

SelfWealth Delivers Record Growth in FY21 and Accelerates Investment in Next Phase of Growth

Key Highlights

- **Record revenue growth:** Revenue increased by 135% in FY21 to \$18.4m, up from \$7.8m in FY20, driven by a 105% increase in Active Traders.
- **Diversifying revenue streams:** US Trading was launched in December 2020 and was adopted by 29% of total Active Traders within the first six months.
- **Cash flow positive:** Operating cash flow of \$1.1m in FY21, up from \$(147K) in FY20, driven by strong revenue growth and disciplined cost control.
- **Scalable business model:** Gross profit margin increased from 33.4% in FY20 to 41.4% in FY21. Operating expenses increased by 41% on revenue growth of 135%.
- **Investing in future growth:** Recent capital raise to build technology and product development team, expand marketing activities and invest in data and analytics capabilities.

Melbourne, Australia – 20th August 2021: SelfWealth Ltd (ASX:SWF) (“SelfWealth” or “the Company”) is pleased to report its full year results for the FY21 financial year, with record growth across all key performance metrics.

FY21 Results Summary

	FY21	FY20	Change
Revenue	\$18.4m	\$7.8m	Up 135%
Active Traders	95,189*	46,445	Up 105%
Annual Trades	1,630,180	659,131	Up 147%
Equities Under Administration**	\$6,014m	\$2,523m	Up 158%
Client Cash	\$523m	\$366m	Up 43%
EBITDA	\$(0.5)m	\$(2.9)m	Up \$2.4m
Net Loss	\$(0.6)m	\$(3.0)m	Up \$2.4m
Operating Cash flow	\$1.1m	\$(0.15)m	Up \$1.3m
Cash Balance	\$7.5m***	\$5.3m	Up \$2.3m

* SWF reported 100K in Active Traders on 10th August

** Includes both Australian and US securities, US securities converted to AUD

*** SWF completed an \$11.74m capital raise in August 2021

Overview of FY21 Financial Performance

SelfWealth delivered exceptional growth and a record financial performance in FY21. This growth was turbo-charged over the past year as the COVID-19 pandemic accelerated the structural changes in the industry, driven by ultra-low interest rates globally and the digitisation of investment markets.

SelfWealth delivered record revenue growth of 135% in FY21, to \$18.4m, up from \$7.8m in FY20. This revenue growth was driven by a 105% increase in Active Traders from 46,445 in FY20 to 95,189 in FY21 and a 147% increase in Annual Trades from 659,131 in FY20 to 1,630,180 in FY21. Equities Under Administration (FUA), including both Australian and US securities, increased 158% from \$2.5m in FY20 to \$6.5m in FY21. Client cash increased 43% to \$523m, up from \$366m in FY20.

In December 2020, SelfWealth launched US trading capability and over 29% of total Active Traders added US functionality to their existing ASX portfolios within the first six months. In FY21, international trading revenue generated \$1.2m in revenue at higher gross margins than domestic equities.

This strong revenue, combined with disciplined cost control, enabled the Company to generate positive operating cash flow for the full financial year in FY21 of \$1.1m, up from \$(147K) in FY20.

In FY21, SelfWealth demonstrated the scalability and the operating leverage of its business model. The gross margin increased from 33.4% in FY20 to 41.4% in FY21 due to significant volume discounts from major suppliers, as well as six months of higher margin international trade operations.

Operating expenses increased by 41% to \$8.5m in FY21 from \$6.0m in FY20. This increase includes an increase in employee benefits expense, with new hires predominately in the Product and IT teams, as well as a three-fold increase in advertising and promotional costs to \$1.5m, up from \$490K in FY20. This modest increase in marketing spend led to a doubling of Active Traders on our platform in FY21.

Ongoing Product Innovation

As a leading fintech innovator in Australia, SelfWealth remains committed to delivering client-centric experiences. Our commitment to ongoing product innovation is an essential component of our customer acquisition and retention strategy.

FY21 was a successful year of product and features releases, including adult's ability to invest on behalf of children, adding ASX announcements to the platform, flat-fee US trading and the delivery of both native iOS and Android mobile apps.

Our future product innovation will be guided by our detailed Product Roadmap, which has been developed based on comprehensive customer surveys and in-depth market research. In Q1 FY22, we will launch live pricing, instant deposits and a desktop US refresh. In Q2 FY22, we will enter new global markets and improve tax reporting. In addition, SelfWealth plans to implement cryptocurrency trading in FY22, subject to gaining Board and appropriate regulatory approvals. This exciting development will be an Australian first.

In FY22, SelfWealth will also be focused on further developing its data and analytics strategy to better understand customer behaviour and to provide relevant content and educational materials to members.

Investing for Growth

SelfWealth's growth strategy is to diversify revenue streams by offering a broad product portfolio to retail investors to support their wealth creation journey. The Company has a trusted platform and the focus is now on scaling this platform. Over the past year, we have shown that our business model can be cash-flow positive. However, we believe that now is the right time to invest in the next phase of growth.

On 10th August, we were pleased to report that the independent market research firm, Investment Trends, released updated industry data which reports SelfWealth as the number four player in the online broking market in Australia in terms of share of primary relationships among online investors, surpassing one of the Big Four banks.¹

We are aggressively implementing a strategy to accelerate our product development and technology platform capabilities, and to invest in marketing and data analytics, in order to increase our market share in this growing market.

Update on trading in Q1 FY22

SelfWealth has started Q1 FY22 with positive momentum in Active Trader growth, trading volumes and cash balances. In the first 6 weeks of trading:

- Active Traders increased by over 5,000 and we announced the significant milestone of achieving 100,000 Active Traders on 10 August.
- Total trading volumes recorded in July were higher than each of April, May & June's monthly volumes. August daily average trade numbers have further increased over July's rate.
- Cash balances have continued to increase by around 10% from the balance as 30 June 2021

Events since the end of the financial year

In July, SelfWealth raised \$10 million through a Placement Offer to institutional and sophisticated investors at a share price of \$0.39. This was in conjunction with a Share

¹ Investment Trends, May 2021 First Half Australia Online Investing Report

[^] Active Traders are portfolios that are ready to trade, with cash and/or equities in their portfolio.

Purchase Plan (SPP) offer which raised \$1.74 million at a share price of \$0.35. A total of 30,599,650 new fully paid shares were issued through the Placement and SPP.

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Cath Whitaker, CEO of SelfWealth Pty Ltd, has authorised the release of this announcement to the market.