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ASX Release Date: 28 October 2020

September 2020 Quarterly Activity Report and Appendix 4C

Xplore's 3-year strategy – *INTEGRATE, GROW & OUTPERFORM* – continues to deliver benefits

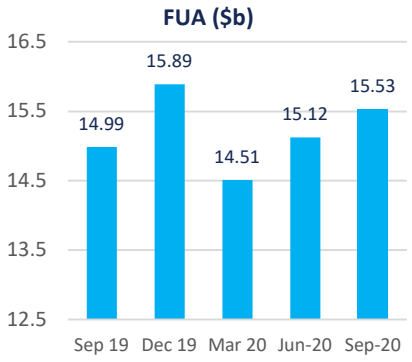
Xplore Wealth Limited (ASX: XPL) **(the Company or Xplore)** is pleased to provide our Quarterly Activity Report and the Appendix 4C quarterly cash flow report for the quarter ended 30 September 2020.

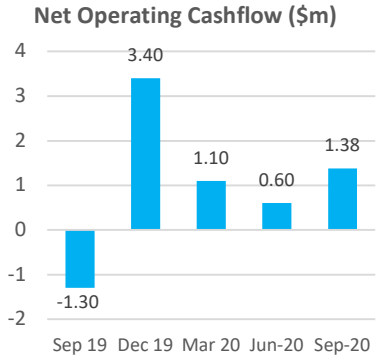
Quarterly highlights

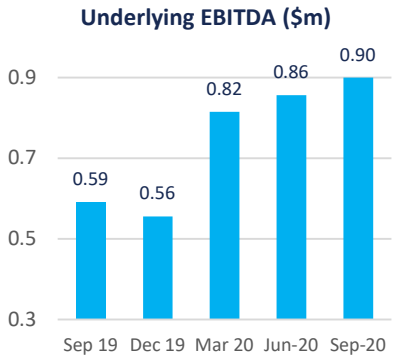
- Super and Pension WRAP Funds Under Administration (FUA) grew 48% from the prior quarter (QoQ);
- Total FUA increased 2.8% QoQ to $15.53 Billion;
- $0.5m pa of additional recurring savings from the One Platform program delivered during the quarter;
- The program has now delivered initiatives which represent annualised recurring savings of $1.6m pa;
- Positive cashflow from operations continued. $1.4m for the quarter with cash in bank up from $2.3m to $3.1m.

Mike Wright, Chief Executive Officer noted, *"As with the previous quarter, it is pleasing see further benefits and cost savings being delivered from the first phase ("INTEGRATION") of our 3-year strategy. The One Platform program has generated recurring savings of $1.6m pa. With our positive cashflow from operations, cash in bank has continued to increase to $3.1m from $2.3m[1]. It is also encouraging to see Xplore's Super and Pension WRAP which was launched mid 2019 is now gaining momentum with FUA growing 48% from the prior quarter (QoQ).*

On 28 October Hub24 (ASX: HUB) and Xplore entered into an Implementation Agreement for the purposes of a proposed Scheme of Arrangement for Hub24 to acquire 100% of Xplore shares. Details of the Implementation Agreement and proposed Scheme of Arrangement are set out in the Company's announcement to the market dated 28 October. As we work with Hub24 during the scheme period, our plans to migrate clients onto Xplore's one platform will be put on hold."







[1] As at 30 September, the Company has accrued a payable to an external provider of $963,000 which has not been paid to date as the supplier is in the process of re-issuing invoices previously raised incorrectly. We expect to receive the corrected invoices in early November at which time we will pay the supplier.

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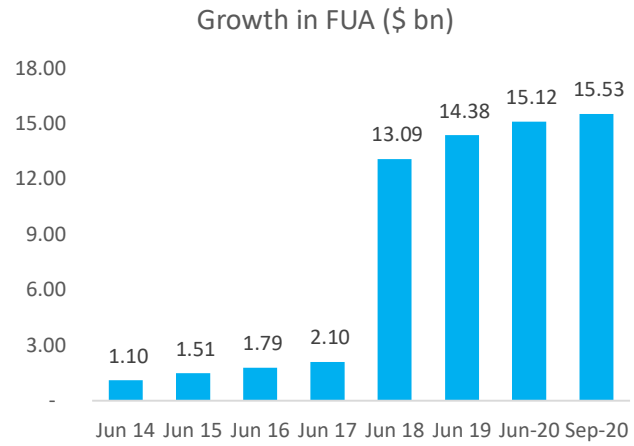
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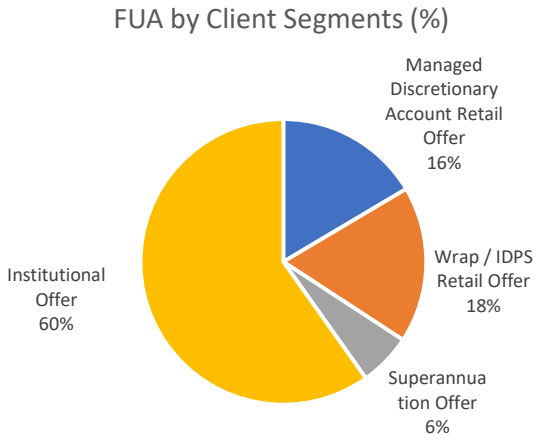
1. Key unaudited Financial results

	Qtr1 FY21	Qtr1 FY20	PcP
	000's		(%)
Total revenue	6,102	5,715	6.8%
Gross profit	4,896	4,370	12.0%
Gross Margin %	80.24%	76.47%	4.9%
Underlying EBITDA	906	601	50.7%
EBITDA Margin %	14.85%	10.52%	41.2%
Net Profit / (Loss) Before Tax	457	-834	large
Cash in Bank	3,100	366	large

2. Funds Under Administration

Group FUA as at 30 September 2020 up 3.6% prior comparable period (pcp) from $14.99 Billion to $15.53 Billion.





During the quarter Gross Flows were $0.62 Billion. Pleasingly our WRAP offers within our Retail Managed Account business are starting to see stronger growth after the launch of our Super Wrap in mid CY19 and our distribution team focusing on greater product penetration from existing clients.

Super & Pension Managed Account WRAP FUA is up 48% QoQ. Two Managed Discretionary Account (MDA) clients are scheduled in the December quarter to switch their Super & Pension clients from our competitors. This will provide these two Advice AFSL's real efficiency in terms of their Investment Management capability and overall end to end client management.

I**nvestment Managed Account WRAP** FUA is up 4.5% QoQ, with the month of September particularly robust with net inflows of $42m. The primary driver of September's net inflows was a large client extending their Managed Account solution to another Advice business within the Group.

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FUA ($ Billion)	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Growth on PCP
Opening FUA	14.38	14.99	15.89	14.51	15.12	
Net Flows	0.23	0.49	0.02 -	0.08 -	0.03	
Market Movement	0.38	0.41 -	1.41	0.69	0.45	
Closing FUA	14.99	15.89	14.51	15.12	15.53	3.6%
Gross Flows ($m)						
Retail	253.1	255.9	262.4	232.5	241.5	
Institutional	565.5	669.9	482.6	317.9	324.7	
Superannuation*	15.4	92.1	141.7	54.6	53.5	
Net Flows ($m)						
Retail	33.7	86.7 -	30.0 -	115.4	4.9	
Institutional	227.7	343.2 -	54.9	23.0 -	56.1	
Superannuation* -	29.4	60.2	104.0	14.5	22.5	

* Superannuation businesses wholly owned by Xplore Wealth - Aracon Superannuation Pty Ltd and DIY Master Pty Ltd

3. One Platform program

During the September quarter the One Platform program focused on the second of three stages, after the successful completion of upgrading **"Key Foundations"** to Xplore's target state one platform, being: Custody, Transactional backend and IT Infrastructure.

Stage two, **"Migration Readiness**" began with a review and further short-term contractors to ensure the completion of all requirements in readiness for a successful migration. IT development work also started across key streams of the program such as automating adviser and client fees processes and key reports.

The One Platform program had an additional $0.5m pa of recurring savings commence during the September quarter, driven mainly through contract savings with various IT Infrastructure vendors.

The running tally of annual recurring savings for the program has now gone from $1.1m to $1.6m pa.

With Hub24 and Xplore having entered into an Implementation Agreement for the purposes of a proposed Scheme of Arrangement for Hub24 to acquire 100% of Xplore shares, we have agreed with Hub24 as per the Implementation Agreement to;

- Cease the last stage of the program, **"Client Migration"** with immediate effect; and
- Consult with Hub24 to practically conclude stage two of the program, **Migration Readiness.**

4. September quarter Cashflow - Appendix 4C

The Company continues to deliver quarterly net positive cash from operations, at $1.38 Million. The overall cash position has increased by $0.85m from the start of the financial year, to be $3.1m at 30 September 2020.

As at 30 September, the Company has accrued a payable to an external provider of $963,000 which has not been paid to date as the supplier is in the process of re-issuing invoices previously raised incorrectly. We expect to receive the corrected invoices in early November at which time we will pay the supplier.

The Company is free of debt and has an undrawn overdraft facility of up to $250,000 in place if required.

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Please refer to the Appendix 4C for a breakdown of expenditure paid out during the period. To summarise:

- Cost of sales $1.206m
- Administration expenses $1.547m
- Salaries & wages $2.906m
- One platform costs $0.153m
- Other expenses $0.012m

About Xplore Wealth

Xplore is one of Australia's longest serving non-bank owned Specialist Platform Providers (SPP) and investment administrators, with extensive expertise in managed accounts.

Xplore fully owns an Australian Prudential Regulatory Authority (APRA) regulated Registrable Superannuation Entity (RSE) licence, Aracon Superannuation Pty Ltd (ABN 13 133 547 396, AFSL 507184, RSEL L0003384) **("*Aracon*")**, the trustee of Aracon Superannuation Fund (ABN 40 586 548 205).

Xplore also fully owns Investment Administration Services Pty Limited (ABN 86 109 199 108, AFSL 284316) **("*IAS*")**, a Managed Discretionary Account (MDA) Operator providing investment administration and platform services to Retail Clients who have appointed their own third-party External MDA Adviser.

Xplore's Investment Platform, broad Managed Account offer and Superannuation services provide an array of wealth management options for Australia's financial advisory firms, full-service stockbrokers and wealth managers.

During the quarter there were no material developments or changes to Xplore Wealth's business. As noted above and announced to the market on 28 October, Hub24 and Xplore have entered into an Implementation Agreement for the purposes of a proposed Scheme of Arrangement for Hub24 to acquire 100% of Xplore shares.

Please note that the financial results shown in this release are not audited and may be subject to change.

This Quarterly Activity Report and the attached Appendix 4C (Quarterly cash flow report) have been authorised for release by the Board of the Company.

For further information please contact:

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Investors should be aware that certain financial measures included in this announcement are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and also 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under Australian Accounting Standards (AAS) and International Financial Reporting Standards (IFRS). The non-IFRS financial information / non-GAAP financial measures include EBITDA and EBIT. The Company believes the non-IFRS financial information / non-GAAP measures provide useful information to users in measuring the financial performance and conditions of the Company. The non-IFRS financial information / non-GAAP financial measures do not have a standardised meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information is not a measure of financial performance, liquidity or value under the IFRS and may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information / non-GAAP financial measures included in this presentation.

This release contains forward-looking statements and information that are necessarily subject to risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in this release including, amongst others, changes in general economic and business conditions, regulatory environment, results of advertising and sales activities, competition, and the availability of resources. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this release. Except as required by law, the Company assumes no obligation to update or correct the information in this release. To the maximum extent permitted by law, the Company and its subsidiaries and officers do not make any representation or warranty as to the likelihood of fulfilment of any forward-looking statements and disclaim responsibility and liability for any forward-looking statements or other information in this release. This release should be read in conjunction with the Company's other ASX announcements and releases.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity	
Xplore Wealth Limited	
ABN	**Quarter ended ("current quarter")**
34 128 316 441	30 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (.....months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	6,071	6,071
1.2	Payments for		
	(a) research and development	(58)	(58)
	(b) product manufacturing and operating costs	(1,142)	(1,142)
	(c) advertising and marketing	(31)	(31)
	(d) leased assets		
	(e) staff costs	(2,854)	(2,854)
	(f) administration and corporate costs	(736)	(736)
1.3	Dividends received (see note 3)		
1.4	Interest received	19	19
1.5	Interest and other costs of finance paid	(12)	(12)
1.6	Income taxes paid		
1.7	Government grants and tax incentives	119	119
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**1,376**	**1,376**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(14)	(14)
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets	(376)	(376)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (.....months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(390)**	**(390)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (repayment of lease liabilities)	(138)	(138)
3.10	**Net cash from / (used in) financing activities**	**(138)**	**(138)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,251	2,251
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,376	1,376
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(390)	(390)

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (.....months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(138)	(138)
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**3,099**	**3,099**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	3,099	2,251
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**3,099**	**2,251**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	90
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: The payments referred to in item 6.1 relate to remuneration paid to the directors of the business.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities		
7.2	Credit standby arrangements	250	
7.3	Other (please specify)		
7.4	**Total financing facilities**		

7.5	**Unused financing facilities available at quarter end**	$250k

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

XPL finalised agreements with Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) with respect to implementing an overdraft facility of up to $250,000 which will provide an additional financing facility should this be required in the future. The facility is secured against the assets of the business and is subject to an annual review. Interest rate on the facility is the BBSY + 2.75% margin.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	1,376
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,099
8.3	Unused finance facilities available at quarter end (item 7.5)	250
8.4	Total available funding (item 8.2 + item 8.3)	3,349

8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	N/A

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2020

Authorised by the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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