

Q1 FY23

Appendix 4C &

Activities Report

October 2022

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ACN 154 324 428

130 Lonsdale Street, Melbourne VIC 3000

Quarterly Activities Report

Record revenue and reduced operating cash burn

Selfwealth will continue to benefit from the expanding customer base, strong net interest margin and the addition of new asset classes, while investing in platform enhancements to drive long term operating leverage

Key Highlights

- Record quarterly revenue: Quarterly operating revenue increased 24% quarter-on-quarter to \$7.15m, up 30% year-on-year.
- Reduced Cash Burn: Cash burn reduced to \$845k (down from \$1.8m in Q4 FY22) on increased revenue and a stable fixed cost base.
- Active traders increased to 127,862, with assets held on HIN increasing to \$7.7 billion.
- Cash balances decreased: Cash balances on the platform decreased to \$638m (down from \$736m in Q4 FY22) as cash was reinvested back into equities and a small proportion of cash left the platform.
- Implementation of scalable technology initiatives: Investing in mobile upgrades, IT enhancements and process improvements to scale the cost base and improve operating efficiency over time.

Market Conditions

- **Rebound in trading activity:** Trading activity improved in August and September, following a weak July, in line with broader global and domestic market trends. Market sentiment remains cautious with rising interest rates, cost of living pressures and geopolitical uncertainty.
- **Net interest margin rebounds:** Since May 2022, the Reserve Bank of Australia (RBA) has increased interest rates six times by a total of 250 basis points to a cash rate of 2.6%. Selfwealth generates revenue from the net interest margin on cash on the platform and this is expected to remain an important component of the revenue mix for the foreseeable future.
- **Reduced cash balances:** Analysis of cash balances on the Selfwealth platform and behaviour assessment shows a decrease due to 1) longer term investors reinvesting cash on platform into equities, 2) increased discretionary spending on big-ticket items such as holidays, 3) higher cash requirements to cover cost of living increases, and 4) switching into higher interest earning accounts.

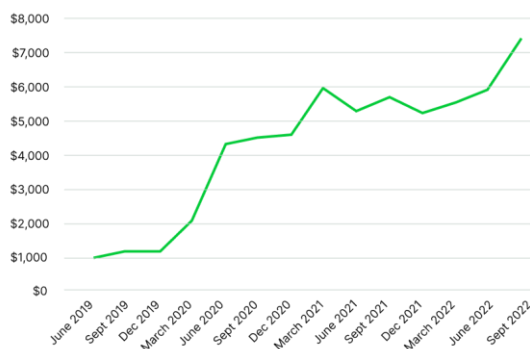
Melbourne, Australia – 17th October 2022: SelfWealth Ltd (ASX:SWF) (“Selfwealth” or “the Company”) has released its Q1 FY23 Quarterly Cash Flow and Activities Report.

Selfwealth Managing Director and CEO Cath Whitaker comments, "In the first quarter of FY23, we benefited from the rising interest rate environment, with record quarterly revenues of \$7.15m. However, we remain focused on the long-term sustainability of our business model with less reliance on interest revenue. To that end, we are improving our user experience (web and mobile) to continue winning share of our target market. In parallel, we are also investing in the development and launch of new asset classes that our customers value."

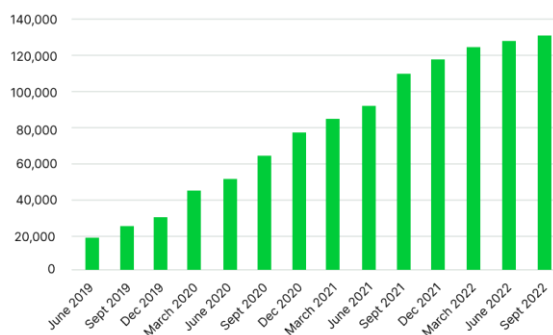
Key Financial Metrics

| | Q1 FY23 | Q4 FY22 | Q1 FY22 | YOY Change |
|---------------------------------|---------|---------|---------|------------|
| Operating Revenue (m) | \$7.15 | \$5.74 | \$5.48 | 30% |
| Active Traders | 127,862 | 125,944 | 107,641 | 19% |
| Client Cash (m) | \$638 | \$736 | \$600 | 6% |
| Aus Securities Held on HIN (bn) | \$7.65 | \$7.17 | \$6.80 | 13% |

Operating Revenue by Quarter ('000)

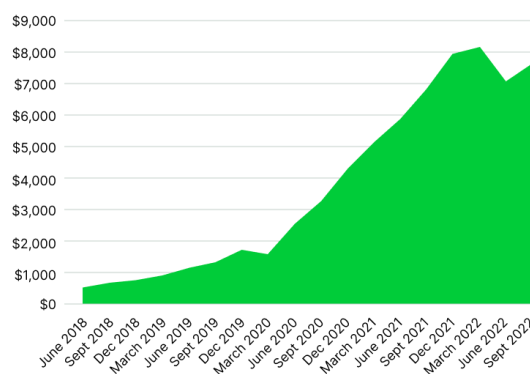


Active Trader Growth by Quarter

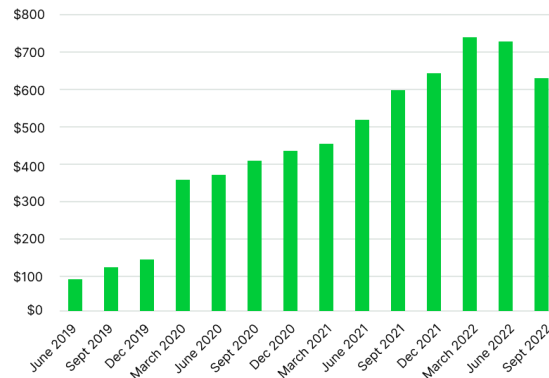


In Q1 FY23, Selfwealth generated record quarterly revenues of \$7.15m, up 24% quarter-on-quarter and up 30% year-on-year. The increase in revenue was primarily driven by an increase in net interest margin, reflecting the six interest rate increases since May 2022. Active Traders steadily increased to 127,862, up by 2% quarter-on-quarter and up 19% year-on-year. This was a solid result in volatile market conditions with cautious retail investors.

Total Securities Held on HIN (\$m)



Total Client Cash (\$m)



The value of assets held on HIN, increased to \$7.7 billion, up by 7% quarter-on-quarter, compared to a decline in the ASX200 of 1% in the same period. The total funds under management (FUM) on the platform, including cash and international holdings, increased to \$8.6 billion, up 5% quarter-on-quarter. Selfwealth continues to attract funds onto the platform from competitors, in line with the marketing strategy to compete with the Big 4 banks.

Cash balances on the platform reduced in the past quarter to \$638m, down from \$736m at 30 June 2022 due to a combination of factors including cash being reinvested back into equities and a proportion of cash leaving the platform. Despite the reduction in cash balances on the platform, the Selfwealth customer base continues to demonstrate their capacity for investment in a variety of asset classes within the Selfwealth ecosystem.

Continued Development of New Experiences

- Exchange Traded Bonds (ETBs) – Coming online imminently, Selfwealth will enable trading in exchange traded bonds. The launch of ETBs will allow Selfwealth customers to further diversify their portfolios, and access an underlying fixed interest asset class.
- Crypto – Following on from strong demand from clients, Selfwealth continues to work toward deployment of its crypto offering.

Marketing Initiatives

Selfwealth is committed to being the investment platform of choice for Australian retail investors for the decades ahead and therefore the Company will continue to ensure brand awareness remains at category leading levels. A fresh out-of-home (OOH) campaign will be seen across Sydney, Melbourne and Brisbane metro areas throughout Q2.

Selfwealth continues to explore new brand and tactical partnerships to increase the flow of new Active Traders onto the platform.

Balance Sheet & Cashflow

The quarterly cash outflow from operating activities was \$845K for the September quarter, down from \$1.8m in Q4 FY22. The fixed cost base relating to staff costs has now stabilised and Selfwealth is fully resourced to complete the transformation program. Marketing expenses increased in Q1 to \$1.6m, partially due to the phasing of brand campaign activity in Q4 FY22 and Q1 FY23.

Cash and cash equivalents at the end of the quarter were \$10.7m 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

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Marketing or Media Enquiries

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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 September 2022

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 7,150 | 7,150 |
| 1.2 Payments for | | |
| (a) research and development | - | - |
| (b) product manufacturing and operating costs | (2,552) | (2,552) |
| (c) advertising and marketing | (1,607) | (1,607) |
| (d) leased assets | (132) | (132) |
| (e) staff costs | (2,978) | (2,978) |
| (f) administration and corporate costs | (758) | (758) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 30 | 30 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | 2 | 2 |
| 1.9 Net cash from / (used in) operating activities | (845) | (845) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | (8) | (8) |
| (d) investments | - | - |
| (e) intellectual property | - | - |
| (f) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 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 (bond refund) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (8) | (8) |
| 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 | 27 | 27 |
| 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 | 27 | 27 |
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 11,476 | 11,476 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (845) | (845) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (8) | (8) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--------------------------------------|--|----------------------------|---------------------------------------|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 27 | 27 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 10,650 | 10,650 |

| 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 | 3,150 | 1,976 |
| 5.2 | Call deposits | 7,500 | 9,500 |
| 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) | 10,650 | 11,476 |

| 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 | 119 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | 0 |

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.

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| 7. Financing facilities | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|---|--|
| <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> | | |
| 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) | (845) |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 10,650 |
| 8.3 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.4 Total available funding (item 8.2 + item 8.3) | 10,650 |
| 8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) | 12.5 |
| <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: 17th October 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.