

SEPTEMBER 2020

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# Cashwerkz. Financial Year 2020

Cashwerkz.

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### Investment Risk

An investment in Cashwerkz Limited ('CWZ' or 'Group'), is subject to known and unknown risks both specific to CWZ and of a general nature, some of which are beyond the control of the Group. Such risks either may individually or in combination adversely affect the future operating and financial performance of CWZ, its investment return and value of its securities.

There can be no guarantee, and the directors and management give no assurances, (notwithstanding that they will use their conscientious best endeavours), that CWZ will achieve its stated objectives or that any forward-looking statement or forecast will eventuate.

### Forward-Looking Statements

This Presentation contains certain statements that may constitute forward-looking statements or information ("forward-looking statements"), including statements regarding the use of proceeds of any funds available to the Group. These forward-looking statements are based on certain key expectations and assumptions, including assumptions regarding the general economic conditions in Australia and globally, industry conditions in Australia and the intended operations of the Group. These factors and assumptions are based upon currently available information and the forward-looking statements contained herein speak only as of the date hereof.

Although the expectations and assumptions reflected in the forward-looking statements are reasonable in the view of the Group's directors and management, reliance should not be placed on such statements, as there is no assurance that they will prove correct. This is due to forward-looking statements being subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied in the forward-looking statements. These risks include, but are not limited to: uncertainties and other factors that are beyond the control of the Group; global economic conditions; risks associated with the financial markets; interest rates; bond prices; operational and seasonal risks associated with customer's cashflow requirements; delays or changes in plans; specific risks associated with the ability to meet software development commitments and capital expenditures; and risks associated with securities market volatility.

The Group assumes no obligation to update any forward-looking statements or to update the reasons why actual results could differ from those reflected in the forward-looking statements, except as required by Australian securities laws and ASX Listing Rules.

# Note from the CEO

The Cashwerkz business has, thus far, been focused solely on term deposits. As rates have fallen every year the ability to justify the fee we planned to charge, became harder. The model for deposits going forward will change to focus more on professional depositors who transact in much larger numbers, albeit for a smaller fee. We will also look to link at-call deposits to a number of cash management accounts, from which investors can also buy bonds or quickly take advantage of TD specials.

The road to profitability however will be the bond trading business and as we can grow Bond Income, the bond trading business our guiding principles are:

- To be the go-to experts for income products in Australia;
- Our offering will always be transparent to do business with; and
- To provide great service and pricing to retain the ongoing business of our customers.

We show our principles through simply passing on our costs for custody, not make it a revenue centre. We will not charge clients an exit fee if they wish to take their business away, we will deserve your business, not lock it in with unwanted fees. Our analytics and trading infrastructure is second to none, our staff are seasoned industry experts.

The Fund Income business, our fund incubator is only recently announced. Our initial focus will be on fixed income and debt related funds as this is our current expertise.

We have the infrastructure in place to launch and support new debt fund entrants. The rationale for establishing this business has been demand driven as we have the key assets within the group.

As with our Bond Income business, we have entered into agreements with key global players in this industry to provide an institutional business rigour to a boutique-business feel.

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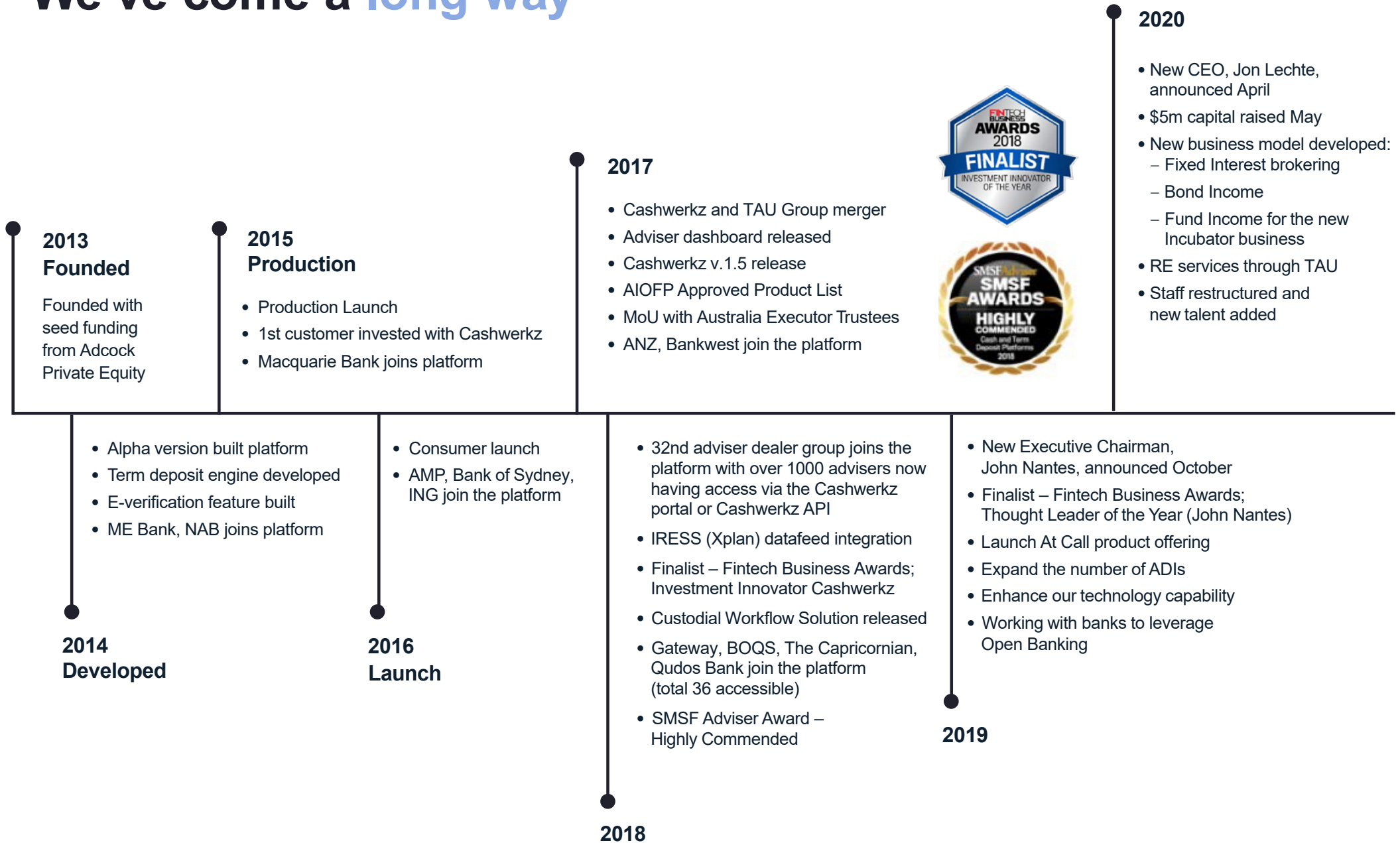
We have the talent across our team, the technology and drive to achieve our goal of being the household name, the go-to – for income generating investing in Australia. Our ambition is large but the strategy is simple, provide a service that gives confidence to investors to come back. Provide a service that makes investing easy and liquidity for when your strategy has changed.

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# We've come a long way



**2013**  
**Founded**

Founded with seed funding from Adcock Private Equity

**2015**  
**Production**

- Production Launch
- 1st customer invested with Cashwerkz
- Macquarie Bank joins platform

**2017**

- Cashwerkz and TAU Group merger
- Adviser dashboard released
- Cashwerkz v.1.5 release
- AIOFP Approved Product List
- MoU with Australia Executor Trustees
- ANZ, Bankwest join the platform



**2020**

- New CEO, Jon Lechte, announced April
- \$5m capital raised May
- New business model developed:
  - Fixed Interest brokering
  - Bond Income
  - Fund Income for the new Incubator business
- RE services through TAU
- Staff restructured and new talent added

**2014**  
**Developed**

- Alpha version built platform
- Term deposit engine developed
- E-verification feature built
- ME Bank, NAB joins platform

**2016**  
**Launch**

- Consumer launch
- AMP, Bank of Sydney, ING join the platform

**2018**

- 32nd adviser dealer group joins the platform with over 1000 advisers now having access via the Cashwerkz portal or Cashwerkz API
- IRESS (Xplan) datafeed integration
- Finalist – Fintech Business Awards; Investment Innovator Cashwerkz
- Custodial Workflow Solution released
- Gateway, BOQS, The Capricornian, Qudos Bank join the platform (total 36 accessible)
- SMSF Adviser Award – Highly Commended

**2019**

- New Executive Chairman, John Nantes, announced October
- Finalist – Fintech Business Awards; Thought Leader of the Year (John Nantes)
- Launch At Call product offering
- Expand the number of ADIs
- Enhance our technology capability
- Working with banks to leverage Open Banking

# Technology, product and talent outlook



## July 2019 – June 2020

Board restructured, John Nantes took over as Executive Chairman and Craig Swanger added.

Strategy to move from Term Deposits and Cash to a total income solution.

Jon Lechte recruited April 2020 to increase strategic approach and execute a new trajectory.

Business restructured to now provide total income solution leveraging technology, talent and product innovation.

New business plan exceeds expectation.

## July – August 2020

Launch the New Bond Offering.

Phase one of the Cash Hub solution launched with the Macquarie CMA, enabling clients to directly make investments to Bonds and TDs.

Launched Fund Income to the market.

Design managed solutions for both bonds and deposits.

## September & beyond

Attract world class fund managers to Fund Income offering institutional capabilities in a boutique structure.

Extend the Bond trading to multi currency opportunities.

Further operational efficiency and automation.

Review of customers experience including onboarding and engagement on platform.

# Cash & Term Deposit updates

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Low interest means taking or being paid for the deposit service is increasingly difficult so we have narrowed our focus to the Advised/Platform and institutional market.

- Able to offer a fixed annual fee
- Able to take margin and provides scale
- Enable them to keep costs low through our technology
- Satisfy best interest duty
- Restructured team and key hires for institutional market completed – Start October
- JBWere – implementation completed, gaining traction
- Cashhub – Creating ability for clients to utilise a single CMA to actively invest
  - Macquarie CMA and ANZ V2+ enabled for new clients
  - Provides CWZ with visibility to a client’s cash holdings and better customer experience

# Bond Income updates



Customers are looking for better yielding options and more diversification

- New business launched in August 2020
- All key hires completed to enable this business to grow
- Customer onboarding underway – KYC/AML slowing process but clients are trading
- Engage the best platform and service providers;
  - Industry standard for Custody
  - Global banking giant for sub-custody
  - Integrated bond management software using AI for portfolio management
  - Cutting edge onboarding technology
  - World's leading CRM system, integrated with CWZ platform

Cashhub – clients are being onboarded into either a Macquarie CMA or ANZ V2+

- Providing clients with choice and speed of transacting

# Fund Income updates

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The Fund Incubation sector has a limited number of providers with experience in distribution, technology and AFSLs

- Incubator launched
- COO and distribution staff in place
- CEO search underway with shortlist candidates in final stages
- Expect to announce first Fixed Income fund by October.
  - Shareholder agreement finalised and awaiting banking capability



# The new vision for Cashwerkz.

To be the “leading authority for income investing in Australia”

We plan to achieve this goal through:

- Best in breed offering across deposits, bonds and funds management.
- Easy to transact and transparent business solutions.
- Connecting with well known global brands to bring industrial-grade offerings through a boutique interface.



# Enhanced income offering to institutions, advisers and HNW investors creates additional revenue opportunities.

## TDs and Cash Income

We have seen a decline in interest rates impacting customer behaviour and appetite for low risk investments.

**Target audience:** Focused on large institutions, dealer groups and technology platforms to support best interest duty.

## Bond Income

In today's environment customers are looking for better yielding options and more diversification.

**Target audience:** Focused on wholesale/sophisticated, HNW investors, family offices and their advisers.

## Fund Income

This sector has a limited number of providers with the experienced distribution, technology and licences to offer this expertise.

**Target Audience:** New top tier industry recognised fund managers.

# Product diversification provides increased customer satisfaction & operational efficiency across all businesses.

- Leveraging technology and staff infrastructure
- Best in class new resources to support growth, product and innovation opportunities
- Operational efficiency and excellence
- Optimising distribution expertise
- Using our financial services licences to full capacity.



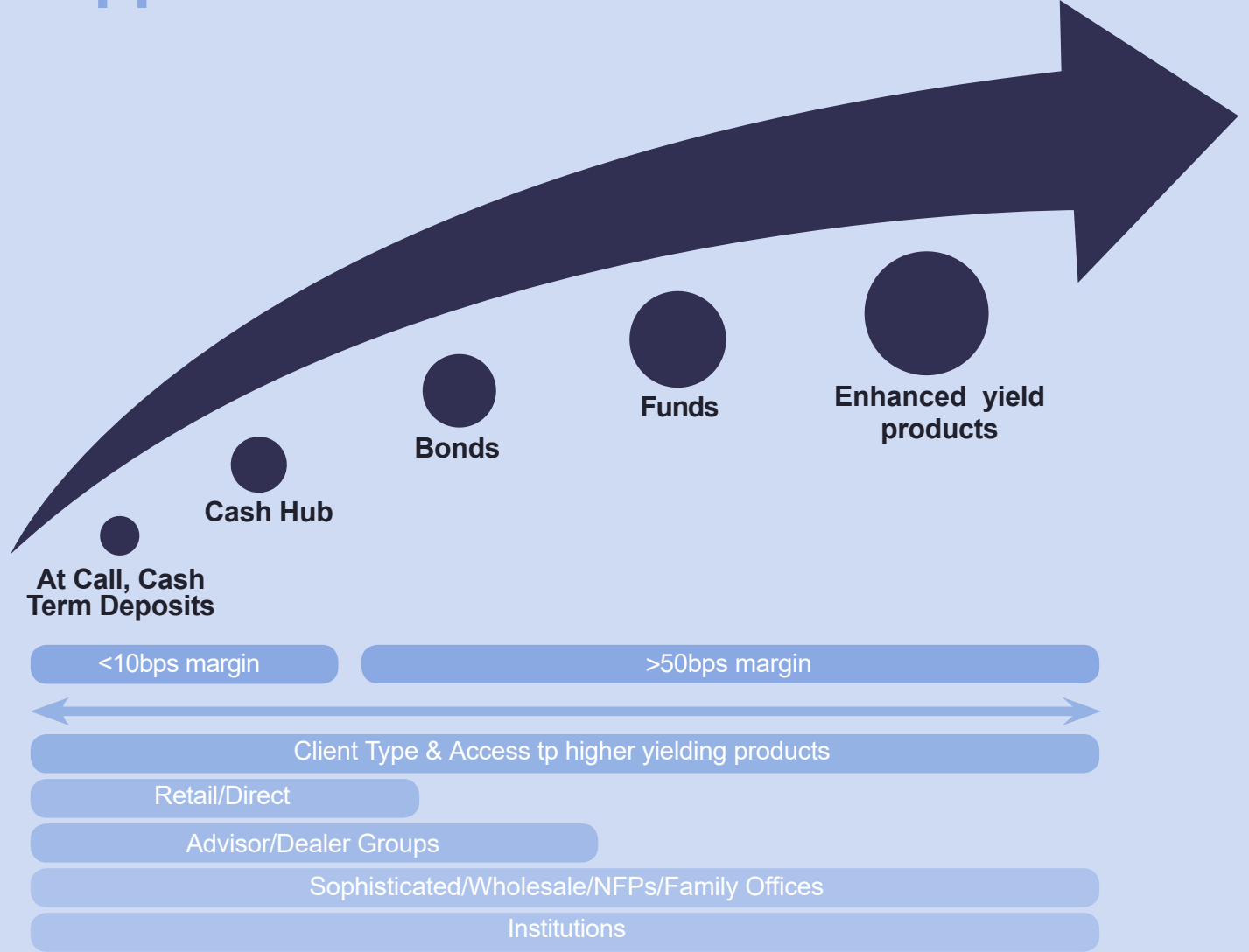
# Enhanced income offering to institutions, and advisors provides greater product choice, higher margin and revenue opportunities

Scalable core infrastructure needed to be successful are in place

- AFSLs**
- CWZ Ltd, CWZ FI, CWZ Tech
  - Trustees Australia
  - Deposits, Debt instruments, MIS, Responsible Entity, Custody

- Technology - Proprietary and Partners –**
- CWZ Core – complex transactional and relationship database needed by institutions
- Industry standard for Custody.
  - Global banking giant for sub-custody
  - Integrated bond management software using AI for portfolio optimisation.
  - Cutting edge onboarding technology.
  - World's leading CRM system, integrated with CWZ platform.

**People –** Distribution and management team enhanced with key hires completed in institutional sales, bond trading and fund operations



A woman with glasses and a blue shirt is sitting at a desk in a modern office. She is looking at a laptop screen that displays a bar chart with red and yellow bars. In the background, there are other monitors showing various data visualizations. The overall scene is dimly lit, with the primary light source being the screens.

**Attracting  
key talent** has  
been effective  
in driving  
positive  
culture

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# Financials

# Normalised Results

<b>Cashwerkz – Consolidated</b>		
	<b>Jun-20</b>	<b>Jun-19</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>REVENUE FROM ORDINARY ACTIVITIES</b>		
Financial services income	900	889
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>		
Business operating costs	(1,338)	(1,360)
Employment expenses	(4,327)	(3,299)
Property operating expenses	(65)	(251)
Other expenses	(1,084)	(1,046)
<b>TOTAL EXPENSES</b>	<b>(6,814)</b>	<b>(5,956)</b>
<b>EBITDA (EXCL SIGNIFICANT ITEMS)</b>	<b>(5,914)</b>	<b>(5,067)</b>
<b>SIGNIFICANT ITEMS</b>		
JobKeeper and cashflow boost subsidies	327	–
One-off AASB15 adjustment	–	145
Share-based payments (non-cash)	(317)	(985)
<b>EBITDA</b>	<b>(5,904)</b>	<b>(5,907)</b>
Depreciation and amortisation (non-cash)	(1,463)	(1,311)
Interest received	42	119
Finance costs	(26)	(215)
<b>LOSS FOR THE YEAR</b>	<b>(7,351)</b>	<b>(7,314)</b>

# Statutory results

	Cashwerkz – Consolidated	
	Jun-20	Jun-19
	\$'000	\$'000
Financial services income	1,269	1,153
<b>TOTAL REVENUE</b>	<b>1,269</b>	<b>1,153</b>
<b>EXPENSES</b>		
Business operating costs	(1,338)	(1,360)
Depreciation and amortisation	(1,463)	(1,311)
Employment expenses	(4,644)	(4,284)
Finance costs	(26)	(215)
Property operating expenses	(65)	(251)
Other expenses	(1,084)	(1,046)
<b>TOTAL EXPENSES</b>	<b>(8,620)</b>	<b>(8,467)</b>
<b>LOSS FOR THE YEAR</b>	<b>(7,351)</b>	<b>(7,314)</b>



# Balance Sheet

Cashwerkz – Consolidated			
	Jun-20	Jun-19	% Change
	\$'000	\$'000	
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4,234	5,153	-18%
Trade and other receivables	477	381	25%
Other current assets	347	355	-2%
<b>TOTAL CURRENT ASSETS</b>	<b>5,058</b>	<b>5,889</b>	<b>-14%</b>
<b>NON-CURRENT ASSETS</b>			
Intangibles	7,648	8,884	-14%
Right of use assets	245	–	100%
Property, plant & equipment	168	209	-20%
<b>TOTAL NON-CURRENT ASSETS</b>	<b>8,061</b>	<b>9,093</b>	<b>-11%</b>
<b>TOTAL ASSETS</b>	<b>13,119</b>	<b>14,982</b>	<b>-12%</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	455	312	46%
Lease liabilities	199	–	100%
Borrowings	18	–	100%
Provisions	213	238	-11%
<b>TOTAL CURRENT LIABILITIES</b>	<b>885</b>	<b>550</b>	<b>61%</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	61	–	100%
Provisions	32	25	28%
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>93</b>	<b>25</b>	<b>272%</b>
<b>TOTAL LIABILITIES</b>	<b>978</b>	<b>575</b>	<b>70%</b>
<b>NET ASSETS</b>	<b>12,141</b>	<b>14,407</b>	<b>-16%</b>
<b>EQUITY</b>			
Issued capital	30,868	26,082	18%
Reserves	435	1,104	-61%
Retained earnings	(19,162)	(12,779)	50%
<b>TOTAL EQUITY</b>	<b>12,141</b>	<b>14,407</b>	<b>-16%</b>

# Cash Flow

	<b>Cashwerkz – Consolidated</b>	
	<b>Jun-20</b>	<b>Jun-19</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	1,204	913
Payments to suppliers and employees	(6,753)	(6,069)
Interest received	42	119
Finance costs	(26)	(1)
<b>NET OPERATING CASH FLOWS</b>	<b>(5,533)</b>	<b>(5,038)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for property, plant & equipment	(11)	(32)
Payment for intangible assets	(4)	(5)
<b>NET INVESTING CASH FLOWS</b>	<b>(15)</b>	<b>(37)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	4,785	9,271
Proceeds from issue of CRPS	–	555
Proceeds from borrowings	107	–
Repayment of borrowings	(89)	–
Repayment of lease principal	(174)	–
<b>NET FINANCING CASH FLOWS</b>	<b>4,629</b>	<b>9,826</b>
<b>NET MOVEMENTS IN CASH HELD</b>	<b>(919)</b>	<b>4,751</b>
Cash at the beginning of the period	5,153	402
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	<b>4,234</b>	<b>5,153</b>

# Thank you

Cashwerkz Limited

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