

SelfWealth Ltd – Maiden profit delivered in a year of turnaround and change

Melbourne, Australia – 28 August 2023: SelfWealth Ltd (ASX: SWF) (“Selfwealth” or “the Company”), leading Australian fixed-cost low-cost broker, today announced its financial results for the 12 months ended 30 June 2023 (‘FY23’).

Selfwealth delivered a profit for the first time, with EBITDA of \$4.0 million, and Net Profit After Tax (NPAT) of \$0.1 million.

Key highlights:	FY23	FY22	pcp %
Operating revenue	\$29.4 m	\$20.3 m	+45%
Gross profit	\$20.3 m	\$9.6 m	+111%
EBITDA	\$4.0 m	(\$5.8 m)	+169%
NPAT	\$0.1 m	(\$6.3m)	+102%
Net operating cash flow	\$2.5 m	(\$3.6m)	+169%
Cash at bank – EOFY	\$12.4 m	\$11.5 m	+8%
Funds under administration – EOFY ¹	\$9.5 bn	\$8.2 bn	+16%
Number of active traders – EOFY	129,403	125,944	+2.7%

FY23 overview:

Commenting on the result, Selfwealth’s newly appointed Chair Christine Christian AO said:

“FY23 was a year of turnaround and change for Selfwealth and it is pleasing to report the Company delivered a profit for the first time.

“Selfwealth’s maiden profit was supported by positive growth in key metrics. The Company’s compelling business model continued to differentiate it from peers and attract a growing and loyal customer base during the period.

“The Company is in a solid financial position, as demonstrated by the end of year cash balance and three consecutive quarters of positive operating cashflow. This will support Selfwealth’s transformation program and enable it to adapt to shifting investment trends and preferences in the market.”

FY23 financial results:

Selfwealth’s maiden profit was supported by positive financial metrics across all measures. Total revenue increased by 45% to \$29.4 million, primarily driven by interest income of \$20.4 million, up from \$5.9 million in the previous corresponding period (pcp). Gross profit

¹ Aggregate customer assets held on the Selfwealth platform including cash balances and securities with ASX, NYSE, Nasdaq & HKEX exchanges, with all financial amounts expressed in Australian Dollars.



for the period was \$20.3 million, up 111% on pcp. The increasing RBA cash rate over the last 12 months resulted in a higher Net Interest Margin on customer cash balances. This provided a natural hedge against softer market sentiment. Equities trading revenue finished \$8.4 million, compared to \$13.8 million in the pcp.

Operating costs increased during the period to \$17.5 million, up 10.1% compared to pcp. The increase was largely attributed to additional investment in salaries to carry out the migration in May 2023 of the ASX clearing and settlement platform. The development now underway to upgrade the banking platform and deliver future cost savings has also contributed to the increase in the cost base.

Operational overview:

SelfWealth experienced a surge in new customers and trading activity during the COVID-19 pandemic years, particularly in FY21 and FY22. It is pleasing to note that the Company has been able to successfully retain and grow the customer base, delivering a 2.7% increase in FY23 to 129,403 Active Traders.

The transformation program currently underway focuses on platform review and optimisation, a streamlining of operations to increase efficiencies, as well as a number of measures to reduce cost-to-serve.

Paul Cullinan, Selfwealth's Acting Chief Executive Officer, commented:

"Selfwealth is focusing on its core business activities, including supporting our strong customer base, particularly attracting and retaining High Net Worth customers. As well, we are actively seeking out opportunities for diversification to support growth through market cycles and changing customer preferences.

"We are focused on the modernisation of our proprietary technology platforms and applications to deliver an enhanced customer experience and product improvements. We have continued to invest in people and in fostering a culture of high performance, key pillars of our transformation program."

Outlook:

SelfWealth's recent performance combined with the leadership and operational changes made over the last quarter will ensure it is commercially and strategically positioned heading into FY24.

Selfwealth Chair Christine Christian AO commented on the Company's outlook:



“In a year of turnaround and change, Selfwealth has delivered a maiden profit, attracted and retained a growing and loyal customer base, and has cemented its position as a challenger to the Big Four Banks.

“The Company’s solid financial position and operating cashflow will support the execution of our transformation program. The Board will remain focused on acting decisively and in a disciplined manner, working to maximise the Company’s value, unlock future potential, and deliver growing returns for our shareholders.”

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

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