

WT FINANCIAL GROUP LIMITED (ASX: WTL)

FORMERLY SPRING FG LIMITED ASX: (SFL)

ASX Release 27 November 2019

Annual General Meeting Chairman's address

The following is a transcript of the (acting) Chairman's address to the Annual General Meeting (AGM) of WT Financial Group Limited (the Company or the Group) which will be held today at 9.30am AEST.

The address will be delivered by managing director, Keith Cullen, as acting chairman for the meeting due to the absence of the Company's non-executive chairman Mr Guy Hedley. My Hedley is out of the country and offers his apologies for his inability to attend.

Chairman's address

Ladies and gentlemen thank you for your attendance today.

As a shareholder of WT Financial Group Limited, I am sure that upheaval in the financial advice industry, fuelled in large part by last year's Royal Commission into the industry, has not been lost on you.

For the industry, and for the Company, the past couple of years have been extremely challenging and have seen the erosion of significant value. The Company has had to re-think and reset to face these challenges and create a new platform for a return to growth and profitability.

This has involved us undertaking a successful transformational restructure to reduce our focus and reliance on business-to-consumer (B2C) and non-recurring revenue, to emerge as a primarily business-to-business (B2B) focused enterprise - now with predominately recurring revenue lines.

Central has been the acquisition of our Wealth Today Pty Ltd (Wealth Today) subsidiary. Wealth Today provides a comprehensive range of "dealer group" services to financial advisers across Australia - who are independent business operators acting as authorised representatives - to enable these advisers to operate and prosper.

This strategy has enabled the Group to achieve significant revenue increases with FY2019 *Revenue from Ordinary Activities* up more than 40% over the prior year to \$10.47M (FY2018 \$7.38M), with improvement ongoing throughout the year showing H2 FY2019 *Revenue from Ordinary Activities* up around 18% on the first half. I am pleased to report that this growth profile is continuing.

Concurrently we have rationalised our B2C financial advice operations and achieved significant reductions in fixed overheads.

Our strategy has positioned us to capitalise on the industry disruption created by the unravelling of institutional advice models.

The end of institutionally-owned financial advice networks is creating unprecedented expansion opportunity for us as financial product manufacturers, including AMP, NAB-owned MLC and other major banks are now drastically reducing, closing or selling their advice networks.

This is leaving large numbers of highly experienced and qualified advisers and countless of their clients "homeless"- and in need of a professional, efficient dealer group to support their businesses.

Wealth Today had just 42 advisers in its "dealer group" at the time we acquired it in January 2018. We initially reduced this number to around 30 before commencing an expansion program that saw us surpass our target of 100 advisers by mid-2019. We have subsequently grown to now more than 120 as at time of writing, with many more advisers in discussions and application to join.

Further information:

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Managing director
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We have current human and infrastructure resources to support circa 150-160 advisers, which we are targeting during FY2020. The opportunity is significantly larger than that however – with industry disruption presenting the opportunity for us to emerge in a real leadership role over the next two years.

Importantly, our model can be scaled in an efficient manner, with only incremental payroll and variable cost increases required to scale to 250-300 advisers in the mid-term term and to well in excess of 500 advisers over time.

Name change

To reflect our strategic transformation and to ensure we are best positioned to capitalise on the unprecedented growth opportunities before us we are undertaking a series of corporate actions including of course the recent change of name of the listed parent Company from Spring FG Limited to WT Financial Group Limited - and a change of ASX code to “WTL”.

We intend to continue our direct-to-consumer operations under the Spring Financial Group banner.

Convertible Note Issue

At a recent EGM we gained shareholder approval for the issue of convertible notes to raise up to \$2,600,000 to be issued to wholesale and sophisticated investors. This will provide vital capital to help fuel and underpin our continued expansion and future success.

The Notes are intended to be issued within three months from the date of approval - being by 8 February 2020. If fully subscribed the Notes will be convertible to up to a maximum of 40,000,000 shares at between \$0.065 and \$0.085 per share, will have maturity dates of between 2 and 3 years, and interest rates of between 8.25% pa and 8.75% pa. The Notes will not be quoted on the ASX.

Your board recognises it has been a difficult journey for shareholders over the last couple of years.

Your directors and management team have remained resolute however, and rather than capitulate to the incredible industry disruption that is upon us, have worked to rethink and reinvent your company to leverage the resources, systems and processes we have all invested into to re-emerge to be positioned to really capitalise on it.

We thank you for your support to date and we look forward to it continuing and to you being a part of our future.

ENDS

Further information:

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Managing director
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