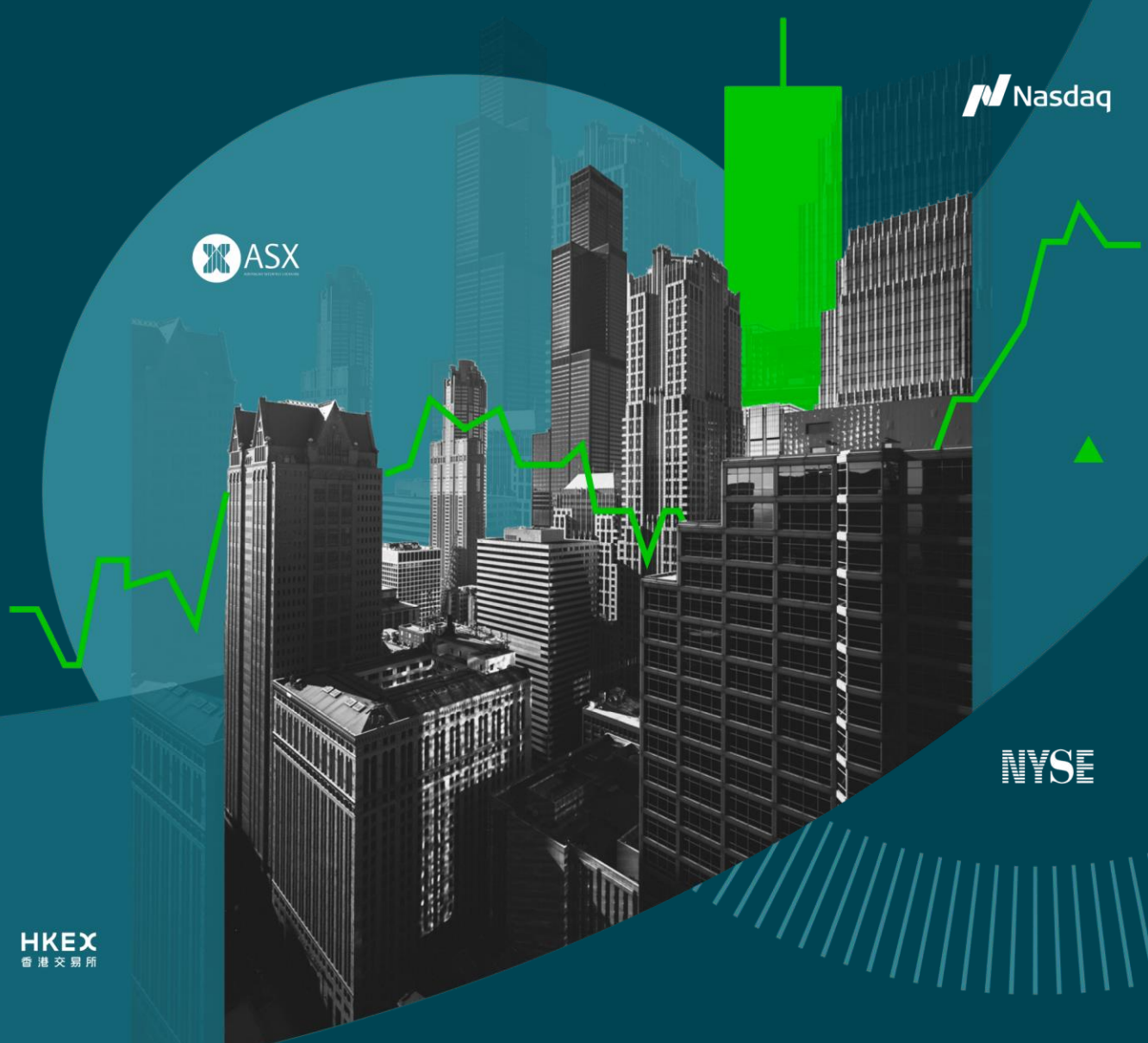




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# Investor Update

17 October 2023



# FY23 overview – A year of turnaround and change

Revenue up 45% to <b>\$29.4 m</b>	FUA* up 16% to <b>\$9.5 bn</b>
Gross Margin up 111% to <b>\$20.3 m</b>	Active Traders** up 3% to <b>129.4 k</b>
EBITDA up \$9.8m to <b>\$4.0 m</b> PY (\$5.8m)	Operating cash flows up \$6.1m to <b>\$2.5 m</b> PY (\$3.6m)
NPAT up \$6.4m to <b>\$0.1 m</b> PY (\$6.3m)	EOFY cash balance up 8% to <b>\$12.4 m</b>

## Highlights:

- Maiden profit delivered
- Restructure of Board and Senior Management team
- Continued to grow funds under administration and the customer base
- Achieved three consecutive quarters of positive operating cashflow
- Competitive advantage as an established and leading ASX-listed, low-cost online equity trading platform
- Continued focus growing loyal, high quality customer base with FY23 average FUA per customer of \$74k, up from \$65k in FY22

\* 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

# Financial overview since listing

PROFIT & LOSS SUMMARY \$000's	FY18	FY19	FY20	FY21	FY22	FY23	CAGR FY18-FY23
Interest Revenue	430	1,422	2,570	3,869	5,860	20,364	116%
Trading & Other Revenue	623	1,387	5,251	14,494	14,404	8,992	71%
<b>Total Revenue</b>	<b>1,053</b>	<b>2,809</b>	<b>7,822</b>	<b>18,363</b>	<b>20,264</b>	<b>29,356</b>	<b>95%</b>
YoY Growth		167%	178%	135%	10%	45%	
<b>Total Gross Profit</b>	<b>272</b>	<b>958</b>	<b>2,821</b>	<b>7,597</b>	<b>9,586</b>	<b>20,252</b>	<b>137%</b>
Gross Profit Margin %	26%	34%	36%	41%	47%	69%	
<b>EBITDA</b>	<b>(5,366)</b>	<b>(3,449)</b>	<b>(2,935)</b>	<b>(545)</b>	<b>(5,831)</b>	<b>4,040</b>	<b>N/A</b>
EBITDA Margin %	(510%)	(123%)	(38%)	(3%)	(29%)	14%	
<b>Underlying EBIT *</b>	<b>(5,395)</b>	<b>(3,459)</b>	<b>(3,044)</b>	<b>(660)</b>	<b>(6,271)</b>	<b>2,795</b>	<b>N/A</b>
Underlying EBIT Margin %	(512%)	(123%)	(39%)	(4%)	(31%)	10%	
<b>NPAT **</b>	<b>(5,348)</b>	<b>(3,447)</b>	<b>(3,045)</b>	<b>(647)</b>	<b>(6,264)</b>	<b>92</b>	<b>N/A</b>

COMPANY METRICS	FY18	FY19	FY20	FY21	FY22	FY23	CAGR FY18-FY23
<b>Active Traders (Vol. '000's)</b>	<b>4.7</b>	<b>13.9</b>	<b>46.4</b>	<b>95.2</b>	<b>125.9</b>	<b>129.4</b>	<b>94%</b>
<b>Funds under administration (A\$bn)</b>	<b>0.5</b>	<b>1.2</b>	<b>2.9</b>	<b>6.5</b>	<b>8.2</b>	<b>9.5</b>	<b>77%</b>
<b>Customer cash (A\$m)</b>	<b>41</b>	<b>90</b>	<b>366</b>	<b>523</b>	<b>736</b>	<b>456</b>	<b>62%</b>
<b>Trading volumes ('000's)</b>	<b>68</b>	<b>165</b>	<b>659</b>	<b>1,630</b>	<b>1,548</b>	<b>877</b>	<b>67%</b>
<b>Operating cash flow (A\$000's)</b>	<b>(5,033)</b>	<b>(3,251)</b>	<b>(147)</b>	<b>1,108</b>	<b>(3,649)</b>	<b>2,526</b>	<b>N/A</b>
<b>Company net cash position (A\$m)</b>	<b>3.3</b>	<b>1.0</b>	<b>5.3</b>	<b>7.5</b>	<b>11.5</b>	<b>12.4</b>	<b>30%</b>

## Solid performance in FY23:

- First year of positive EBITDA, EBIT and NPAT
- Reset of strategic priorities, resulting in a one-off impairment of \$2.9m
- Gross Profit Margin increasing to 69% in FY23
- Company continued to grow FUA and Active Traders despite a rapid decline in equity trading market in FY23

## Strong long-term growth rates:

- Revenue and Gross Profit CAGR of 95% and 137% respectively over 5 years
- FUA 5-year CAGR of 77%
- Active Traders CAGR of 94% over 5 years

\* Underlying EBIT in FY23 excludes \$2.9m nonrecurring impairment of intangible assets

\*\* NPAT not adjusted for nonrecurring items

# Q1 FY24 overview

PROFIT & LOSS SUMMARY \$000's	Q1 FY24	Q1 FY23	YoY
Interest Revenue	5,132	4,273	20%
Trading & Other Revenue	1,876	2,520	(26%)
<b>Total Revenue</b>	<b>7,008</b>	<b>6,793</b>	<b>3%</b>
<b>Gross Profit</b>	<b>5,056</b>	<b>4,508</b>	<b>12%</b>
Gross Profit Margin %	72%	66%	
<b>Underlying EBITDA *</b>	<b>1,552</b>	<b>(108)</b>	<b>N/A</b>
Underlying EBITDA Margin %	22%	(2%)	
<b>Underlying EBIT *</b>	<b>1,395</b>	<b>(211)</b>	<b>N/A</b>
Underlying EBIT Margin %	20%	(3%)	
<b>NPAT **</b>	<b>639</b>	<b>(191)</b>	<b>N/A</b>

COMPANY METRICS	Q1 FY24	Q1 FY23	YoY
<b>Active Traders (Vol.'000's)</b>	<b>129.2</b>	<b>127.9</b>	<b>1%</b>
<b>Funds under administration (A\$bn)</b>	<b>9.4</b>	<b>8.6</b>	<b>10%</b>
<b>Customer cash (A\$m)</b>	<b>402</b>	<b>638</b>	<b>(37%)</b>
<b>Trading volumes ('000's)</b>	<b>190</b>	<b>245</b>	<b>(22%)</b>
<b>Operating cash flow (A\$000's)</b>	<b>698</b>	<b>(799)</b>	<b>N/A</b>
<b>Company net cash position (A\$m)</b>	<b>12.5</b>	<b>10.6</b>	<b>18%</b>

## Continued momentum:

- Underlying EBITDA for the quarter was \$1.55 million after accounting for nonrecurring cost optimisation implementation expenses totalling \$0.87 million
- YoY FUA and Active Traders continue to grow notwithstanding a significant decline in broader equity trading volumes
- Cost optimisation program commenced in Q1 with further initiatives to follow

\* Underlying EBITDA and EBIT in Q1 FY24 excludes \$0.87m nonrecurring cost optimisation implementation expenses

\*\* NPAT not adjusted for nonrecurring items

# Cost optimisation program

Net operating cost reductions resulting from Q1 FY24 cost optimisation changes:

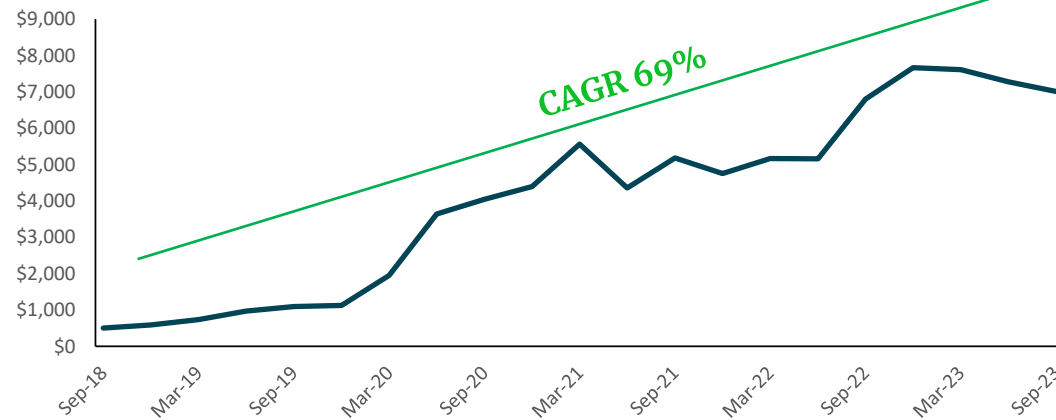
\$ millions	FY24	Annualised
Employee-related costs	2.2	2.9
Supplier cost savings	1.2	1.3
<b>Total operating cost reductions</b>	<b>3.4</b>	<b>4.2</b>

## Right sizing the expense base while maintaining a strong growth platform:

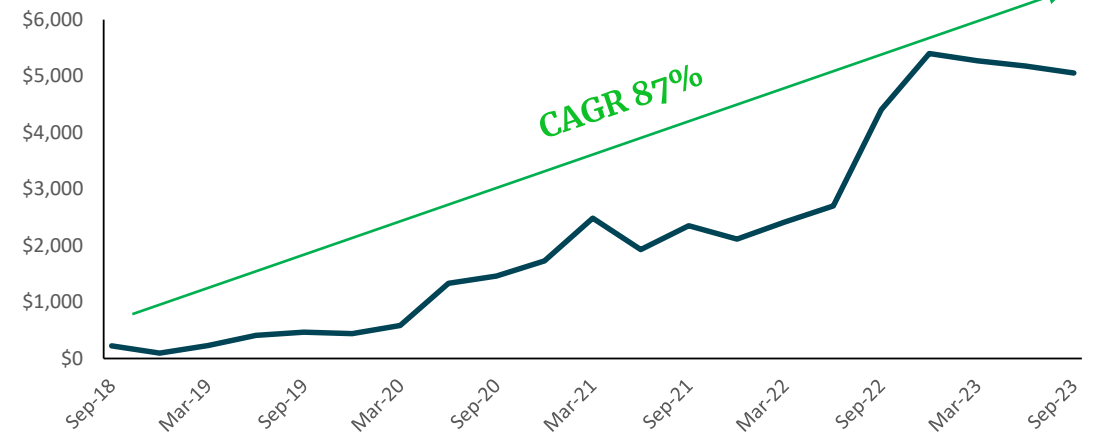
- Initiatives taken to ensure SelfWealth has an appropriate cost base, with no impact to product or client experience – critical to ensure ability to capitalise on growth opportunities
- The annualised costs reductions actioned in Q1 FY24, totalling \$4.2m represents 24% of the FY23 operating expenses of \$17.5m (G&A of \$14.9 and S&M of \$2.5m); strategy is to reinvest a component of savings into upgrading capabilities in key focus areas
- Staff headcount was reduced in Q1 FY24 by 23%
- Detailed review of supplier arrangements across a range of functional areas leading to significant savings
- Further supplier cost savings initiatives will be pursued over the next 15 months which will also incur nonrecurring implementation costs

# Strong growth in key metrics

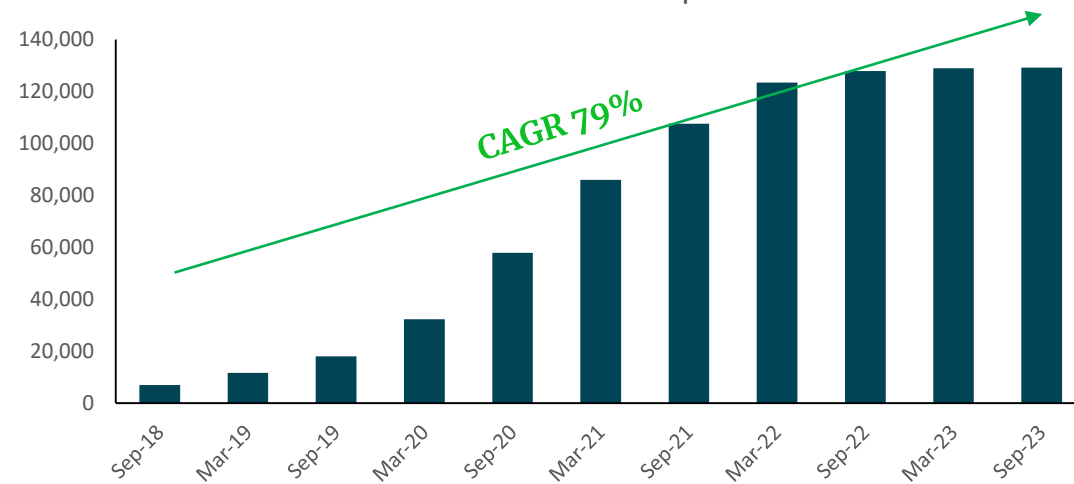
Operating Revenue by Quarter (\$'000)



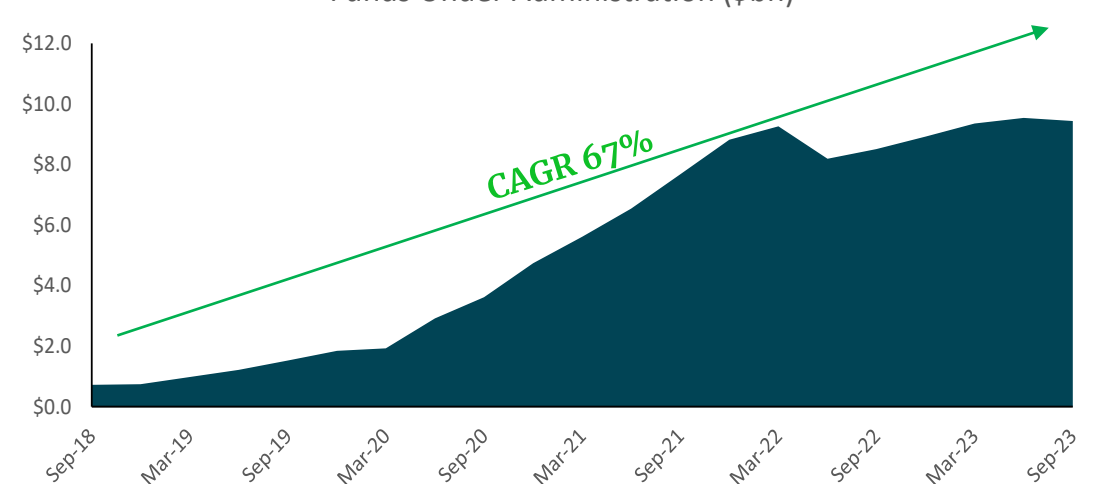
Gross Profit by Quarter (\$'000)



Active traders on the platform



Funds Under Administration (\$bn)



Note: CAGR calculated using quarterly results from Sep 18 (FY19) – Sep 23 (FY24)

# Track record of innovation and competitive performance

Rated #1 Online Trading Platform

Highest rated online trading platform on Product Review <sup>1</sup>



Investment Trends Report Value for Money 2020 & 2021

Leading challenger in the market

Trusted by nearly 130k investors with a market leading Net Promoter Score <sup>2</sup>



Number 10



Deloitte Tech Fast 50 27th



Asia-Pacific High-Growth Companies awards 4th Australian company

Award-winning platform

Secure and proven platform with focus on educational content



<sup>1</sup> As of 1 September 2023: productreview.com.au

<sup>2</sup> Investment Trends 2023 First Half Australia Online Investing Report. Selfwealth ranked #1 with a Net Promoter Score (NPS) +35%; Commsec next best at +19%.

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# Refreshed governance

A restructured Board with a strong track record and mix of skills to deliver sustainable and profitable long-term growth



## Christine Christian AO

Chair and Independent Non-Executive Director - Appointed April 2023

- Well-credentialled and experienced ASX-listed Chair and company Director
- Extensive experience in financial services, investment management and private equity, receiving the Order of Australia in recognition of distinguished services in these fields



## Paul Clark

Independent Non-Executive Director - Appointed April 2023

- Highly experienced Director with management experience in leading large teams undergoing cultural and structural change
- Specialist expertise spanning audit and risk management, capital and debt advisory, M&A and corporate turnarounds



## Emanuel Datt

Non-Executive Director - Appointed February 2023

- Experienced and successful entrepreneur with a special interest in funds management and emerging companies within the technology and financial sectors
- Significant investment management experience



# Clear strategic focus

## Profitable customer growth

- Leveraging the brand as a trusted, leading challenger in the market to grow the customer base
- Continued targeting of loyal, high quality customer base
- Disciplined approach to customer acquisition will ensure strong ROI performance

## Focus on customer experience

- Build on reputation of best in market customer service, trading functionality and investor information
- Create new user features including mobile app offering
- Develop leadership capability to support the customer journey and maintain customer loyalty
- Focus on onboarding, trading experience, trading activity, retention, product development and customer service

## Increased operating margins and profitability

- Right-size the business and being 'ahead of the curve' in adapting to changing market conditions and shifting investor preferences
- Manage operational costs to drive efficiencies, including optimising customer cost-to-serve
- Identified further opportunities to grow Gross Profit Margins in both existing and future products to deliver long-term value creation

## Clear strategic focus (cont.)

### Disciplined product expansion

- Disciplined approach to new product opportunities ensuring efficient capital allocation
- Align new products to SelfWealth's competitive market positioning – a trusted ASX-listed, low-cost equity trading platform
- International equity trading options continues to differentiate SelfWealth, and offers opportunities for growth

### Enhanced technology platform

- Enhance the proprietary technology platform to enable speed to market of new products
- Drive enhanced functionality and improved user experience
- Build on technology capability to ensure competitive advantage

### Optimising shareholder value

- SelfWealth regularly considers opportunities for industry consolidation as a means to optimise value for shareholders
- In recent weeks SelfWealth received a non-binding proposal from Stake. After careful assessment, the Board formed the view that Stake's incomplete and conditional proposal did not offer appropriate value to shareholders

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# Optimising shareholder value

- In the last six months, the board has commenced several new initiatives to enhance shareholder value, including:
  1. Comprehensive, on-going cost optimisation program
  2. Fast-tracking the evaluation of new product development opportunities
  3. Upgrading of the proprietary technology platform
- SelfWealth regularly considers opportunities for industry consolidation to optimise value for shareholders
- In recent weeks SelfWealth received a non-binding proposal from Stake. After careful assessment, the Board determined that Stake's incomplete and conditional proposal did not offer appropriate value to shareholders

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# Summary

## FY23 Result

- Maiden profit delivered
- A year of turnaround and change
- Restructure of Board and Senior Management team
- Continued to grow funds under administration and customer base
- Achieved three consecutive quarters of positive operating cash flow
- \$12.4m Cash at EOFY and no debt

## Q1 FY24 & Cost Optimisation

- Strong start to FY24, with Q1 FY24 Underlying EBITDA of \$1.55m
- Cost optimisation program commenced in Q1 FY24, with no impact on product or client experience
- Annualised cost savings of ~\$4.2m positions SelfWealth to reinvest in the business and capitalise on future growth
- Continue to pursue Gross Profit Margin optimisation opportunities
- The Board has decided to postpone small parcel and on-market share buy backs

## Strong base for growth

- Established and trusted leading challenger brand
- Loyal, high quality customer base
- Leading low-cost broker differentiates SelfWealth and its offerings
- Strong track record of growth since listing
- Trusted ASX-listed share trading platform

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# Disclaimer

## *Important information for investors*

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