

14 November 2024

### **2024 AGM Chair and CEO Addresses**

SelfWealth Ltd (ASX:SWF) attaches the following materials in relation to its 2024 Annual General Meeting (**AGM**) being held at 10.30am this morning at K&L Gates, Level 25, Rialto South Tower, 525 Collins Street, Melbourne:

- the text of the addresses to be given by the Chair and the CEO to the AGM; and
- the presentation slides that will accompany the two addresses.

This announcement has been authorised for release to the market by Jonathan Swain, Company Secretary.

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## **CHAIR'S ADDRESS – Christine Christian AO**

### **FY24 Overview**

Selfwealth achieved a strong uplift in profitability following on from its maiden profit in FY23.

Underlying EBITDA of \$5.5 million was up 36% from \$4 million on the previous year, and net profit after tax was \$3.4 million compared to \$92 thousand the year before.

This result was achieved through maintaining a steady-state business while the company focused on its transformation program to right size the operations and embed a customer-led approach.

Revenue of \$27.6 million was 6% lower than last year, affected by a weaker macro trading environment. Against this weaker backdrop, we were able to maintain our customer base with approximately 129,000 Active Portfolios and achieved 13% growth in Funds Under Administration to \$10.7 billion. This increase in FUA is testament to the loyalty and quality of our customer base.

Our operating expenses were down 16.6% or \$2.9 million from \$17.5 million to \$14.6 million on the prior year. Right sizing the business through cost out measures and operating efficiencies has been a deliberate focus of the Board. The reduction in expenses was largely attributed to lower selling and marketing costs, reduced headcount and lower supplier expenses.

The Gross Profit Margin increased to 70.5% with cost savings achieved through long-term business efficiency initiatives.

Cash generated from Operating Activities was \$2.6 million, up 4% on FY23 levels, as the company continued to invest in meeting regulatory requirements and to support continued investment in system resilience.

As a result of our continued focus on strong cash management, we achieved four consecutive quarters of positive operating cashflow. This allowed us to obtain relief from ASX in November 2023 from lodging quarterly cash flow and activity reports.

### **FY24 Highlights**

Our turnaround strategy is working, and we have increased funds under administration (FUA) and profitability.

Leadership is an important consideration for any company, particularly one where a turnaround strategy needs to be executed.

With the appointment of Adam Lewis to the Board in November 2023, the Board refresh that I initiated when appointed Chair, was completed.

Executive leadership was also a focus in FY24. The Board and the new CEO worked swiftly to bring together a leadership team with the right skills and experience to live up to a more ambitious strategy and purpose. This leadership reset was completed in May 2024.

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Turning now to Capital Management, we undertook two share buy backs during the FY24 year, with the small parcel share buyback of 1,205,437 shares completed in December 2023. In May 2024, we commenced the on-market share buyback of up to 10% of our ordinary shares over a 12-month period. As at 30 June 2024, a total of 2,083,493 shares had been acquired and cancelled.

Both share buybacks have been funded from existing cash reserves.

Our financial position remains sound, with \$11.4 million cash at bank at the end of FY24, and we continue to have no debt. This puts the business in a strong positive operating cashflow position.

The Board remains committed to having best practice corporate governance.

Over the year, we continued to meet with shareholders to discuss the business' progress on the transformation program and the company's long-term growth strategy. Importantly, we listened carefully to shareholder feedback to ensure we align business performance and growth plans with shareholder sentiment.

### **FY25 Outlook**

At SelfWealth we are cognisant of the power of competitive advantage. Our established, reputable and simple to use trading platform, and strong challenger brand sets us apart in the industry.

FY25 will see us continue to focus on opportunities to increase revenue and margins and to deliver new features and products to attract new and profitable customers.

We will continue to focus on our core business activities, including supporting our strong customer base and, particularly, attracting and retaining high-value customers.

In closing, I would like to emphasise that the Board is committed to always acting in shareholders' best interests; whether that be continuing to invest in the necessary business transformation that is required to deliver long-term growth, or to be seriously considering potential value accretive opportunities that may arise as the industry moves to greater consolidation.

I would like to thank you, our shareholders, for your continued support, and now I will hand you over to Craig.

### **CEO ADDRESS – Craig Keary**

Thank you, Christine, and let me add my own welcome to our shareholders.

### **FY24 Performance Metrics and Insights**

Christine has presented our financial results, and I will add some texture to key metrics which illustrate the change the new management team, supported by the Board, has brought about. I will also discuss some key operational areas that have been accelerated and which are essential to our long-term growth strategy.

The main theme of these results was continued profitability in an increasingly competitive market and macro-economic impacts on investor sentiment.

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We saw lower trading volumes last year which impacted total revenue. While trading volumes were down 13%, compared to the previous year, total revenue was down 6% on last year, at \$29.4 million. This is testament to our quality customer base. Against this backdrop, it was pleasing to note that our gross profit margin increased by 150 basis points due to cost out and efficiency measures.

As Christine said, an important aspect of this result was that the Company has been able to successfully retain its loyal customer base in a time of intense market competition.

Funds under Administration increased by 13% indicating that, in this uncertain macro-economic environment in which we are all operating, SelfWealth remains a trusted brand. This is something we never take for granted and we continue to work hard to retain the trust of all our valued customers.

Our FUA continues to grow as we increase our focus on customer quality, particularly those customers with long-term wealth aspirations. Currently, Selfwealth's average FUA per customer is \$87,000.

In the next section I will speak more about our revitalised approach to relationship management and customer engagement.

### **FY24 Focus**

Over the past twelve months I have focused on four things to drive sustainable profitability and deliver long-term growth:

- Accelerated our transformation program: from a technology-based business to a customer-led growth business.
- Right sized the business to deliver long-term sustainable growth.
- Installed a disciplined and experienced leadership team to execute our strategy.
- Delivered on our key competitive advantage of being a flat fee, transparent and trusted platform with strong valued customer relationship management principles.

### **FY24 Key activities and achievements**

I would now like to speak to the key activities undertaken during FY24.

#### **Increase Risk and Compliance Investment**

With the increasing fraud and cyber risk seen across the sector, we have made critical investments in risk and compliance. This has included both a systems and cloud infrastructure rebuild, as well as building out our team capability with the appointment of a Chief Risk and Compliance Officer.

This has been necessary to protect the business, the security of our customers and to meet the security standards expected of a regulated financial services organisation.

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## **Improved Reputation in the industry**

The leadership team actively engaged across the industry to strengthen relationships to a standard that you would expect from an ASX listed and regulated entity.

## **Increased Adviser Sales and Activation of the Adviser and Intermediated partner opportunities**

The Sales team continued to drive profitable growth in the Adviser segment, through increased marketing and strong engagement with Licensee and Financial Adviser networks.

Pleasingly, we have seen continued growth in Licensee groups who approve the Adviser Platform for use by their Authorised Representatives and continued growth from Advisers who register to use our platform on behalf of their clients' direct equity portfolios.

In FY24, 38 new AFSL groups and 90 new Advisers registered to use our Adviser Platform. This offers a strong pipeline of new business as they start to onboard clients to the platform.

The clear articulation and strong presentation of the intermediated proposition to market has enabled the sales team to make significant inroads within the financial advisory and SMSF administration space.

## **Marketing and customer engagement overhaul**

We have overhauled our marketing and customer engagement to more closely align with our target demographic with a focus on retention and acquisition of 'quality' customers.

## **Increased Relationship Managers to support high value customers**

The Relationship Management team have stepped up their engagement and servicing of our higher value High Net Worth and Established Highflyer customers.

Our Dedicated Relationship Manager panels have been servicing ~2,000 of our High Net Worth, Established Highflyer and SMSF customers.

The team have supported a series of successful 'in person' investor roadshow events, meeting our high value customers face to face.

## **Customer-Centric Design principles embedded to drive growth**

Customers are at the heart of what we do. To better facilitate this focus, we formed a product and design team, launched a customer advisory panel, and embedded feedback loops, with a new Customer Experience squad formed to drive platform modernization and improved customer experience.

## **Expand product and platform functionality**

We continually look to product enhancement and improvement as customers' needs and requirements evolve.

Several 'first phase' improvements for our customers during the year have included:

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- First phase of data integrations with Class, to support the needs of our SMSF customers
  - Intraday HIN updates – in response to customer demand, enabling customers to access and trade holdings in their portfolios more quickly.
  - Visual improvements to the mobile apps, such as changes to graphing tools, and re-design of some screens to improve usability.

During the year we also launched the new Selfwealth website with improved capabilities to support marketing, customer engagement and segment-focused campaign management on a more secure and robust hosting platform.

### **Improved Customer experience**

We merged client service and operations, realigned roles, and introduced performance metrics, boosting response times to over 85% of enquiries handled within 1-2 business days.

### **Closure of non-commercial product initiatives**

After careful assessment, we made the decision to shut down two large programs of work, the failed mobile project and crypto product deliveries, because the financial returns were unlikely to be made in an acceptable timeframe.

### **Increased Gender Diversity**

This year, with the support of the Board, I have focused on putting in place an experienced, capable and disciplined leadership team to execute our growth strategy.

Gender diversity is critical – it enhances decision making and fosters innovation. I am happy to report that we have now reached 39% female in the senior leadership team.

### **Transformation**

Our emphasis has been on the transformation from a technology-based business to a customer led growth business by providing superior customer service, improving efficiencies and functionality in our trading platform and exploring relevant product adjacencies.

FY24 saw the first part of our transformation program near completion. The objective was on right sizing the business, enhancing our platforms and customer experience and reducing the cost to serve.

We are now underway with part two of the program which will focus on upgrading our systems and processes to ensure appropriate risk controls around customer security, privacy, cyber, fraud protection and data protection.

It is anticipated that this work will take 12 to 18 months.

### **Long-term Growth Strategy**

Our long-term growth strategy centers on profitably growing our enviable loyal customer base.

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Key to customer growth is ensuring that the customer experience is exemplary. If things can be done better, we want to know and we want to do it. We are always looking forward to and anticipating what more our customers may want. Customers are core, as they should be.

During the year, we have partnered with BGL Corporate Solutions and the Australian Shareholders Association to provide a trading platform partner and industry insights for their clients.

As we look to the year ahead, we see the next twelve months focus on the second phase of transformation while at the same time leveraging our strong brand and enhanced user experience.

In closing I would like to thank the entire team for their hard work, passion and dedication over the past twelve months as we reshaped the company. The leadership team and I remain focused on realizing the true potential of SelfWealth.

I would also like to thank you, our shareholders, for your continued support.

Thank you.

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# Annual General Meeting

14 November 2024

Selfwealth



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Chair's address  
Christine  
Christian AO



# FY24 Overview



Revenue down 6% to <b>\$27.6m</b> pcp \$29.4m	FUA* up 13% to <b>\$10.7 bn</b> pcp \$9.5 bn
Underlying EBITDA up 36% to <b>\$5.5m</b> pcp \$4.0m	Active Traders** steady at <b>128.7k</b> pcp 129.4k
Underlying EBIT up 74% to <b>\$4.9m</b> pcp \$2.8m	Operating cash flows steady at <b>\$2.6m</b> pcp \$2.5m
NPAT up \$3.3m to <b>\$3.4m</b> pcp \$0.1m	Cash balance <b>\$11.4m</b> pcp \$12.4m

## Key callouts:

- Full year NPAT of \$3.4m, up from \$0.1m
- A year of record profitability after maiden profit in FY23
- FUA up 13% and strong active client base
- Operating cash flow up 4% to \$2.6m
- Strong financial position continues with cash balance of \$11.4m and no debt
- Focus continues on scaling the business to deliver improved margins and growth

\* Funds Under Administration includes Australian, US and HK securities and customer cash expressed in Australian dollars.

\*\* Active Traders are portfolios that are ready to trade, with cash and/or equities in their portfolio.

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# FY24 Highlights

Turnaround strategy working:

Increased funds under administration (FUA) and increased profitability.

Leadership has been key to the turnaround:

New CEO and executive leadership team.

Board refresh completed.

Focus on shareholder best interests:

Capital Management: two share buybacks undertaken.

Active engagement with shareholders.

Ensuring alignment with shareholder sentiment and expectations.

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## FY25 Outlook

Establishing our competitive advantage as a recognised and reputable brand with growing, quality customer base.

Increased revenue and margins remains a focus.

Embedding a singular customer focus:

- Retaining and growing customer base.

- Targeted acquisition strategy aimed at long-term, high-value customers.

Delivering for the long-term in shareholders' best interests:

- Investing in the necessary transformation and technology.

- Considering potential value accretive opportunities, cognisant of industry consolidation.

CEO's address  
Craig Keary



# FY24 Performance Metrics

PROFIT & LOSS SUMMARY \$000's	FY24	FY23	PcP
Interest Revenue	19,619	20,364	(4%)
Trading & Other Revenue	7,942	8,992	(12%)
<b>Total Revenue</b>	<b>27,561</b>	<b>29,356</b>	<b>(6%)</b>
<b>Gross Profit</b>	<b>19,429</b>	<b>20,252</b>	<b>(4%)</b>
<i>Gross Profit Margin %</i>	<i>70.5%</i>	<i>69.0%</i>	
<b>Underlying EBITDA*</b>	<b>5,506</b>	<b>4,040</b>	<b>36%</b>
<i>Underlying EBITDA Margin %</i>	<i>20.0%</i>	<i>13.8%</i>	
<b>Underlying EBIT*</b>	<b>4,862</b>	<b>2,795</b>	<b>74%</b>
<i>Underlying EBIT Margin %</i>	<i>17.6%</i>	<i>9.5%</i>	
<b>NPAT</b>	<b>3,416</b>	<b>92</b>	<b>3,596%</b>
<i>NPAT Margin %</i>	<i>12.4%</i>	<i>0.3%</i>	
COMPANY METRICS	FY24	FY23	PcP
<b>Active Traders (Vol.'000's) **</b>	<b>128.7</b>	<b>129.4</b>	<b>(1%)</b>
<b>Funds under administration (A\$bn) ***</b>	<b>10.7</b>	<b>9.5</b>	<b>13%</b>
<b>Customer cash (A\$m)</b>	<b>381</b>	<b>456</b>	<b>(16%)</b>
<b>Trading volumes ('000's)</b>	<b>741</b>	<b>850</b>	<b>(13%)</b>
<b>Operating cash flow (A\$000's)</b>	<b>2,637</b>	<b>2,526</b>	<b>4%</b>
<b>Company net cash position (A\$m)</b>	<b>11.4</b>	<b>12.4</b>	<b>(8%)</b>

## Record performance in FY24:

- Achieved record underlying EBITDA and NPAT profit following on from maiden profit in FY23
- Gross Profit Margin increasing to 70.5%
- Funds under administration increase 13% to \$10.7 bn
- Active traders remain steady with the YOY composition of high value customers increasing
- New leadership team focused on scaling the business to be fit for purpose and positioned for long-term, sustainable growth

\* Underlying EBITDA and EBIT adjusted to exclude non-recurring expenses, which include impairment and cost reduction implementation expenses. The adjustments comprises \$1.9 million in FY24 of one-off transformational cost reduction expenses and in FY23, \$2.9 million impairment of intangible assets.

\*\* Active Traders are portfolios that are ready to trade, with cash and/or equities in their portfolio.

\*\*\* Funds Under Administration includes Australian, US and HK securities and customer cash expressed in Australian dollars.

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## FY 24 Focus

- Phase 1 on the transformation program has delivered the transition from a technology-based business to a customer led growth business.
  - Right-sizing the business and positioning it in the market to deliver long-term sustainable growth.
  - Disciplined leadership team in place to execute strategy.
  - Investing for customer led growth.
- Leveraging on our competitive advantage of being a flat fee, transparent and trusted platform, while delivering high standards in customer relationship management.

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# FY24 Key Activities and Achievements

- Increased risk and compliance investment.
- Improved reputation in the Industry.
- Increased Adviser Sales activity and activation of Adviser and Partner opportunities.
- Refined Marketing and Customer engagement model.
- Increased Relationship Managers to support high value customers.
- Embedded Customer-Centric Design principles to drive growth.
- Expanded product and platform functionality.
- Improved customer experience.
- Decommissioned non-commercial product initiatives such as crypto and failed mobile project.
- Increased Gender Diversity.



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# Transformation continues

- Phase 1 of transformation program largely completed by FY24.
- Increased focus on risk mitigation, including cyber security, data protection, data privacy, fraud protection and AML is driving the urgent need to lift all standards and processes across all aspects of the operation.
- Continuing to upgrade systems and processes to deliver on growth ambitions and improved customer experience.
- Program of work recognises and is designed to meet the evolving regulatory requirements across the sector.

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# Long-term growth strategy

- Profitably growing our customer base.
- Pursuing product adjacencies to meet customer needs.
- Ensuring a superior customer service experience is delivered.
- Investing in technology to drive growth.
- Leveraging the strong brand and enhanced customer experience.
- Continuing to right-size the business to unlock future potential.

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