairment of Agility CGU	0.0	(1.0)	0.0	0.0	0.0	0.0	0.0
Abnormal costs	(1.8)	(1.7)	(0.1)	(0.1)	(0.7)	(0.4)	(0.1)
Statutory NPAT	6.1	2.2	6.0	4.0	3.2	5.1	2.3
Underlying EBITDA by segment							
Platform	17.4	14.9	13.8	10.1	8.0	6.9	5.0
Licensee	(0.4)	(0.3)	(0.2)	(0.2)	(0.1)	0.2	0.1
IT services	0.9	(0.2)	(0.6)	(0.3)	(0.2)	(0.2)	0.2
Corporate	(1.4)	(1.3)	(1.3)	(1.0)	(0.8)	(0.1)	(0.1)
Total Underlying EBITDA	16.4	13.0	11.7	8.6	6.8	6.8	5.1

1 As disclosed at 30 June 2019, from 1 July 2019 interest income has been shown as part of Gross Profit and Underlying EBITDA to better represent cash generation.

2 AASB 16 Leases standard was implemented on 1 July 2019, which resulted in a 1HFY20 reduction of operating expenses of \$0.9m, interest expense of \$0.1m and an increase in depreciation \$0.9m.

3 Underlying NPAT includes the statutory tax value. If the tax value was normalised for the abnormal items the Underlying NPAT is \$7.0m 1HFY21, \$5.6m 1HFY20 is 25% growth.

REVENUE

Group revenue from external customers increased to \$62.1 million, up 18% compared to 1HFY20 due to:

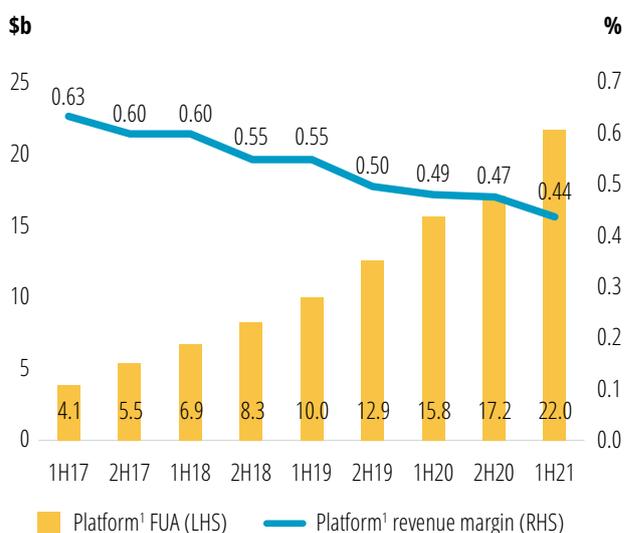
- Record FUA growth in the Platform segment from \$15.84 billion at 31 December 2019 to \$21.97 billion at 31 December 2020, an increase of 39%, has resulted in platform revenue of \$43.8 million for 1HFY21, an increase of 25% over 1HFY20. Non-custodial FUA contributed \$0.3 million during 1HFY21 (\$0.1 million 1HFY20).
- The Licensee (Paragem) contributed \$15.0 million in revenue for 1HFY21 (\$14.6 million for 1HFY20). This increase in gross revenue, which is partially offset by increases in direct costs, was the result of 13 new practices joining Paragem due to the increasing migration of advisers away from institutional licensees, this more than offset some advice practices that moved to self-licensing during the period.
- IT Services contributed \$3.3 million in revenue from software licensing and consulting services for 1HFY21 compared to \$3.1 million for 1HFY20, an increase of 7%. As part of HUB24's acquisition rationale, IT Services has been spending more time on internal development activities, including HUBConnect, to support the Group's strategic objectives. This also includes the development of an Innovation Lab, which will develop and deliver data management and integrated solutions to HUB24 clients to provide unique competitive advantage to their advisers. The business is continuing with the strategy to no longer offer technology hosting services to new clients, but to service existing clients.

PLATFORM REVENUE MARGIN

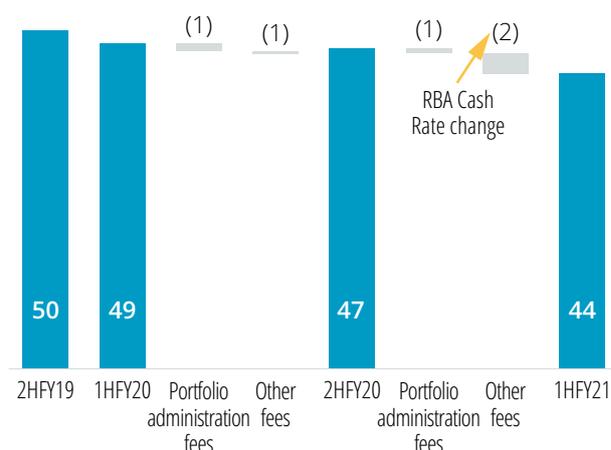
Platform revenue comprises a mix of FUA based fees, including tiered administration fees and margin on client funds held as cash, and transaction fees such as platform trading for equities, managed funds and insurance. For 1HFY21 Platform¹ revenue margin was 0.44% of average FUA (0.49% for 1HFY20), calculated as the average of opening and closing Custodial FUA for the year.

The Platform¹ revenue margin may fluctuate from period to period depending upon cyclical market conditions, the level of trading activity, shifts in the mix of client portfolios or variations in the average account balance on the platform. The fact that there was a material market movement in 1HFY21 due to sentiment on global equity markets, has increased the closing Platform¹ FUA position, recovering most of what was lost in 2HFY20.

PLATFORM¹ MARGIN AND FUA



PLATFORM¹ REVENUE MARGIN (BPS)



Generally, as average account balances on the platform increase over time, the tiered administration fee paid by clients will tend to decrease as a percentage of Platform¹ FUA, however increase in dollar terms (see chart on the following page). The average account balance at 31 December 2020 was up 1% on 31 December 2019. During 1HFY20 Platform¹ revenue margin was impacted by strong flows from licensees with large Funds Under Advice and therefore access to competitive pricing, as well as lower cash balances due to lower cash rates. Trading activity has increased in 1HFY21 driven by strong equity markets. The impact of the lower cash margin earned has been partially offset by the record trading activity created from the equity market volatility.

1 Platform FUA and margin refers to the custodial portfolio.

GROSS PROFIT

Group Gross Profit increased 30% to \$36.4 million (1HFY20 \$28.0 million).

Platform Gross Profit increased to \$32.7 million, up 27% compared to 1HFY20 (\$25.8 million) due to strong platform net inflows. Platform direct costs of \$10.8 million (\$9.2 million for 1HFY20) include custody, trustee, superannuation administration and headcount resources to service current client accounts. The business's newly established MIS structure saw the introduction of Responsible Entity fees in 1HFY21.

Licensee (Paragem) direct costs of \$13.6 million (\$13.1 million for 1HFY20) include payments to advisers for advice fees and suppliers of compliance, software and training services. Paragem direct costs have increased in line with the revenue increases in 1HFY21.

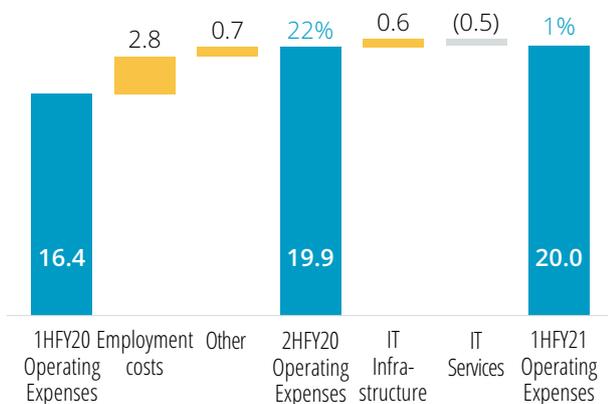
IT Services direct costs of \$1.7 million (\$2.6 million for 1HFY20) include headcount and infrastructure resources to support existing customer consulting arrangements and software license needs. Agility direct costs have reduced due to headcount spending more time on internal development activities, to support the Group's strategic objectives.

OPERATING EXPENSES

Group operating expenses of \$20.0 million were up by 22% (\$16.4 million for 1HFY20) and included growth investment expenses, predominantly headcount resources dedicated to distribution and marketing, future Platform development and business strategy (inclusive of M&A activity) to drive future growth. Group headcount increased by 13% from 248 in 1HFY20 to 281 as at 31 December 2020.

The Group's cost to income ratio improved from 78.4% in 1HFY20 to 74.1% in 1HFY21.

OPERATING EXPENSES (\$M)



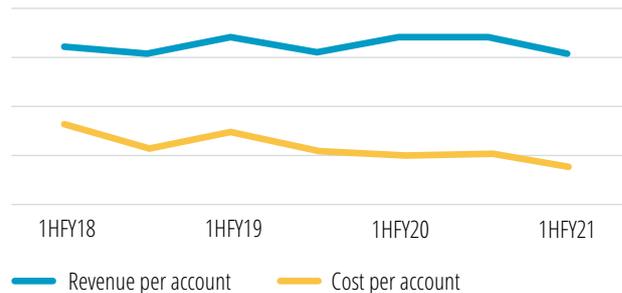
UNDERLYING EBITDA

Group Underlying EBITDA before other significant items increased by \$4.7 million to \$16.4 million, up 41% compared to 1HFY20 due to:

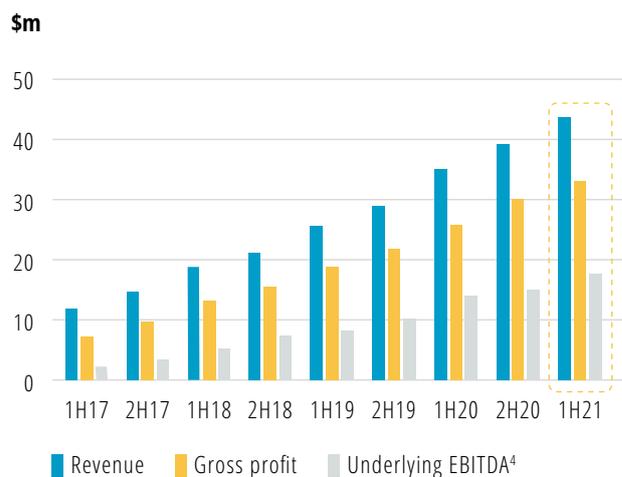
- Platform² FUA grew to \$21.97bn at 31 December 2020 up 39% on 31 December 2019
- Platform Underlying EBITDA of \$17.4 million (up 26% on 1HFY20) with Underlying EBITDA margin increasing to 39.7% (39.4% for 1HFY20)
- Underlying EBITDA margin at a Group level improved to 26.5% in 1HFY21 from 22.2% in 1HFY20 driven by improving economies of Platform scale.

The difference between platform revenue per account and cost per account remains strong despite revenue margin pressure from cash rate reductions.

PLATFORM REVENUE AND COST PER ACCOUNT³



PLATFORM REVENUE, GROSS PROFIT AND UNDERLYING EBITDA TRENDS



² Platform FUA and margin refers to the custodial portfolio.

³ AASB 16 Leases standard was implemented on 1 July 2019, which resulted in a 1HFY20 reduction of operating expenses of \$0.9m, interest expense of \$0.1m and an increase in depreciation \$0.9m.

PLATFORM GROSS PROFIT AND UNDERLYING EBITDA AS % OF REVENUE

Profit lines	1HFY18	2HFY18	1HFY19	2HFY19	1HFY20	2HFY20	1HFY21
Gross profit	69.3%	73.7%	73.6%	75.7%	73.8%	76.1%	75.4%
Underlying EBITDA*	26.5%	33.0%	31.3%	35.1%	39.4%	37.9%	39.7%

*As disclosed at 30 June 2019, from 1 July 2019 interest income has been shown as part of Gross Profit and Underlying EBITDA to better represent income generation.

Underlying NPAT represents NPAT before abnormal items. Underlying NPAT increased 39% to \$7.5 million for 1HFY21 (\$5.4 million in 1HFY20).⁴

The key items impacting the movement between Underlying EBITDA and Underlying NPAT in 1HFY21 were:

- Employee share based payments in 1HFY21 increased by \$1.9 million in 1HFY21 to \$3.0 million (\$1.1 million in 1HFY20). HUB24 uses long term incentives (LTI) schemes to underpin the growth of the business. A new special LTI was issued in 1HFY21, in addition to the existing 2018 Special LTI
- Depreciation and amortisation in 1HFY21 was \$2.8 million, an increase of \$0.3 million (\$2.5 million in 1HFY20). This increase comprises \$0.9 million depreciation of leased assets and \$1.3 million of IT development
- HUB24 has a policy of capitalising investment in its Platform asset, which is then depreciated over its useful life. During the period \$3.0 million of Platform innovating development was capitalised, including the continued development of HUBConnect (\$2.9 million for 1HFY20)
- In 2017, HUB24 acquired Agility Applications Pty Ltd (Agility / IT Services), a specialist provider of application, data exchange and technology product and services to the financial services industry for \$15 million. Contingent consideration payments were negotiated as part of the transition. During 1HFY21 achievement of the performance hurdles were reassessed and \$1.6m of new employee share based schemes incentives established. Due to this reassessment of performance hurdles and incentives \$1.6 million of contingent consideration has been fully released in the accounts
- Abnormal share based payments \$1.1 million of LTI incentive recognised offsetting the deferred consideration that was part of the Agility acquisition recognised in fair value gain

- Abnormal costs of \$1.8 million incurred relate to the capital raising and treatment of associated costs with the market announced M&A transactions. Other costs include transition to the newly appointed trustee, a large client transition project and transition of IT service provider to an in-house solution and one-off costs to support a new registered MIS structure for Managed Portfolios.

INCOME TAX

The effective tax rate is above 30% largely due to non-deductible items such as share based payments and abnormal transaction costs.

Income tax expense increased to \$3.1 million in 1HFY21 (\$2.6 million 1HFY19), reflecting growth in profitability of the business. Income tax has historically been a non-cash item as the HUB24 Group has had historical tax losses and tax offsets. All tax losses have now been fully recouped, and the Group has commenced paying tax in FY21.

DIVIDENDS

The Board has previously announced its intention to target a dividend payout ratio between 40% and 60% of HUB24's annual Underlying Net Profit After Tax. Subsequent to the period end 31 December 2020 the directors have determined a fully franked dividend of 4.5 cents per share (3.5 cents per share unfranked in 1HFY20). This represents an Underlying Net Profit After Tax payout ratio of 40% for the first half and a 29% increase on 1HFY20. The dividend growth has taken into consideration the increased share capital following the capital raising in 1HFY21. Now tax losses have been fully recouped, it is expected that dividends will be franked to their maximum extent possible.

The payment of a dividend by HUB24 is at the discretion of the Board and will be a function of a number of factors, including the general business environment, financial condition of HUB24, capital management initiatives and any other factors the Board may consider relevant.

⁴ Underlying NPAT includes the statutory tax value. If the tax value was normalised for the abnormal items the Underlying NPAT is \$7.0m 1HFY21, \$5.6m 1HFY20 is 25% growth.

Dates for the dividend are as follows:

- Ex-date: 19 March 2021;
- Record date: 22 March 2021; and
- Dividend payment date: 19 April 2021.

OUTLOOK

Moving forward we expect ongoing strong net inflows and have increased the Platform FUA target to \$43-49 billion for FY22⁵. Subject to any unexpected impacts arising from the pandemic or broader economy, we are confident our profitable growth trajectory will continue in 2HFY21 and beyond.

5 Includes HUB24 and Xplore custodial platform FUA. The company expects strong organic growth and increasing profitability moving forward subject to consistent and stable investment markets, HUB24 terms of business and further significant unexpected or ongoing impacts arising from the COVID-19 pandemic that may affect platform FUA and revenue.

4. SEGMENT RESULTS

PLATFORM SEGMENT

Platform segment profit and loss (\$m)	1H21	2H20	1H20	2H19	1H19	2H18	1H18
Revenue	43.8	39.3	35.0	28.6	25.4	20.9	18.8
Direct Expenses	(10.8)	(9.4)	(9.2)	(7.0)	(6.7)	(5.5)	(5.8)
Gross Profit	33.0	29.9	25.8	21.7	18.7	15.4	13.0
Operating expenses ¹	(15.6)	(15.0)	(12.1)	(11.6)	(10.8)	(8.5)	(8.0)
Underlying EBITDA	17.4	14.9	13.8	10.1	8.0	6.9	5.0
Other items							
Other income	0.0	0.0	0.0	0.0	0.0	0.0	0.1
EBITDA	17.4	14.9	13.8	10.1	8.0	6.9	5.0
Interest expense ¹	(0.1)	(0.1)	(0.1)	0.0	0.0	0.0	0.0
Depreciation and amortisation ¹	(2.6)	(2.7)	(2.2)	(1.2)	(1.2)	(0.7)	(0.6)
Abnormal costs	0.0	(1.7)	(0.1)	(0.1)	(0.7)	0.0	0.0
Profit before tax	14.8	10.5	11.4	8.8	6.2	6.3	4.4
Total platform expenses	(26.4)	(24.4)	(21.2)	(18.6)	(17.5)	(14.0)	(13.8)
Platform Capex	2.8	3.4	2.8	3.2	2.8	2.3	1.9
% of revenue							
Gross profit margin	75.4%	76.1%	73.8%	75.7%	73.6%	73.7%	69.3%
Underlying EBITDA margin	39.7%	37.9%	39.4%	35.1%	31.3%	33.0%	26.5%
Cost to income ratio	60.3%	62.1%	60.6%	64.9%	68.7%	67.0%	73.5%
Platform segment (custodial) profit and loss (\$m)							
Revenue	43.4	39.2	34.9	28.6	25.4	20.9	18.8
Direct Expenses	(10.8)	(9.4)	(9.2)	(7.0)	(6.7)	(5.5)	(5.8)
Gross Profit	32.7	29.8	25.8	21.6	18.7	15.4	13.0
Operating expenses	(15.5)	(15.0)	(12.1)	(11.6)	(10.8)	(8.5)	(8.0)
Underlying EBITDA	17.2	14.8	13.7	10.0	7.9	6.9	5.0
Interest expense & other non-operating items	(2.6)	(4.4)	(2.4)	(1.2)	(1.8)	(0.6)	(0.6)
Profit before tax	14.6	10.4	11.4	8.8	6.1	6.3	4.4
Platform segment (non-custody) profit and loss (\$m)²							
Revenue	0.3	0.1	0.1	0.0	0.0	0.0	0.0
Direct Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross Profit	0.3	0.1	0.1	0.0	0.0	0.0	0.0
Operating expenses	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0
Underlying EBITDA	0.2	0.1	0.1	0.0	0.0	0.0	0.0
Interest expense & other non-operating items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit before tax	0.2	0.1	0.1	0.0	0.0	0.0	0.0

1 AASB 16 Leases standard was implemented on 1 July 2019, which resulted in a 1HFY20 reduction of operating expenses of \$0.9m, interest expense of \$0.1m and an increase in depreciation \$0.9m.

2 Includes the contribution of the Ords PARS business acquired on 28 November 2020.

PLATFORM SEGMENT (CONTINUED)

Custodial Platform performance analysis	1H21	2H20	1H20	2H19	1H19	2H18	1H18
Basis Points (% of average Custody FUA)							
Revenue	0.44%	0.47%	0.49%	0.50%	0.55%	0.55%	0.60%
Direct expenses	0.11%	0.11%	0.13%	0.12%	0.15%	0.14%	0.19%
Gross Profit	0.33%	0.36%	0.36%	0.38%	0.41%	0.40%	0.42%
Operating expenses	0.16%	0.18%	0.17%	0.20%	0.23%	0.22%	0.26%
Underlying EBITDA	0.18%	0.18%	0.19%	0.17%	0.17%	0.18%	0.16%
Platform expenses	0.27%	0.29%	0.30%	0.32%	0.38%	0.37%	0.44%

LICENSEE SEGMENT (PARAGEM DISCONTINUED BUSINESS FROM 1 FEBRUARY 2021)

Profit and loss (\$m)	1H21	2H20	1H20	2H19	1H19	2H18	1H18
Revenue	15.0	15.0	14.6	17.0	18.3	18.5	17.3
Direct Expenses	(13.6)	(13.5)	(13.1)	(15.5)	(16.7)	(16.8)	(15.8)
Gross Profit	1.4	1.5	1.5	1.4	1.6	1.7	1.5
Operating expenses	(1.8)	(1.8)	(1.6)	(1.6)	(1.6)	(1.5)	(1.4)
Underlying EBITDA	(0.4)	(0.3)	(0.2)	(0.2)	(0.1)	0.2	0.1
Interest expense and other non-operating items	(0.2)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Profit before tax	(0.6)	(0.4)	(0.2)	(0.2)	(0.1)	0.2	0.1

IT SERVICES SEGMENT

Profit and loss (\$m)	1H21	2H20	1H20	2H19	1H19	2H18	1H18
Revenue	3.3	3.3	3.1	3.5	3.5	4.0	4.5
Direct Expenses	(1.7)	(2.1)	(2.6)	(2.7)	(2.3)	(2.8)	(3.0)
Gross Profit	1.6	1.2	0.5	0.9	1.2	1.1	1.5
Operating expenses	(0.7)	(1.4)	(1.1)	(1.1)	(1.5)	(1.3)	(1.4)
Underlying EBITDA	0.9	(0.2)	(0.6)	(0.3)	(0.2)	(0.2)	0.2
Interest expense	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0	0.0
Depreciation and amortisation	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)	(0.2)	(0.1)
Profit before tax	0.7	(0.4)	(0.9)	(0.4)	(0.3)	(0.3)	0.0

CORPORATE SEGMENT

Profit and loss (\$m)	1H21	2H20	1H20	2H19	1H19	2H18	1H18
Operating expenses	(1.8)	(1.7)	(1.5)	(1.3)	(1.1)	(0.4)	(0.3)
Interest income ¹	0.4	0.4	0.3	0.3	0.3	0.3	0.2
Underlying EBITDA	(1.4)	(1.3)	(1.3)	(1.0)	(0.8)	(0.1)	(0.1)
Other items							
Share based payment expenses	(3.0)	(3.3)	(1.1)	(1.0)	(1.1)	(0.7)	(0.8)
EBITDA	(4.4)	(4.6)	(2.4)	(2.0)	(1.9)	(0.8)	(1.0)
Discount on consideration	0.0	(0.1)	(0.0)	(0.1)	(0.3)	(0.3)	(0.3)
Fair value gain on contingent consideration	1.6	0.1	0.7	0.4	0.7	2.2	0.2
Share based payment expenses – Agility	(1.1)	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	0.0	0.0	0.0	0.0	0.0	(0.2)	(0.2)
Impairment	0.0	(1.0)	0.0	0.0	0.0	0.0	0.0
Abnormal corporate costs	(1.8)	0.0	0.0	0.0	0.0	(0.4)	(0.1)
Profit before tax	(5.8)	(5.5)	(1.7)	(1.6)	(1.5)	0.5	(1.4)

¹ As disclosed at 30 June 2019, from 1 July 2019 interest income has been shown as part of Gross Profit and Underlying EBITDA to better represent cash generation.

5. BALANCE SHEET

(\$m)	1H21	FY20	1H20	FY19	1H19	FY18	1H18
Assets							
Current assets							
Cash and cash equivalents	85.3	33.8	21.9	18.5	15.5	17.0	13.6
Trade and other receivables	12.9	10.0	8.6	7.6	5.8	5.1	4.9
Assets held for sale	4.2	0.0	0.0	0.0	0.0	0.0	0.0
Other current assets	1.6	1.8	1.2	0.8	1.5	0.8	0.6
Total current assets	104.0	45.7	31.7	26.8	22.8	22.8	19.1
Non-current assets							
Receivables	7.6	0.0	3.5	2.0	2.0	2.0	0.0
Office equipment	1.4	1.7	1.8	2.0	2.1	2.2	2.0
Intangible assets	52.3	40.0	38.8	37.1	34.3	32.0	29.3
Deferred tax assets	3.4	5.1	7.1	9.7	12.3	13.4	14.9
Right-of-use asset	6.5	5.4	6.3	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0	0.0	2.0
Total non-current assets	71.2	52.2	57.5	50.7	50.8	49.6	48.3
Total assets	175.2	97.8	89.2	77.5	73.5	72.4	67.4
Liabilities							
Current liabilities							
Trade and other payables	5.1	5.4	2.9	3.4	4.0	5.2	4.6
Provisions	7.3	7.8	4.3	5.1	3.8	4.1	3.4
Lease liabilities	2.0	1.7	1.8	0.0	0.0	0.0	0.0
Other current liabilities	0.2	0.1	0.2	0.3	0.4	0.4	0.1
Total current liabilities	14.6	14.9	9.2	8.7	8.2	9.7	8.1
Non-current liabilities							
Provisions	1.7	1.5	1.1	1.0	1.0	1.9	0.8
Lease liabilities	5.2	4.4	5.0	0.0	0.0	0.0	0.0
Other non-current liabilities	0.8	2.2	2.4	2.9	3.8	2.9	7.0
Total non-current liabilities	7.7	8.1	8.6	3.9	4.8	4.8	7.9
Total liabilities	22.2	23.0	17.8	12.6	13.0	14.6	16.0
Net assets	153.0	74.8	71.4	64.9	60.5	57.9	51.5
Equity							
Issued capital	174.3	100.1	99.8	98.2	97.4	96.2	95.5
Reserves	50.3	49.7	28.9	18.3	13.1	9.0	3.3
Accumulated losses	(71.6)	(75.0)	(57.4)	(51.5)	(50.0)	(47.3)	(47.3)
Total equity	153.0	74.8	71.4	64.9	60.5	57.9	51.5

6. CASHFLOW

Statement of cashflows (\$m)	1H21	2H20	1H20	2H19	1H19	2H18	1H18
Cashflow from operating activities							
Receipts from customers	64.3	60.8	56.0	51.2	51.0	48.8	44.4
Payments to suppliers/employees	(52.3)	(45.6)	(46.2)	(43.5)	(47.7)	(41.7)	(39.8)
Strategic transaction and due diligence costs	(1.7)	0.0	0.0	0.0	0.0	0.0	0.0
Interest received	0.4	0.4	0.3	0.5	0.2	0.5	0.0
Other	(0.2)	(0.2)	(0.2)	0.0	0.0	0.0	0.0
Net cash inflow from operating activities	10.5	15.3	9.9	8.2	3.4	7.7	4.6
Cashflow from investing activities							
Payments for office equipment	(0.1)	(0.3)	(0.2)	(0.2)	(0.3)	(0.5)	(1.5)
Payments for acquisitions	(10.5)	(0.2)	(0.3)	(0.4)	0.0	(2.0)	0.0
Payments for intangible assets	(3.1)	(3.7)	(3.0)	(3.6)	(3.3)	(2.4)	(2.0)
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash inflow from investing activities	(13.7)	(4.2)	(3.5)	(4.2)	(3.5)	(4.9)	(3.5)
Cashflow from financing activities							
Proceeds from capital raising	70.0	0.0	0.0	0.0	0.0	0.0	0.0
Payments for capital raising costs	(1.8)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Dividends paid	(2.2)	(2.2)	(1.6)	(1.3)	(2.2)	0.0	0.0
ORFR loan facility	(7.6)	3.5	(1.5)	0.0	0.0	0.0	0.0
Principal element of lease payments	(0.9)	(0.8)	(0.8)	0.0	0.0	0.0	0.0
Proceeds from exercise of options	1.8	0.3	1.0	0.3	0.8	0.6	1.7
Net cash inflow from financing activities	59.3	0.7	(3.0)	(1.0)	(1.4)	0.6	1.7
Net increase in cash and cash equivalents	56.1	11.9	3.5	3.0	(1.5)	3.3	2.8
Closing cash held as asset for sale	(4.6)	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents at beginning of the year	33.8	21.9	18.5	15.5	17.0	13.6	10.8
Cash and cash equivalents at end of the year	85.3	33.8	21.9	18.5	15.5	17.0	13.6

Cash and cash equivalents at 31 December 2020 were \$85.3 million (1HFY20 \$21.9 million) and the Group recorded positive Cashflow from Operating Activities of \$10.5 million for 1HFY21.

The cash and cash equivalents include \$68.3 million (net of costs incurred) capital raising proceeds less \$10.5 million payment for the PARS business in 1HFY21. Removing these impacts normalised cash and cash equivalents at the 31 December 2020 is \$27.5 million.

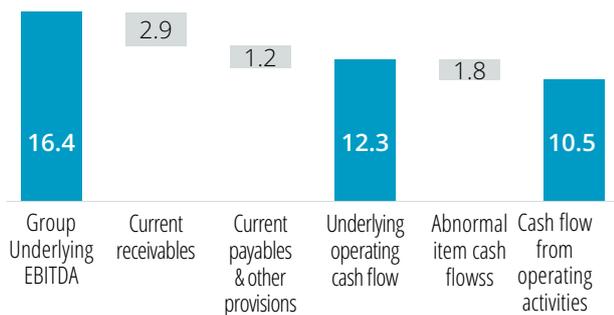
Cash flows from operating activities of \$10.5 million include \$1.8 million of abnormal payments, with \$1.7 million relating directly to strategic transaction and due diligence costs.

Operating cash flows in 1HFY21 are \$12.3 million when adjusted for these \$1.8 million abnormal cash items (growth of 24% on 1HFY20).

The increase in receivables reflects the increased size of the Platform business, with receivables growing as revenue grows. At the end of the period there are Platform receivables that will subsequently be deducted from platform user accounts (credit quality is high) in the following period. The timing of this collection means that the period end receivable will continue to grow in size as Platform revenue grows.

The decrease of \$1.2 million in liabilities reflects the cash payment of the FY20 provisioning for STI payments and abnormal cost in respect of the new trustee and one-off costs to support a new registered MIS structure for Managed Portfolios.

The capitalisation rate of intangible assets has remained broadly steady this period, with work continuing on HUBConnect and development of other client led Platform functionality.



HUB²⁴