

## Record revenue and maiden profit enables disciplined investment for sustainable growth

### Key Highlights

- **Record revenue:** Revenue increased 45% to \$14.5m, with increased interest income in a rising interest rate environment more than offsetting weaker trading revenues.
- **Positive cash flow:** Positive operating cash flow of \$591K represents a significant turnaround from the cash out flow of \$2.1m in 1H FY22.
- **Profitable operations:** EBITDA increased to \$2.5m, up from an operating loss of \$2.3m in 1H FY22. The NPAT of \$100K is the first time a positive profit has been delivered.
- **Focus on improving client experience and reducing cost of delivery:** The new service provider contract with FNZ for Australian equities execution and settlements, and the expanded relationship with Australia and New Zealand Banking Group (“ANZ”), will enable Selfwealth to make available new product offerings, improved client experience and lower cost of delivery.
- **Crypto launch pending:** Regulatory uncertainty prompted pause of launch. The crypto solution has been completed and the Board will continue to monitor the appropriate launch timing.
- **Disciplined investment for sustainable growth:** Strong financial results and Board refresh enables execution of growth initiatives and work towards sustainable profitability.

**Melbourne, Australia – 23 February 2023:** Selfwealth Ltd (ASX:SWF) (“Selfwealth” or “the Company”) is pleased to report its first half results for the FY23 financial year.

### 1H FY23 Results Summary

	1H FY23	1H FY22	Change
<b>Revenue</b>	\$14.5m	\$9.9m	Up 46%
<b>Active Traders*</b>	128,383	117,674	Up 9%
<b>Funds Under Administration**</b>	\$8.9B	\$8.8B	Up 1%
<b>Client Cash</b>	\$583m	\$646m	Down 10%
<b>EBITDA</b>	\$2.5m	\$(2.3)m	Up \$4.8m
<b>Net Profit/(Loss)</b>	\$0.1m	\$(2.4)m	Up \$2.5m
<b>Operating Cash flow</b>	\$591K	\$(2.1)m	Up \$2.7m
<b>Cash Balance</b>	\$10.8m	\$14.9m	Down \$4.1m

\* 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

Selfwealth Managing Director and CEO, Cath Whitaker commented, “Over the past six months, we have benefited from the rising interest rate environment, delivering record revenue and profitability in the first half. We remain focused on the long-term sustainability of our revenues and reducing costs. Therefore, we are investing in the scalability and efficiency of our technology platform, which will enable us to expand our product offering and lower our cost of delivery over time.”

### **Overview of 1H FY23 Financial Performance**

Selfwealth delivered a strong first half result with record revenue, positive cash flow and a maiden profit. Revenue was up 45% to \$14.5m and operating cash flow of \$591K was up \$2.6m on 1H FY22. The NPAT of \$100K was the first time the Company has delivered a profit after tax.

These results were underpinned by rising interest rates and the significant increase in interest income, offsetting a decrease in equity trading revenue, in line with broader market trends. Trading activity was weaker in the first half, compared to 1H FY22, as investors remained cautious of cost-of-living pressures and the uncertain economic outlook.

The core metrics were solid half-on-half, with a 9% increase in Active Traders to 128,383 in a competitive market and stable Funds Under Management of \$8.9 billion, despite a reduction in the cash balances held on the platform to \$583m, which was in line with expectations.

### **Disciplined investment in line with transformation stages**

In FY22, Selfwealth successfully executed on the transformation program to transition the Company away from a ‘cheap’ ASX trading platform to a leading retail wealth management platform.

In this first phase of transformation, Selfwealth achieved key operational milestones including the first major brand refresh, the focus on educational content, the launch of minor accounts, providing traders ESG data and updated Premium membership offering. In addition, new revenue initiatives were developed, such as Hong Kong trading and crypto, however due to changes in the external environment and recent changes in retail investor demand, have not delivered revenue in line with expectations.

Over the past six months, Selfwealth has successfully executed on the second phase of transformation with operational milestones related to the disciplined investment in platform scalability and operating efficiency. These initiatives are designed to ensure the platform has the scalability to broaden the product range and lower the cost of delivery over time.

In the first half, Selfwealth entered into a new service provider contract with FNZ for Australian equities execution, settlement and clearing function pertaining to trading on the Selfwealth platform. FNZ has a global client base and their robust platform technology enables access to new scalable product offerings for retail investors. FNZ’s strong balance sheet will enable Selfwealth to increase trading capacity on its platform and support new retail investment products, to further increase revenue and improve operational efficiency over time. We anticipate the FNZ transition to provide a net financial benefit to Selfwealth in the short to medium term.

The existing service provider contract with OpenMarkets Group continues until late 2023 and Selfwealth will maintain its obligations under this contract. The orderly transition of Selfwealth clients to the new provider will commence in the first half of 2023.

In addition, Selfwealth continues to work with ANZ Bank, which will enable Selfwealth to improve customer experience and operating efficiency.

Further investments in mobile upgrades and cybersecurity enhancements were also undertaken in the first half. It is anticipated that additional investment will be made to modernising IT infrastructure to enable improvements to product delivery.

Selfwealth continues to take a disciplined approach to operating expenses. Cost of sale decreased by 19% to \$4.4m and marketing expenses decreased by 23% to \$1.4m. The fixed cost base relating to staff costs has now stabilised.

### **Impairment of software development assets**

Selfwealth recorded an impairment loss of \$1.8m, comprising a \$1.3m impairment of the crypto software development assets and a \$430K impairment of the Hong Kong trading equities software assets. These write-downs are consistent with accounting standards, but do not reflect the Company's opinion of the future commercial viability of these products.

The launch of Selfwealth's crypto trading solution is pending until the regulatory framework becomes clearer. The crypto solution has been completed and the Board will continue to monitor the appropriate launch timing.

### **Update on trading in Q3 FY23**

Selfwealth expects strong revenues to continue through the second half of FY23, despite continued depressed retail equities trading volumes. Selfwealth continues to attract Active Traders, and the cash balances on the platform have stabilised.

### **Looking Ahead**

Selfwealth has a clear purpose to encourage and empower people to achieve financial freedom and the Company continues the transition to a leading retail wealth management platform.

In 2H FY23, Selfwealth will continue to benefit from the rising interest rate environment and the Company will continue to follow a disciplined investment approach to ensure the long-term sustainability of revenues and earnings.

Selfwealth is looking ahead to the third phase of the transformation program to build new revenue streams on scalable technology infrastructure. The Company is on track to launch an updated mobile app, introducing a new incremental revenue product, by mid-2023 and is focused on client retention experiences.

After a successful brand campaign in FY22, the focus for marketing spend will switch to acquiring high value customers in line with the new segmented approach.

With a cash balance of \$10.8m, Selfwealth remains fully resourced to execute its growth strategy, and move toward sustainable profitability.

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

**Shareholder or Investor Enquiries**

Cath Whitaker, CEO & Managing Director  
[shareholders@selfwealth.com.au](mailto:shareholders@selfwealth.com.au)

**Marketing or Media Enquiries**

Alex Clarke-Groom, Chief Marketing Officer  
[marketing@selfwealth.com.au](mailto:marketing@selfwealth.com.au)