

Q3 FY23  
Appendix 4C &  
Activities  
Report  
March 2023

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# Quarterly Activities Report

## Continued growth in total assets on platform and Active Traders

Selfwealth accelerates the transition away from a volume-driven business to a wealth management platform which delivers an exceptional customer experience

### Key Highlights

- **Growing assets on platform:** Australian securities held on HIN of \$8.4 billion, up 5% on the previous quarter, and Active Traders<sup>1</sup> increased to 129,000. Total funds under management on the platform, including cash and international equities, was \$9.3 billion, up 5% on the previous quarter.
- **Positive operating cash flow:** Quarterly operating cash of \$629K, up on the previous quarter, driven by stable revenues and disciplined cost control.
- **Improved settlement execution:** Transition underway to FNZ for Australian equities execution, settlement and clearing, to improve platform performance and enable new product development.
- **De-risking through new revenue streams:** Investment in new products including an equity capital markets (ECM) product offering to investors through new and existing distribution agreements with broker counterparties and an enhanced Advisor offering.
- **Board refresh:** Two experienced Directors have joined the Selfwealth Board, Christine Christian as Non-Executive Chair and Paul Clark as Non-Executive Director.

### Market Conditions

- **Trading activity stabilised:** Selfwealth customer trading activity stabilised in Q3 FY23, down only marginally on Q2 FY23, in line with the decrease in total ASX equity trades for the quarter. Investors remained cautious in an economic environment with mixed signals.
- **Net interest margin remains strong:** A steady increase in the cash rate to 3.6% has increased the net interest margin, however this has been partially offset by the decreasing cash balance over the past year to \$495m at the end of Q3 FY23, in line with expectations.

**Melbourne, Australia – 20<sup>th</sup> April 2023:** SelfWealth Ltd (ASX:SWF) (“Selfwealth” or “the Company”) has released its Q3 FY23 Quarterly Cash Flow and Activities Report.

Selfwealth Managing Director and CEO, Cath Whitaker comments, “In the third quarter of FY23, our revenues stabilised at record levels, enabling us to continue investing in the functionality of the core platform. We are preparing for the imminent transition to FNZ which will significantly improve our platform capability. We are also making good progress on developing new products to commence deployment later this quarter.”

### Key Financial Metrics

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<sup>1</sup> Active Traders are portfolios that are ready to trade, with cash and/or equities in their portfolio

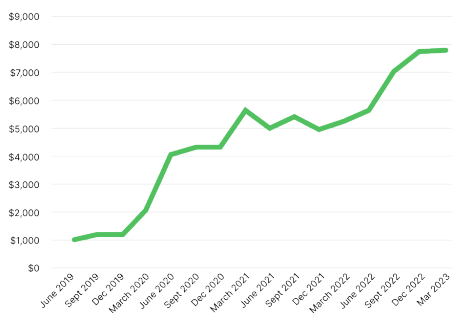
	Q3 FY23	Q2 FY23	Q3 FY22	YOY Change
Operating Revenue (m)	\$7.8	\$7.8	\$5.4	45%
Active Traders	129,000	128,383	123,523	4%
Client Cash (m)	\$495	\$583	\$744	(33)%
Aus Securities Held on HIN (bn)	\$8.4	\$8.1	\$8.2	3%
Total Funds Under Management (bn)	\$9.3	\$8.9	\$9.3	0%

### Revenue and Trading Activity

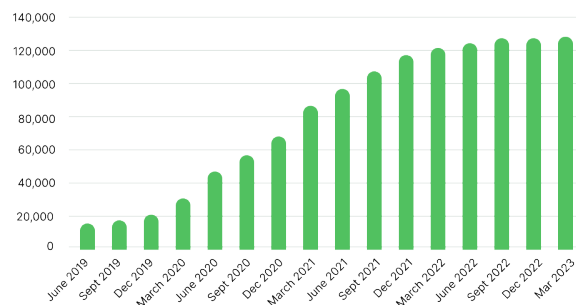
Selfwealth generated revenue of \$7.8m in Q3 FY23, in line with the record revenue in the previous quarter. The net interest margin stabilised in Q3 FY23, as interest rate increases were offset by a declining cash balance. Revenue from trading activity was \$1.8m in Q3 FY23, down marginally from \$1.9m in Q2 FY23.

Active Traders continued to grow to 129,000 at the end of the third quarter, despite broader market softness.

Operating Revenue by Quarter ('000)



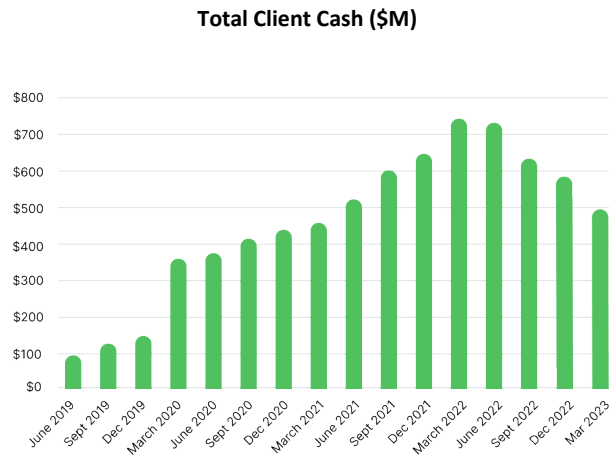
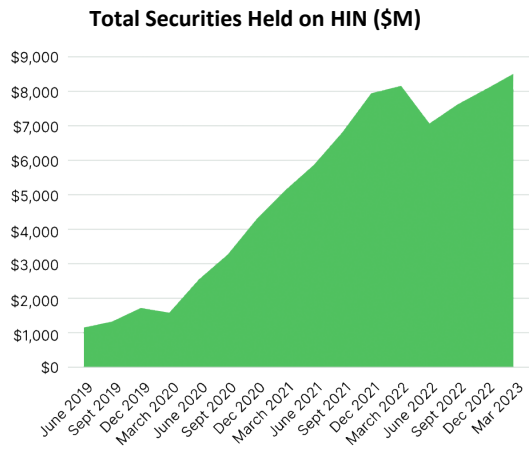
Active Trader Growth by Quarter



The value of Australian securities held on HIN increased to \$8.4 billion in Q3 FY23, up by 5% on the previous quarter. The total funds under management (FUM) on the platform, including cash and international holdings, increased to \$9.3 billion in Q3 FY23, up 5% on the previous quarter. This growth was positive relative to the growth in the ASX200 (XJO) of 3% in Q3 FY23.

Cash balances on the platform reduced in the third quarter to \$495m, down from \$583m at 31 December 2022, in line with expectations.

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**Balance Sheet & Cashflow**

In Q3 FY23, Selfwealth generated positive operating cash flow of \$629K. Quarterly Operating Expenses decreased to \$7.2m in Q3 FY23, down from \$7.7m in the previous quarter, which reflects reduced advertising and lower staff costs.

Cash and cash equivalents at the end of the quarter were \$11.4m. The Company is fully funded to execute its business 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.

**Orderly transition to new Australian equities settlements provider**

The orderly transition of Selfwealth clients to FNZ for Australian equities execution, settlement and clearing function pertaining to trading on the Selfwealth platform is nearing completion.

FNZ is a global 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 IT infrastructure is designed for performance and scale.

**Marketing Initiatives**

New customer acquisition continues to be competitive with focus on the most cost-efficient acquisition channels. Marketing Automation and Personalisation with Salesforce Marketing Cloud is on track to go live in April to increase customer acquisition and trading revenue. Higher quality customers being targeted to improve marketing ROI.

**Ongoing Product Innovation**

Over the past six months, the focus has been on improving the functionality, capability and performance of the core platform. Further investments are being made in platform development

with a focus on improving customer experience, as well as delivering greater customer satisfaction and retention. Additional work was also undertaken on ongoing improvements in platform security.

Selfwealth is also investing in new products including an equity capital markets (ECM) product offering to investors through new and existing distribution agreements with broker counterparties and an enhanced Advisor offering. In addition, an improved subscription product will be available before the end of the financial year.

### **Two new Directors join Selfwealth Board**

Selfwealth has appointed Christine Christian as Non-Executive Chair and Paul Clark as Non-Executive Director.

Christine Christian is an experienced Chair and company Director with a 35-year career working across financial services, investment management, private equity, credit risk, Government and media. Christine has extensive expertise in business strategy, change management and business process improvement.

Christine is currently the Chair of Auctus Investment Group and she currently holds Non-Executive Director roles with MaxCap Group, Lonsec and Arcus Partners. She is also the President of the Library Board of the State Library of Victoria and a Council member of La Trobe University.

Christine will take over as Chair from current Selfwealth Chair, Rob Edgley, effective immediately.

Paul Clark is an experienced Director with specialist financial expertise across audit & risk management, capital & debt advisory, M&A, valuations & divestments, due diligence and corporate turnarounds. Paul has significant management experience in leading large teams going through structural and cultural change.

Paul is currently the Chair of Salta Properties and the CEO & Managing Director of Barristers Chambers. Paul was previously the CEO and Executive Director of Redflex, the Chair of Melbourne Water, and the Head of Capital and Debt Advisory at Ernst & Young. He has also held senior executive roles at National Australia Bank, Bankwest and Bank of New Zealand.

Paul will be appointed Chair of the Audit & Risk Committee.

*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**

Alex Clarke-Groom, Chief Marketing Officer  
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")**

31 March 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	7,779	22,713
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,504)	(7,432)
(c) advertising and marketing	(618)	(3,210)
(d) leased assets	(137)	(406)
(e) staff costs	(3,049)	(9,480)
(f) administration and corporate costs	(924)	(2,413)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	80	159
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	4
<b>1.9 Net cash from / (used in) operating activities</b>	<b>629</b>	<b>(65)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(13)	(24)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(13)</b>	<b>(24)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>27</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	10,798	11,476
4.2	Net cash from / (used in) operating activities (item 1.9 above)	629	(65)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(13)	(24)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>11,414</b>	<b>11,414</b>

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	3,914	3,298
5.2	Call deposits	7,500	7,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>11,414</b>	<b>10,798</b>

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.*



<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	629
8.2 Cash and cash equivalents at quarter end (item 4.6)	11,414
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	11,414
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	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: 20 April 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.