

Q4 4C Report
July 2022

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ACN 154 324 428
130 Lonsdale Street, Melbourne VIC 3000

Quarterly Activities Report

Strong quarterly revenue growth underpinned by diversified revenue streams. Selfwealth demonstrates robust business model and continues its transformation to become the leading retail wealth management platform.

Key Highlights

- **Near record quarterly revenue:** Operating revenue increased 7% quarter-on-quarter to \$5.7m, building on the 6% quarter-on-quarter revenue growth in Q3 FY22.
- **Positive customer growth:** Net new Active Traders¹ up 2% quarter-on-quarter to 125,944.
- **Cash balances remain high:** Cash balances on the platform maintained peak levels at \$736m.
- **Diversified revenue streams:** In Q4, a higher net interest margin, subscription revenue and new asset classes, underpinned sustainable revenue growth and will accelerate the pathway back to profitability.
- **Brand refresh:** Reinforce positioning as an innovative wealth creation platform, distinct from competitors.
- **Fully funded to execute on organic growth strategy:** A laser focus on innovation to deliver the greatest return on investment.
- **Crypto built and tested on platform, regulatory approvals in place:** Remaining on track to be the first Australian retail broker to offer crypto and shares on the one platform, Client launch is imminent.

Market conditions

- **Cash levels high, trading volumes down:** The significant move to cash from equities in Q3, contributed to a significant spike in cash on the Selfwealth platform. Selfwealth clients continued to have high cash balances during Q4 in a sign of continued caution around the short-term investment outlook. Retail investor confidence is low and market sentiment remains weak, this contributed to lower trading volumes on the Selfwealth platform in Q4 vs Q3.
- **Net interest margin rebounds:** The acceleration of interest rate rises by the RBA has led to an increase in Selfwealth's net interest margin on cash. Selfwealth anticipates benefiting from annualised revenue uplift associated with recent interest rate rises. The net interest margin is returning to normal levels seen before the monetary policy easing cycle experienced prior to and throughout the Covid pandemic.
- **Robust business model through the cycle:** We have now experienced six months of subdued trading activity in line with the overall retail trading market. Most equity markets globally have entered a bear market cycle however Selfwealth continued to increase active trader numbers in Q4 and grew top line revenue to near record levels, demonstrating the sustainability of Selfwealth's business model throughout various economic cycles.

¹ Active Traders are portfolios that are ready to trade, with cash and/or equities in their portfolio
Selfwealth Ltd
ACN 154 324 428
130 Lonsdale Street, Melbourne VIC 3000

Melbourne, Australia – 12th July 2022: Selfwealth Ltd (ASX:SWF) (“Selfwealth” or “the Company”) has released its Q4 FY22 Quarterly Cash Flow and Activities Report.

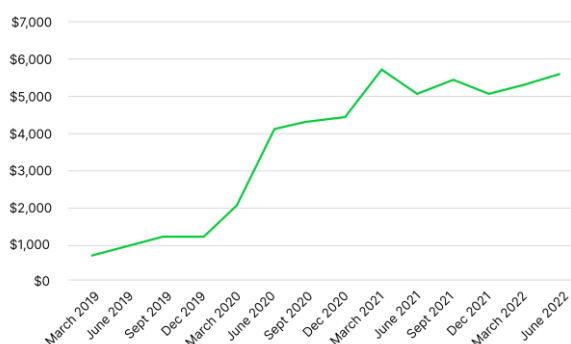
Selfwealth Managing Director and CEO Cath Whitaker comments, “I am very pleased with the performance of the business over the past year, particularly delivering solid revenue growth over the past six months in difficult market conditions, as we transition from a ‘cheap’ ASX trading platform to a leading retail wealth management platform. The strong underlying revenue performance, despite falling retail trade volumes, validates the strength of our business model and our strategy to continue diversifying revenue streams through the cycle.

We have now passed the halfway mark of our transformation program with a long list of achievements including our brand refresh, the focus on independent thought leadership, the launch of minor accounts, launch of Hong Kong trading, facilitating instant deposits, providing ESG data, as well as the imminent launch of crypto. We continue to have a laser focus on the ROI on our investment to ensure that we continue to progress on the pathway back to profitability.”

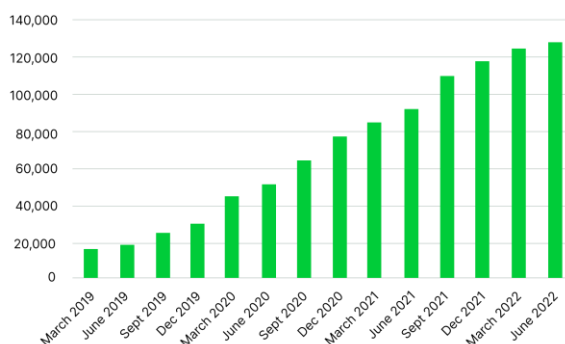
Key Financial Metrics

	Q4 FY21	Q3 FY22	Q4 FY22	YOY Change
Operating Revenue (m)	\$5.10	\$5.37	\$5.74	13%
Active Traders	95,189	123,523	125,944	32%
Client Cash (m)	\$523	\$744	\$736	41%
Securities Held on HIN (bn)	\$5.86	\$8.18	\$7.17	22%

Operating Revenue by Quarter ('000)

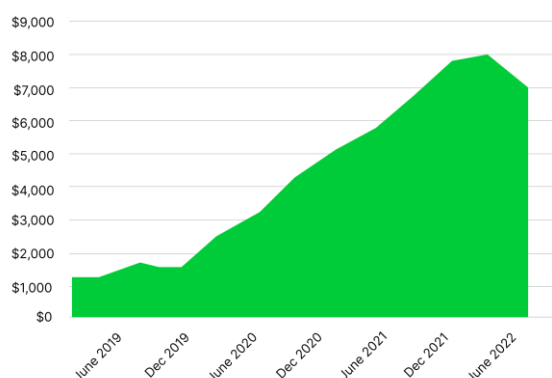


Active Trader Growth by Quarter

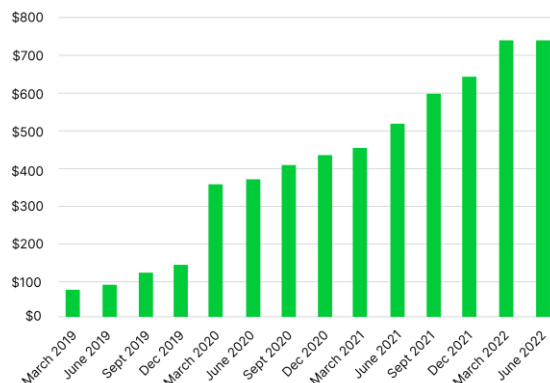


In Q4 FY22, operating revenue increased by 7% quarter-on-quarter to \$5.7m, and Active Traders increased by 2% to 125,944. This was a strong result, given the subdued trading activity across the retail investor market and a slowdown in numbers of people actively searching for online trading accounts during this significant downturn in equity markets.

Total Securities Held on HIN (\$B)



Total Client Cash AUD Holdings² (\$m)



The value of assets held on HIN, declined by 12% in Q4 to \$7.2 billion, in line with the weakness in the Australian equities market. The total funds under management (FUM) on the platform, including cash and International holdings, decreased by 12% to \$8.2 billion, again in line with the weakness in the equities markets.

Cash balances on the platform remained high at \$736m, which indicates ongoing caution and weak retail sentiment. High cash balances and an average portfolio value of \$65k ensures that the Selfwealth customer base has future capacity for further investment in equities and other asset classes as they become available on the platform.

Brand Refresh

In May 2022, Selfwealth launched its first ever brand refresh, repositioning the Company as a wealth creation platform, transitioning from a “cheap” ASX transactional platform.

The brand is reflective of Selfwealth’s deep insights of our existing client community and our aspirational client acquisition plans. The brand refresh establishes a new visual identity and logo beyond the company name to increase awareness among an increasingly diverse set of modern investors.

Ongoing Product Innovation

Selfwealth continues to be Australia’s leading innovator in retail wealth management, with deployment of new asset classes, increasing subscription revenue, and higher net interest margin validating its sustainable business model.

Cryptocurrency capabilities are built, with both testing and regulatory approvals finalised for imminent launch; HKEX trading launched in Q4 and consistent growth in adoption rates indicates many customers are ready to take advantage of China’s post-lockdown economy; and a refreshed subscription model allowing customers to benefit from real-time price fluctuations drove strong revenue growth.

After an aggressive initial phase of transformation, accomplishments allow for sharper, customer-first product focus. Selfwealth is now catering even more to customer requests and is increasing and

² AUD Holdings include cash held in Australian denomination bank accounts

specialising education and content offerings around HKEX and crypto following customer survey results.

Focus now turns to improving mobile app functionality and experience plus adding additional asset types.

Balance Sheet & Cashflow

The quarterly cash outflow from operating activities was \$1.8m for the June quarter. This reflected some one-off corporate costs including the EGM in May 2022 as well as the brand launch. The company is optimistic that its diversified revenue streams and ongoing new product launches will contribute to further improvement in cashflow in the coming quarters.

In Q4, salaries were \$2.8m, up from \$2.7m in Q3. Over the past year, we have invested in three key areas: product, IT and marketing. This investment in internal capability has enabled us to deliver new asset classes and continued growth in Active Traders. We now have sufficient internal capacity to deliver on our transformation program with staff numbers to remain approximately at current levels for the foreseeable future.

Cash and cash equivalents at the end of the quarter were \$11.5m and the Company is fully funded to execute on its organic growth strategy. Selfwealth continues to have no outstanding debt.

In accordance with listing rule 4.7C, payments made to related parties and their associates, including in items 6.1 of Appendix 4C incorporate the Director's fees, remuneration and superannuation at commercial rates.

The Board of Selfwealth Ltd has authorised the release of this announcement to the market.

Shareholder or Investor Enquiries

Cath Whitaker, CEO & Managing Director
shareholders@selfwealth.com.au

Marketing or Media Enquiries

Rob Marfell, Head of Content
marketing@selfwealth.com.au

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")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,748	21,670
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,635)	(11,471)
(c) advertising and marketing	(1,131)	(4,146)
(d) leased assets	(132)	(326)
(e) staff costs	(2,846)	(9,744)
(f) administration and corporate costs	(783)	(3,101)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	39
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	26
1.8 Other (provide details if material)	-	2
1.9 Net cash from / (used in) operating activities	(1,768)	(7,051)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	(2)	(225)
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	(60)
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 (bond refund)	-	63
2.6	Net cash from / (used in) investing activities	(2)	(222)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	11,736
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	99	149
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(661)
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	99	11,224

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,147	7,525
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,768)	(7,051)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(222)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	99	11,224
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	11,476	11,476

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	1,976	2,647
5.2	Call deposits	9,500	10,500
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)	11,476	13,147

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	118
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<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)	(1,768)
8.2	Cash and cash equivalents at quarter end (item 4.6)	11,476
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	11,476
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	6.5
<p><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></p>		
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	
<p><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></p>		

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: 12th July 2022

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.