

Q2 FY23
Appendix 4C &
Activities
Report
December 2022

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Quarterly Activities Report

Record revenue enables disciplined investment in profitable growth initiatives.

Selfwealth delivers strong net interest revenue and positive quarterly operating cash flow.

Key Highlights

- **Record revenue quarter:** Operating revenue increased 9% quarter-on-quarter to \$7.8m, up 53% year-on-year, driven by a strong net interest revenue.
- **Positive operating cash flow of \$151K:** Delivered through higher revenue and reduced operating expenses including lower marketing spend.
- **Continued growth in core assets:** Active Traders¹ increased to 128,383 and Australian securities held on HIN increased to \$8 billion.
- **Crypto Update:** Launch of Selfwealth's Crypto trading solution delayed until market stabilises and greater regulatory clarity.

Market Conditions

- **Weaker trading activity:** Consistent with market trends and seasonal lower trading through the Christmas holiday period, customer trading activity on the Selfwealth platform was weaker in Q2. Investors continue to remain cautious of the uncertain economic outlook around inflation, interest rates and global growth.
- **Net interest revenue remains strong:** In 2022, the Reserve Bank of Australia (RBA) increased interest rates eight times by a total of 300 basis points to a cash rate of 3.1%, including an increase of 0.25% in October, November and December.
- **Reduced cash balances:** Selfwealth expects cash balances on the platform to reduce in a rising interest rate environment. Analysis of cash balances on the Selfwealth platform shows the decrease is predominately due to investors reinvesting cash on the platform back into equities.
- **Volatility in crypto markets:** The global collapse of FTX in November 2022 and has led to increased regulatory scrutiny and the risk of contagion across the industry.

Melbourne, Australia – 24th January 2023: SelfWealth Ltd (ASX:SWF) ("Selfwealth" or "the Company") has released its Q2 FY23 Quarterly Cash Flow and Activities Report.

Key Financial Metrics².

	Q2 FY23	Q1 FY23	Q2 FY22	YOY Change
Operating Revenue (m)	\$7.78	\$7.15	\$5.07	53%
Active Traders	128,383	127,862	117,674	9%
Client Cash (m)	\$583	\$638	\$646	(9)%
Aus Securities Held on HIN (bn)	\$8.05	\$7.65	\$7.97	1%

¹ Defined as portfolios that are ready to trade, with cash and/or equities in their portfolio

² Key financial metrics and any financial numbers are unaudited

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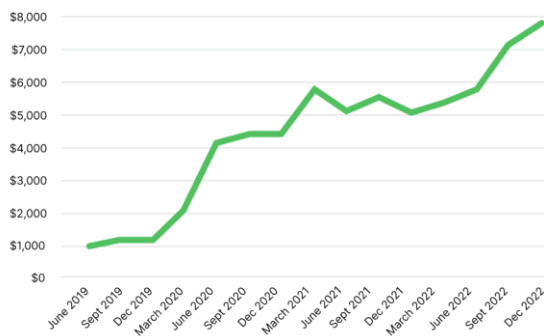
Revenue and Trading Activity

Selfwealth generated record quarterly revenues of \$7.8m in Q2 FY23, up 9% quarter-on-quarter and up 53% year-on-year. The increase in revenue was driven by an increase in net interest of \$1.1m from Q1, reflecting the eight interest rate increases since May 2022, including three rate rises of 0.25% in October, November and December.

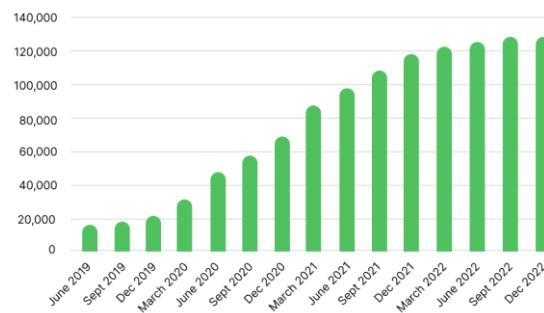
Revenue from trading activity declined to \$1.9m in Q2, down from \$2.2m in Q1.

Active Traders steadily increased to 128,383, up by <1% quarter-on-quarter and up 9% year-on-year.

Operating Revenue by Quarter ('000)



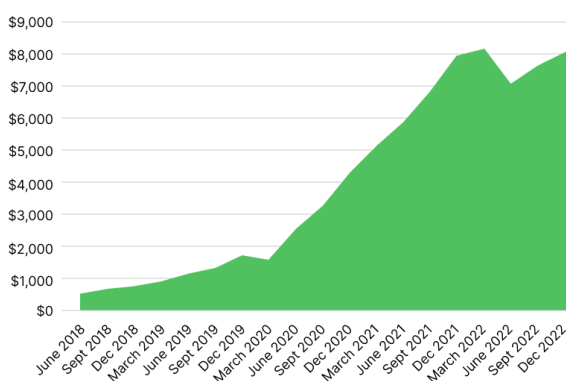
Active Trader Growth by Quarter



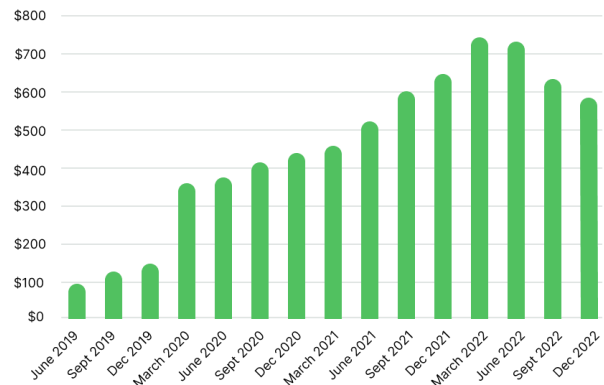
The value of Australian securities held on HIN, increased to \$8.1 billion, up by 5% quarter-on-quarter. The total funds under management (FUM) on the platform, including cash and international holdings, increased to \$8.9 billion, up 4% quarter-on-quarter.

Cash balances on the platform reduced in the past quarter to \$583m, down from \$638m at 30 September and \$736m at 30 June 2022. This decrease is in line with expectations in a rising interest rate environment. Selfwealth analysis on cash movements indicates net buying of equities during the quarter was the major contributor to a decrease in cash on the platform.

Total Securities Held on HIN (\$m)



Total Client Cash (\$m)



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Operating Expenses

Quarterly Operating Expenses decreased to \$7.7m, down from \$8.0m in Q1 and reflects reduced advertising and product development costs. Advertising spend for the quarter was \$1.0m, down from \$1.6m in Q1.

The headcount remained stable during Q2, however staff costs increased to \$3.5m, up \$475K versus Q1 FY23, primarily due to the timing of payment of eligible FY22 short term incentive payments.

Balance Sheet & Cashflow

In Q2 FY23, Selfwealth generated positive cash flow of \$151K, which reflects a significant turnaround from the cash out flow of \$845K in Q1 FY23.

Cash and cash equivalents at the end of the quarter were \$10.8m. The Company is fully funded to execute its business strategy. Selfwealth continues to have no outstanding debt

Orderly transition to new Australian equities execution and settlements provider

Selfwealth has entered into a new service provider contract with FNZ for Australian equities execution, settlement and clearing function pertaining to trading on the Selfwealth platform.

FNZ is a provider of modern investment platforms to major financial institutions in Europe, Asia Pacific, South Africa and North America. FNZ's platform technology delivers a broad range of end-to-end digital capabilities to wealth managers, and the cloud based IT infrastructure is designed to drive performance and build scale.

The existing service provider contract with OpenMarkets Group continues until late 2023 and Selfwealth will maintain its obligations under this contract. The orderly transition of Selfwealth clients to the new provider will commence in the first half of 2023. We expect this transition to provide a modest net financial benefit to Selfwealth in the short to medium term.

Marketing Initiatives

New customer acquisition continues to be competitive. Selfwealth continues to explore new brand partnerships, automating marketing campaigns and leveraging tighter customer targeting of high value customers to drive trading revenues.

Ongoing Product Innovation and Technology Investment

Whilst Selfwealth has completed the build of the crypto technology trading solution, the Board has taken the prudent decision not to launch a crypto solution into an uncertain market until there is greater market stability and regulatory clarity.

Further investments in platform developments continued with a focus on increasing investor share of wallet, improving customer experience, as well as delivering greater customer

satisfaction and retention. Additional work was also undertaken on ongoing improvements in platform security.

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")

31 December 2022

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	7,785	14,935
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,377)	(4,929)
(c) advertising and marketing	(985)	(2,591)
(d) leased assets	(137)	(270)
(e) staff costs	(3,453)	(6,431)
(f) administration and corporate costs	(731)	(1,489)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	49	79
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
1.9 Net cash from / (used in) operating activities	151	(694)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(3)	(11)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

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 (bond refund)	-	-
2.6	Net cash from / (used in) investing activities	(3)	(11)

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
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

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,650	11,476
4.2	Net cash from / (used in) operating activities (item 1.9 above)	151	(694)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(11)

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

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)	-	27
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	10,798	10,798

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	3,298	3,150
5.2	Call deposits	7,500	7,500
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)	10,798	10,650

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	241
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.

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. 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)	151
8.2 Cash and cash equivalents at quarter end (item 4.6)	10,798
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	10,798
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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: 24th January 2023

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. The cash flow report is unaudited.
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.