

ASX Release: 18th October 2022

HUB24 delivers \$3.0bn Q1 FY23 Net Inflows

September Quarter FY23 Highlights

- Strong platform net inflows of \$3.0 billion (broadly flat on pcp, down 1.6%)
- Total Funds Under Administration (FUA) of \$68.4 billion as at 30 September 2022, comprising Platform FUA of \$52.4 billion (up 15.4% on pcp) and Portfolio, Administration and Reporting Services (PARS) FUA of \$16.0 billion (down 9.9% on pcp due to market movement)
- HUB24 awarded Best SMSF Investment Platform – Adviser Choice¹
- HUB24 SMSF Access launched into pilot

Net Inflows and Growth in FUA

Platform Net Inflows and FUA

HUB24 has achieved another strong quarter of growth with the platforms delivering net inflows of \$3.0 billion (down 1.6% on pcp). Average monthly net inflows for FY23 to date of \$995 million, up 1.7% from FY22. Platform FUA of \$52.4 billion as at 30 September 2022, was impacted by negative market movement of \$0.3 billion for the quarter, resulting in a net increase of \$2.7 billion over Q1 FY23.

During the September quarter there has been an improvement in net inflows following a slightly softer Q4 FY22 across the market. HUB24's relationships across all customer segments including large national licensees, brokers, boutique advice practices and self-licensed advisers have resulted in strong quarterly net inflows and a solid pipeline of opportunities.

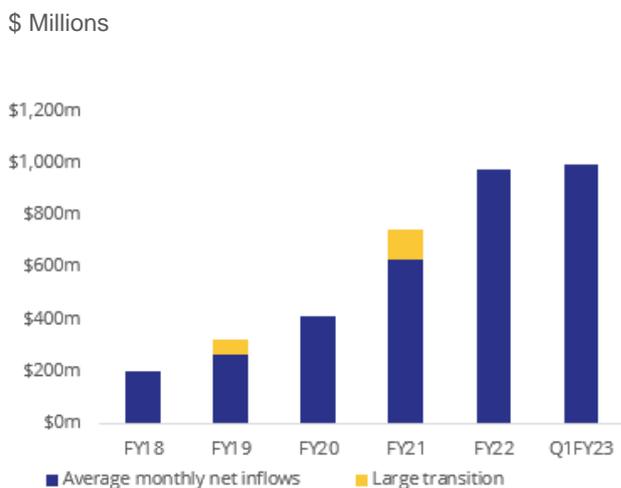
Additionally, during Q1 FY23, 32 new distribution agreements were signed and the total number of advisers using the platform is 3,639 (up 13% on pcp).

In the latest available Plan for Life data, HUB24 achieved 1st place for quarterly net inflows and maintained 2nd place for annual net inflows. HUB24's market share increased to 5.4% as at June 2022 (up 1.1% from 4.3% as at June 2021) and is ranked in 7th place. HUB24 is ranked 1st in terms of annual FUA growth in percentage terms.²

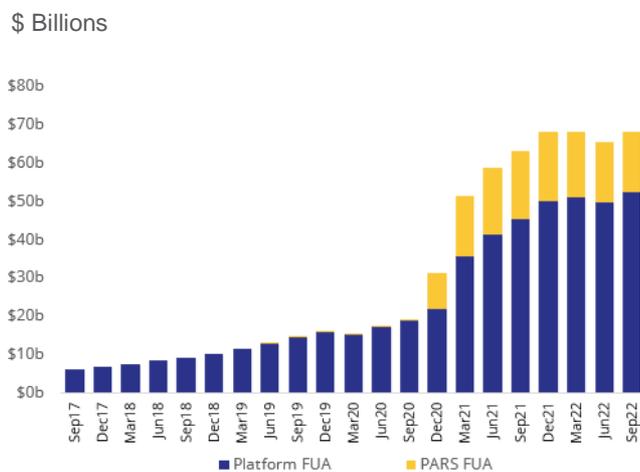
PARS FUA

PARS FUA is now \$16.0 billion up from \$15.9 billion as at 30 June 2022. During the quarter the number of PARS accounts decreased to 7,984 (from 8,341 as at 30 June 2022).

Platform Average Monthly Net Inflows



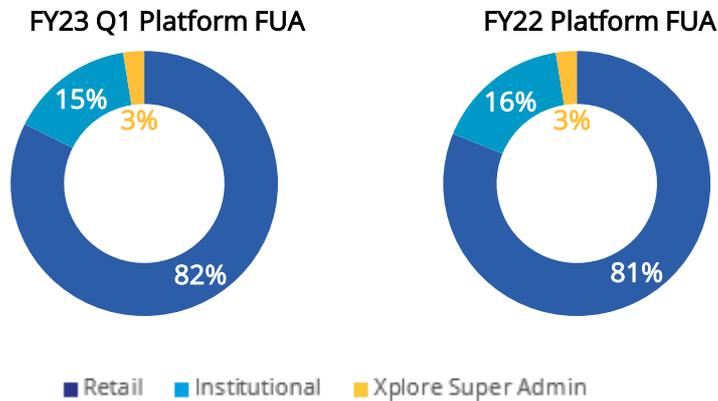
Total FUA



Platform Statistics*	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Growth on pcp
Platform FUA	\$45,364m	\$49,992m	\$51,028m	\$49,703m	\$52,362m	15.4%
PARS FUA	\$17,756m	\$18,329m	\$17,307m	\$15,871m	\$15,992m	(9.9)%
Total FUA	\$63,120m	\$68,321m	\$68,335m	\$65,574m	\$68,354m	8.3%
Platform Flows						
Platform Net Inflows	\$3,034m	\$3,630m	\$2,618m	\$2,454m	\$2,985m	(1.6)%
Platform Gross Inflows	\$4,314m	\$4,937m	\$3,878m	\$4,219m	\$4,970m	15.2%
Platform Advisers						
Number of Advisers	3,221	3,402	3,432	3,486	3,639	13.0%

*Statistics are for each quarter, have been rounded and are not audited. Platform FUA refers to custodial administration services and PARS FUA refers to non-custodial administration services.

Composition of Platform FUA



Class

Class has achieved another quarter of growth in total net accounts across Class Super, Class Portfolio and Class Trust products. NowInfinity also performed well finishing the quarter with document orders up 3.4% on pcp and an increase of 4.1% on pcp for companies using the Corporate Messenger service.

Metrics ^{1, 2, 3}	Mar-22	Jun-22	Sep-22	Growth since Mar-22
No. of accounts	196,298	198,397	198,843	1.3%
Document Orders	164,212	171,309	177,196	7.9%
Companies on Corporate Messenger	567,518	597,989	622,324	9.7%

¹ Number of Class accounts consists of Class Super, Class Portfolio and Class Trust licenses

² Documents paid for by PAYG and subscription customers

³ Number of active companies

Business Update

HUB24

HUB24's focus on providing choice and customer service excellence has been recognised by advisers voting the HUB24 platform, Best SMSF Investment Platform in the recent CoreData SMSF Service Provider Awards which ranks platforms for service quality and adviser preference.

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 has been launched into pilot. The new SMSF product solution is designed for advisers to meet the needs of clients who are keen to access the benefits of a cost-effective SMSF solution. Following the completion of the pilot we will progress to a broader market launch.

The Xplore Wealth integration has continued to progress this quarter with the first migration from Xplore Wealth to HUB24 completed on 1 July 2022. Further product migrations and successor fund transfers are scheduled for completion during the second half of FY23. As a result of this and as previously announced the outsourced super administration business 'Xplore Super Admin' will be discontinued during FY23.

Change of deposit agreement

As outlined at the Investor Day on 15 June 2022, due to flexible pricing arrangements the average cash management fee on the HUB24 platform (excluding Xplore) is currently slightly below the maximum disclosed cash management fee of 1.75% per annum (pa).

The deposit agreement with ANZ expires 1st December 2022. Following a competitive selection process HUB24 has signed an agreement with Bank of Queensland which will take effect from 2nd December 2022. As a result of this change in providers, and subject to portfolio mix fluctuations, this is expected to result in a reduction in the rate of HUB24's current average platform cash management fee of between 0.20% pa to 0.30% pa. The ongoing average platform cash management fee may vary in the future based on portfolio mix changes, competitive market dynamics and pricing considerations.

Class

During the quarter Class launched the enhanced Class Trust Tax Return Lodgement functionality which enables accountants to electronically lodge FY21 & FY22 client tax returns through to the ATO. The functionality which was released to market on 1 September provides additional efficiency for accountants by removing the need to manually submit client tax returns.

Sustainability Report

HUB24 understands the importance of corporate Environmental, Social and Governance factors for our investors, our people and the broader community. Last week HUB24 launched the company's inaugural [Sustainability Report](#) outlining our key Environmental, Social and Governance (ESG) focus areas, our progress during FY22 and goals for FY23 and beyond. HUB24's 7 key focus areas which align to the company values were identified following consultation with the HUB24 team and

external stakeholders and includes our current sustainability initiatives as well as progress towards future targets.

FY23 Financial Reporting Update

The acquisition accounting for Class was provisionally recognised in the FY22 Annual Report and will be finalised in 1HFY23, with no material changes expected (please refer to Note 6 in the HUB24 Annual Report for the year ended 30 June 2022 for more information).

The following table provides the breakdown of the assets and total purchase consideration recognised for the Class acquisition:

	\$m
Cash balances acquired	8.2
Net assets acquired	(32.6)
Software intangibles identified	61.7
Customer relationships acquired	78.7
Brand name acquired	8.8
Goodwill recognised on acquisition	178.0
Deferred tax on tangible assets identified	(19.0)
Total purchase consideration	283.8

The software intangibles and customer relationships will amortise through the profit and loss between 10 and 23 years (depending on the underlying asset's useful life). The 1HFY23 financial reporting will reflect six months acquisition amortisation of \$5.0 million in notable items. Class is also expected to reflect depreciation and amortisation within underlying net profit after tax (UNPAT) of between \$3.0 –\$5.0 million in FY23 relating to ongoing investment of \$10.0 –\$15.0 million which amortises over a 3-year useful life.³

A review of Class investment expenditure and accounting treatment is currently underway, an update to the market will be provided as appropriate.

1 CoreData SMSF Service Provider awards 2022

2 Plan for Life Master Trusts, Platforms & Wraps June 2022

3 Depreciation and amortisation before tax



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About HUB24

HUB24 Limited is listed on the Australian Securities Exchange, and includes the award-winning HUB24 platform, HUBconnect, the Xplore Platform and Class.

The HUB24 platform offers advisers and their clients a comprehensive range of investment options, including market-leading managed portfolio solutions, 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. HUBconnect focuses on leveraging data and technology to provide solutions to common challenges for stockbrokers, licensees and advisers and enable the delivery of professional advice to more Australians.

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 and corporate compliance solutions to over 7,000 clients across Australia who depend on Class to drive business automation, increase profitability and deliver better client service.

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.

This announcement was authorised for release to the market by the Managing Director.

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

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