

HUB24 Ltd

(ASX: HUB)

Business Economics Thesis

A leading independent Australian wealth platform supporting advisers and investors through technology, education and scale.



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Business Valuation & Economic Analysis

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VALUATION DASHBOARD



MARKET PRICE AT VALUATION DATE

AUD 79.34



ECONOMIC VALUE PER SHARE

AUD 78.85



COST OF EQUITY

6.07%

Market-implied



LONG-TERM FCFE GROWTH

4.20%

Normalised mature growth

REVENUE GROWTH

Group revenue (AUD million)



FUNDS UNDER ADMINISTRATION

Total FUA (AUD billion)



COMPANY SNAPSHOT

Platform FUA (FY2025)	AUD 112.7bn
Total FUA (FY2025)	AUD 136.4bn
Active advisers	5,097
Platform revenue (FY2025)	AUD 323.3m
Group revenue (FY2025)	AUD 406.6m
Headquarters	Sydney

BUSINESS ECONOMICS THESIS

- Structural retirement-wealth growth**
Superannuation and ageing demographics drive long-term demand.
- Adviser adoption and retention**
Workflow integration supports recurring revenue durability.
- Scalable platform economics**
Scale can support operating leverage and stronger cash flow.
- Expanding technology ecosystem**
Class, HUBConnect, NowInfinity and API ecosystem deepen relevance.
- Improving shareholder cash flow**
FCFE has improved as the business moves towards maturity.

KEY VALUATION QUESTION

Can HUB24 sustain adviser relevance, platform scale and returns on reinvestment at levels that justify expectations embedded in the valuation-date market price?



KEY RISKS

- Competition and fee pressure
- Regulatory and policy change
- Adviser retention and platform relevance
- Technology execution and cybersecurity
- Market volatility affecting client balances

Disclaimer

Purpose of the Report

This research report has been prepared solely for informational and educational purposes. It is designed to help readers understand business economics, cash flows, risk, reinvestment, valuation assumptions and economic value. The report is not prepared for the purpose of encouraging or influencing any person to buy, sell or hold securities.

Public Financial Education Purpose

A further purpose of this report is to support financial literacy among general readers. By presenting valuation in a transparent and understandable way, the report aims to help readers think more critically about business value, market prices, valuation claims, financial commentary and broker-style recommendations. The objective is to improve understanding and independent judgement, not to replace professional advice or direct any investment decision.

Educational Business Valuation Research

This report is prepared as an educational business valuation case study. Its purpose is to demonstrate how an economic value of equity can be estimated transparently from publicly available information, historical financial statements, forecast assumptions, cash-flow analysis, business-risk assessment and valuation mechanics. The report is intended to illustrate the valuation process, not to produce an investment recommendation.

Promotion of Transparent Valuation Methods

One of the educational objectives of this report is to promote a more transparent and understandable approach to estimating the cost of equity. The report demonstrates how a market-implied cost of equity can be derived from the Gordon Growth Model and Free Cash Flow to Equity framework, using observable market prices, forecast shareholder cash flows and clearly stated long-term growth assumptions.

This approach is presented because many users of valuation find traditional CAPM and WACC-based methods complex, assumption-heavy and difficult to explain to non-specialist readers. The report does not claim that CAPM or WACC are invalid. Rather, it presents the implied cost of equity as a practical and transparent alternative for understanding the shareholder return embedded in market prices and for testing whether those market-implied expectations are economically reasonable.

Not a Broker or Equity Research Recommendation

This report is not a broker research report, equity sales note, investment banking publication, stock-picking service or securities recommendation. The author does not act as a broker, dealer, investment adviser, financial adviser, fund manager or securities analyst providing buy, sell or hold recommendations. The report does not contain a broker-style rating, target price, expected return, upside estimate or trading recommendation.

Valuation Framework

The structure of this report follows a business valuation framework similar to those commonly used in academic and professional valuation texts. It begins with business analysis and historical financial performance, then develops forecast assumptions, cash-flow estimates, valuation mechanics, continuing value and sensitivity analysis. The objective is to show how valuation reasoning is built step by step, rather than to tell readers what investment action to take.

Use of Listed Companies

The report uses listed companies because publicly available information allows the valuation process to be demonstrated in a transparent and cost-effective manner. Listed companies provide annual reports, market prices, financial statements, governance disclosures and operating data that make it possible to construct a detailed valuation case study. The use of a listed company should not be interpreted as a recommendation in relation to that company's securities.

Public Information and Assumptions

The report is based exclusively on publicly available information believed to be reliable at the time of publication. No representation or warranty, express or implied, is made as to the accuracy, completeness or reliability of the information contained herein. The analysis and valuation presented reflect the author's independent judgement and forward-looking assumptions, which are inherently subject to uncertainty and may differ materially from actual outcomes.

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This report does not constitute financial product advice, investment advice, legal advice, tax advice or accounting advice. It does not provide personal advice, general advice, a target price, expected return, investment recommendation, or a recommendation to buy, sell or hold any security. Nothing in this report should be interpreted as an invitation, inducement, offer or solicitation to enter into any financial product transaction.

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Reader Responsibility

Readers should not rely on this report as a substitute for professional advice. The report is intended to support learning and analytical understanding, not to replace independent judgement. Readers should conduct their own research, verify source information, consider alternative assumptions and consult a licensed adviser before making any investment, financial, legal, tax or business decision.

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Independence and No Obligation to Update

The author does not receive compensation from any company mentioned in this report and does not prepare the report on behalf of any issuer, broker, dealer, fund manager or financial product provider. The author has no obligation to update the information contained in this report after the date of publication.

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Executive Summary

Valuation Dashboard

Measure	Base case	Reader interpretation
Economic value per share	78.85	Base-case model outcome
Average market price, 1 January 2025 - 2 April 2026	90.24	Historical market pricing averaged 14.4% above the base-case economic value
Market price on valuation date 2 April 2026	79.34	Broadly aligned with base-case economic value
Cost of equity	6.07%	Market-implied from price and forecast FCFE
Long-term FCFE growth	4.20%	Normalised mature-growth assumption
Continuing value	93.79%	Share of estimated equity value

HUB24 is a high-quality Australian wealth-platform business with recurring revenue characteristics, strong adviser relevance and improving cash generation. Under the report's base-case forecasts and market-implied cost of equity, its estimated economic value is AUD 78.85 per share, compared with a valuation-date market price of AUD 79.34. The close result indicates that the observed market price already reflects much of the company's expected quality and growth.

The 6.07% cost of equity is inferred from HUB24's market price using the report's forecast shareholder cash flows and long-term growth assumption. A valuation applying the same market-implied rate will therefore naturally produce a value close to the observed price. This is not presented as evidence of undervaluation. The analytical question is whether the cash flows, growth and risk expectations embedded in that price are economically reasonable.

Business Economics Thesis

HUB24 has developed from a platform challenger into an important provider of Australian wealth-management infrastructure. Its business economics thesis rests on adviser adoption, recurring platform revenue, scalable technology economics and an expanding ecosystem that includes Class, NowInfinity, HUBconnect and myprosperity.

- Structural demand. Australia's retirement-savings system, ageing population and increasing wealth complexity support demand for efficient investment administration, SMSF services, reporting and adviser technology.
- Workflow relevance. Once embedded in adviser operations, platform switching can be disruptive and costly, supporting revenue durability.
- Cash-flow transition. HUB24 is moving from investment-led expansion towards stronger earnings and shareholder cash generation.
- Central uncertainty. Long-term value depends on whether adviser trust, platform relevance and returns on reinvestment can be sustained as competition and regulatory demands increase.

Business Quality Assessment

The company does not primarily manufacture investment products; it provides the infrastructure through which advisers and other financial professionals administer client wealth. This creates recurring revenue characteristics and potential operating leverage as funds under administration and platform usage grow.

Business quality is supported by adviser adoption, ecosystem breadth, low financial leverage and growing cash generation. The principal limitation is that HUB24 remains less efficient than the strongest peer benchmark and must continue investing in people, technology, cybersecurity, compliance and integration. Scale can improve economics, but margin expansion should not be assumed automatically.

Cash Flow and Financial Strength

Historical performance shows a company moving towards greater financial maturity. Revenue increased from approximately AUD 108 million in FY2021 to AUD 400.4 million in FY2025. Free cash flow to equity (FCFE) moved from negative levels during the major investment and acquisition phase to AUD 92.9 million in FY2025, indicating improving conversion of accounting earnings into shareholder cash flow.

Current credit risk appears modest. Leverage is low relative to earning power and the balance sheet does not presently indicate material financial stress. The more significant risks are operational and strategic: adviser retention, market-linked FUA volatility, competition, technology execution, cybersecurity, regulation and reinvestment discipline. The detailed report tests liquidity, leverage and financial resilience more fully.

Forecast View and Value Creation

The forecast assumes that revenue growth moderates as HUB24 becomes larger, while profitability remains healthy and continued reinvestment protects service quality and platform relevance. Revenue is forecast to increase from approximately AUD 483.2 million in FY2026 to AUD 673.9 million in FY2030.

Growth is not treated as valuable by itself. It is supported by forecast reinvestment and expected returns on operating capital. The detailed report reconciles growth, invested capital, returns on capital and cash-flow generation so readers can assess whether future expansion is expected to create economic value rather than merely increase company size.

Story-to-Number Bridge

The valuation translates HUB24's business economics into explicit financial assumptions. Adviser adoption supports forecast revenue growth; platform scale supports healthy margins; continued technology and compliance needs require reinvestment; market-linked FUA creates downside risk; and mature long-term growth is constrained through the continuing-value assumption. The model therefore does not treat valuation as a mechanical spreadsheet exercise, but as a structured link between business story, cash flows, reinvestment, risk and market-implied expectations.

Valuation Result and Interpretation

HUB24's valuation depends less on near-term earnings and more on whether the company can sustain attractive returns on invested capital while reinvesting at scale. The base-case estimate is broadly aligned with the valuation-date market price, suggesting that the market already recognises much of HUB24's expected business quality, platform economics and future growth.

The base-case model estimates economic equity value at approximately AUD 6.50 billion, or AUD 78.85 per share. This compares with a valuation-date market price of AUD 79.34 per share. The central conclusion is therefore not that the shares are materially mispriced. Rather, HUB24's market price appears to recognise much of the company's expected business quality and future growth.

Cost of equity: The 6.07% rate is a market-implied cost of equity. For readability, this report may refer to it simply as the cost of equity after this point, but the term should be understood as referring to the market-implied rate unless stated otherwise. It is calculated by solving for the discount rate that equates the present value of forecast FCFE with HUB24's market equity value. It represents the shareholder return embedded in the market price, conditional on the report's forecasts. It is not a guaranteed future return or a return requirement independently selected for every investor.

Long-term growth: The 4.20% continuing-growth assumption is a normalised long-term nominal growth estimate informed by the author's calculation of the average monthly Australian government bond yield over the period from 1 January 2000 to 1 April 2026. This normalised average is used instead of the 5.21% valuation-date yield because a perpetual growth assumption should not depend excessively on one point in the interest-rate cycle, particularly if that point may reflect temporarily

elevated monetary conditions. The 5.21% valuation-date yield remains a reference point and upper-bound check. The 4.20% assumption is not a forecast of Australia's government-bond yield, GDP growth or HUB24's short-term growth rate; it is used as a mature long-term FCFE growth assumption for the continuing-value calculation.

Continuing value: Approximately 93.79% of estimated equity value arises after the five-year explicit forecast period. This is understandable because the explicit model covers five years while continuing value represents all subsequent years. Nevertheless, the high proportion means that long-term growth, reinvestment, returns on capital and cost of equity require particular scrutiny.

Scenario and Sensitivity Analysis

The valuation is highly sensitive to long-term assumptions because the spread between the 6.07% market-implied cost of equity and the 4.20% continuing-growth assumption is relatively narrow. Small changes in either assumption materially change estimated value.

The purpose of the scenario analysis is not to select the most favourable outcome. It allows readers to test what the valuation-date market price requires them to believe about sustainable cash flow, growth, business risk and shareholder returns. The full report presents the detailed sensitivities and explains the economic assumptions behind them.

Key Risks

- Market-linked revenue. Weak investment markets may reduce FUA growth and platform-related revenue.
- Competition and fee pressure. Competitors may challenge pricing, adviser relationships, functionality and service quality.
- Adviser retention. Loss of adviser relevance or weaker service standards could reduce revenue durability.
- Technology and cybersecurity. System failures, cyber incidents or weak execution could damage trust and create regulatory costs.
- Regulation. Changes affecting superannuation, financial advice, data or platform administration may alter industry economics.
- Valuation sensitivity. A large continuing-value contribution makes the result particularly sensitive to long-term assumptions.

What the Full Report Examines

- Business economics. How HUB24 earns revenue, develops adviser relationships and competes across the Australian wealth-platform market.
- Financial evidence. Historical performance, peer comparisons, cash-flow conversion, reinvestment, leverage and credit-style resilience.
- Forecast mechanics. The assumptions connecting revenue growth, margins, operating capital, returns on capital and shareholder cash flow.
- Valuation framework. The calculation and interpretation of the market-implied cost of equity, normalised long-term growth and continuing value.
- Decision-relevant uncertainty. Scenario analysis showing which assumptions matter most and what could cause economic outcomes to differ.

Key Model Limitations

The valuation should be read as a conditional model outcome under stated assumptions, not as a prediction of future market price or investment performance. The main limitations are forecast uncertainty, sensitivity to long-term growth, dependence on continuing value, the use of a market-implied cost of equity, reliance on public information only, and exposure to business, regulatory and market risks.

Final Reader Takeaway

What the market price appears to say. HUB24 is already priced as a high-quality business capable of sustaining growth, strong profitability and improving cash-flow conversion. The key question is not simply whether HUB24 is a good company, but whether its future economic performance will justify the expectations embedded in the market price.

Valuation Approach

I. Purpose and Approach of the Valuation Report

This report presents an independent estimate of the economic equity value of HUB24 Limited (ASX:HUB) as of 2 April 2026.

The report is written for a broad business audience. It focuses on the economic story behind the valuation: how HUB24 makes money, how durable its cash flows appear to be, what risks may affect those cash flows, and what value may reasonably be attributed to the ordinary shares. Economic equity value means the estimated value of the company's ordinary equity based on expected future cash flows, risk, growth prospects and financial position. The valuation assumes that HUB24 continues to operate as a going concern.

The analysis is based on publicly available information, including annual reports, market data, management announcements, financial statements and the assumptions set out in this report. The aim is to provide a transparent valuation that can be understood by business owners, investors, advisers, accountants and other non-specialist readers without losing analytical discipline.

II. General Story-to-Number Valuation Logic

The valuation approach used in this report is based on a story-to-number logic. This means that the business analysis is not separated from the financial model. Instead, the company's economic characteristics are translated into explicit assumptions about revenue, margins, reinvestment, risk, growth and value.

Business question	Valuation translation	Reflected in the model
How does the business earn money?	Revenue drivers and growth assumptions	Forecast revenue
How scalable is the business model?	Margin development and operating leverage	Forecast operating costs and profit margins
What must be reinvested to sustain growth?	Reinvestment, capex, working capital and invested capital	FCFE and invested capital
What risks may affect future cash flows?	Scenario analysis and sensitivity testing	Downside cases and key sensitivities
What is a sustainable mature growth rate?	Long-term growth assumption	Continuing value
What return is implied by the market price?	Market-implied cost of equity	Discount rate / implied return analysis

III. Valuation Method Positioning

This report uses three levels of valuation support:

Valuation element	Role in this report
Single-period Gordon Growth Model	Used as an educational approximation to help non-finance readers, business owners and decision-makers understand the intuition behind the market-implied cost of equity
Multi-period FCFE model	Used as the formal valuation framework because forecast cash flows are expected to change over time before reaching mature growth
Sensitivity analysis	Used to reduce false precision by showing how changes in key assumptions affect the estimated economic value

Together, these three elements support a transparent valuation approach. The single-period model explains the economic logic in simple terms, the multi-period FCFE model provides the detailed valuation mechanics, and the sensitivity analysis reminds readers that valuation is conditional on assumptions rather than a precise prediction.

IV. Valuation Framework

This report applies the Free Cash Flow to Equity method (FCFE). This method values equity directly by estimating the future cash flows available to ordinary shareholders and discounting those cash flows to present value.

The FCFE approach is suitable for this report because the central valuation question is the value of HUB24's shares. Instead of first valuing the whole enterprise and then deducting debt, the model begins with the cash flow that belongs to equity holders after operating costs, tax, reinvestment, capital expenditure and debt movements.

This approach is also easier for non-finance readers to follow. It focuses on practical business questions: how much cash the company can generate, how much must be reinvested, how much debt is used or repaid, and what cash remains for shareholders. This is consistent with the transparency-based valuation approach, where FCFE is presented as a useful equity-first method when the primary valuation question concerns equity value and the financing assumptions can be explained clearly.

The valuation approach follows this structure:

A. Forecast Free Cash Flow to Equity

This represents the cash flow available to shareholders after HUB24 has paid operating expenses, taxes, capital expenditure, working-capital needs, interest costs, debt repayments and after considering new borrowing.

B. Cost of Equity

The cost of equity used in this report is a market-implied cost of equity. It is solved from HUB24's valuation-date market price and the report's forecast FCFE assumptions. It should therefore be interpreted as the shareholder return embedded in the market price, not as an independently selected required return for all investors.

C. Present Value of Explicit Forecast FCFE

This represents the present value of forecast FCFE during the explicit forecast period.

D. Continuing Value

This represents the value of FCFE expected beyond the explicit forecast period, when HUB24 is assumed to operate at a more mature and stable growth rate.

E. Economic Value of Equity

This is calculated as:

Economic value of equity = Present value of explicit FCFE + Present value of continuing value

On a per-share basis:

Economic value of equity per share = Economic value of equity divided by ordinary shares outstanding

V. Valuation Quality Checklist

The following checklist summarises the quality controls used in this valuation framework. Its purpose is to ensure that the valuation remains connected to business economics, transparent assumptions and disciplined interpretation.

Valuation quality question	Application in this report
Are cash flows explicitly forecast?	Yes. The report forecasts Free Cash Flow to Equity based on operating performance, reinvestment, capital expenditure, working capital and debt movements.
Is growth linked to reinvestment?	Yes. Revenue growth is not treated as free value creation; it is connected to reinvestment, operating capital and cash-flow conversion.
Is the business story translated into numbers?	Yes. The report links adviser adoption, platform scale, technology investment, market exposure and mature growth to valuation assumptions.
Is the discount rate explained in business terms?	Yes. The cost of equity is interpreted as a market-implied shareholder return conditional on forecast FCFE and the valuation-date market price.
Is long-term growth constrained?	Yes. The continuing-growth assumption is treated as a normalised mature-growth assumption, not as a continuation of short-term momentum.
Is valuation sensitivity tested?	Yes. The report includes scenario and sensitivity analysis to show how changes in key assumptions affect estimated value.
Is the valuation separated from investment advice?	Yes. The report does not provide a buy, sell or hold recommendation, target price, expected return or personal financial advice.
Are limitations disclosed?	Yes. The report explains forecast uncertainty, market-implied discount-rate limitations, continuing-value dependence and public-information limitations.

This checklist is not intended to create mechanical certainty. It is intended to show whether the valuation process is economically disciplined, transparent and open to critical assessment.