

ASX Release

HUB24 to acquire Agility Applications

Fintech acquisition to complement HUB24's platform solution

Announcement highlights:

- Agility is a specialist provider of application, data exchange and technology products and services to the financial services industry, currently servicing approximately 40% of Australia's stockbroking market.
- The complementary offerings of HUB24 and Agility will provide new and existing clients of both businesses significantly improved business solutions.
- Agility will operate as a wholly-owned subsidiary of HUB24, retaining its own corporate identity and head office in Brisbane.
- The acquisition is subject to customary conditions precedent with completion targeted for early January 2017.
- Consideration of \$6 million on completion, made up of \$2 million in cash and \$4 million in HUB24 ordinary shares representing approximately 0.74 million shares.
- Up to a further \$5.5 million in cash and \$3.5 million in HUB24 ordinary shares, subject to certain conditions and performance hurdles to be met progressively over the next three years.

Monday, 28 November 2016: Industry-leading investment and superannuation platform provider HUB24 (**ASX: HUB**) today announced it has executed a binding agreement to acquire 100% of financial services technology partner, Agility Applications Pty Ltd (**Agility**).

Agility, a profitable business founded in 2007 by Craig Apps and Paul Biggs (**Founders**), is a specialist provider of application, data exchange and technology products and services to the financial services industry. Customers use Agility to access a suite of business applications, bespoke software development, technology management, hosting and reporting solutions. Agility provides a financial services industry data hub between advice licensees, product providers and technology partners, which collectively represents over \$200 billion of client assets and drives many of the applications and reporting tools available within the Agility adviser desktop used by over 2,300 users.

Agility customers include approximately 40% of Australia's stockbroking market and the largest third-party clearing house in Australia, in addition to fintech and platform providers including HUB24.

Strategic rationale

HUB24 has developed a non-custody reporting solution that is fully integrated with its investment and superannuation platform. Agility's services will complement HUB24's solution and accelerate enhancements to support stockbrokers, as they increasingly transition into wealth managers.

Together, HUB24's investment platform integrated with Agility's solution will assist stockbrokers to transition their clients and business model to a scalable and flexible wealth management offering at a time of their choosing.

Advisers using HUB24's investment and superannuation platform will benefit from a range of additional functionality including improved management and client reporting.

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Transaction highlights

- HUB24 is a leading independent wealth management platform servicing over 70 licensees and administering client assets of around \$4 billion in custody.
- Agility's market leading CONNECT Desktop has over 2,300 users, predominately stockbrokers
- 165 firms use Agility solutions, reporting on over \$200 billion of client assets.
- Together, HUB24 and Agility aim to be the leading provider of wealth management platform and fintech services to the stockbroking and non-aligned advice market, with the aim of helping advisers provide a more compelling service to their customers in a more efficient manner. This will be achieved through:
 - the integration of the Agility Desktop with HUB24's AdviserHUB.
 - complementing HUB24's core offering to the independently-minded adviser and stockbroker market.
 - delivering a strong competitive advantage with the most comprehensive suite of portfolio and reporting tools and services available in the market.
 - utilising the significantly expanded technology development capability to develop new products and services for new and existing clients.
- Agility will operate as a wholly-owned subsidiary of HUB24, retaining its own corporate identity and head office in Brisbane.
- The Founders will remain employed in the business following HUB24's acquisition.
- The acquisition is expected to be earnings per share accretive for HUB24 from day one. Agility has been profitable for the last five years, with FY16 Revenue of \$8m and Net Profit After Tax (NPAT) of \$980,000 (unaudited).
- The acquisition is subject to customary conditions precedent with completion (Completion) targeted for early January 2017.

Acquisition consideration

HUB24 will pay the vendors consideration as follows:

- \$6 million on completion, made up of \$2 million in cash and \$4 million in HUB24 ordinary shares issued at the 20 day VWAP of \$5.41.
- Up to a further \$5.5 million in cash and \$3.5 million in HUB24 ordinary shares, subject to certain conditions and performance hurdles to be met progressively over the next three years
- Cash consideration for the acquisition to be paid from cash reserves.
- Any shares issued are subject to voluntary escrow and will be issued by reference to the 20 day VWAP prior to the relevant issue date.

HUB24 Managing Director Andrew Alcock said the acquisition will complement HUB24's core offering to independently-minded advisers, and deepen HUB24's sustainable competitive advantage.

"This is an exciting development for us. We will have the capabilities to develop and offer an end-to-end suite of solutions across a broader set of wealth management business models. We look forward to investing in a combined HUB24 and Agility offering. However, our immediate priority is to ensure that Agility continues to deliver their exceptional products and services to their clients.

"HUB24 is already a customer of Agility so we are confident that the Agility solutions will continue to support and extend HUB24's award-winning investment and superannuation platform.

"In Agility, we recognised an alignment of like-minded parties with similar innovation capabilities to support stockbrokers and their transition to becoming wealth managers for their clients.

"Together, HUB24 and Agility aim to be the leading provider of wealth management platform and financial technology services to the stockbroking and non-aligned advice market," Mr Alcock added.

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Director and Co-Founder of Agility, Paul Biggs reinforced Andrew's enthusiasm for the deal.

"We are proud of the client-focused business we have created over the past 10 years. We view this transaction as an exciting new phase that will allow us to build on our existing products and services and bring our long-term strategy to life. HUB24 is a company just as focused on customer solutions as we are.

"This will really benefit our existing clients, in addition to client prospects. The combined offering enables us to continue delivering on the service that we have built our reputation on," Mr Biggs said.

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About HUB24

HUB24 is a financial services company listed on the Australian Stock Exchange (ASX: HUB). The business is focused on the delivery of the HUB24 platform and the growth of its wholly owned subsidiary Paragem. The HUB24 platform supports the achievement of superior superannuation and investment outcomes for investors. It is a next-generation service with state-of-the-art portfolio management, transaction and reporting solutions for licensees, financial advisers, accountants, stockbrokers and institutions. HUB24 is not aligned to any major bank, manager or institution. HUB24 is an independent organisation with award winning technology and a growing number of respected and high profile financial services companies as its customers.

For further information, please visit: www.hub24.com.au

About Agility Applications

Agility is a specialist provider of application and technology products and services to the capital markets industry including a suite of business applications and reporting solutions delivered within the Agility CONNECT platform. Agility also provides bespoke software development and consulting, technology management and hosting. Our products and services enable organisations to enhance, streamline and automate their existing work practices with the aim of improving the value of their core products and enhancing their performance.

For further information, please visit www.agilityapplications.com

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