

## Building Australia's leading wealth management platform for retail investors

### Key Highlights

- **Investing for long-term sustainable growth:** Transformation program on track to re-position Selfwealth as a leading retail wealth management platform through investments in product, technology and marketing, asset diversification and customer engagement.
- **Key operational milestones:** Brand refresh, focus on educational content, launch of Hong Kong equities, facilitating instant deposits, and the imminent launch of crypto.
- **Growing revenue:** Revenue increased by 10% in FY22 to \$20.3m, driven by additional revenue streams, new asset classes and an increase in interest income derived from higher cash balances and an increase in the Net Interest Margin over the last two months of the financial year as a result of RBA interest rate rises.
- **Continued strong growth in core metrics:** Active Traders increased by 32% to 125,944, cash on platform increased by 41% to \$736m, and funds under administration up 26% to \$8.2 billion.
- **Claiming #3 in broking market share:** Recently overtaken another Big 4 bank.<sup>1</sup>
- **Accelerated pathway to profitability:** Sustainable business model through the cycle, with laser focus on ROI and interest rate tailwinds accelerating pathway to profitability.

**Melbourne, Australia – 26 August 2022:** SelfWealth Ltd (ASX:SWF) (“Selfwealth” or “the Company”) is pleased to report its full year results for the FY22 financial year, with strong growth across the core metrics, in a more challenging economic environment.

### FY22 Results Summary

	FY22	FY21	Change
<b>Revenue</b>	\$20.3m	\$18.4m	Up 10%
<b>Active Traders*</b>	125,944	95,189	Up 32%
<b>Funds Under Administration**</b>	\$8.2B	\$6.5B	Up 26%
<b>Client Cash</b>	\$736m	\$523m	Up 41%
<b>EBITDA</b>	\$(5.8)m	\$(0.5)m	Down \$5.3m
<b>Net Profit/(Loss)</b>	\$(6.3)m	\$(0.6)m	Down \$5.7m
<b>Operating Cash flow</b>	\$(3.6)m	\$1.1m	Down \$4.7m
<b>Cash Balance</b>	\$11.5m***	\$7.5m	Up \$4.0m

1. Investment Trends H2 2022 Online Investing Report

\*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 cash and securities

\*\*\* SWF completed an \$11.74m capital raise in August 2021

## Overview of FY22 Financial Performance

Selfwealth delivered solid growth across the core metrics in FY22 with revenue up 10%, Active Traders up 32%, cash on platform up 41% and funds under administration up 26%, compared to FY21.

These impressive results were achieved in a transformational year, in which Selfwealth was transitioning away from a 'cheap' ASX trading platform to a leading retail wealth management platform, with a clear purpose to encourage and empower people to achieve financial freedom.

In FY22, Selfwealth diligently implemented the transformation program, as outlined in July 2021, and achieved a long list of key operational milestones including the first major brand refresh, the focus on educational content, the launch of minor accounts, the launch of Hong Kong trading, facilitating instant deposits, providing traders ESG data, Chi-X trading, updated Premium membership offering and the imminent launch of crypto.

The revenue growth rate of 10% in FY22, was lower than the record growth rates in FY20 and FY21 due to falling retail trade volumes in a more challenging economic environment. However, the continued expansion of our total customer base, funds under administration, and new asset classes, enabled the diversification of revenues and the sustainability of the business model throughout the cycle.

In early 2022, Selfwealth clients responded to the higher inflation outlook, interest rate speculation, and geopolitical tensions by switching out of equities and into cash, leading to the record cash balance on the platform and lower trading activity. Cash balances on the platform remained high at around \$736m through to the end of financial year in June, in a sign of continued caution around the short-term investment outlook.

This increase in cash balances and interest rate rises in May and June by the Reserve Bank of Australia led to an increase in interest income. By the end of FY22, Selfwealth, was benefitting from a higher net interest margin on the cash held on platform, with interest income increasing by 51% from \$3.9m in FY21 to \$5.9m in FY22. Further interest rate rises early in FY23 have seen Selfwealth's net interest margin returning to more normal levels seen before the monetary policy easing cycle experienced prior to and throughout the COVID pandemic.

In FY22, Selfwealth provided further evidence of the scalability and the operating leverage of its business model. The gross margin continued to increase from 33.4% in FY20 to 41.4% in FY21 to 47.3% in FY22, due to increased revenue from higher margin international operations and an increase in net interest margin on higher cash balances.

In a year of heavy investment, operating expenses increased to \$15.8m in FY22 from \$8.5m in FY21. The EBITDA loss increased to \$5.8m in FY22, up from an EBITDA loss of \$0.5m in FY21. Over the past year, Selfwealth invested in the three key areas of product, technology, and marketing. Staff costs increased in line with Selfwealth's strategy to attract key talent and to establish offshore teams to build new capability and a scalable delivery model. The investment in internal capability enabled the Company to deliver new asset classes and continued growth in Active Traders.

We now have sufficient internal capacity to deliver on our transformation program, with staff numbers to remain approximately at current levels for the foreseeable future, thereby increasing the operating leverage over the next year.

### **Imminent launch of crypto on Selfwealth platform**

In early 2022, Selfwealth signed a Heads of Agreement with BTC Markets, Australia's largest and most liquid cryptocurrency exchange, to provide access to select cryptocurrency assets on the Selfwealth platform.

Selfwealth aims to be the first Australian-based online platform to combine direct Australian equities, US equities and cryptocurrency in a single account on the one wealth creation platform. This product offering is in response to overwhelming demand from Selfwealth's customer base and ongoing retail investor demand in Australia.

Selfwealth was ready to launch in late June 2022, however the Company was adversely impacted by the unexpected announcement of Volt Bank to cease being a bank in June 2022. Selfwealth is replacing Volt Bank with another payments provider and preparing for the imminent launch of cryptocurrency.

### **Update on trading in Q1 FY23**

SelfWealth has continued to attract Active Traders in Q1 FY23 and the cash balance on the platform remains strong. The return of confidence in the market in August is encouraging with some clients moving cash into the market and increasing trading activity, following on from lower trading activity in July.

Importantly, Selfwealth has a sustainable business model through the cycle and is on track for a record revenue quarter in Q1 FY23.

### **Looking Ahead**

Selfwealth remains committed to building a sustainable wealth creation platform with diversified revenues. In FY23, Selfwealth anticipates benefiting from the annualised revenue uplift associated with recent interest rate rises and the Company expects the addition of new asset classes will contribute to further improvement in cash flow in the coming quarters.

In FY23, Selfwealth will complete its 18-month transformation program, and the Company will continue to have a laser focus on the ROI on all investments to ensure continued progress on the pathway back to profitability.

Selfwealth has built a scalable platform with diversified revenue streams with the potential for significant operating leverage moving forward. Our commitment is that we will be helping Australians build wealth for decades to come.

*The Board of SelfWealth Ltd has authorised the release of this announcement to the market.*

### **Shareholder or Investor Enquiries**

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