

Annual Report

Period to 30th June 2021

SelfWealth Limited

ABN 52 154 324 428

Level 2, 613 Canterbury Road

Surrey Hills, Victoria, 3127



SelfWealth[®]

Trade smarter. Every time.

SelfWealth Limited
Appendix 4E
Year ended 30 June 2021

Name of entity:	SelfWealth Limited
ABN:	52 154 324 428
Year ended:	30 June 2021
Previous period:	30 June 2020

Results for announcement to the market

\$

Revenue from ordinary activities	Up	134.8%	to	18,363,108
Loss from ordinary activities after tax attributable to members	Down	(78.8)%	to	(646,697)
Net loss for the period attributable to members	Down	(78.8)%	to	(646,697)

Distributions

No dividends have been paid or declared by the Company for the current financial year. No dividends were paid for the previous financial year.

Explanation of results

Please refer to the review of operations and activities on pages 7 to 8 and the investor presentation released on 20 August 2021 for an explanation of the results.

Additional information supporting the Appendix 4E disclosure requirements can be found in the review of operations and activities, directors' report and the financial statements for the year ended 30 June 2021.

Net tangible assets per security

	2021 Cents	2020 Cents
Net tangible asset backing (per security)	2.78	1.96

Changes in controlled entities and other information required by Listing Rule 4.3A

There have been no changes in controlled entities during the year ended 30 June 2021.

Other information required by Listing Rule 4.3A

- | | |
|--|-----|
| a. Details of individual and total dividends or distributions and dividend or distribution payments: | N/A |
| b. Details of any dividend or distribution reinvestment plans: | N/A |
| c. Details of associates and joint venture entities: | N/A |
| d. Other information: | N/A |

Audit

The financial statements have been audited by the Company's independent auditor without any modified opinion, disclaimer or emphasis of matter.

Helping Australians build wealth for almost a decade, through innovative technology, transparent pricing and support when our members need it.

SelfWealth.

A Leading, Australian Fintech

The Story

Since its inception in 2012, SelfWealth has been designed to help Australians build wealth. We have quickly become Australia's most popular independent online trading platform and connect everyday Australians to wealth creation tools. We do so with a price-conscious yet high-value mindset and put security at the centre of our decisions.

Our 100,000+ highly-engaged active investors benefit from:

- Access to flat-fee AUD9.50 ASX trades and USD9.50 US trades
- HIN-based, legal ownership on ASX investments
- Real-time pricing and detailed stock reports
- The ability to follow and track successful investors in the community
- Cash accounts audited regularly and backed by ANZ security
- Bi-weekly unique insights on market trends

Retail Investors: Australian, Low-cost and Safe

SelfWealth first launched a low-cost, flat-fee share trading platform in 2017. Since then, the platform has followed a consistent approach: providing responsible, secure and price-conscious investment solutions for retail investors. The retail trading platform now boasts two new native mobile apps, the recent addition of kids accounts so investors can invest on behalf of those under 18, and in late 2020, access to the US stock market.

Advisers: Innovative, Safe and Transparent

The SelfWealth Adviser Platform enables financial advisers and other financial intermediaries with innovative features and functionality to manage client direct equity portfolios. The SelfWealth Adviser Platform now has 62 Australian Financial Services Licensees registered and 130 financial advisers. The attraction is clear: no commissions, percentage fees or other administration and transaction fees, allows it is a uniquely compelling offer for both advisers and their clients

SelfWealth Limited

ABN 52 154 324 428

Annual report - 30 June 2021

Corporate directory	1
Chairman's letter	2
CEO report	3
Directors' report	7
Auditor's Independence Declaration	25
Corporate governance statement	26
Financial statements	27
Independent auditor's report to the members	62
Shareholder information	65

Directors	<p>Mr Robert Edgley <i>Non-Executive Chairman</i></p> <p>Mr Tony Lally <i>Non-Executive Director</i></p> <p>Mr John O'Shaughnessy <i>Non-Executive Director</i></p> <p>Mr Tam Vu <i>Non-Executive Director</i></p> <p><i>*Effective 20 April 2021, Mr Robert Edgley was appointed Non-Executive Chairman, changing his role from Managing Director to Non-Executive Chairman, Mr Tony Lally changed his role from Non-Executive Chairman to Non-Executive Director, and Ms Catherine Whitaker was appointed CEO.</i></p>
Secretary	<p>Ms Mandy Drake (appointed 21 June 2021)</p> <p>Mr Phillip Hains (resigned 21 June 2021)</p>
Registered office and principal place of business	<p>Level 2, 613 Canterbury Road Surrey Hills VIC 3127 Australia Telephone: +61 (0)3 8658 6080</p>
Share register	<p>Link Market Services Limited Level 13, Tower 4 727 Collins Street Melbourne VIC 3000 Telephone: +61 (0)3 9067 2005</p>
Auditor	<p>Grant Thornton Audit Pty Ltd Collins Square, Tower 5 727 Collins Street Melbourne VIC 3000 Telephone: +61 (0)3 8320 2222</p>
Solicitors	<p>K&L Gates Level 25, 525 Collins Street Melbourne VIC 3000 Telephone: +61 (0)3 9205 2000</p>
Bankers	<p>Westpac Banking Corporation 150 Collins Street Melbourne VIC 3000</p>
Stock exchange listings	<p>SelfWealth Limited shares are listed on the Australian Securities Exchange (ASX code: SWF)</p>
Website	<p>www.selfwealth.com.au</p>

Dear Shareholders,

I am pleased to present to you the Financial Year 2021 Annual Report on behalf of the Board of SelfWealth.

FY21 was a transformational year for SelfWealth which saw your company cement its position as a major participant in the Australian Online Broking industry.

The ongoing COVID-19 pandemic, ultra-low global interest rates and the continuing digitisation of investment markets have all contributed to an increase in the addressable market for our services.

We effectively capitalised on these favourable external trends and have more than doubled the number of Active Traders[^] using our platform over the past year. This growth is due to both the increasing numbers of new investors wanting to grow their wealth by investing in equity markets, and also increasing numbers of existing investors switching from the bank aligned broking platforms to SelfWealth for lower cost, better user experience and the reliability of our platform.

I am very proud of how the SelfWealth team rose to the challenges presented during FY21 to deliver record results as reflected in these highlights:

- Active traders have increased 105% from 46,445 to 95,189
- Annual Trade numbers are up 147% from 659,131 to 1,630,180
- Revenue increased significantly in line with this growth, up 135% to \$18.4m
- First ever annual surplus in operating cash flow of \$1.1m

Our technology team also had a busy year with the launch of US Trading and the delivery of both native iOS and Android mobile apps. Our reputation for reliability and our customers' trust in the platform strengthened over the last 12 months and we continue to lead the marketplace in any measure of platform uptime.

In March, we were delighted to announce the appointment of Cath Whitaker as CEO of SelfWealth. Cath's impeccable record of driving digital transformation within organisations was very attractive to the Board. SelfWealth is committed to ongoing product innovation and embedding digital best practices throughout the organisation and we are confident that Cath has the skills and experience to lead SelfWealth through its next growth phase.

Looking forward, our industry continues to evolve and we have an exciting opportunity to grow market share at the expense of the large bank incumbent platforms. The recent capital raising has accelerated our investment in this market share expansion, and we will achieve this through new product development, additional functionality on our platform, diversified revenue streams and more aggressive marketing strategies.

On behalf of the Board, let me close by thanking you, our shareholders, stakeholders, and dedicated staff for your continued support.



Rob Edgley
Chairman
SelfWealth Limited

[^]Active Traders are portfolios that are ready to trade, with cash and/or equities in their portfolio.

Dear Shareholders,

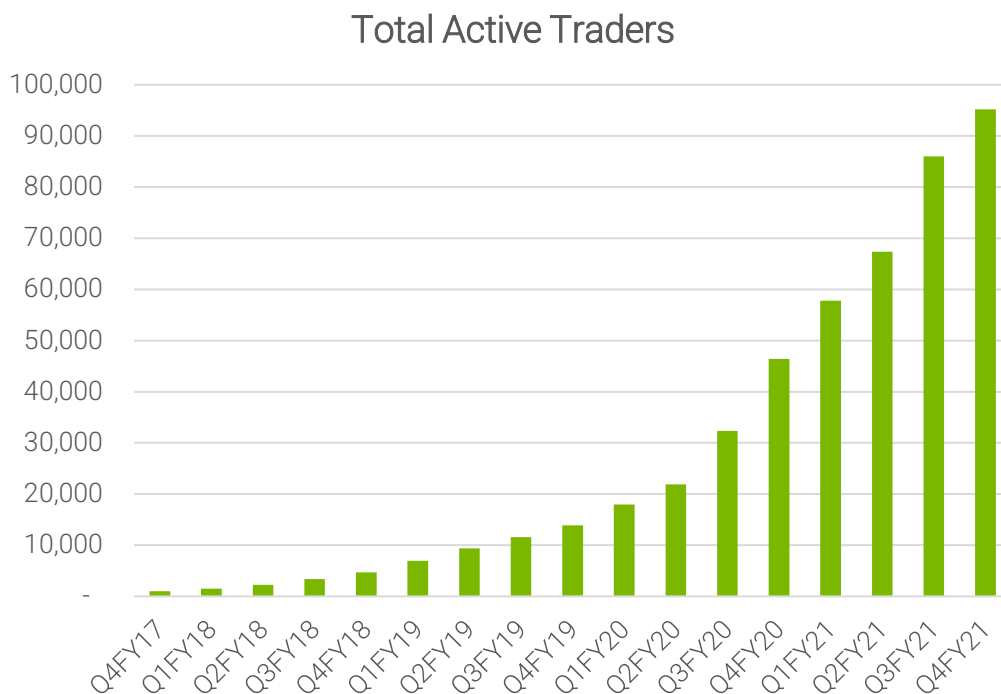
For almost a decade, SelfWealth has been helping Australians build their wealth through innovative technology, transparent pricing, and support when our members need it. Our initial focus was on disrupting the market as Australia's first flat-fee online broker with a HIN-based and CHESS-sponsored business model.

Our next phase of growth will focus on expanding our portfolio of wealth creation products. We have a robust technology platform and a highly engaged customer base, and our vision is to scale our platform to build diversified revenue streams and long-term sustainable growth.

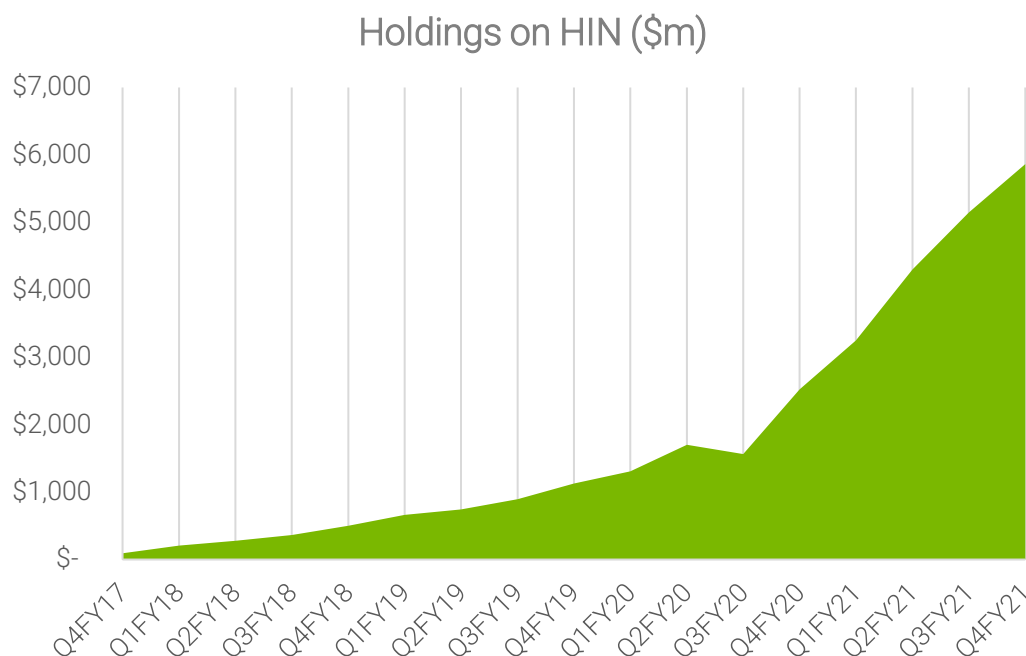
Record Results in FY21

SelfWealth delivered exceptional growth and a record financial performance in FY21. Our growth was turbo-charged over the past year as the COVID-19 pandemic accelerated the structural changes in the industry, driven by ultra-low interest rates globally and the digitalisation of investment markets.

In FY21, we delivered record revenue growth, with revenue up 135% to \$18.4m. In FY21, our total Active Traders increased from 46,445 to 95,189 and our impressive growth in Active Traders over the past four years is shown in the graph below.



In FY21, our holdings on HIN increased from \$2.5 billion to \$5.8 billion and our significant growth over the past four years is shown in the graph below.



In addition, Funds Under Administration (FUA), including both Australian and US securities, increased 158% from \$2,524m in FY20 to \$6,518m in FY21. Client cash increased 43% to \$523m in FY21, up from \$366m in FY20.

As measured by website traffic in Australia relative to all other sites, the Alexa website ranking of SelfWealth is currently 178, compared to the significantly larger CommSec (rank 54) and NAB trade (rank 239). Website ranking and SelfWealth's high page per user ranking (7.40 pages per user vs 6.20 at NAB and 5.99 at CommSec) reflect the highly engaged nature of SelfWealth members and the platform's relative growth during the last 12 months. Mobile app usage has doubled throughout the same period, with more users engaging with the platform.

In FY21, we diversified our revenue streams through the addition of international trading revenue. In December 2020, we successfully launched our US trading capability and over 29% of total 'Active Traders' added US functionality to their existing ASX portfolios within the first six months. SelfWealth is now a one-stop-shop for low-cost ASX and US market share trading. In FY21, international trading revenue generated \$1.2m in revenue at higher gross margins than domestic equities.

FY21 was a successful year of product and feature releases, including adults' ability to invest on behalf of children, adding ASX announcements to the platform, flat-fee US trading, and two brand new mobile apps.

These investments support continuous improvement in the end-user experience for SelfWealth members and enable the Company to continue challenging the incumbent bank-backed online investment platforms in Australia.

In addition to new products and customer-facing improvements, the company underwent an overhaul of the customer service, operations and compliance functions, delivering efficiencies through new processes and systems. Key contract negotiations came into full effect at the start of the calendar year, most notably the relationship with OpenMarkets, delivering improved margins based on SelfWealth's rapidly increasing transaction volumes.

In FY21, SelfWealth demonstrated the scalability and the operating leverage of its business model. The gross margin increased from 33.4% in FY20 to 41.4% in FY21 due to significant volume discounts from major suppliers, as well as six months of higher margin, international trading operations.

Operating expenses increased by 41% to \$8.5m in FY21 from \$6.0m in FY20. This increase includes an increase in employee benefits expense, with new hires predominately in the Product and IT teams, as well as a three-fold increase in advertising and promotional costs to \$1.5m, up from \$490K in FY20. This modest increase in marketing spend led to a doubling of Active Traders on our platform in FY21.

In FY21, SelfWealth solidified its management structure and appointed a new CEO while the Managing Director, Rob Edgley, transitioned to the board as the Chairman. Other senior key hires were made in Product development, Technology, Compliance and Client Services.

Our active trader base exceeded 100k in early August 2021, and the scalability of this large customer base will drive future revenue growth from new product development.

Investing in Growth

SelfWealth's growth strategy is to diversify revenue streams by offering a broad product portfolio to retail investors to support their wealth creation journey.

We have a trusted platform, and our focus is now on scaling this platform. We are now the number four player in the broking market in Australia¹, surpassing one of the Big Four.

Over the past year, we have shown that our business model can be cash-flow positive, however, we believe it is now the right time to invest in growth.

In August 2021, we completed a \$11.74m capital raise to expand the technology and product development team, to ramp-up our marketing activities and to invest in our data and analytics capabilities.

A detailed Product Roadmap has been developed based on comprehensive customer surveys and in-depth market research to ensure a customer-centric approach to innovation. This includes further expansion into global markets and new functionality. In addition, SelfWealth plans to implement cryptocurrency trading in FY22, subject to gaining Board and appropriate regulatory approvals. This exciting development will be an Australian first.

SelfWealth sees an enormous opportunity to further develop its data and analytics strategy to improve analysis of customer behaviour and to provide timely and relevant content and education material for our members. Through greater utilisation of data, the user experience will be enhanced as SelfWealth will identify drop off rates, functionality most frequently used and understand how Members interact with the SelfWealth platform. We are also working on initiatives to deliver better visualisation of members' portfolios, thus enabling them to complete wealth management projections.

¹Investment Trends' 2021 H1 Australia Online Investing Report, online brokers' share of primary and secondary relationships among online investors.

Looking Forward

In FY22, SelfWealth's core priority is to invest in the next phase of growth to continue market share expansion. SelfWealth has a scalable platform with diversified revenue streams and significant operating leverage. We see the continuation of favourable external trends, including low-interest rates and the ongoing digitisation of investment markets, underpinning the addressable market growth and we are confident that the Company is well-positioned to deliver ongoing growth over the years ahead.



Cath Whitaker
CEO
SelfWealth Limited

Your directors present their report on the entity consisting of SelfWealth Limited for the year ended 30 June 2021. Throughout the report, the entity is referred to as the Company.

Directors

The following persons held office as directors of SelfWealth Limited during the whole of the financial year and up to the date of this report, except where otherwise stated:

Mr Robert Edgley, Non-Executive Chairman
Mr Tony Lally, Non-Executive Director
Mr John O'Shaughnessy, Non-Executive Director
Mr Tam Vu, Non-Executive Director

*Effective 20 April 2021, Mr Robert Edgley was appointed Non-Executive Chairman changing his role from Managing Director to Non-Executive Chairman, Mr Tony Lally changed his role from Non-Executive Chairman to Non-Executive Director, and Ms Catherine Whitaker was appointed CEO.

Company secretary

Ms Mandy Drake was appointed Company Secretary on 21 June 2021. Mr Phillip Hains resigned as Company Secretary on 21 June 2021.

Principal activities

During the year the principal continuing activities of the Company consisted of:

- (a) Online \$9.50 flat fee share trading services in Australia and the USA.
- (b) Online investor community portal services

Dividends - SelfWealth Limited

No dividends were declared or paid to members for the year ended 30 June 2021. The directors do not recommend that a dividend be paid in respect of the financial year.

Review of operations

SelfWealth achieved another year of record operating revenue during FY21, with operating revenue at \$18.4 million, up \$10.6 million on last year. This growth was largely driven by trading revenue which increased to \$12.6 million and rose by 147% with continued growth throughout the year in active traders, and a significant increase in client cash and HIN based securities on the platform.

During the year, SelfWealth launched trading in US equities which delivered an additional \$1.2 million in revenue streams through the US brokerage than last year.

The Company achieved operating revenue growth across each of the financial year's quarters, and our key performance metrics of new active traders, trading volume growth, total client funds and the value of total securities held on HIN have all contributed to this growth.

The successful growth of the business has delivered a positive cash flow from operating activities of \$1.1 million and combined with the exercise of options during the year, saw cash and cash equivalents increase by \$2.3 million to \$7.5 million at 30 June 2021. The Company continues to have no outstanding debt.

Review of operations (continued)

Board, governance and management

The board recognises the importance of governance and strong management as a positive factor for shareholders, employees and customers. The board is committed to ensuring that the SelfWealth business is conducted in accordance with high standards of corporate governance. The relationship between the board and management is strong. It is an integral part of the strategy to encourage innovation through new products and new compelling business models that provide opportunities to increase revenue, margin and productivity.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of SelfWealth during the financial year ended 30 June 2021.

Events since the end of the financial year

On the 22nd July 2021, the Company raised \$10 million through a Placement Offer to institutional and sophisticated investors at a share price of \$0.39. This was in conjunction with a Share Purchase Plan (SPP) offer which raised \$1.74 million at a share price of \$0.35. The SPP share price was set at the lower of \$0.39 or a 2.5% discount to the 5-day volume-weighted average price of SWF traded on ASX during the 5 trading days up to and including the SPP closing date of Friday 6th August 2021. A total of 30,599,650 new fully paid shares were issued.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

There are no likely developments or details on the expected results of operations that the company has not disclosed.

Environmental regulation

The Company is not affected by any significant environmental regulation in respect of its operations.

Information on directors

The following information is current as at the date of this report.

Mr Robert Edgley Non-Executive Chairman (appointed 20 April 2021)		
Experience and expertise	<p>Robert's career has been predominantly focused on international finance and investment banking in Australia, Asia and the United Kingdom. He has significant experience and skills in strategic planning, performance management and marketing and has proven abilities in building businesses. Robert previously held the position of director and head of sales for the Royal Bank of Scotland in the Asia Pacific region and was a director of Royal Bank of Scotland Australia Pty Ltd.</p> <p>Robert holds a Bachelor of Economics from Monash University together with a secondary degree in Japanese language.</p> <p>On 20 April 2021, Robert moved from Managing Director of SelfWealth Ltd back to a non-executive role as chairman of the SelfWealth Ltd Board.</p>	
Other current directorships	EVZ Limited (ASX: EVZ), since 26 August 2011	
Former directorships in last 3 years	None	
Special responsibilities	<p>Chair of the Board</p> <p>Member of the remuneration and nomination committee</p> <p>Member of the audit and risk committee</p>	
Interests in shares and options	Ordinary shares	3,175,000
	Options over ordinary shares	-

Information on directors (continued)

Mr Tony Lally Non-Executive Director		
Experience and expertise	<p>Tony is a qualified actuary as well as an experienced company director (executive and non-executive) and chair covering listed companies, non-listed companies and not-for-profit organisations.</p> <p>Tony's experience covers the disciplines of governance, strategy development, risk management and change, both operational and cultural. His extensive investment expertise covers investment governance, investment strategy and management. Previous roles include chair and director of the Association of Superannuation Funds of Australia (ASFA), chief executive officer of Sunsuper (2007 to 2013) and executive director of the four subsidiaries of the Commonwealth Bank which provided funds management, life insurance and custody services. He has extensive senior executive experience in a number of disciplines, including life insurance, funds management, strategy development, sales and marketing, financial management, superannuation, risk management and financial planning. A key feature of his international career has been the building of successful businesses.</p> <p>Tony is a Fellow of the Institute of Actuaries in the United Kingdom and Australia and Graduate of the Australian Institute of Company Directors.</p>	
Other current directorships	None	
Former directorships in last 3 years	FE Investments Group (ASX: FEI), until September 2019	
Special responsibilities	<p>Member of the remuneration and nomination committee</p> <p>Member of the audit and risk committee</p>	
Interests in shares and options	Ordinary shares	823,346
	Options over ordinary shares	-

Information on directors (continued)

Mr John O'Shaughnessy Non-Executive Director		
Experience and expertise	<p>John is an experienced company director and has more than 30 years' experience as a CEO or senior executive in the financial services sector. He is currently director of Alpha Vista Financial Services Holdings Limited and has served as chair of Forticode Limited; a member of the Macquarie University Faculty of Science and Engineering Advisory Council; director of Centrepont Alliance Limited (ASX: CAF); and as chair of the University of Adelaide's International Centre for Financial Services Advisory Board.</p> <p>John holds a Master of Business Administration from the Macquarie University Graduate School of Management and has qualified as a Fellow of the Governance Institute of Australia and a Fellow of the Financial Services Institute of Australasia.</p>	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	<p>Chair of the audit and risk committee</p> <p>Member of the remuneration and nomination committee</p>	
Interests in shares and options	Ordinary shares	377,778
	Options over ordinary shares	-

Mr Tam Vu Non-Executive Director		
Experience and expertise	<p>Tam has extensive experience across both the financial services and technology sector and brings significant experience as a digital thought leader and an entrepreneur. Tam holds a Bachelor of Science (Hons.) from the University of Adelaide and has held senior executive positions for world class organisations such as seek.com.au, BP plc, Mars Asia Pacific and IBM. Since 2011, Tam founded his own professional services business and Tam has invested in a number of start-up organisations.</p> <p>Tam brings significant skills in strategic planning, technology and innovation and corporate governance. Tam has substantial exposure to audit, risk and compliance having served as an independent member of the Audit, Risk & Compliance Committee at the National Gallery of Victoria and the Environment Protection Authority Victoria.</p> <p>Tam was a Non-Executive Director for GBST, a global fintech business headquartered in Sydney focusing on wealth management and capital markets. Tam currently chairs the Remuneration Committee and is a member of Risk and Audit Committee at SelfWealth.</p>	
Other current directorships	None	
Former directorships in last 3 years	GBST Holdings Ltd (ASX: GBT)	
Special responsibilities	<p>Chair of the remuneration and nomination committee</p> <p>Member of the audit and risk committee</p>	
Interests in shares and options	Ordinary shares	259,220
	Options over ordinary shares	-

Information on directors (continued)

Company secretary

The Company secretary is Ms Mandy Drake, appointed to the position on 21 June 2021.

Meetings of directors

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2021, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees			
			Audit		Remuneration	
	A	B	A	B	A	B
Mr Robert Edgley	14	14	3	3	5	5
Mr Tony Lally	14	14	3	3	5	5
Mr John O'Shaughnessy	14	14	3	3	5	5
Mr Tam Vu	14	14	3	3	5	5

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

Remuneration report (audited)

The directors present the SelfWealth Limited 2021 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

- (a) Key management personnel (KMP) covered in this report
- (b) Remuneration policy and link to performance
- (c) Elements of remuneration
- (d) Link between remuneration and performance
- (e) Remuneration expenses
- (f) Contractual arrangements with executive KMPs
- (g) Non-executive director arrangements
- (h) Additional statutory information

Remuneration report (audited) (continued)

(a) Key management personnel covered in this report

Non-executive and executive directors (see pages 9 to 11 for details about each director)

Mr Robert Edgley, Non-Executive Chairman
Mr Tony Lally, Non-Executive Director
Mr John O'Shaughnessy, Non-Executive Director
Mr Tam Vu, Non-Executive Director

*Effective 20 April 2021, Mr Robert Edgley was appointed Non-Executive Chairman changing his role from Managing Director to Non-Executive Chairman, Mr Tony Lally changed his role from Non-Executive Chairman to Non-Executive Director, and Ms Catherine Whitaker was appointed CEO.

Other key management personnel

Ms Catherine Whitaker, Chief Executive Officer (appointed 20 April 2021)
Mr Andrew Dick, Chief Technical Officer (CTO)

(b) Remuneration policy and link to performance

Our remuneration and nomination committee is made up of independent non-executive directors. The committee reviews and determines our remuneration policy and structure annually to ensure it remains aligned to business needs and meets our remuneration principles. In particular, the board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent
- aligned to the Company's strategic and business objectives and the creation of shareholder value
- transparent and easily understood, and
- acceptable to shareholders.

The committee did not engage independent remuneration consultants to provide any necessary information to assist in the discharge of its responsibilities during the FY21 year.

Remuneration report (audited) (continued)

(b) Remuneration policy and link to performance (continued)

Element	Purpose	Performance metrics	Potential value
Fixed remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	<ul style="list-style-type: none"> Positioned at the market rate
Short term incentive (STI)	Reward for in-year performance and retention	KPI achievement, determined by remuneration committee	<p>Managing Director (Robert Edgley until 19 April 2021):</p> <ul style="list-style-type: none"> 553,250 discretionary bonus shares for FY2021 performance subject to approval by shareholders at Oct 2021 AGM. <p>CEO (Catherine Whitaker from 20 April 2021):</p> <ul style="list-style-type: none"> Not applicable for FY21 <p>CTO:</p> <ul style="list-style-type: none"> Bonus of up to 10% of FTR
Long term incentive (LTI)	Alignment to long-term shareholder value	KPI achievement, determined by remuneration committee	<p>CEO (Catherine Whitaker from 20 April 2021):</p> <ul style="list-style-type: none"> Not applicable for FY21 <p>CTO:</p> <ul style="list-style-type: none"> 600,000 listed 3-year loan shares at \$0.126 issue price. 303,890 performance rights vesting over 3 years.

Assessing performance

The remuneration and nomination committee is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the committee receives data from independently run surveys.

Performance is monitored on an informal basis throughout the year and a formal evaluation is performed annually.

Share trading policy

SelfWealth Limited's securities trading policy applies to all directors and executives, see <https://www.selfwealth.com.au/investor-centre/#corporategovernance>. It only permits the purchase or sale of Company securities during certain periods.

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)

Key management personnel may receive their fixed remuneration as cash, shares, options, loan shares, or cash with non-monetary benefits such as health insurance and car allowances. FR is reviewed annually, or on promotion. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The committee aims to position executives at or near the median, with flexibility to take into account capability, experience, value to the organisation and performance of the individual.

Remuneration report (audited) (continued)

(c) Elements of remuneration (continued)

(ii) Short-term incentives

All executives are entitled to participate in a short-term incentive scheme which provides for executive employees to receive a combination of short-term incentive (STI) as part of their total remuneration if they achieve certain performance indicators as set by the board. The STI can be paid either by cash, issue of equity, or a combination of cash and the issue of equity in the Company, at the determination of the remuneration and nomination committee and board.

STI is calculated from 50% of Company KPI's achieved and 50% from individual KPI's achieved. In 2021 five team members have been selected and accepted for STI, they are eligible to earn up to 10% of their total remuneration.

(iii) Long-term incentives

Executives may also be provided with longer-term incentives through the Company's 'employee share plan' (ESP) and 'employee share option plan' (ESOP), adopted on initial public offering of SelfWealth Limited on 22 November 2017 and the performance rights plan adopted on the 22 October 2020. The aim of the long-term incentive plans are to allow executives to participate in, and benefit from, the growth of the Company as a result of their efforts and to assist in motivating and retaining those key employees over the long term. Continued service is the condition attached to the vesting of the options and loan share agreements. For the performance rights granted on 01 July 2020, there are service and performance conditions attached to the vesting of the performance rights. The board at its discretion determines the total number of performance rights, options and loan shares granted to each executive.

(d) Link between remuneration and performance

Statutory performance indicators

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Company's financial performance over the last five years as required by the *Corporations Act 2001*. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2021	2020	2019	2018	2017
Operating revenue*	18,363,108	7,821,522	2,809,118	1,052,833	-
Loss for the year attributable to owners of SelfWealth Limited	(646,697)	(3,044,685)	(3,446,957)	(5,348,485)	(3,227,916)
Basic earnings per share (cents)	(0.32)	(1.69)	(2.35)	(4.68)	-
Share price at year end (\$)*	0.44	0.46	0.13	0.16	-

*2017 figures not provided as initial public offering did not occur until 22 November 2017

The Company has maintained a loss since inception. No dividends have ever been declared by SelfWealth Limited. The Company continues to focus on revenue growth with the objective of achieving key commercial milestones in order to add further shareholder value.

Remuneration report (audited) (continued)

(e) Remuneration expenses

The following table shows details of remuneration expenses of each director or other key management personnel recognised for the year ended 30 June 2021.

2021	Short-term benefits			Post employment benefits	Long-term benefits	Share-based payments	
	Cash salary				Long service leave*	Shares / options / performance rights	Total
	& fees	Cash bonus	Other*	Superannuation			
	\$	\$	\$	\$	\$	\$	\$
Non-executive directors							
Mr Robert Edgley (from 20 April 2021)	23,195	-	-	1,805	-	-	25,000
Mr Tony Lally	94,432	-	-	8,971	-	-	103,403
Mr John O'Shaughnessy	77,169	-	-	7,331	-	-	84,500
Mr Tam Vu	77,169	-	-	7,331	-	-	84,500
Executive directors							
Mr Robert Edgley (until 19 April 2021) ¹	227,480	-	-	18,422	-	400,930	646,832
Other KMP							
Ms Catherine Whitaker	91,242	-	7,019	4,367	-	-	102,628
Mr Andrew Dick	226,243	22,397	11,437	21,493	9,025	74,567	365,162
Total KMP compensation	816,930	22,397	18,456	69,720	9,025	475,497	1,412,025

*The amount disclosed in this column represent the movements in the associated provisions.

1. Mr Robert Edgley changed his role from Executive Director to Non-Executive Director on 20 April 2021. He was assigned 553,250 discretionary bonus ordinary shares for FY2021 performance. The share payment is subject to shareholders' approval at the October 2021 AGM.

Remuneration report (audited) (continued)

(e) Remuneration expenses (continued)

The following table shows details of remuneration expenses of each director or other key management personnel recognised for the year ended 30 June 2020.

2020	Short-term benefits		Post employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Other*	Superannuation	Long service leave*	Shares/Options/ Performance Rights	Total
	\$	\$	\$	\$	\$	\$
Non-executive directors						
Mr Tony Lally	68,493	-	6,507	-	-	75,000
Mr John O'Shaughnessy	60,274	-	5,726	-	-	66,000
Mr Robert Edgley (until 26 November 2019)	25,114	-	2,386	-	-	27,500
Mr Tam Vu (appointed 4 February 2020)	25,114	-	2,386	-	-	27,500
Mr John Gaffney (resigned 30 September 2019)	15,068	-	1,432	-	-	16,500
Executive directors						
Mr Robert Edgley (from 26 November 2019) ¹	106,091	3,569	9,219	78	805,000	923,957
Mr Andrew Ward (resigned 15 May 2020)	305,128	108	18,781	3,848	15,954	343,819
Other KMP						
Mr Andrew Dick	194,250	10,519	18,454	8,365	89,538	321,126
Total KMP compensation	799,532	14,196	64,891	12,291	910,492	1,801,402

*The amount disclosed in this column represent the movements in the associated provisions.

1. Mr Robert Edgley changed his role from Non- Executive Director to Executive Director on 26 November 2019. He was assigned 1,000,000 one-off ordinary shares and 750,000 discretionary bonus ordinary shares for FY2020 performance. Both share payments were subject to shareholders' approval at Oct 2020 AGM.

(f) Contractual arrangements with executive KMPs

Name: Ms Catherine Whitaker
Position: Chief Executive Officer (appointed 20 April 2021)
Contract duration: Unspecified
Notice period: 6 months by either party
Fixed remuneration: \$475,000 per annum, including statutory superannuation

Name: Mr Robert Edgley
Position: Managing Director (until 19 April 2021)
Contract duration: Minimum period to 30 June 2021
Notice period: 3 months by either party
Fixed remuneration: \$278,340 per annum, plus statutory superannuation

Remuneration report (audited) (continued)

(f) Contractual arrangements with executive KMPs (continued)

Name:	Mr Andrew Dick
Position:	Chief Technical Officer
Contract duration:	Unspecified
Notice period:	3 months by either party
Fixed remuneration:	\$250,000 per annum, including statutory superannuation

(g) Non-executive director arrangements

Non-executive directors receive a board fee of \$75,000 per annum. They do not receive performance-based pay or retirement allowances. The fees are inclusive of superannuation. The chairman receives \$100,000 per annum, reflective of the additional demands and responsibilities of this role.

Fees are reviewed annually by the board taking into account comparable roles and market data provided by the board's independent remuneration adviser. These fees were reviewed in July 2020.

The maximum annual aggregate directors' fee pool limit is \$500,000, adopted on initial public offering of SelfWealth Limited on 22 November 2017.

(h) Additional statutory information

(i) Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense on page 17 above:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2021	2020	2021	2020	2021	2020
	%	%	%	%	%	%
Non-executive director						
Mr Robert Edgley (from 20 April 2021)	100	100	-	-	-	-
Mr Tony Lally	100	100	-	-	-	-
Mr Tam Vu (appointed 4 February 2020)	100	100	-	-	-	-
Mr John O'Shaughnessy	100	100	-	-	-	-
Executive directors						
Mr Robert Edgley (until 19 April 2021)	33	63	67	37	-	-
Other KMP						
Ms Catherine Whitaker	100	-	-	-	-	-
Mr Andrew Dick	74	73	6	-	20	27

Remuneration report (audited) (continued)

(h) *Additional statutory information (continued)*

(ii) *Terms and conditions of the share-based payment arrangements*

Options

There are no remaining options affecting the remuneration of KMP's in current or future reporting periods.

Loan shares

The details of each grant of loan shares affecting remuneration in the current or a future reporting period are as follows:

Name	Grant date	Expiry date	Issue price (\$)	Value per loan share at grant date (\$)	Vested (%)
Mr Andrew Dick	1 Jul 2019	30 Jun 2023	0.126	0.1407	33.33%

Details of loan shares holdings during the period and at 30 June 2021 are as follows:

Name	Opening balance	Issued	Cancelled	Closing balance
Mr Andrew Dick	600,000	-	-	600,000

For detailed disclosures please refer to note 19(b) on page 50.

Performance rights

The details of each grant of performance rights affecting remuneration in the current or a future reporting period are as follows:

Name	Grant date	Vesting date (service condition)	Expiry date	Issue price	Value per performance right at grant date (\$)	Vested (%)
Mr Andrew Dick	22 Oct 2020	30 June 2023	30 June 2038	\$0.00	0.605	-

Details of performance rights holdings during the period and at 30 June 2021 are as follows:

Name	Opening balance	Issued	Cancelled	Value per performance right at grant date (\$)	Closing balance
Mr Andrew Dick	-	303,890	-	0.605	303,890

For detailed disclosures please refer to note 19(c) on page 50.

Remuneration report (audited) (continued)

(h) Additional statutory information (continued)

(iii) Reconciliation of options and ordinary shares held by KMP

Option holdings

2021	Balance at start of the period ¹	Granted as remuneration	Exercised	Other changes ²	Balance at end of the period	Vested and exercisable
Options						
Mr Tony Lally	-	-	-	-	-	-
Mr Robert Edgley	-	-	-	-	-	-
Mr John O'Shaughnessy	-	-	-	-	-	-
Mr Tam Vu	-	-	-	-	-	-
Mr Andrew Dick	69,954	-	(69,954)	-	-	-
Ms Catherine Whitaker	-	-	-	-	-	-
	69,954	-	(69,954)	-	-	-

Notes

¹ Balance may include shares held prior to individuals becoming a KMP. For individuals who became a KMP during the period, the balance is as at the date they became a KMP.

² Other changes incorporates changes resulting from the expiration/forfeiture of options.

Performance rights

2021	Balance at the start of the period	Granted as remuneration	Exercised	Other changes	Balance at the end of the period	Vested and exercisable
Options						
Mr Tony Lally	-	-	-	-	-	-
Mr Robert Edgley	-	-	-	-	-	-
Mr John O'Shaughnessy	-	-	-	-	-	-
Mr Tam Vu	-	-	-	-	-	-
Mr Andrew Dick	-	303,890	-	-	303,890	-
Ms Catherine Whitaker	-	-	-	-	-	-
	-	303,890	-	-	303,890	-

Remuneration report (audited) (continued)

(h) *Additional statutory information (continued)*

(iii) *Reconciliation of options and ordinary shares held by KMP (continued)*

Share holdings

2021	Balance at the start of the period ¹	Granted as remuneration	Received on exercise of options	Other changes ²	Balance at the end of the period ³
Ordinary shares					
Mr Tony Lally	729,596	-	-	93,750	823,346
Mr Robert Edgley	1,425,000	-	-	1,750,000	3,175,000
Mr John O'Shaughnessy	377,778	-	-	-	377,778
Mr Tam Vu	175,309	-	-	83,911	259,220
Mr Andrew Dick	304,533	34,507	69,954	-	408,994
Ms Catherine Whitaker	-	-	-	-	-
	3,012,216	34,507	69,954	1,927,661	5,044,338

Notes

¹ Balance may include shares held prior to individuals becoming a KMP. For individuals who became a KMP during the period, the balance is as at the date they became a KMP.

² Other changes incorporates changes resulting from the acquisition and disposal of shares.

³ For former KMP, the balance is as at the date they cease being KMP.

(iv) *Voting of shareholders at last year's annual general meeting*

SelfWealth Limited received more than 75 percent of favourable votes on its remuneration report for the 2020 financial year. The Company did not receive any specific feedback at the 2020 annual general meeting or throughout the year on its remuneration practices.

[This concludes the remuneration report, which has been audited]

Shares under option

(a) Unissued ordinary shares

Unissued ordinary shares of SelfWealth Limited under option at the date of this report are as follows:

Date options granted	Number under option
Total	-

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

(b) Shares issued on the exercise of options

The following ordinary shares of SelfWealth Limited were issued during the year ended 30 June 2021 on the exercise of options granted under the ESOP.

Date options granted	Issue price of Shares	Number of shares issued
01 Jul 2017	\$0.17	141,926
14 Aug 2017	\$0.25	1,076,454
17 Nov 2017	\$0.25	6,232,837
		<u>7,451,217</u>

Insurance of officers and indemnities

(a) Insurance of officers

The Company has agreed to indemnify all the directors and executive officers of the Company against liability incurred to another person (other than the Company or related body corporate) that may arise from their position as directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the Company and its controlled entities against liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability insured against and the amount of the premium paid.

(b) Indemnity of auditors

SelfWealth Limited has agreed to indemnify their auditors, Grant Thornton Audit Pty Ltd, to the extent permitted by law, against any claim by a third party arising from SelfWealth Limited's breach of their agreement. The indemnity stipulates that SelfWealth Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Proceedings on behalf of the company (continued)

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Company are important.

During the year, Grant Thornton provided non-audit services to the Company for taxation services.

The board of directors has considered the position and, in accordance with advice received from the audit committee is satisfied that this is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that this did not compromise the auditor independence requirements of the *Corporations Act 2001*.

During the year the fees paid or payable for non-audit services provided by the auditor of the Company, its related practices and non-related audit firms is \$13,202 (2020: 10,000).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 25.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

This report is made in accordance with a resolution of directors.



Mr Robert Edgley
Chairman
Non-Executive Director

Melbourne
19 August 2021

Auditor's Independence Declaration

To the Directors of SelfWealth Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as the auditor for SelfWealth Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



Derek Ng
Partner – Audit & Assurance

Melbourne, 19 August 2021

Corporate governance statement

SelfWealth Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. SelfWealth Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2021 corporate governance statement is dated as at 30 June 2021 and reflects the corporate governance practices in place throughout the 2021 financial year. The 2021 corporate governance statement was approved by the board on 19 August 2021. A description of the Company's current corporate governance practices is set out in the Company's corporate governance statement which can be viewed at <https://www.selfwealth.com.au/investor-centre/#corporategovernance>.

SelfWealth Limited

ABN 52 154 324 428

Annual financial report - 30 June 2021

Financial statements	
Statement of profit or loss and other comprehensive income	28
Statement of financial position	29
Statement of changes in equity	30
Statement of cash flows (direct method)	31
Notes to the financial statements	32
Directors' declaration	61

These financial statements are financial statements for the Company consisting of SelfWealth Limited.

The financial statements are presented in Australian Dollars.

SelfWealth Limited is a Company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

Level 2, 613 Canterbury Road
Surrey Hills VIC 3127

The financial statements were authorised for issue by the directors on 19 / 08 / 2021. The directors have the power to amend and reissue the financial statements.

SelfWealth Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Notes	2021 \$	2020 (restated) \$
Revenue from contracts with customers	3	18,363,108	7,821,522
Cost of sales		(10,766,386)	(5,211,608)
Gross profit		7,596,722	2,609,914
Other income	4(a)	226,415	378,176
General and administrative expenses	4(b)	(6,937,605)	(5,427,809)
Research and development expenses		-	(79,545)
Selling and marketing expenses	4(b)	(1,545,836)	(524,308)
Operating loss		(660,304)	(3,043,572)
Finance income		21,625	15,165
Finance expenses	8(b)	(8,018)	(16,278)
Finance costs - net		13,607	(1,113)
Loss before income tax		(646,697)	(3,044,685)
Income tax expense	5	-	-
Loss for the period		(646,697)	(3,044,685)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Other comprehensive income for the period, net of tax		-	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		(646,697)	(3,044,685)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share	21	(0.32)	(1.69)

- The Group has reclassified certain expenditure items in prior year comparatives in order to be consistent with the current year classification and presentation.

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

SelfWealth Limited
Statement of financial position
As at 30 June 2021

		2020 (restated)
Notes	2021 \$	\$
ASSETS		
Current assets		
Cash and cash equivalents	6(a) 7,525,351	5,261,151
Trade and other receivables	6(b) 245,850	172,421
Other current assets	7(a) 119,180	218,200
Total current assets	7,890,381	5,651,772
Non-current assets		
Plant and equipment	82,502	58,667
Intangible assets	7,823	6,737
Other non-current assets	7(b) 525,000	-
Right-of-use assets	8(a) 40,170	135,999
Total non-current assets	655,495	201,403
Total assets	8,545,876	5,853,175
LIABILITIES		
Current liabilities		
Trade and other payables	6(c) 1,786,936	1,225,225
Contract liabilities	3(b) 356,978	263,001
Other current liabilities	20,000	-
Employee benefit obligations	7(c) 563,054	233,123
Lease liabilities	8(a) 47,345	113,658
Total current liabilities	2,774,313	1,835,007
Non-current liabilities		
Employee benefit obligations	7(c) 59,245	131,752
Lease liabilities	8(a) -	39,336
Total non-current liabilities	59,245	171,088
Total liabilities	2,833,558	2,006,095
Net assets	5,712,318	3,847,080
EQUITY		
Share capital	9(a) 27,287,723	23,878,834
Other reserves	9(b) 635,907	1,532,862
Accumulated losses	(22,211,312)	(21,564,616)
Total equity	5,712,318	3,847,080

The above statement of financial position should be read in conjunction with the accompanying notes.

SelfWealth Limited

**Statement of changes in equity
For the year ended 30 June 2021**

Notes	Attributable to owners of SelfWealth Limited			
	Share capital \$	Other reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	20,598,302	467,198	(18,550,972)	2,514,528
Adjustment on adoption of AASB 16 (net of tax)	-	-	(14,627)	(14,627)
Restated total equity at the beginning of the financial year	20,598,302	467,198	(18,565,599)	2,499,901
Loss for the period	-	-	(3,044,685)	(3,044,685)
Total comprehensive loss for the period	-	-	(3,044,685)	(3,044,685)
Transactions with owners in their capacity as owners:				
Capital raised during the period	9(a) 3,000,000	-	-	3,000,000
Less: Equity raising costs	(181,963)	-	-	(181,963)
Share based payments	-	1,113,251	-	1,113,251
Options issued/expensed	9(b) -	(16,837)	14,918	(1,919)
Issue of shares to employees	337,495	-	-	337,495
Options exercised	9(b) 125,000	(30,750)	30,750	125,000
	3,280,532	1,065,664	45,668	4,391,864
Balance at 30 June 2020	23,878,834	1,532,862	(21,564,616)	3,847,080
Notes	Attributable to owners of SelfWealth Limited			
	Share capital \$	Other reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	23,878,834	1,532,862	(21,301,614)	4,110,082
Change in accounting policy	1 -	-	(263,001)	(263,001)
Restated total equity at 1 July 2020	23,878,834	1,532,862	(21,564,615)	3,847,081
Loss for the period	-	-	(646,697)	(646,697)
Total comprehensive loss for the period	-	-	(646,697)	(646,697)
Transactions with owners in their capacity as owners:				
Share based payments	-	648,592	-	648,592
Issue of shares to employees	160,281	(160,281)	-	-
Options exercised	9(b) 2,286,108	(422,766)	-	1,863,342
Issue of shares to directors	962,500	(962,500)	-	-
	9(a) 3,408,889	(896,955)	-	2,511,934
Balance at 30 June 2021	27,287,723	635,907	(22,211,312)	5,712,318

The above statement of changes in equity should be read in conjunction with the accompanying notes.

SelfWealth Limited
Statement of cash flows
For the year ended 30 June 2021

	2021	2020
Notes	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	19,718,220	8,629,720
Payments to suppliers and employees (inclusive of GST)	(18,807,939)	(9,343,405)
Interest received	26,389	12,341
Interest paid and finance cost	(8,009)	(16,278)
Government grants and R&D tax incentives	179,397	570,725
Net cash inflow (outflow) from operating activities	10(a) <u>1,108,058</u>	<u>(146,897)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(50,352)	(19,489)
Payments for other non-current assets	(525,000)	-
Net cash (outflow) from investing activities	<u>(575,352)</u>	<u>(19,489)</u>
Cash flows from financing activities		
Proceeds from issues of shares	9(a) -	3,125,000
Proceeds from options exercised	1,827,323	-
Share issue transaction costs	9(a) -	(181,963)
Other financing activities	-	36,020
Principal elements of lease payments	(95,829)	(93,727)
Net cash inflow from financing activities	<u>1,731,494</u>	<u>2,885,330</u>
Net increase in cash and cash equivalents	<u>2,264,200</u>	<u>2,718,944</u>
Cash and cash equivalents at the beginning of the financial year	5,261,151	2,542,207
Cash and cash equivalents at end of year	6(a) <u>7,525,351</u>	<u>5,261,151</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

	Page
1 Changes in accounting policies	33
2 Segment information	34
3 Revenue from contract with customers	34
4 Other income and expense items	35
5 Income tax expense	36
6 Financial assets and financial liabilities	37
7 Other assets and liabilities	38
8 Leased assets	40
9 Equity	41
10 Cash flow information	43
11 Critical estimates, judgements and errors	44
12 Financial risk management	44
13 Capital management	46
14 Contingent liabilities	46
15 Commitments	46
16 COVID-19 impact on business	46
17 Events occurring after the reporting period	47
18 Related party transactions	47
19 Share-based payments	48
20 Remuneration of auditors	51
21 Loss per share	52
22 Summary of significant accounting policies	54

1 Changes in accounting policies

Correction of membership subscription fee revenue recognition

The directors identified that the accounting policy adopted in the year ended 30 June 2020 in respect to the recognition of membership subscriptions was inconsistent with best practices established as part of the adoption of AASB 15 Revenues from Contracts with Customers. This resulted in a material overstatement of revenue recognised for the 30 June 2020 financial year and a corresponding understatement of deferred income. Prior to the year ended 30 June 2020, member subscriptions were immaterial. As a consequence of the correction of the accounting policy, additional membership subscription revenue has been recognised in the period ended 30 June 2021. The impact of the restatement for the year ended 30 June 2020 is demonstrated as follows:

(a) AASB 15 Revenue from Contracts with Customers

Statement of profit or loss and other comprehensive income	Prior year restatement		
	30 June 2020 Reported \$	Increase/ (decrease) \$	30 June 2020 Restated \$
Revenue - sale of goods	8,084,523	(263,001)	7,821,522
Cost of providing services	(5,000,115)	-	(5,000,115)
Gross profit	3,084,408	(263,001)	2,821,407
Loss for the period	(2,781,684)	(263,001)	(3,044,685)
Total comprehensive loss for the period	(2,781,684)	(263,001)	(3,044,685)

Statement of financial position at the end of the earliest comparative period	30 June 2020 Reported \$	Increase/ (decrease) \$	30 June 2020 Restated \$
Total current assets	5,651,772	-	5,651,772
Total non-current assets	201,403	-	201,403
Total assets	5,853,175	-	5,853,175
Trade and other payables	1,225,225	-	1,225,225
Retirement benefit obligations	279,733	-	279,733
Deferred revenue	-	263,001	263,001
Lease liability	113,658	-	113,658
Total current liabilities	1,618,616	263,001	1,881,617
Total non-current liabilities	124,478	-	124,478

1 Changes in accounting policies (continued)

(a) AASB 15 Revenue from Contracts with Customers (continued)

Statement of financial position at the end of the earliest comparative period	30 June 2020 Reported \$	Increase/ (decrease) \$	30 June 2020 Restated \$
Total liabilities	1,743,094	263,001	2,006,095
Net assets	4,110,081	(263,001)	3,847,080
Share capital	23,878,834	-	23,878,834
Other reserves	1,532,862	-	1,532,862
Accumulated losses	(21,301,615)	(263,001)	(21,564,616)
Total equity	4,110,081	(263,001)	3,847,080

2 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CEO of SelfWealth Limited. The Company has identified one reportable segment; that is, to provide a flat-fee securities brokerage service in Australia. The segment details are therefore fully reflected in the body of the financial statements.

3 Revenue from contract with customers

(a) Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of services over time and at a point in time:

	2021 \$	2020 \$
Trading revenue ¹	12,638,626	5,116,734
Membership subscription revenue ²	607,131	124,114
Interest income ³	3,869,111	2,570,331
Other income	54,408	10,343
International trading revenue	1,193,832	-
	18,363,108	7,821,522

- (1) Trading revenue: Revenue from \$9.50 flat fee buy and sell trades is recognised at a point in time when the Company has facilitated the trading request, the single performance obligation.
- (2) Membership subscription revenue: Revenue is earned from memberships over the time period at the membership relates. Where a membership includes free trades, the transaction price is allocated between the trades and the membership.
- (3) Interest income: Interest income is generated on client monies held in the Trading Cash Account. These accounts are held in the name of the customers and therefore not recognised in the Company's statement of financial position. Income is recognised over time in the accounting period in which investment relates.

3 Revenue from contract with customers (continued)

(b) Contract liabilities

	2021 \$	2020 Restated \$
Contract liabilities	356,978	263,001
	356,978	263,001

Contact liabilities relate to membership premiums that have been received in advance. Where a membership includes free trades, the transaction price is allocated between the trades and the membership and a contract liability has been recognised for the portion of the revenue where the recognition criteria have not been satisfied. All contract liabilities recognised at the start of the reporting period have been recognised as revenue during the financial year.

4 Other income and expense items

(a) Other income

	2021 \$	2020 \$
R & D Tax Incentive Income	(20,603)	216,761
Government assistance	247,018	161,415
	226,415	378,176

(i) Fair value of R&D tax incentive

The Company's research and development (R&D) activities are eligible under an Australian government tax incentive for eligible expenditure from 1 July 2011. Management has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme. Government grants are recognised at their fair value when it has been established that the conditions of the tax incentive have been met and that the expected amount can be reliably measured.

For the year ended 30 June 2021, the Company does not have a R&D tax incentive accrual. There is a negative of \$20,603 due to an over accrual of R&D tax incentive for the year ended 30 June 2020.

(ii) Fair value of government assistance

COVID-19 assistance grant \$50,000 is included in the "Other grants" line item. This is the "Cashflow boost for employers" measure announced as part of the Australian Government's economic stimulus package of March 2020.

In current year, SelfWealth received a payroll tax refund \$197,018. This is the additional coronavirus payroll tax relief provided by State Revenue Office Victoria.

4 Other income and expense items (continued)

(b) Breakdown of expenses by nature

	2021 \$	2020 \$
General and administrative expenses		
Accounting and audit	188,833	171,670
Consulting	577,946	229,802
Depreciation & amortisation	114,879	108,420
Salaries and wages	3,919,330	2,663,261
Insurance	227,470	176,454
Legal	61,370	46,024
Listing and share registry	157,751	84,127
Occupancy	35,168	32,102
Recruitment and staff training	136,848	53,614
Share-based payments	648,593	1,448,827
Superannuation	302,720	218,930
Travel and entertainment	17,019	91,242
Other	549,678	103,336
	6,937,605	5,427,809
Selling and marketing expenses		
Advertising and promotion	1,513,864	489,839
Conferences	4,500	31,723
Public relations	24,950	900
Other	2,522	1,846
	1,545,836	524,308

- The Group has reclassified certain expenditure items in prior year comparatives in order to be consistent with the current year classification and presentation.

5 Income tax expense

(a) Numerical reconciliation of income tax expense to prima facie tax payable

	2021 \$	2020 \$
Loss from continuing operations before income tax expense	(646,697)	(3,044,685)
Tax at the Australian tax rate of 26% (2020: 27.5%)	(168,141)	(837,288)
Tax effect of adjustments which are not deductible (taxable)	77,044	348,507
<i>R&D tax incentive (net)</i>	5,357	21,888
<i>Blackhole expenditure (Section 40-880, ITAA 1997)</i>	(85,276)	(98,237)
<i>Entertainment</i>	1,329	823
<i>Share based payment expenses</i>	168,634	398,427
<i>Government assistance</i>	(13,000)	(13,750)
<i>Other items</i>	-	39,356
Subtotal	(91,097)	(488,781)

5 Income tax expense (continued)

(a) Numerical reconciliation of income tax expense to prima facie tax payable (continued)

	2021 \$	2020 \$
Tax losses and other timing differences for which no deferred tax asset is recognised	91,097	488,781
Income tax expense	-	-

(b) Tax losses

	2021 \$	2020 \$
Unused tax losses for which no deferred tax asset has been recognised	13,744,701	13,394,329
Potential tax benefit @ 25% (2020: 26%)	3,436,175	3,683,440

6 Financial assets and financial liabilities

(a) Cash and cash equivalents

	2021 \$	2020 \$
Current assets		
Cash at bank and in hand	3,025,351	2,761,151
Deposits at call	4,500,000	2,500,000
	7,525,351	5,261,151

(i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2021 \$	2020 \$
Balances as above	7,525,351	5,261,151
Balances per statement of cash flows	7,525,351	5,261,151

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. See note 22(i) for the Company's other accounting policies on cash and cash equivalents.

6 Financial assets and financial liabilities (continued)

(b) Trade and other receivables

	Notes	Current \$	2021 Non- current \$	Total \$	Current \$	2020 Non- current \$	Total \$
Accrued receivables		175,556	-	175,556	157,142	-	157,142
GST refundable		45,791	-	45,791	(3,771)	-	(3,771)
Other receivables		24,503	-	24,503	19,050	-	19,050
		245,850	-	245,850	172,421	-	172,421

(i) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(c) Trade and other payables

	Current \$	2021 Non- current \$	Total \$	Current \$	2020 Non- current \$	Total \$
Trade payables	1,431,561	-	1,431,561	872,252	-	872,252
Accrued expenses	243,337	-	243,337	255,546	-	255,546
Other payables	112,038	-	112,038	97,427	-	97,427
	1,786,936	-	1,786,936	1,225,225	-	1,225,225

Trade payables are unsecured and are usually paid within 90 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

7 Other assets and liabilities

(a) Other current assets

	2021 \$	2020 \$
Other current assets		
Prepayments	49,750	154,163
Other assets	69,430	64,037
	119,180	218,200

7 Other assets and liabilities (continued)

(b) Other non-current assets

	2021 \$	2020 \$
Other non-current assets	<u>525,000</u>	-

This relates to deposits held with key trading partners which is not expected to be recalled within the next 12 months.

(c) Employee benefit obligations

	Current \$	2021 Non- current \$	Total \$	Current \$	2020 Non- current \$	Total \$
Leave obligations (i)	405,824	59,245	465,069	233,123	131,752	364,875
Employee performance bonus	157,230	-	157,230	-	-	-
Total employee benefit obligations	<u>563,054</u>	<u>59,245</u>	<u>622,299</u>	<u>233,123</u>	<u>131,752</u>	<u>364,875</u>

(i) Leave obligations

The leave obligations cover the Company's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits, as explained in note 22(m).

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees that are entitled to pro-rata payments in certain circumstances. The entire amount of the current provision of \$405,824 (2020: \$233,123) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

8 Leased assets

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2021 \$	2020 \$
Right-of-use assets		
Properties	40,170	135,999
Lease liabilities		
Current	47,345	113,658
Non-current	-	39,336
	47,345	152,994

(b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2021 \$	2020 \$
Depreciation Expense - Leased Assets	95,829	96,092
Interest Expense - Leased Assets	8,009	16,278
	103,838	112,370

The total cash outflow for leases in year ended 30 June 2021 was \$128,682.

(c) The company's leasing activities and how these leases are accounted for

At the start of the current accounting period, the Company has the following leased asset:

- Office lease at 613 Canterbury Road, Surrey Hills, Victoria

	2021 \$	2020 \$
Leased assets		
Opening net book amount	135,999	232,091
Depreciation charge	(95,829)	(96,092)
Closing net book amount	40,170	135,999

9 Equity

(a) Share capital

	Notes	2021 Shares	2020 Shares	2021 \$	2020 \$
Ordinary shares	9(a)(ii)				
Fully paid		205,357,919	195,861,000	27,287,723	23,878,834
	9(a)(i)	205,357,919	195,861,000	27,287,723	23,878,834

(i) Movements in ordinary shares:

Details	Number of shares	Total \$
Balance at 1 July 2019	170,376,197	20,598,302
Share issue in lieu of cash payment for FY19 employees' performance bonus	1,406,231	337,495
Issue at \$0.14 pursuant to ordinary share issue (9 Mar 2020)	21,428,572	3,000,000
Issue at \$0.25 pursuant to option exercised (26 Jun 2020)	500,000	125,000
Issue at \$0.126 pursuant to ESP loan shares to KMP (1 July 2019) (*)	2,150,000	-
Less: Transaction costs arising on share issues	-	(181,963)
Balance at 30 June 2020	195,861,000	23,878,834
Issue at \$0.17 pursuant to option exercised (1 Jul 2020)	211,880	36,020
Issue at \$0.25 pursuant to option exercised (2 Jul 2020)	500,000	125,000
Issue at \$0.25 pursuant to option exercised (13 Jul 2020)	1,076,454	269,114
Issue at \$0.25 pursuant to option exercised (2 Sep 2020)	2,000,000	500,000
Issue bonus shares to staff and executives under ESOP (10 Sep 2020)	225,748	160,281
Issue at \$0.25 pursuant to option exercised (6 Oct 2020)	3,532,837	883,209
Issue at \$0.25 pursuant to option exercised (12 Oct 2020)	200,000	50,000
Issue shares to managing director (27 Oct 2020)(**)	1,750,000	962,500
Exercised option fair value transfer from reserve to issued capital	-	422,765
Balance at 30 June 2021	205,357,919	27,287,723

*The fair value of loan shares issued have been taken up in the share-based payments reserve as disclosed in note 9(b)(ii).

**The one-off issue of 1,000,000 ordinary shares and 750,000 discretionary bonus shares to managing director for FY2020 performance were approved by shareholders at October 2020 AGM.

(ii) Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

9 Equity (continued)

(a) Share capital (continued)

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(iii) Options

Information relating to options, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in notes 9(b)(ii) and 19.

(b) Other reserves

The statement of financial position line item 'other reserves' comprises the 'share-based payments reserve'.

(i) Nature and purpose of other reserves

Share-based payments

The share-based payment reserve records items recognised as expenses on valuation of share options issued to key management personnel, other employees and eligible contractors.

(ii) Movements in share-based payments reserve:

Details	Number of options	Total \$
Balance at 1 July 2019	8,321,471	467,198
Lapse of ESOP unlisted options	(370,254)	(16,837)
Amortisation of share-based payments for options	-	14,306
Amortisation of share-based payments for loan shares ¹	-	118,663
Other short-term incentives ²	-	520,282
Options exercised during the period	(500,000)	(30,750)
Remuneration share-based payments	-	460,000
Balance at 30 June 2020	7,451,217	1,532,862
Issue bonus shares to staff for FY2020 performance	-	(160,281)
Amortisation of share-based payments for options & performance rights	-	148,716
Amortisation of share-based payments for loan shares ¹	-	113,947
Additional expense for fair value adjustment of remuneration share-based payments	-	90,000
Bonus shares share-based payments	-	295,929
Bonus shares issue to managing director for FY2020 performance	-	(412,500)
Options exercised during the period	(7,451,217)	(422,765)
Remuneration share-based payments	-	(550,000)
Balance at 30 June 2021	-	635,908

Notes

¹ The number of loan shares issued is reflected in share capital as disclosed in note 9(a)(i).

9 Equity (continued)

(b) Other reserves (continued)

² Other short-term incentive (STI) includes:

- Mr Robert Edgley was assigned 750,000 discretionary bonus ordinary shares for FY2020 performance. These share payments have been estimated using the share price at 30 June 2020, and the costs will be finalised after shareholders approval at the Oct 2020 AGM.

- \$175,281 STI granted to employees;

Short-term incentives are recognised as share-based payments for the purpose of issuing ordinary shares to selected employees under the STI scheme.

10 Cash flow information

(a) Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	Notes	2021 \$	2020 \$
Loss for the period		(646,697)	(3,044,685)
Adjustments for			
Depreciation and amortisation	4(b)	114,879	108,420
Finance costs		-	16,278
Share-based payments	19(c)	648,953	1,448,827
Change in operating assets and liabilities:			
Movement in trade and other receivables		(73,429)	292,192
Movement in other operating assets and liabilities		119,020	(142,204)
Movement in trade and other payables		593,931	783,985
Movement in contract liabilities		93,977	263,001
Movement in employee provisions		257,424	127,289
Net cash inflow (outflow) from operating activities		1,108,058	(146,897)

The Company has reclassified certain cash flow items in prior year comparatives in order to be consistent with the current year classification and presentation

(b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- amortisation of share-based payments for options issued to employees under the employee share option plan (ESOP) for no cash consideration - note 19(b)
- amortisation of share-based payments for loan shares issued to employees under the employee share plan (ESP) for no cash consideration - note 19(b)
- issue of ordinary shares in lieu of cash payment for FY19 employees' performance bonus - note 9(a)(i)

11 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

(a) Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Estimation of R&D tax incentive income accrual - note 4(a)(i)
- Estimation of employee benefit obligations - note 7(c)(i)
- Estimation of fair value at grant of equity instruments issued - notes 19(a)(i) and 19(b)(i)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

12 Financial risk management

This note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance.

The Company's risk management is predominantly controlled by the board. The board monitors the Company's financial risk management policies and exposures and approves substantial financial transactions. It also reviews the effectiveness of internal controls relating to market risk, credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

The majority of the Company's operations are denominated in Australian dollars, with the few exceptions on services acquired from overseas suppliers but at a marginally insignificant amount and frequency. Therefore, management has concluded that market risk from foreign exchange fluctuation is not material.

(ii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from Trading Cash Account deposits held in the name of its customers as well as from the return rates offered to its customers. The Company's objective is to maintain approximately 1.5% to 2.0% per annum of margin (interest income from deposits, less interest payable to customers) should interest rates be sufficient. In order to meet this objective, management works closely with reputable financial institutions to obtain the highest return rates, as well as managing the rates offered to customers. Management considers the risk in interest rate to be low as any fluctuation on the market rates which affect the Company's gross returns will be subsequently passed onto its customers.

The Company has no borrowings other than the lease liabilities and therefore, the only interest bearing asset is cash at bank, and any interest earned is insignificant.

12 Financial risk management (continued)

(a) Market risk (continued)

The Company's financial instruments are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7 *Financial Instruments: Disclosures*, since neither the carrying amount nor the future cash flows will fluctuate as a result of a change in market interest rates.

(b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

(i) Risk management

The Company manages credit risk and the losses which could arise from default by ensuring that financial assets such as cash at bank are held with reputable organisations.

Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. Given all trades sold to customers are prepaid, management determines credit risk to be low.

(c) Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- preparing forward looking cash flow analyses in relation to its operating, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing cash and cash equivalents and deposits at call or term deposits less than 90 days with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

(i) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
At 30 June 2021	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	1,786,936	-	-	-	-	1,786,936	1,786,936
Lease liabilities	48,002	-	-	-	-	48,002	47,345
Total	1,834,938	-	-	-	-	1,834,938	1,834,281

12 Financial risk management (continued)

(c) Liquidity risk (continued)

At 30 June 2020

Trade and other payables	1,225,225	-	-	-	-	1,225,225	1,225,225
Lease liabilities	56,056	57,602	48,002	-	-	161,660	152,994
Total	1,281,281	57,602	48,002	-	-	1,386,885	1,378,219

13 Capital management

(a) Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares or reduce its capital, subject to the provisions of the Company's constitution. The capital structure of the Company consists of equity attributed to equity holders of the Company, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the board by the Company's management, the board monitors the need to raise additional equity from the equity markets.

(b) Dividends

No dividends were declared or paid to members for the year ended 30 June 2021 (2020: nil). The Company's franking account balance was nil at 30 June 2021 (2020: nil).

14 Contingent liabilities

The Company had no contingent liabilities at 30 June 2021 (2020: nil).

15 Commitments

(a) Non-cancellable operating leases

There is no operating lease commitment in 2021, refer to Leased assets Note 8 .

16 COVID-19 impact on business

Despite the continued challenges faced by various sectors in the economy from COVID-19, SelfWealth has implemented the necessary risk management procedures to minimise disruption to the Company. The Company received financial waivers from Federal Government incentives through the Cashflow Boost payment for employers and through payroll tax refunds by the Victorian State Government. SelfWealth did not participate in JobKeeper and has not terminated any employees during this period.

To date COVID-19 has not had a negative impact on the Company with the most significant impact being staff working remotely. This change has been delivered with minimal loss of reputation or system failures.

As of the date of report, the impact of COVID-19 remains minimal to the Company's operation.

17 Events occurring after the reporting period

On the 22nd July 2021, the Company raised \$10 million through a Placement Offer to institutional and sophisticated investors at a share price of \$0.39. This was in conjunction with a Share Purchase Plan (SPP) offer which raised \$1.74 million at a share price of \$0.35. The SPP share price was set at the lower of \$0.39 or a 2.5% discount to the 5-day volume-weighted average price of SWF traded on ASX during the 5 trading days up to and including the SPP closing date of Friday, 6th August 2021. A total of 30,599,650 new fully paid shares were issued.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.

18 Related party transactions

(a) Key management personnel compensation

	2021 \$	2020 \$
Short-term employee benefits	857,783	813,728
Post-employment benefits	69,720	64,891
Long-term benefits	9,025	12,291
Share-based payments	475,497	910,492
	<u>1,412,025</u>	<u>1,801,402</u>

Detailed remuneration disclosures are provided in the remuneration report on pages 13 to 22.

(b) Transactions with other related parties

There were no transactions with related parties during the year 2021 (2020: \$15,484).

19 Share-based payments

(a) Employee share option plan

The establishment of the 'employee share option plan' (ESOP) was adopted on initial public offering of SelfWealth Limited on 22 November 2017. The plan is designed to provide long-term incentives for employees (including directors) and consultants to deliver long-term shareholder returns.

Set out below are summaries of options granted under the plan:

	2021		2020	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
As at 1 July	\$0.25	7,451,217	\$0.25	8,321,471
Exercised during the year	\$0.25	(7,451,217)	\$0.25	(500,000)
Forfeited/lapsed during the year	-	-	\$0.17	(370,254)
As at 30 June	-	-	\$0.25	<u>7,451,217</u>
Vested and exercisable at 30 June	-	-	\$0.25	<u>6,232,837</u>

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price (\$)	Share options 30 June 2021	Share options 30 June 2020
01 Jul 2017	01 Jul 2020	0.17	-	141,926
14 Aug 2017	14 Aug 2020	0.25	-	1,076,454
17 Nov 2017	17 Nov 2022	0.25	-	<u>6,232,837</u>
Total			<u>-</u>	<u>7,451,217</u>

Below are share options exercised to the Company's fully ordinary paid shares after 30 June 2020:

- 211,880 unlisted options exercised on 1 July 2020
- 500,000 unlisted options exercised on 2 July 2020
- 1,076,454 unlisted options exercised on 13 July 2020
- 2,000,000 unlisted options exercised on 02 September 2020
- 3,732,837 unlisted options exercised on 06 October 2020

	2021	2020
Weighted average remaining contractual life of options outstanding at end of period	0.00	2.01

(i) Fair value of options granted

The assessed fair value of options at grant date was determined using the Black-Scholes option pricing model that takes into account the exercise price, term of the option, security price at grant date and expected price volatility of the underlying security, the expected dividend yield, the risk-free interest rate for the term of the security and certain probability assumptions.

There were no grant of options during the year ended 30 June 2021.

19 Share-based payments (continued)

(b) Employee share plan (loan shares)

The establishment of the 'employee share plan' (ESP) was adopted on initial public offering of SelfWealth Limited on 22 November 2017. The plan is designed to provide long-term incentives for employees (including directors) and consultants to deliver long-term shareholder returns.

Under the ESP, provision for the issuance of loan shares is as follows:

- Loan shares are shares in the Company, each carrying the same dividend rights and otherwise ranking pari passu in all respects with the ordinary issued shares of the Company, where the subscription price is funded by way of a loan from the Company;
- Offers under the plan are the absolute discretion of the board;
- Financial assistance is provided to participants by way of a limited recourse interest-free loan to acquire the shares;
- The Company retains security over the loan shares whilst ever there is an amount outstanding under the loan;
- Loan shares that have not vested and/or are subject to loan repayment will be restricted from trading, and
- The loan shares will vest subject to continued employment with SelfWealth Limited.

On 15 May 2019, the Company issued 854,750 shares at a deemed issue price of \$0.15 under escrow until 13 May 2022 in exchange for a loan agreement entered into with each employee. These shares vest over three years; 20% on issue, 20% at 12 months from the date of issue, 20% at 24 months from date of issue and 40% at 36 months from date of issue. The non-interest-bearing loans become due and payable (unless extended by the Company in its absolute discretion) on the first to occur of the following:

- 90 days after the participant ceases for any reason to be employed or engaged by the Company;
- By the legal personal representative of the participant, six months after the participant ceases to be an employee or consultant of the Company due to their death;
- A material breach by the participant of the terms of the loan agreement, and
- The repayment date for loan shares issued on 15 May 2019 is 13 May 2024.

On 1 May 2020, the Company issued 2,150,000 shares at a deemed issue price of \$0.126 under escrow until 30 June 2023 in exchange for a loan agreement entered into with senior management. These shares vest over four years; 33% at 30 June 2021, 33% at 30 June 2022 and 34% at 30 June 2023. The non-interest-bearing loans become due and payable (unless extended by the Company in its absolute discretion) on the first to occur of the following:

- 90 days after the participant ceases for any reason to be employed or engaged by the Company;
- By the legal personal representative of the participant, six months after the participant ceases to be an employee or consultant of the Company due to their death;
- A material breach by the participant of the terms of the loan agreement, and
- The repayment date for loan shares granted on 1 May 2020 is 30 June 2023.

If the loan becomes due and payable under any term of the agreement and the participant has not repaid the outstanding loan balance in full within 21 days of the date due, then the participant will forfeit their interest in the loan shares as full consideration for repayment and the Company may at its election take action including but not limited to undertaking a buyback or selling the loan shares.

19 Share-based payments (continued)

(b) Employee share plan (loan shares) (continued)

After the escrow period, all proceeds received (after payment of the expenses of the sale or buyback) are to be applied in the following order of priority:

- First, to the Company in repayment (or if there is insufficient funds to fully repay, then in reduction and consequent discharge) of the outstanding loan balance, and
- Secondly, to the participant, being the balance (if any).

Under the applicable Accounting Standards, the loan shares and related limited recourse loan are accounted for as options, which gives rise to a share-based payment expense. The treatment of the loan shares under the applicable Accounting Standards as options requires that the value of the loans and issue price of the shares are not recorded as receivables or share capital of the Company until repayment or part repayment of the loans occurs. The loan shares are entitled to dividends. Any dividends paid in respect of the loan shares will be applied to reduce the loans and increase share capital in accordance with both the plan rules and applicable Accounting Standards.

Set out below are the movement during the period of loan shares granted under the plan:

	Opening balance	Issued	Cancelled	Closing balance
Loan shares	3,004,750	-	-	3,004,750

Weighted average remaining contractual life of loan shares outstanding at end of period 2.25

(i) Fair value of loan shares granted

The assessed fair value of loan shares at grant date was determined using the Black-Scholes option pricing model that takes into account the exercise price, term of the loan share, security price at grant date and expected price volatility of the underlying security, the expected dividend yield, the risk-free interest rate for the term of the security and certain probability assumptions.

Grant date	Expiry date	Exercise price (\$)	No. of options	Share price at grant date (\$)	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date per loan share (\$)
01 May 2020	30 Jun 2023	0.126	716,667	0.22	84%	0.00%	1.05%	0.1280
01 May 2020	30 Jun 2023	0.126	716,667	0.22	84%	0.00%	1.05%	0.1420
01 May 2020	30 Jun 2023	0.126	716,666	0.22	84%	0.00%	1.05%	0.1521
			<u>2,150,000</u>					

(c) Performance rights

During the year, it was agreed to issue 1,431,617 performance rights valued at \$433,064 with a non-market condition target. Management expect for 50% of the non-market condition to be satisfied which is based on a revenue target. The non-market condition is calculated on a pro-rata basis.

	Grant date	Vesting date (service condition)	Expiry date	Exercise price	Amount	Value (\$)
Performance rights	22 October 2020	30 June 2023	30 June 2038	\$0.00	1,431,617	433,064
					<u>1,431,617</u>	<u>433,064</u>

19 Share-based payments (continued)

(c) Performance rights (continued)

To foster an ownership culture within the Company and to motivate, employees, senior management and Directors to achieve performance targets of the Company, the Performance Rights Plan was approved by shareholders at the AGM on 22 October 2020. This plan is designed to provide long term incentives for employees (including directors) and consultants to deliver long term shareholder returns, whilst at the same time offering eligible participants market-competitive remuneration arrangements.

(d) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	2021 \$	2020 \$
Loan shares issued to employees under ESP	113,947	118,663
Options issued under ESOP	4,628	12,388
Other STI & LTI	530,017	980,281
Employees' performance bonus	-	337,495
	<u>648,592</u>	<u>1,448,827</u>

20 Remuneration of auditors

On 3 February 2021, Grant Thornton Audit Pty Ltd were appointed auditors of the Company.

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

(a) Grant Thornton Audit Pty Ltd

(i) Audit and other assurance services

	2021 \$	2020 \$
Audit and review of financial statements	52,500	-
Total remuneration for audit and other assurance services	<u>52,500</u>	<u>-</u>

(ii) Taxation services

Tax compliance services	10,450	10,000
Total remuneration for taxation services	<u>10,450</u>	<u>10,000</u>

(iii) Other services

Other services	2,752	-
Total remuneration for other services	<u>2,752</u>	<u>-</u>

20 Remuneration of auditors (continued)

(b) Crowe Melbourne

(i) Audit and other assurance services

Audit and review of financial statements	-	50,520
--	---	--------

(ii) Other services

Other services	1,213	-
----------------	-------	---

Total remuneration of Crowe Melbourne audit firm	1,213	50,520
--	-------	--------

Total auditor's remuneration	66,915	60,520
-------------------------------------	---------------	---------------

21 Loss per share

(a) Basic earnings per share

	2021 Cents	2020 Cents
From continuing operations attributable to the ordinary equity holders of the Company	(0.32)	(1.69)

(b) Reconciliation of loss used in calculating loss per share

	2021 \$	2020 \$
--	------------	------------

Basic and diluted loss per share

Loss attributable to the ordinary equity holders of the Company used in calculating loss per share:

From continuing operations	(646,697)	(3,044,685)
----------------------------	-----------	-------------

(c) Weighted average number of shares used as the denominator

	2021 Number	2020 Number
--	----------------	----------------

Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	203,344,966	179,796,155
--	-------------	-------------

On the basis of the Company's losses, the outstanding options as at 30 June 2021 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

Contents of the summary of significant accounting policies

	Page
(a) Basis of preparation	54
(b) Segment reporting	55
(c) Foreign currency translation	55
(d) Revenue recognition	55
(e) Government grants	55
(f) Income tax	55
(g) Leases	56
(h) Impairment of assets	57
(i) Cash and cash equivalents	57
(j) Financial instruments	57
(k) Property, plant and equipment	58
(l) Trade and other payables	58
(m) Employee benefits	59
(n) Contributed equity	60
(o) Loss per share	60
(p) Rounding of amounts	60
(q) Goods and services tax (GST)	60

22 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Company consisting of SelfWealth Limited.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. SelfWealth Limited is a for-profit entity for the purpose of preparing the financial statements.

The Company has reclassified certain expenditure items in prior year comparatives in order to be consistent with the current year classification and presentation.

(i) Compliance with IFRS

The financial statements of the SelfWealth Limited Company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis.

(iii) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Company incurred a loss of \$646,697 and had cash inflow from operating activities of \$1,108,058 for the year ended 30 June 2021. As at 30 June 2021, the Company held cash and cash equivalents of \$7,525,351.

In the process of approving the Company's internal forecast and business plan for upcoming financial years, the board has considered the cash position of the Company within the next 12 months from the date of this report, further supported by the application of sensitivity analysis and stress-testing of the key existing revenue stream assumptions used with consideration to historical growth rate. Based on the assessment of the company's ability to achieve its growth targets, the board believes that the group will continue as a going concern and be able to repay its debts as and when they fall due. The board also acknowledges the company's access to the capital market should additional funding is required.

Accordingly, the financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

(iv) New and amended standards adopted by the Company

The amended accounting standards and interpretations issued by the Australian Accounting Standards Board during the year that were mandatory were adopted. None of these amendments or interpretations materially affected any of the amounts recognised or disclosures in the current or prior year. The following IFRS Interpretations Committee (IFRIC) agenda decisions were adopted during the year.

IFRIC agenda decision on Software-as-a-Service (SaaS) arrangements

The IFRIC has issued two final agenda decisions which impact SaaS arrangements:

22 Summary of significant accounting policies (continued)

- Customer's right to receive access to the supplier's software hosted on the cloud (March 2019) – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.

- Configuration or customisation costs in a cloud computing arrangement (April 2021) – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The adoption of the above agenda decisions has not had a material impact on the Company.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. This has been identified as the chief executive officer.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollar (\$), which is SelfWealth Limited's functional and presentation currency.

(d) Revenue recognition

The accounting policies for the Company's revenue from contracts with customers are explained in note 3.

(e) Government grants

The research and development (R&D) tax incentive provides for a 43.5% refundable tax offset for eligible R&D entities with an aggregate turnover of less than \$20 million per annum that are not controlled by exempt entities (refundable R&D credit) or a non-refundable 38.5% tax offset for all other eligible companies.

For financial reporting purposes, the R&D tax offset can be recognised as a government grant or an income tax item. General practice is that refundable R&D credits are accounted for as government grants.

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Note 4 provides further information on how the Company accounts for government grants.

(f) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the

22 Summary of significant accounting policies (continued)

time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Leases

For any new contracts entered into on or after 1 July 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

(g) Leases (continued)

- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. A lease liability is recognised at the commencement date of a lease. Each lease payment is allocated between the liability and finance cost. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Company leases land and building for its office under agreement of three years with option to extend for a further term of five years. On renewal, the terms of the lease is renegotiated.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

22 Summary of significant accounting policies (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date, less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(h) Impairment of assets

Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(j) Financial instruments

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

22 Summary of significant accounting policies (continued)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(j) Financial instruments (continued)

(iv) Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(v) Income recognition

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(k) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 22(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other

22 Summary of significant accounting policies (continued)

payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(m) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The Company also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the 'employee share option plan' (ESOP/ESP). Information relating to these schemes is set out in note 19.

Employee options, loan shares and performance rights

The fair value of options granted under the ESOP/ESP is recognised as a share-based payment expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the Company's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the Company over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to the share based payment reserve.

22 Summary of significant accounting policies (continued)

(n) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(o) Loss per share (continued)

(ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(p) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

(q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 27 to 60 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 22(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of directors.



Mr Robert Edgley
Non-Executive Chairman

Melbourne

19 August 2021

Independent Auditor's Report

To the Members of SelfWealth Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of SelfWealth Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Share-based Payments (Note 19)

During the year, the Company issued share-based payments to certain employees, including the former CEO and other Key Management Personnel (KMP). The share-based payment arrangements included both market based and non-market based vesting conditions.

The Company also has existing share-based payment arrangements that are being expensed over their vesting period.

The share-based payments expense recorded for the year ended 30 June 2021 is \$648,592. Details of these share-based payment arrangements are disclosed in Note 19 of the financial report and the Remuneration Report with respect to the arrangements with the former CEO and other KMP.

There is judgement involved in determining the fair value of share-based payment arrangements and the subsequent recording of the fair value as an expense over the estimated vesting period.

As a result, and given the magnitude of the expense in the current year, the audit of the share-based payment arrangements was considered a key audit matter.

Our procedures included:

- Reading the terms of the share-based payments and evaluating the appropriateness of the accounting treatment under criteria contained in Accounting Standard AASB 2 *Share-based Payments*. Particular emphasis was placed on Company's judgements for grant date, performance start date, service periods, vesting date and vesting conditions in accordance with the accounting standards when compared to the terms of the share-based payments.
- Evaluating the appropriateness of the grant date determined and the fair value used for the share-based payments on that date as well as other key judgement around market conditions, non-market conditions performance hurdles and other vesting conditions.
- Recalculating the current year share-based compensation expense for a sample of employees and KMP. Key inputs used were vouched to underlying offer letters, resolutions and other relevant supporting documentation.
- Assessing the Company's disclosures as required by AASB 2 for share-based payments.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 13 to 22 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of SelfWealth Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd
Chartered Accountants



D G Ng
Partner – Audit & Assurance

Melbourne, 19 August 2021

The shareholder information set out below was applicable as at **12 August 2021**.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	No. of holders	Ordinary shares
1 - 1000	528	401,871
1,001 - 5,000	1,719	4,594,905
5,001 - 10,000	738	5,835,453
10,001 - 100,000	1,233	39,210,092
100,001 and over	260	185,915,248
	4,478	235,957,569

There were 719 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares Number held	Percentage of issued shares
LGGC PTY LTD	19,421,633	8.23
ABADI INVESTMENTS PTY LTD	17,333,333	7.35
GRAHAM NEWMAN PTY LTD	9,821,817	4.16
MR ANDREW BRUCE WARD	9,056,444	3.84
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,820,804	3.31
FTM NOMINEES PTY LTD	6,000,000	2.54
CS THIRD NOMINEES PTY LIMITED	4,782,587	2.03
FUSHENG INVESTMENTS LIMITED	4,300,000	1.82
W K SUPER PTY LTD	4,073,000	1.73
TW INVESTMENTS PTY LIMITED	3,477,000	1.47
MR JOHN STEVEN LUNDGREN	3,375,000	1.43
MR YANG LIU	3,185,715	1.35
NATIONAL NOMINEES LIMITED	2,989,791	1.27
MR ANTHONY SCOTT COOK	2,660,000	1.13
T P C SERVICES PTY LTD	2,611,350	1.11
LMPG INVESTMENTS PTY LTD	2,564,103	1.09
TW INVESTMENT PTY LIMITED	2,160,000	0.92
RANGEWORTHY PTY LTD	1,910,000	0.81
MS VICTORIA BEVAN	1,680,030	0.71
ESC PTY LTD	1,370,000	0.58
	110,592,607	46.88

C. Substantial holders

Substantial holders in the Company are set out below:

	Number held	Percentage
LGGC PTY LTD	19,421,633	8.23%
ABADI INVESTMENTS PTY LTD	17,333,333	7.35%

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

- (a) Ordinary shares: On a show of hands or by a poll by every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) Options: No voting rights.

E. Shareholder enquiries

Shareholders with enquiries about their shareholdings should contact the share registry:

Link Market Services Limited
Level 13, Tower 4
727 Collins Street
Melbourne VIC 3000

Telephone: +61 (0)3 9067 2005

F. Change of address, change of name and consolidation of shareholdings

Shareholders should contact the share registry to obtain details of the procedure required for any of these changes.

G. Annual report mailing

Shareholders who wish to receive a hard copy of the annual report should advise the share registry or the Company in writing. Alternatively, an electronic copy of the annual report is available from www.asx.com.au. All shareholders will continue to receive all other shareholder information.

H. Tax file numbers

It is important that Australia resident shareholders, including children, have their tax file number or exemption details noted by the share registry.

I. CHESS (Clearing House Electronic Subregister System)

Shareholders wishing to move to uncertified holdings under the Australian Securities Exchange CHESS should contact their stockbroker.

J. Uncertified share register

Shareholding statements are issued at the end of each month that there is a transaction that alerts the balance of your holding.

K. Website

Shareholders wishing to access specific information about their holding can visit the share registry's website at www.linkmarketservices.com.au

[this page is intentionally blank]

SelfWealth[®]

Trade smarter. Every time.

