

Quarterly Cash Flow and Activities Report Appendix 4C

Quarter 2, Financial Year 2021

11th January, 2021

SelfWealth Ltd

Level 2, 613 Canterbury Road
Surrey Hills, 3127, Victoria, Australia



SelfWealth[®]

Trade smarter. Every time.

Our goal is to empower people to build their own wealth, which is why we've created a place where every investor can learn and benefit from the experience of a large community.

It's a revolutionary way to trade and it's more affordable, too.

SelfWealth. Trade smarter. Every time.

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Quarterly Activities Report

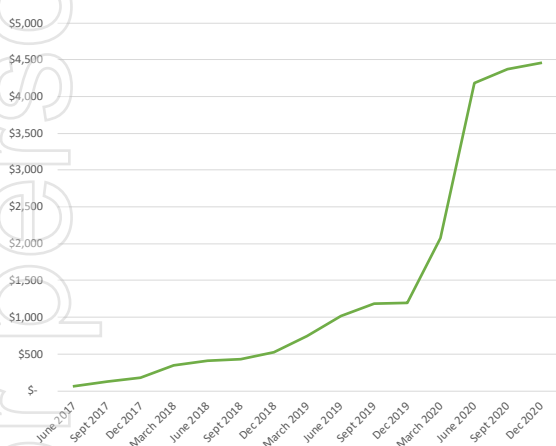
Highlights

- Record quarterly operating revenue of \$4.46m, up 298% YOY.
- US trading launched on schedule on December 14th, adding a rapidly growing new revenue stream.
- Number of active traders 67,394 at end December. Up 17% for the quarter and 208% YOY.
- Quarterly trade volume up 377% YOY.
- Value of client cash held and value of securities held on HIN continue to grow strongly.
- Operating costs on clearing down from January 2021, producing higher gross profit margins.
- Quarterly cash flow from operating activities, -\$29k in a heavy investment quarter.

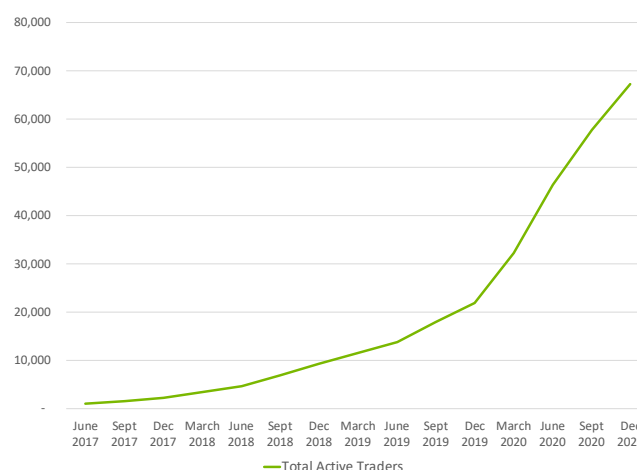
2020 Growth Rates

	Dec '19	Dec '20	Change
Active Traders	21,893	67,394	208%
Quarterly Trades	79,411	378,430	377%
Operating Revenue (m)	\$1.12	\$4.46	298%
Client Cash (m)	\$136	\$435	220%
Securities Held on HIN (bn)	\$1.70	\$4.30	153%

Operating Revenue by Quarter ('000)



Active Trader Growth by Quarter



Melbourne, Australia – 11th January 2021: SelfWealth Ltd (ASX: SWF) ("SelfWealth" or "the Company") has released its second FY21 Quarterly Cash Flow and Activities Report. This report shows continuing strong growth in client acquisition and operating revenue, augmented by the introduction of a new revenue stream with the launch of US trading on December 14th 2020. The strong cash flow has enabled the business to invest in the development of US trading without impacting on the capital strength of the business.

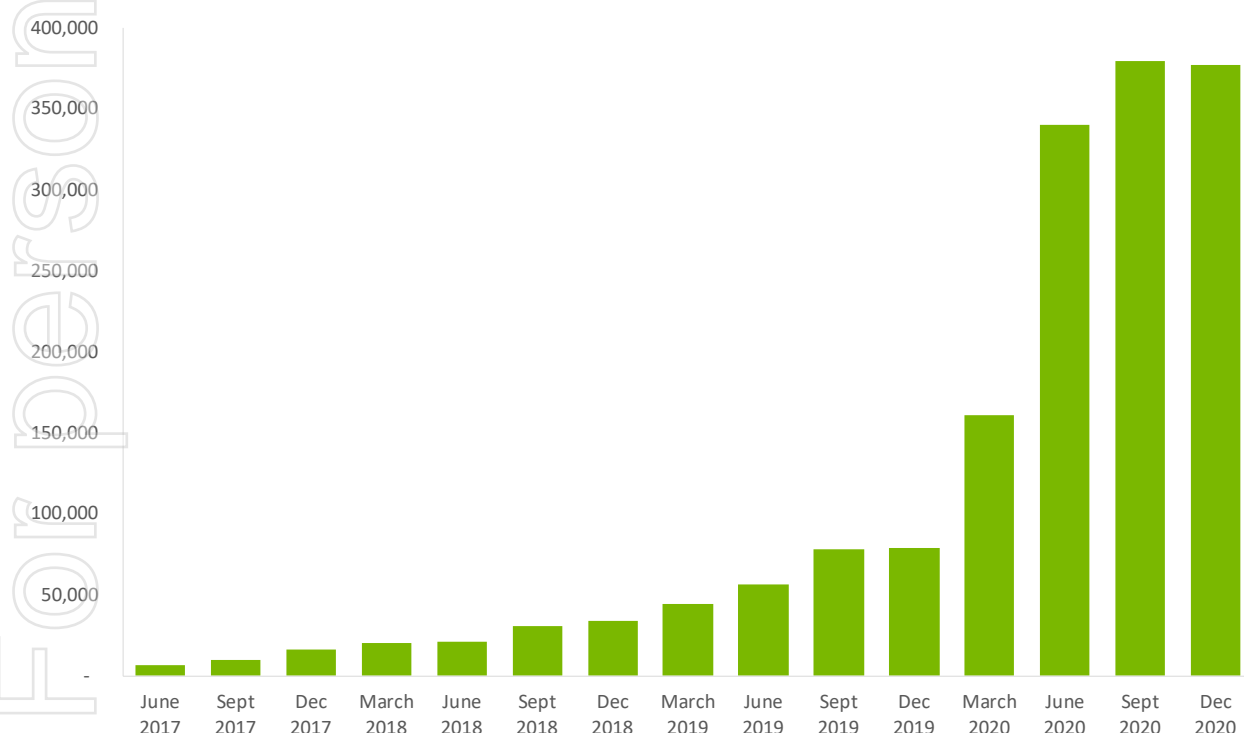
SelfWealth is also growing its market share and attracting both new market entrants and clients from competitors.

SelfWealth's Managing Director, Rob Edgley had this to say on the quarterly results, "2020 has been a transformational year for SelfWealth. The continuing growth in new active traders on our platform during the quarter – another 9,578 active traders – shows a 208% increase on the same quarter in 2019. The launch of US trading is now complete with an encouraging take up by existing clients and quickly growing trade volumes. This has introduced additional revenue streams relating to US dollar brokerage and foreign exchange transactions.

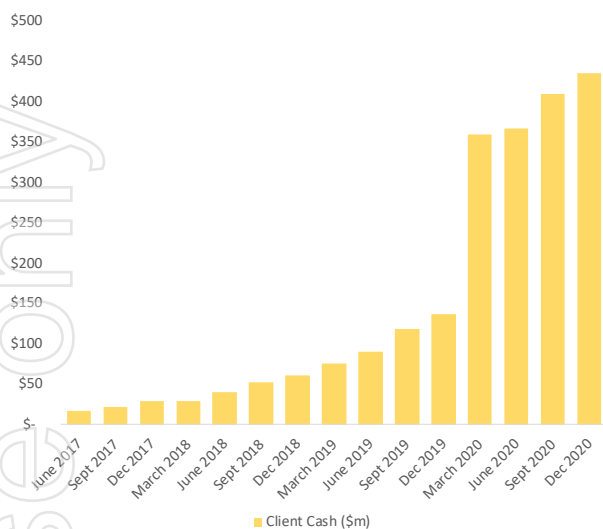
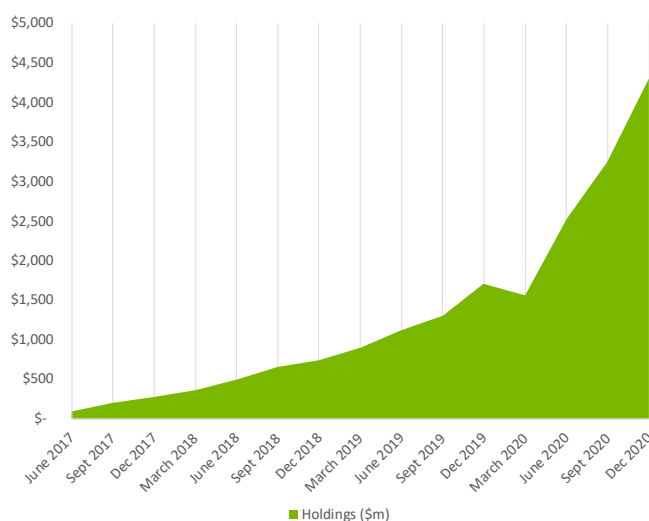
"We are excited by the growth prospects for the Company in 2021, in particular as we will realise the full impact of adding US trading. US trading growth from existing clients, continued new customer acquisition and new product offerings will support revenue growth in the calendar year. The Company will continue to invest in additional functionality and new products on the retail trading platform during 2021 to drive both growth and increased market share."

Key Performance Indicators

Trade Growth by Quarter



Seasonally adjusted, trade volumes continue to grow. New record average daily trade volumes for a month were achieved during November, reflecting the growing client base and their increased activity. Whilst the market was impacted by uncertainty around the US election, SelfWealth's market share continued to grow, and the Company recorded its largest-ever trading day of 11,421 trades on November 10th.

Total Client Cash by Quarter**Total Securities Held on HIN by Quarter**

Total 'client cash held' in Australian dollars on the SelfWealth trading platform finished December at \$435m. The end of December total securities held on HIN rose to \$4.30b from \$3.25b at the end of September, in line with a generally positive market over the quarter and a continuation of new clients transferring their securities to SelfWealth from other brokers.

Update on US Trading

US stock trading began on December 14th. As of December, 13% of existing clients had applied for US trading to be added to their existing ASX portfolios. Daily trade numbers for the short period through to the end of December grew quickly and are included in the total trade numbers reported. By the end of December, key performance metrics are in line with the Company's expectations and a strong marketing program is planned to grow this new revenue stream rapidly.

Revenue for US trading is received monthly in arrears and consists of both a foreign exchange (FX) margin and a brokerage fee. As a result, the revenue for the December quarter excludes US trading.

Product and Technology Update

Following the successful launch of US trading, IT resources have now been directed to future product launches and increased retail trading platform functionality.

A new iOS app for SelfWealth clients will be released early February 2021 with the Android app to follow shortly after. The Company expects the new app to boost trade volume numbers and play a key role in client acquisition and retention.

The Company also plans to launch the following enhancements in the March quarter, all designed to improve the client experience and ultimately generate higher levels of activity:

- Real-time ASX announcements to all clients;
- The automation of account update processes, such as updating addresses without filling out a form.
- Detailed stock research reports for US and Australian equities.
- New US trading functionality, such as additional order types.

Balance Sheet & Cashflow

The following items had an impact on the cash flow for the December quarter:

- Costs attributable to the launch of the new mobile trading app have been expensed in the September and December quarters.
- Marketing costs increased during the December quarter. These costs will remain above historical averages in order to drive future growth in new active traders and promote the increased capabilities on the platform.
- During the December quarter a \$125k security bond was placed with PhillipCapital for the provision of US trading services. This is reflected in item 2.1(f) of the Appendix 4C.
- During the December quarter, 3.7m options in the Company were exercised for a value of \$933k. These proceeds have added to the strength of the balance sheet, as at December 31st, the Company has a net cash position of \$7.27m and no outstanding debt. The Options exercised during the December quarter represented the last outstanding options held in the Company.

The following items will have an impact on the cash flow of the Company in coming quarters:

- The Company expects US trading to move from a cost centre to a profit centre during the March quarter.
- The new OpenMarkets contract for settlement, execution and clearing services came into effect on January 4th 2021.

In accordance with listing rule 4.7C, payments made to related parties and their associates included in items 6.1 of the Appendix 4C incorporates directors fees, remuneration and superannuation at commercial rates.

Investor Enquiries

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Media Enquiries

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Sales Enquiries

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Robert Edgley, Managing Director of SelfWealth Pty Ltd has authorised the release of this announcement to the market.

Appendix 4C

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

Name of entity

SelfWealth Limited

ABN

52 154 324 428

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,459	8,832
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,841)	(5,407)
(c) advertising and marketing	(261)	(423)
(d) leased assets	(36)	(59)
(e) staff costs	(877)	(1,771)
(f) administration and corporate costs	(631)	(1,050)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	14
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	154	179
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(29)	315
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(9)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(125)	(125)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(125)	(134)

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	933	1,827
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 (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	933	1,827

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,490	5,261
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(29)	315
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(125)	(134)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	933	1,827
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	7,269	7,269

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	2,769	3,990
5.2	Call deposits	4,500	2,500
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)	7,269	6,490

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	83
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(29)
8.2	Cash and cash equivalents at quarter end (item 4.6)	7,269
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	7,269
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	251
<i>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.</i>		
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: N/A	
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: N/A	
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: N/A	
<i>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.</i>		

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: 11th January 2021

Authorised by: The Board of SelfWealth Limited

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.

Who is SelfWealth?

The Story

SelfWealth is the solution to a problem: how to provide a fair and simple service to Australian investors, that grants them access to some of the world's most cutting edge investment insights, without breaking the bank.

Since SelfWealth's humble beginnings in 2012, the company listed in late 2017 and introduced what is now known as Australia's fastest growing, only flat-fee share trading platform. The key offerings are the \$9.50 flat-fee brokerage and a community-driven insights tool that pools information from over 80,000 Australian investor portfolios.

This inquisitive company and its leadership continue to innovate and surprise the industry with new solutions to an age-old problem: how to trade smarter.

Product Suite



Share Trading Platform

Australia's most popular low-cost ASX trading platform. Now with US stocks!



Power of the Crowd

Actionable insights from over 80,000+ real investor portfolios that assist members in outperforming the market.



SelfWealth SMSF Leaders Fund

World-first Australian equities ETF driven by community data.



SelfWealth Adviser Platform

Introducing an industry-changing Adviser Platform for share trading.

SelfWealth[®]

Trade smarter. Every time.

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