



# Continuous growth

Executing on our 3-year strategy is delivering improved performance





### **Our 3 Year Plan**

Making good progress executing on our strategic plan

### **INTEGRATE**

- Integrate clients to one backend, one client portal
- Provides operational efficiencies and client enhancements
- Funded One Platform Program
- Cost savings for shareholders FY21 and beyond
- Fully enables the 2nd strategic phase, GROW

Flexible investment management

- Scalable portfolio rebalancing technology; and
- Competitive client fees.

#### **OUTPERFORM**

- **Grow Retail Managed Account &** Super net inflows
- Invest into our sales team

**GROW** 

- **Grow Program** win new clients and more share from existing
- Drive new product and services
- Leverage our:
  - One Managed Account Platform;
  - capability;

- Compete strongly in the market
- Accelerate growth
- Outperform the listed Specialist Platform Provider (SPP) sector
- **Key Outperform Goals**;
  - ✓ Relatively, grow net retail Managed Account inflows faster;
  - ✓ Have the strongest improvement in EBITDA margin; and
  - ✓ Improve our cost to income ratio

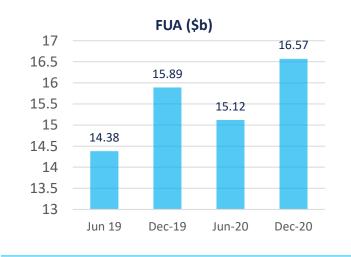
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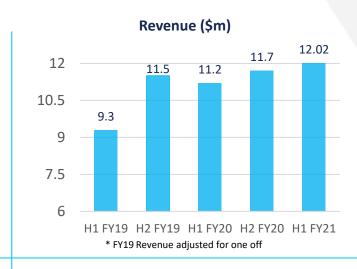
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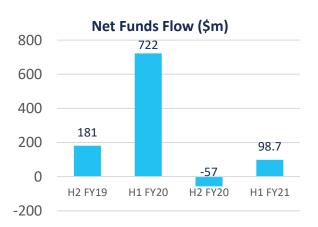
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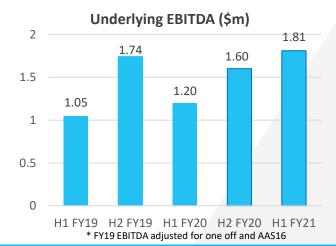


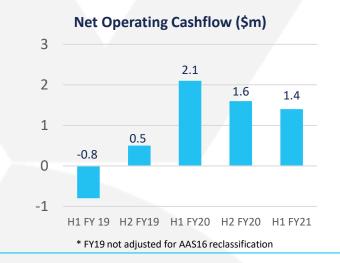
# **Results summary**

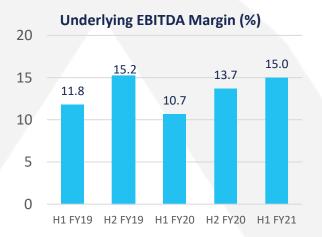














# **H1 FY21 Execution Report**

#### **HUB24** deal

### Key milestones achieved

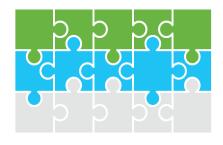


- With HUB24 we agreed how best to achieve pre migration streams of the One Platform Program;
- Agreed and jointly executing our approach to expand Xplore's Sales and Marketing team;
- Conducted joint townhalls and webinars to engage with our clients and staff;
- Federal Court provided orders to convene Scheme Meetings for Security holders to vote;
- ASIC registered the Scheme Booklet in relation to the proposed acquisition of Xplore by HUB24;
- The Scheme Booklet has been made available to Xplore Security holders;
- An Independent Expert's Report assessed the value of Xplore shares at between \$0.192 and \$0.231;
- The Scheme Meetings have been set up and scheduled for 12 February 2021; and
- The Schemes have been scheduled for a second court hearing for 18 February 2021.



# 1H FY21 Execution Report (cont.)

#### **One Platform**



### Creating business efficiencies and savings

- ✓ An additional \$1.2m recurring annualised savings achieved, taking total saves to \$2.3m;
- ✓ The second of three stages of the One Platform program, "Migration Readiness" was completed;
- ✓ In consultation with HUB24, the scope of the final stage, "Transition Delivery" was agreed; and
- ✓ Upgrading of EPI Data Feed to 4.3, through HUB Connect, Fees and MDA Reporting commenced.

#### **Grow Program**



### Sustainably growing our business

- ✓ In consultation with HUB24, commenced recruitment to expand sales team by three new BDMs, with the first BDM starting 1<sup>st</sup> February 2021;
- ✓ An additional two Advice Dealer Groups whitelabelled the Xplore Super & Pension WRAP; and
- ✓ Further product enhancements made to Xplore Super & Pension WRAP.



# **FY21 - Key priorities**

Continuing to deliver on the strategic plan while complying with the SIA

During this period, our core focus will be continuing to deliver on the strategic objectives of the business in line with the FY21 business plan. Specifically we plan to:

- Finalise product enhancements including upgrades to our superannuation offer and FX capability;
- Target new clients for our expanded superannuation solutions services offer;
- Continue to focus on cost management and margin improvement;
- Move into the 2<sup>nd</sup> phase of our strategy, targeting new clients to grow our retail and superannuation businesses; and
- Keep safely navigating the ongoing pandemic, protecting our staff, whilst maintaining our customer proposition.

### As per the Scheme Implementation Agreement (SIA) with HUB24 we will:

- Consult on how best to complete pre migration streams of the One Platform Program;
- Agree on our approach to expand our Sales and Marketing team, with a focus on MDA and key client engagement;
- Proactively engage with our clients and staff to protect their interests through the deal process; and
- Comply with terms of the SIA.



## **Financials Results**

The Financial results shown in this release are preliminary unaudited results which have been provided ahead of the release of Xplore's Appendix 4D and final auditor reviewed half year report for the 6 months ended 31 December 2020 which are due to be released in late February 2021. Please note that as the financial results shown in this release are not audited, they may be subject to change once the auditor's review of the report has been completed.



### **H1 FY21 Financial Results**

### Positive momentum with revenue and EBITDA growth on pcp

|   | <b>H1 2021</b><br>\$'m | <b>H1 2020</b><br>\$'m | CHANGE  |
|---|------------------------|------------------------|---------|
| Revenue                                     | \$12.0                 | \$11.3                 | 6.2%    |
| Direct costs                                | (\$2.3)                | (\$2.8)                | (17.9%) |
| Gross Profit                                | \$9.7                  | \$8.4                  | 15.5%   |
| Gross Profit Margin                         | 81%                    | 75%                    | 8.0%    |
| Other Income                                | -                      | \$0.1                  | -       |
| Operating expenses                          | (\$7.9)                | (\$7.3)                | 8.2%    |
| Underlying EBITDA                           | \$1.8                  | \$1.2                  | 50.0%   |
| EBITDA Margin %                             | 15.0%                  | 10.7%                  | 40.2%   |
| One off items of expenditure <sup>(1)</sup> | (\$1.3)                | (\$1.1)                | 18.2%   |
| One off items of revenue (2)                | \$0.9                  | -                      | -       |
| Depreciation & amortisation                 | (\$1.0)                | (\$1.3)                | (23.1%) |
| Write off of Linear Software                | -                      | (\$10.8)               | -       |
| NPBT  | \$0.4                  | (\$12.0)               | -       |

- Improved Gross Margin and EBITDA margins
- Return to profitability for the period
- Deal related costs of \$630k incurred during period
- Positive findings in AusIndustry review contributed \$600k in one off revenue

Strong revenue growth prior comparable period (pcp)

<sup>&</sup>lt;sup>1</sup> Relates to investment into One Platform program expensed during the period and costs incurred in the scheme of arrangement with HUB24 and subsequent deal related activities.

<sup>&</sup>lt;sup>2.</sup> Relates primarily to the reversal of provision for disputed R&D claim given favourable findings by AusIndustry during the period and Government subsidies associated with the Covid-19 stimulus package.



## **FUA & Inflows**

FUA increased \$1.0 Billion up 6.7% quarter on quarter (QoQ) to a record level of \$16.57 Billion.

| FUA (\$ Billion)  | Dec-18 | Jun-19 | Sep-19 | Dec-19 | Mar-20 | Jun-20  | Sep-20 | Dec-20 |
|-------------------|--------|--------|--------|--------|--------|---------|--------|--------|
| Opening FUA       | 13.77  | 13.29  | 14.38  | 14.99  | 15.89  | 14.51   | 15.12  | 15.53  |
| Net Flows         | 0.03   | - 0.01 | 0.23   | 0.49   | 0.02   | - 0.08  | - 0.03 | 0.13   |
| Market Movement   | - 0.58 | 1.10   | 0.38   | 0.41   | - 1.41 | 0.69    | 0.45   | 0.91   |
| Closing FUA       | 13.22  | 14.38  | 14.99  | 15.89  | 14.51  | 15.12   | 15.53  | 16.57  |
| Gross Flows (\$m) |        |        |        |        |        |         |        |        |
| Retail            | 188.7  | 203.0  | 253.1  | 255.9  | 262.4  | 232.5   | 241.5  | 348.0  |
| Institutional     | 346.5  | 537.0  | 565.5  | 669.9  | 482.6  | 317.9   | 324.7  | 207.5  |
| Superannuation*   |        | 5.0    | 15.4   | 92.1   | 141.7  | 54.6    | 53.5   | 72.1   |
| Net Flows (\$m)   |        |        |        |        |        |         |        |        |
| Retail            | 50.3   | - 92.0 | 33.7   | 86.7   | - 30.0 | - 115.4 | 4.9    | 114.1  |
| Institutional     | -23.8  | 115.0  | 227.7  | 343.2  | - 54.9 | 23.0    | - 56.1 | - 34.9 |
| Superannuation*   |        | - 34.0 | - 29.4 | 60.2   | 104.0  | 14.5    | 22.5   | 48.2   |

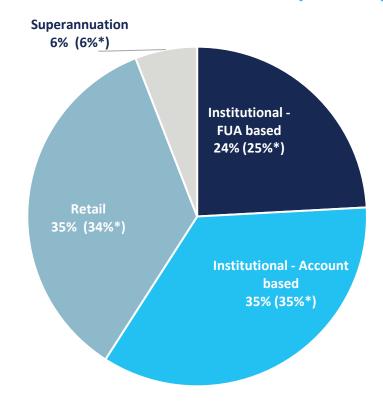
<sup>\*</sup> Superannuation businesses wholly owned by Xplore Wealth - Aracon Superannuation Pty Ltd and DIY Master Pty Ltd



# H1 FY21 FUA and Revenue Composition

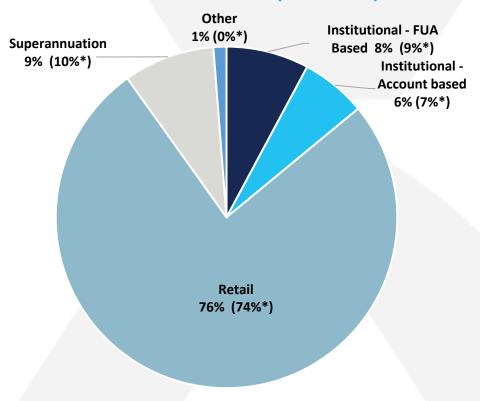
A diversified FUA and revenue base with majority of revenues flowing from higher margin retail book

### **FUA – 31 December 2020 (\$16.6b)**



\*Comparative FUA splits as at 30 June 2020

### Revenue - 1H FY21 (\$12.02m)



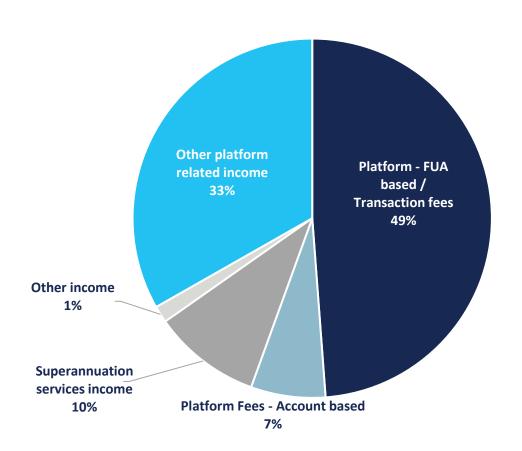
<sup>\*</sup>Comparative Revenue splits as at H1 FY20



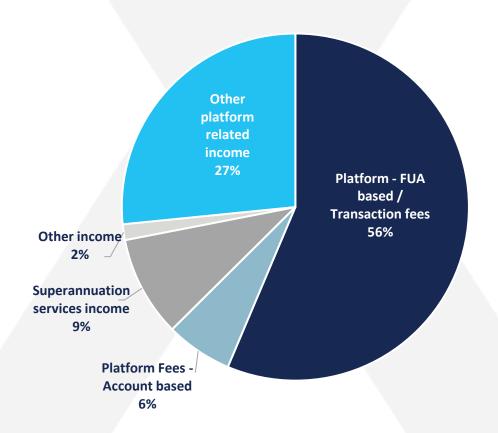
# **H1 FY21 Revenue Composition**

Diversified revenue base by fee type

Revenue – H1 FY21 (\$12.02m)



Revenue – H1 FY20 (\$11.2m)





## **Balance Sheet & Statement of Cashflows**

|                               | 31 Dec 20<br>\$m | 30 Jun 20<br>\$m |
|-------------------------------|------------------|------------------|
| Cash and cash equivalents     | 2.1              | 2.3              |
| Other financial assets        | 2.0              | 2.0              |
| Trade and other receivables   | 3.3              | 3.3              |
| Non-current Assets            |                  |                  |
| Property, Plant and Equipment | 0.2              | 0.3              |
| Intangible assets             | 27.8             | 27.9             |
| Right of use asset            | 0.8              | 1.1              |
| Deferred tax assets           | 6.0              | 6.0              |
| Total assets                  | 42.2             | 42.8             |
| Liabilities                   |                  |                  |
| Trade and other payables      | 2.3              | 3.0              |
| Employee benefits             | 1.3              | 1.2              |
| Deferred tax liabilities      | 0.5              | 0.5              |
| Lease liabilities             | 0.9              | 1.2              |
| Other liabilities             | 0.3              | 0.3              |
| Net Assets                    | 36.9             | 36.6             |
| Paid up capital               | 56.7             | 56.7             |
| Share option reserve          | 0.3              | 0.4              |
| Accumulated losses            | -20.1            | -20.5            |
| Total equity                  | 36.9             | 36.6             |

|   | H1 FY21 | H1 FY20 |
|---|---------|---------|
|   | \$'m    | \$'m    |
| Receipts from customers                       | 11.8    | 12.7    |
| Payments to suppliers and employees           | -10.6   | -11.1   |
| Net interest and other income                 | 0.2     | 0.3     |
| Operating cash flows                          | 1.4     | 1.9     |
| Costs incurred in Scheme of Arrangement       | -0.6    | -       |
| Payment for intangibles                       | -0.6    | -0.5    |
| Investing cash flows                          | -1.2    | -0.5    |
| Proceeds from issues of shares                | -       | 0.1     |
| Share buy-back                                | -       | -       |
| Repayment of lease liabilities                | -0.3    | -0.2    |
| Financing cash flows                          | -0.3    | -0.1    |
| Net cash flow                                 | -0.2    | 1.3     |
| Cash & Cash equivalent at beginning of period | 2.3     | 0.9     |
| Cash & Cash equivalent at end of period       | 2.1     | 2.2     |



## **Costs Breakdown**

|   | H1 FY21 | H1 FY20 | Movement |
|---|---------|---------|----------|
|   | \$'m    | \$'m    |          |
| Operating Expenses                            |         |         |          |
| Employment related costs                      | 5.8     | 5.4     | 7.4%     |
| Computer and IT expenses                      | 0.9     | 0.7     | 28.6%    |
| Professional fees and Consulting              | 0.5     | 0.6     | (16.6%)  |
| Other expenses                                | 0.7     | 0.6     | 16.6%    |
| Total Operating Expenses                      | 7.9     | 7.3     | 8.2%     |
| Depreciation & amortisation                   |         |         |          |
| Depreciation & Amortisation                   | 0.7     | 1.0     | (30%)    |
| Depreciation attributed to lease arrangements | 0.3     | 0.3     | _        |
|   | 1.0     | 1.3     | (30%)    |
| One-off expenses                              |         |         |          |
| Employment related                            | -       | 0.6     | -        |
| Acquisition related                           | 0.6     | -       | -        |
| One Platform – systems development            | 0.7     | -       | -        |
| R&D related                                   |         | 0.5     |          |
|   | 1.3     | 1.1     | 18.2%    |

- Increase in costs generally in line with growth in the business
- Acquisition related costs pertain to the HUB24 deal entered into between Xplore and HUB24



### **Authorised for release by Michael Wright**

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