

ASX Release Date: 15 January 2020

Xplore Wealth Limited (ASX: XPL) is one of Australia's longest serving independent Specialist Platform Providers (SPP) and investment administrators, with extensive expertise in managed accounts. Xplore Wealth fully owns an Australian Prudential Regulatory Authority (APRA) regulated Registrable Superannuation Entity (RSE) licensee, Aracon Superannuation Pty Ltd, the trustee of Aracon Superannuation Fund.

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

December 2019 quarterly business update as follows;

Highlights:

1. Funds under Administration (FUA)

- Group FUA as at 31 December up 20.2% prior comparable period (pcp) from \$13.22 Billion to \$15.89 Billion
- Positive net inflows year to date (YTD), with the December quarter \$490 Million, an increase of \$464 Million pcp
- Six Xplore Super and Pension distribution agreements signed
 - Oracle and Cashel are at the client on boarding stage
- Six Managed Discretionary Account (MDA) Memorandums of Understanding (MOU) signed
 - Pivot-PAC Capital and First Point are at the client on boarding stage
- Newly approved sub-plans for the Aracon Superannuation fund, Elevate and Fairvine, commenced signing up members during the quarter
- A new MDA offer for wholesale clients launched to select Advice Australian Financial Services Licences (AFSLs)

2. Key identified business priorities for 2020

- A new long-term contract signed with JP Morgan for Group global custodial services on favourable terms which will result in cost savings
- Key 2020 priorities and related project streams have been fully defined, scoped and documented
- New Project Management Office (PMO) capability established and resourced to provide project governance and ensure timely delivery of projects and associated benefits

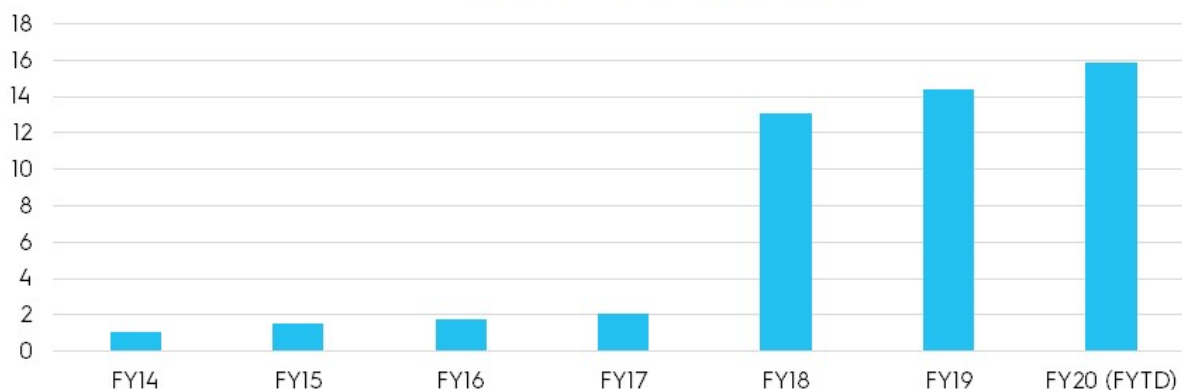
3. Financial

- Finalised a claim with the Australian Tax Office (ATO), which resulted in a one off back payment of \$3.47m and ongoing payments of circa \$1 Million per year
- YTD 2020 Xplore Wealth's operations are cash flow positive
- Repayment of a debt facility resulting in Xplore Wealth having no debt
- As a result of the decision to move to one backend solution, we will write off the remaining carrying value of the Linear software this financial year
 - The write down of \$10.8m will not impact Earnings Before Interest, Taxes and Amortisation (EBITDA) or cash flow, however it will negatively impact Net Profit After Tax (NPAT) in FY2020.
 - As these assets were being amortised over a five-year period, the write down will have a positive impact on NPAT in FY2021, FY2022 and FY2023

FUA Summary

Group FUA as at 31 December up 20.2% pcp from \$13.22 Billion to \$15.89 Billion. In terms of client segments 39.3% of FUA is Retail and 59.7% is Institutional.

Growth in FUA (\$ Billion)



FUA Split 31 December 2019



During the quarter Net Flows were \$490 Million. All client offers - Retail, Institutional and Superannuation - saw positive Net Flows with Institutional the largest contributor at \$343.2 Million.

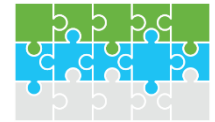
FUA (Billions)	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Growth on PCP
Opening FUA	13.77	13.22	13.29	14.38	14.99	8.9%
Net Flows	0.03	0.19	0.01	0.23	0.49	large
Market Movement	0.58	0.12	1.10	0.38	0.41	large
Closing FUA	13.22	13.29	14.38	14.99	15.89	20.2%
Gross Flows (Millions)						
Retail	188.7	227.4	203.0	410.9	255.9	36%
Institutional	346.5	627.5	537.0	565.5	669.9	93%
Superannuation*			5.0	15.4	92.1	
Net Flows (Millions)						
Retail	50.3	34.4	-92.0	33.7	86.7	72%
Institutional	-23.8	157.4	115.0	227.7	343.2	large
Superannuation*			-34.0	-29.4	60.2	N/A

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

Our 2020 Key Priorities

One Platform Program

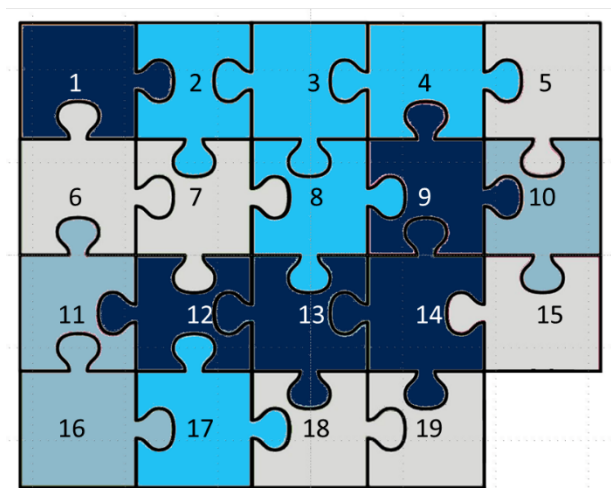
Deliver on our One Platform program to create one technology back-end, one custodian, one client portal, one team and one set of policies and procedures to achieve operational efficiencies and savings.



The One Platform program is expected to be finalised during FY21 and will be funded from ongoing cashflows from business operations and realisation of additional synergies through the program.

During the December quarter:

- 19 initiatives (illustrated and listed below) were identified and defined for the One Platform program
- The program was launched with the appointment of a Program Manager
- Five initiatives are well advanced, five have commenced and a further three are at initialising stage
- During the March quarter we expect to start delivering outcomes to our agreed schedule and start realising the benefits of One Platform Program



1. One custodian for all our offers
2. Create new Retail Direct HIN offer
3. Digitalise application, sign up and onboarding process for all offers
4. Automate manual fee processes for all offers

Move to an enhanced offer for:

5. Xplore Investment WRAP & Xplore MA (old Linear MA)
6. Westpac Private Bank Global Investment Services (GIS)
7. Evans and Partners Portfolio Administration Service (PAS)
8. One transactional trading backend with SS&C
9. International capability, extended to MDA offer
10. Xplore Super & Pension Wrap

11. One integrated client facing portal
12. Consolidated infrastructure across all offices
13. House harmonising all policies and procedures (**Intranet**)
14. Extend Wholesale MDA offer
15. Define, document and systemise business workflows
16. Create new FX offer
17. Launch Model Portfolio Performance

Back up and decommission

18. Cease using IRESS IPS
19. Cease using Linear platform



Upgrading the business

Create a refreshed winning ambition, culture, values and three-year strategy anchored to strong client experience and confidence.

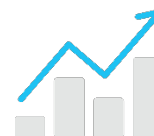


Key highlights during the December quarter:

- Completed a strategic review and finalising a draft new three-year strategic plan for Board approval
- Cultural workshops completed with all staff. Corporate values and behaviours defined, with a values based culture becoming a key strategic plank
- Aracon Superannuation Pty Ltd provided its upgraded three-year strategic business plan to APRA
- Two highly experienced Aracon Superannuation Fund Board members were appointed
- Alignment of all staff KPIs and remuneration outcomes to include 2020 key priorities

Take to Market Plan

Drive hard on our Take to Market Plan (a summary illustrated below), delivering on our distribution plan with the purpose of sustainably growing our business and supporting our existing and new clients.



Key highlights for the December quarter:

- Completed a strategic review of current distribution team structure
- As a result of the review, the distribution team was realigned to achieve the optimal team structure
- A new Distribution Manager for Victoria hired
- Commenced work on the new retail HIN offering



Contact

Mike Wright
 Chief Executive Officer
 0407 641 996
mike.wright@xplorewealth.com.au

Bruce Hawkins
 Chief Financial Officer
 0400 351 272
bruce.hawkins@xplorewealth.com.au

Authorised by

Mike Wright
 Chief Executive Officer
 0407 641 996
mike.wright@xplorewealth.com.au