

ASX Release Date: Friday 26 February 2021

Appendix 4D (Half Year Report) and Half Year FY21 Financial Report

Xplore Wealth Limited (ASX: XPL) (the Company) releases its Appendix 4D (Half Year Report) and Interim Report for the half year ended 31 December 2020, as approved by the Board.

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

About Xplore Wealth Limited

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

1. Company details

Name of entity:	Xplore Wealth Limited
ABN:	34 128 316 441
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	13.6% to	12,934,508
Service revenue	up	7.1% to	12,018,850
Profit from ordinary activities after tax attributable to the owners of Xplore Wealth Limited	up	110.5% to	962,802
Profit for the half-year attributable to the owners of Xplore Wealth Limited	up	110.5% to	962,802

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The impact of the COVID-19 pandemic for the six month to 31 December 2020 has been marginal for the Group, with the Group continuously serving clients seamlessly through volatile markets. The Group's business continuity plan ensured efficient, secure remote working facilities for the staff and delivery of seamless customer service levels.

Refer to the attached Directors' report and Business overview section for further explanation.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>3.00</u>	<u>3.24</u>

The net tangible assets calculation does not include rights-of-use assets of \$804,404 (31 Dec 2019: \$1,327,490) but includes lease liabilities of \$901,937 (31 Dec 2019: \$1,443,913).

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Xplore Wealth Limited for the half-year ended 31 December 2020 is attached.

12. Signed

Authorised by the Board of Directors.

Signed  _____

Date: 26 February 2021

Alex Hutchison
Non-Executive Chairman
Sydney

Xplore Wealth Limited

ABN 34 128 316 441

Interim Report - 31 December 2020

Xplore Wealth Limited
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31 December 2020



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Xplore Wealth is one of Australia's longest serving non-bank owned Specialist Platform Providers (SPP) and investment administrators, with extensive expertise in managed accounts. Xplore Wealth'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, with funds under administration of \$16.57 billion as at 31 December 2020.

Xplore Wealth has extensive administration capabilities in a broad range of assets, across multiple international markets. Xplore also offers an end to end superannuation solution encompassing trustee services, member administration, custody services and investment management.

These capabilities are delivered through products and services that are distributed by Xplore Wealth or through the provision of outsourced administration to other institutional clients and boutique providers.

Xplore Wealth has a comprehensive and unique range of products and services:

- Managed discretionary account ('MDA') services. Rather than delivering an off-the-shelf product, Xplore Wealth focuses on designing, implementing and operating services that incorporate the specific requirements of advisory firms, wealth managers and stockbrokers into a private-label service;
- Separately managed account offer ('SMA'). Available as an off-the-shelf product, complete with a comprehensive global equity capability, the SMA can also be white labelled to meet the specific requirements of advisory firms, wealth managers and stockbrokers;
- Portfolio administration service ('PAS'). Administration and reporting for client portfolios where the assets are held in the name of the client, typically for wealth managers and stockbrokers;
- Wrap service ('Wrap'). The Xplore Wealth Investment Wrap and Superannuation and Pension Wrap Services offer retail investors the ability to access a broad range of listed securities (domestic and international), managed funds and model portfolios through an investor directed portfolio service;
- Superannuation services ('Super'). Xplore Wealth delivers a non- unitised superannuation solution for those clients seeking a flexible and customised superannuation solution and who do not wish to use a SMSF;
- Registerable Superannuation Entity ('RSE') and superannuation administration services. Aracon Superannuation Pty Ltd, a superannuation Trustee and DIY Master Pty Ltd, a provider of specialist superannuation administration services, allow Xplore Wealth to offer a fully integrated service to its clients.

When delivering outsourced administration solutions to institutional clients or other boutique providers, Xplore Wealth matches its broad capability to the requirements of the client.

The core market offerings and target markets for these solutions are outlined in the table below.

MDA	Investment Wrap Super & Pension Wrap	Portfolio Administration Services	Outsourced solutions
Full service MDA platform solution offering a wide choice of domestic and international investments, efficiency of execution and adviser discretion	Complete investment and superannuation Wrap solution offering broad investment choice, SMA capability, international securities and white label	Non-custodial service offering access to ASX listed securities and other assets	Bespoke outsourcing solutions enabling clients to outsource non-core activities including MDA administration, RSE Services and superannuation administration
Targeted at IFA's, stockbrokers and investment managers	Targeted at IFA's, stockbrokers and investment managers	Targeted at ASX participants, shadow brokers and IFA's	Targeted at institutional clients and MDA operators

This capability is overseen by the Board and management team who have significant experience in financial services including financial advisory, stockbroking, superannuation, investment administration and managed accounts.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Xplore Wealth Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were directors of Xplore Wealth Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Alex Hutchison - Chairman
Donald Sharp
Stephen Reed
Julie Berry

Principal activities

The principal activities of the Group were the provision of investment administration services and investment administration technology solutions.

The Group also offers an end to end superannuation solution encompassing trustee services, member administration and investment management.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The profit for the Group after providing for income tax amounted to \$962,802 (31 December 2019: loss of \$9,201,399).

The impact of the COVID-19 pandemic for the six month to 31 December 2020 has been marginal for the Group, with the Group continuously serving clients seamlessly through volatile markets. The Group's business continuity plan ensured efficient, secure remote working facilities for the staff and delivery of seamless customer service levels.

Significant changes in the state of affairs

On 28 October 2020, the Company and HUB24 Limited (ASX:HUB) entered into a Scheme of Implementation Agreement for the purposes of a proposed Scheme of Arrangement for HUB24 to acquire 100% of the Group. Since that date, a Scheme Booklet has been issued to both shareholders and optionholders of Xplore securities. A meeting of shareholders and a separate meeting of optionholders was held on 12 February 2021 during which the Schemes were approved. The Federal Court also approved the Schemes on 18 February 2021. With effect from 2 March 2021, Xplore Wealth Limited will become a subsidiary of HUB24 and will cease being listed on the Australian Stock Exchange.

On 10 August 2020, the Group executed 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.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Alex Hutchison
Non-Executive Chairman

26 February 2021
Sydney

Auditor's Independence Declaration

To the Directors of Xplore Wealth Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review Xplore Wealth Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



G S Layland
Director – Audit & Assurance

Sydney, 26 February 2021

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Xplore Wealth Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020



	Note	Consolidated 31 Dec 2020 \$	31 Dec 2019 \$
Revenue			
Service fees	4	12,018,850	11,221,774
Less: transaction costs		(2,325,017)	(2,837,938)
Gross margin		<u>9,693,833</u>	<u>8,383,836</u>
Other income	5	876,513	127,810
Interest revenue calculated using the effective interest method		39,145	40,299
Expenses			
Employee benefits expense		(6,595,810)	(5,825,572)
Professional Fees and Consulting		(513,774)	(599,326)
Depreciation and amortisation expense	6	(1,033,923)	(1,140,235)
Impairment of intangibles	7	-	(10,979,280)
Impairment of receivables		-	(149,678)
Computer and IT expenses		(887,781)	(721,496)
Premises expense		-	(53,840)
Costs incurred in Scheme of Arrangement		(628,883)	-
Cost of Employee Share Scheme		46,366	(19,411)
Other expenses		(580,709)	(1,081,381)
Finance costs	6	(23,614)	(49,086)
Profit/(loss) before income tax benefit		391,363	(12,067,360)
Income tax benefit		<u>571,439</u>	<u>2,865,961</u>
Profit/(loss) after income tax benefit for the half-year attributable to the owners of Xplore Wealth Limited		962,802	(9,201,399)
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year attributable to the owners of Xplore Wealth Limited		<u><u>962,802</u></u>	<u><u>(9,201,399)</u></u>
		Cents	Cents
Basic earnings/(loss) per share	11	0.32	(3.09)
Diluted earnings per share	11	0.32	(3.09)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Xplore Wealth Limited
Statement of financial position
As at 31 December 2020



	Note	Consolidated 31 Dec 2020 \$	30 Jun 2020 \$
Assets			
Current assets			
Cash and cash equivalents		2,135,580	2,251,107
Other financial assets		1,980,000	1,980,000
Trade and other receivables		2,109,081	1,988,680
Other assets		1,237,656	1,360,893
Total current assets		<u>7,462,317</u>	<u>7,580,680</u>
Non-current assets			
Property, plant and equipment		207,467	263,423
Right-of-use assets		804,404	1,065,947
Intangibles	7	27,767,536	27,898,848
Deferred tax		6,429,847	5,970,554
Total non-current assets		<u>35,209,254</u>	<u>35,198,772</u>
Total assets		<u>42,671,571</u>	<u>42,779,452</u>
Liabilities			
Current liabilities			
Trade and other payables	8	2,332,453	3,049,656
Deferred government grant		120,799	110,889
Lease liabilities		462,770	564,626
Employee benefits		1,017,819	910,836
Total current liabilities		<u>3,933,841</u>	<u>4,636,007</u>
Non-current liabilities			
Deferred government grant		149,730	177,516
Lease liabilities		439,167	615,392
Deferred tax		421,167	533,312
Employee benefits		243,209	249,204
Total non-current liabilities		<u>1,253,273</u>	<u>1,575,424</u>
Total liabilities		<u>5,187,114</u>	<u>6,211,431</u>
Net assets		<u>37,484,457</u>	<u>36,568,021</u>
Equity			
Issued capital		56,745,892	56,745,892
Share option reserve		330,123	376,489
Accumulated losses		<u>(19,591,558)</u>	<u>(20,554,360)</u>
Total equity		<u>37,484,457</u>	<u>36,568,021</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Xplore Wealth Limited
Statement of changes in equity
For the half-year ended 31 December 2020



Consolidated	Issued capital \$	Share option reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	56,672,814	460,711	(9,127,318)	48,006,207
Loss after income tax benefit for the half-year	-	-	(9,201,399)	(9,201,399)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(9,201,399)	(9,201,399)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	73,078	-	-	73,078
Share-based payments	-	19,411	-	19,411
Balance at 31 December 2019	<u>56,745,892</u>	<u>480,122</u>	<u>(18,328,717)</u>	<u>38,897,297</u>
Consolidated	Issued capital \$	Share option reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	56,745,892	376,489	(20,554,360)	36,568,021
Profit after income tax benefit for the half-year	-	-	962,802	962,802
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	962,802	962,802
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	(46,366)	-	(46,366)
Balance at 31 December 2020	<u>56,745,892</u>	<u>330,123</u>	<u>(19,591,558)</u>	<u>37,484,457</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Xplore Wealth Limited
Statement of cash flows
For the half-year ended 31 December 2020



	Note	Consolidated 31 Dec 2020 \$	31 Dec 2019 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		11,789,942	12,781,442
Payments to suppliers and employees (inclusive of GST)		(10,583,966)	(11,153,963)
		<u>1,205,976</u>	<u>1,627,479</u>
Costs incurred in Scheme of Arrangement		(628,883)	-
		<u>577,093</u>	<u>1,627,479</u>
Receipt from Government grants (COVID-19)		155,041	-
Other revenue		-	300,095
Interest received		39,145	40,299
Interest and other finance costs paid		(23,614)	(49,086)
		<u>747,665</u>	<u>1,918,787</u>
Net cash from operating activities			
Cash flows from investing activities			
Payments for property, plant and equipment		(16,727)	(28,508)
Payments for intangibles		(568,385)	(470,328)
Proceeds from disposal of investments		-	21,000
		<u>(585,112)</u>	<u>(477,836)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from issue of shares		-	73,078
Repayment of lease liabilities		(278,080)	(255,984)
		<u>(278,080)</u>	<u>(182,906)</u>
Net cash used in financing activities			
Net increase/(decrease) in cash and cash equivalents		(115,527)	1,258,045
Cash and cash equivalents at the beginning of the financial half-year		2,251,107	940,896
		<u>2,135,580</u>	<u>2,198,941</u>
Cash and cash equivalents at the end of the financial half-year			

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Xplore Wealth Limited as a Group consisting of Xplore Wealth Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year (together are referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Xplore Wealth Limited's functional and presentation currency.

Xplore Wealth Limited is a for-profit listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 5
28 Margaret Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2021.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements arising under Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

For the half-year ended 31 December 2020, the Group incurred a profit after tax of \$962,802 (31 December 2019: loss after tax of \$9,201,399). During the same period, the Group had operating cash inflows of \$747,665 (31 December 2019: inflows of \$1,918,787). The financial statements have been prepared on the basis that the Group is a going concern which contemplates the continuity of its business, realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Group to meet operating cash requirements for the next 12 months is based upon the following factors:

- the cash base of \$2,135,580 as at the date of this report together with cashflows forecast to be generated from service fees will be sufficient to meet the working capital requirements; and
- the Group will have access to support and funding, if required, from the new parent entity HUB24 Limited.

The financial statements have therefore been prepared on a going concern basis. The financial statements do not include any adjustments relating to recoverability and classification of recorded asset amounts or the amount and classification of liabilities that might not be necessary should the Group not continue as a going concern.

Note 3. Operating segments

The Group treats their operations as the one business segment and reports accordingly. Management and the Board of Directors view and assess the Group as one business segment. All assets are held and the revenues are sourced in Australia.

Note 4. Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 31 Dec 2020 \$	31 Dec 2019 \$
<i>Major product lines</i>		
Administration fees	8,229,685	8,188,461
Transaction/brokerage fees	3,779,165	3,006,313
Implementation fees	10,000	27,000
	<u>12,018,850</u>	<u>11,221,774</u>
<i>Geographical regions</i>		
Australia	<u>12,018,850</u>	<u>11,221,774</u>
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	1,510,413	870,747
Services transferred over time	10,508,437	10,351,027
	<u>12,018,850</u>	<u>11,221,774</u>

Note 5. Other income

	Consolidated 31 Dec 2020 \$	31 Dec 2019 \$
Government grants (COVID-19)	155,041	-
Other income	721,472	127,810
Other income	<u>876,513</u>	<u>127,810</u>

Government grants (COVID-19)

During the COVID-19 pandemic, the Group has received cash flow boosts from the Australian Government. The cash flow boosts are delivered as credits in the activity statement system. They are equivalent to the amount withheld from wages paid to employees for each monthly or quarterly period from July to September 2020.

Other income

During the half-year period, the Group recognised \$721,472 of income pertaining to the preacquisition research and development claim made by one of its subsidiaries, Margaret Street Financial Holdings Pty Ltd formerly known as Linear Financial Holdings Pty Ltd. Due to the original claim being disallowed by AusIndustry, at 30 June 2020, the Group had provided for a payment of 50 % of the disputed claim, \$594,140 (note 8) and noted that should its appeal not be successful the remaining 50% of the disputed claim will also need to be settled. On review of this decision, AusIndustry found that the Group was entitled to the full claim and the provision was reversed in the current period.

Note 6. Expenses

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Profit/(loss) before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	8,361	8,362
Fixtures and fittings	5,049	4,925
Information technology equipment	59,273	58,287
Plant and equipment right-of-use assets	261,543	261,543
	<u>334,226</u>	<u>333,117</u>
<i>Amortisation</i>		
Customer relationships	407,800	407,800
Software development	268,718	376,139
Other intangibles	23,179	23,179
	<u>699,697</u>	<u>807,118</u>
Total depreciation and amortisation	<u>1,033,923</u>	<u>1,140,235</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	23,614	49,086
<i>Superannuation expense</i>		
Defined contribution superannuation expense	443,613	433,679

Note 7. Non-current assets - intangibles

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
Goodwill - at cost	23,290,330	23,290,330
Customer relationships - at cost	4,078,000	4,078,000
Less: Accumulated amortisation	(2,546,484)	(2,138,684)
	<u>1,531,516</u>	<u>1,939,316</u>
Software development costs - at cost	18,492,371	18,492,371
Less: Accumulated amortisation	(6,354,487)	(6,085,769)
Less: Impairment	(10,979,280)	(10,979,280)
	<u>1,158,604</u>	<u>1,427,322</u>
Asset under development - at cost	1,736,991	1,168,606
Other intangibles - at cost	165,994	165,994
Less: Accumulated amortisation	(115,899)	(92,720)
	<u>50,095</u>	<u>73,274</u>
	<u>27,767,536</u>	<u>27,898,848</u>

Note 7. Non-current assets - intangibles (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill \$	Customer relationships \$	Software development costs \$	Asset under development \$	Other intangibles \$	Total \$
Balance at 1 July 2020	23,290,330	1,939,316	1,427,322	1,168,606	73,274	27,898,848
Additions	-	-	-	568,385	-	568,385
Amortisation expense	-	(407,800)	(268,718)	-	(23,179)	(699,697)
Balance at 31 December 2020	<u>23,290,330</u>	<u>1,531,516</u>	<u>1,158,604</u>	<u>1,736,991</u>	<u>50,095</u>	<u>27,767,536</u>

Note 8. Current liabilities - trade and other payables

	Consolidated 31 Dec 2020 \$	30 Jun 2020 \$
Trade payables	793,424	942,869
Accrued expenses	1,265,658	1,145,393
Provision for R&D claim (note 5)	-	594,140
Other payables	273,371	367,254
	<u>2,332,453</u>	<u>3,049,656</u>

Note 9. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 10. Contingent liabilities

Aracon Superannuation Pty Ltd, one of the Group's subsidiaries, is responsible for meeting the regulatory requirement with respect to the Operational Risk Financial Reserve (ORFR) in the Aracon Superannuation Fund. ORFR is currently held both within the fund and as a term deposit and trustee capital in the company. The ORFR held by the company totalling \$387,464 can, in certain circumstances, be claimed by members of Aracon Superannuation Fund in the event of an operational failure by its Trustee.

Note 11. Earnings per share

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Profit/(loss) after income tax attributable to the owners of Xplore Wealth Limited	<u>962,802</u>	<u>(9,201,399)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>297,536,240</u>	<u>297,376,404</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>297,536,240</u>	<u>297,376,404</u>
	Cents	Cents
Basic earnings/(loss) per share	0.32	(3.09)
Diluted earnings per share	0.32	(3.09)

Options have been excluded from the calculation of diluted earnings per share as they would be anti-dilutive.

Note 12. Events after the reporting period

The impact of the COVID-19 pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to evolve and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 28 October 2020, the Company and HUB24 Limited (ASX:HUB) entered into a Scheme of Implementation Agreement for the purposes of a proposed Scheme of Arrangement for HUB24 to acquire 100% of the Group. Since that date, a Scheme Booklet has been issued to both shareholders and optionholders of Xplore securities. A meeting of shareholders and a separate meeting of optionholders was held on 12 February 2021 during which the Schemes were approved. The Federal Court also approved the Schemes on 18 February 2021. With effect from 2 March 2021, Xplore Wealth Limited will become a subsidiary of HUB24 and will cease being listed on the Australian Stock Exchange.

On 2 February 2021 an application was made to APRA to cancel the Registerable Superannuation Entity (RSE) licence which should take effect on or before 2 March 2021. Aracon Superannuation Limited will retire as RSE for the Aracon Superannuation Fund and Equity Trustees Superannuation Limited will be appointed as the new RSE for the fund. As a result Xplore Wealth will no longer operate as an RSE from 2 March 2021 if the application is approved by APRA.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached consolidated financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Alex Hutchison
Non-Executive Chairman

26 February 2021
Sydney

Independent Auditor's Review Report

To the Members of Xplore Wealth Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Xplore Wealth Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Xplore Wealth Limited does not give a true and fair view of the financial position of the Group as at 31 December 2020, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performance by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Xplore Wealth Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



G S Layland
Director – Audit & Assurance

Sydney, 26 February 2021

Directors	Alex Hutchison - Chairman Donald Sharp Stephen Reed Julie Berry
Company secretaries	Jillian McGregor Craig Griffin
Registered office	Level 5 28 Margaret Street Sydney NSW 2000 Tel: 1800 446 971
Share register	Registry Direct 10 Exon Street Melbourne VIC 3000 Tel: 1300 556 635
Auditor	Grant Thornton Audit Pty Ltd Level 17 383 Kent Street Sydney NSW 2000
Solicitors	Hamilton Locke Level 36 Australia Square 264 George street Sydney NSW 2000
Stock exchange listing	Xplore Wealth Limited shares are listed on the Australian Securities Exchange (ASX code: XPL)
Website	http://www.xplorewwealth.com.au