

ASX Release

29 July 2019

### 30 JUNE 2019 QUARTERLY UPDATE AND APPENDIX 4C

Raiz Invest Limited ("Raiz" or "the Company") (ASX: RZI), Australia's largest mobile-first financial services platform, today announced an update for the three-month period to 30 June 2019 (Q4 FY2019).

During the quarter the Company delivered normalised revenue growth of 18.6%, a 64.3% increase over the year. Funds under management grew by 15.7% over the quarter, and 73.9% over the year. Customer numbers increased to over 194,000.

At the end of the quarter the Company increased its monthly subscription fees which is expected to underpin continued revenue growth in the forthcoming quarter.

The Company made good progress in its Asian expansion with a soft launch of its operations in Indonesia and a joint venture agreement to launch in Malaysia.

#### HIGHLIGHTS:

- **Financial Performance**

- Total revenue for the June quarter was \$1.95 million, with net operating cash outflow for the quarter of \$0.73 million.
- Normalised revenue (excluding other income and one-off fees) was up 18.6% on the quarter due in part to an increase in paying customers and advertising revenues compared to the March quarter (Q3 FY2019). This represents a 64.3% increase in normalised revenue over the year.
- As at 30 June 2019, cash and term deposits totalled \$6.98 million ensuring the Company remains well-funded.
- The benefits of the revised customer fee structure are anticipated to flow in the next quarter's revenue.
- Costs associated with the launch of the Indonesian operations are now consolidated into the Appendix 4C cash flow report amounting to \$0.2 million for the quarter.

- **Operating Activities**

- Active or paying customers grew by 4.0% to 194,360 during the quarter, despite a decrease in marketing spend.
- Funds under management increased from \$300.28 million at the end of Q3 FY2019 to \$347.45 million at the end of Q4 FY2019, representing an increase of 15.7%. Funds under management increased by 73.9% during the FY2019 financial year.
- Growth in funds under management for Raiz Invest Super also accelerated during the quarter representing growth of 26.7% to \$47.93 million.



- ***Executing on Strategic Initiatives***

- Progressed improvements relating to the new design for the next upgrade of the Raiz Apps which will deliver more personalised customer experiences.
- Further developed the Indonesian business, with over 90,000 customers already signed up to test the beta version of the app.
- Finalised the JV agreement with the Malaysian partner.
- Launched more targeted marketing relating to Raiz Rewards and Raiz Invest Super which underpin growth in revenue per customer and therefore a customer's 'Lifetime Value'.
- Delivered further improvements to the Raiz Rewards platform with both increased new partner productivity and numerous new retail partners during the quarter.
- Enhanced the App's functionality around Raiz Invest Super to allow Raiz Rewards and recurring deposits to be invested directly into super.

## **CEO COMMENTARY**

CEO of Raiz Invest, Mr. George Lucas, commented: "During the last quarter, the Company delivered strong growth across a number of key metrics and we made good progress on the delivery of our strategic initiatives, in particular in relation to our expansion into Southeast Asia.

"We undertook a soft launch of our business in Indonesia and subject to regulatory approvals we anticipate being in a position to formally launch the app in the upcoming quarter. This represents a major milestone for the Company as significant population growth as well as emerging wealth in the region are expected to underpin strong growth.

"The continued growth in Australia with 64.3% annual growth in normalised revenue was particularly pleasing. The financial position of the Company will further improve as the benefits of the revised fee structure that was announced on 1st July 2019 will begin to flow in the upcoming quarter, and pleasingly, since the increased fees, we have continued to see steady customer growth.

"The Company remains well funded with \$6.98m cash. Funding required for Raiz to expand into Southeast Asia is initially being provided by Raiz but will flow back from the joint venture once operations are launched.

"The Raiz business model provides a platform for other innovative financial services and products for our engaged and growing customer base. This will enable the Company to continue to drive the life-time value of our customers" he said.

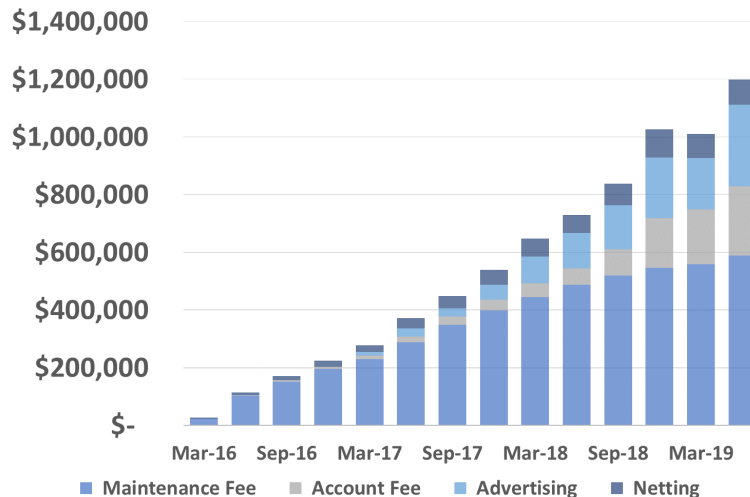
## **FOCUS FOR THE 1st QUARTER FY2020**

- Focus on improving our customer experience with the launch of an updated user interface for the Apple, Android and Web applications.
- Continue to focus on increasing the life-time value of existing customers by growing revenue per customer, underpinned initially by Raiz Invest Super and in-store Raiz Rewards.
- Go-Live with the full Raiz technology platform in Indonesia.
- Finalise the regulatory licence for the Malaysian business.
- Continue discussions with the regulator and potential partners in Thailand.



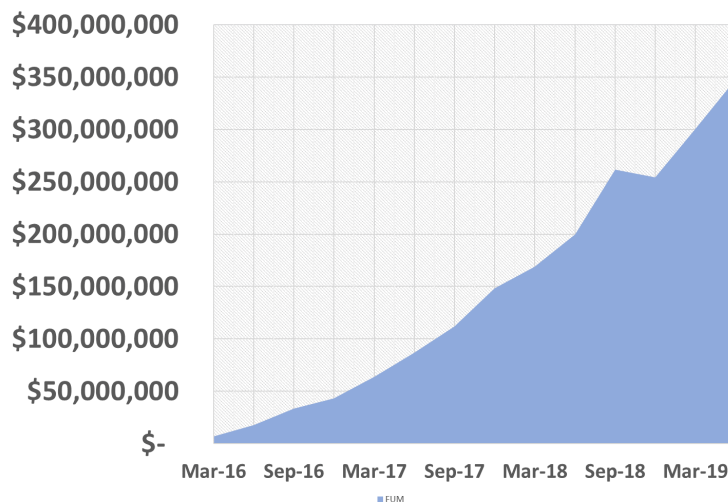
## KEY OPERATIONAL METRICS

### Revenue drivers (unaudited)



- 18.6% increase in normalised revenue<sup>1</sup> for the June quarter.
- Advertising revenue increased 133.9% compared to same quarter last year.
- Maintenance Fee revenue increased 20.7% over the past year.
- Netting revenue increased 37.5% over the past year.

### Growth in funds under management (FUM)

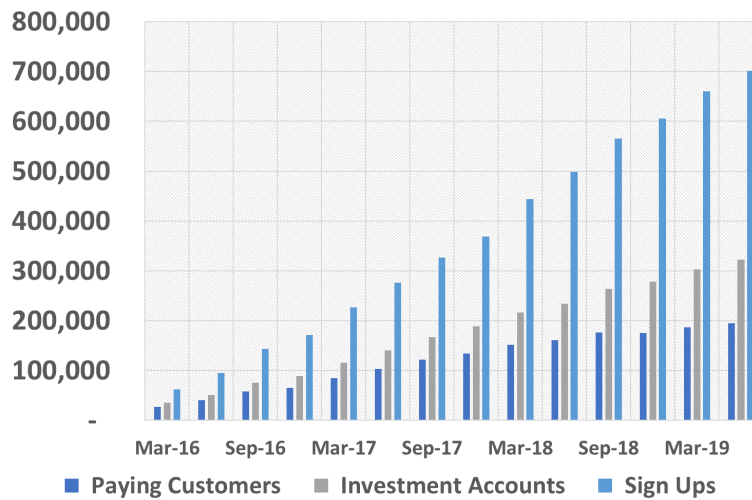


- FUM: \$347.45 million at the end of June, up 15.7% on last quarter and up 73.9% over 12 months.
- The increase in FUM is due to both rises in global equity markets and a continued steady increase in fund inflows.

<sup>1</sup> Subject to audit and not including other income and one-off fees.

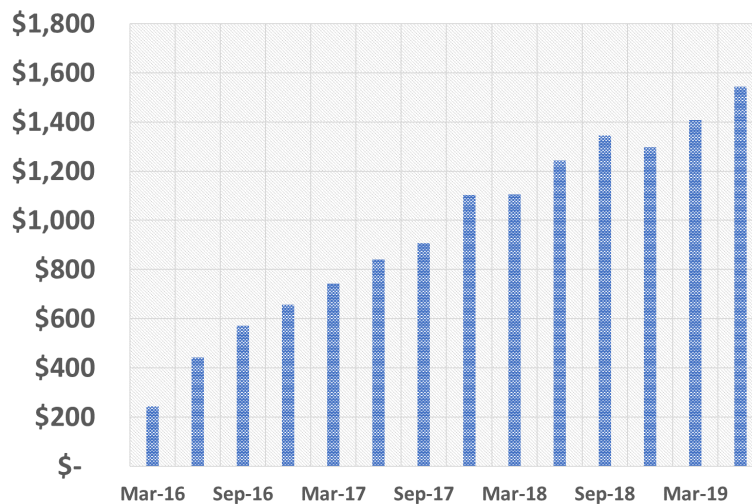


### Continued growth in Active (paying) Customers and Sign-ups



- Customers rose, with a total of 322,120 investment accounts at quarter end, up 6.4% on last quarter.
- Since 30 June 2018, paying customers have increased 21.1% from 160,510 to 194,360 at the end of the June 2019 quarter.

### Continued Growth in the Average Account Balance



- The average account balance for the quarter was \$1,544 up 24.2% on the 2018 June quarter and up 9.7% on the 2019 March quarter.
- Customers remain engaged with their accounts and the annual return for the Moderate Portfolio for the year ended June 2019 was 8.8% p.a. (against the Chant West benchmark of 6.2%)



- ENDS -

**Investor & Media Enquiries:**

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**About Raiz**

Raiz Invest Limited (ASX: RZI) is Australia's largest, mobile-first financial services platform designed to boost investing and savings in and outside of superannuation, available via the Raiz app or its website.

Since launching in 2016 Raiz has achieved solid growth, amassing more than 1.1 million downloads, 700,000 signups, with over 194,000 active monthly customers and over \$347 million funds under management as at 30 June 2019. Raiz was awarded Australia's Investment Innovator of the Year at the 2017, 2018 and Investment Platform Innovator of the Year 2019 FinTech Business Awards and won the 2018 Australian FinTech Award for FinTech Innovation in Wealth Management (Robo-Advice). The platform continues to grow with 13 new product releases since launch.

For more information: [www.raizinvest.com.au](http://www.raizinvest.com.au)

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Raiz Invest Limited

**ABN**

74 615 510 177

**Quarter ended ("current quarter")**

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,954	7,064*
1.2 Payments for		
(a) research and development	(179)	(912)
(b) product manufacturing and operating costs	(745)	(2,690)
(c) advertising and marketing	(361)	(2,076)
(d) leased assets	-	-
(e) staff costs	(725)	(2,727)
(f) administration and corporate costs	(705)	(2,991)*
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	36	242**
1.5 Interest and other costs of finance paid	-	(9)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	550
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(725)</b>	<b>(3,549)*</b>

\* \$67k interest received was incorrectly classified as receipt from customers in Year to date figure in March 2019 4c.

\*\* \$111k payments to acquire property, plant and equipment was incorrectly classified as administration and corporate costs in Year to date figure in March 2019 4c.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(111)*
	(b) businesses (see item 10)	-	-
	(c) investments (term deposits)	-	(543)
	(d) intellectual property	(230)	(912)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments (term deposit)	-	7,548
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(38)	(220)*
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(268)</b>	<b>5,762*</b>

\* \$111k payments to acquire property, plant and equipment was incorrectly classified as administration and corporate costs in Year to date (9 months) figure in March 2019 4c.

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	20	80
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	199
3.6	Repayment of borrowings	(31)	(123)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(11)</b>	<b>156</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	7,819	4,446*
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(725)	(3,549)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(268)	5,762
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(11)	156
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>6,815</b>	<b>6,815</b>
<b>**</b>	<b>Cash and cash equivalents at end of quarter plus term deposits</b>	<b>6,979</b>	<b>6,979</b>

\* A \$7m 6-month term deposit with Westpac was incorrectly classified as Cash in our June Quarterly report. The cash and cash equivalents as at 30 June 2018 have now been adjusted down from \$11,446,319 to \$4,446,319.

\*\* As at 31 March 2019, the company holds \$164k term deposits not included in the cash and cash equivalent.\

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,815	7,819
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,815</b>	<b>7,819</b>
	Term Deposits	<b>164</b>	<b>164</b>
	Cash and cash equivalents at end of quarter plus term deposits	<b>6,979</b>	<b>7,983</b>



**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

204

-

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

25

-

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

**Total facility amount  
at quarter end  
\$A'000**

**Amount drawn at  
quarter end  
\$A'000**

-

-

-

-

-

-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

**9. Estimated cash outflows for next quarter**

**\$A'000**

- 9.1 Research and development
- 9.2 Product manufacturing and operating costs
- 9.3 Advertising and marketing
- 9.4 Leased assets
- 9.5 Staff costs
- 9.6 Administration and corporate costs
- 9.7 Other (provide details if material)

(200)

(750)

(350)

-

(750)

(700)

-

**9.8 Total estimated cash outflows**

**(2,750)**

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	N/A	N/A
10.2	Place of incorporation or registration	N/A	N/A
10.3	Consideration for acquisition or disposal	N/A	N/A
10.4	Total net assets	N/A	N/A
10.5	Nature of business	N/A	N/A

11.	Monthly cash movement	\$A'000
11.1	April 2019	(501)
11.2	May 2019	(572)
11.3	June 2019	69
	Total	(1,004)

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Director/Company secretary)

Date: 29 July 2019

Print name: George Lucas

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as *cash flows from operating activities* or *cash flows from investing activities*, depending on the accounting policy of the entity.
4. *This quarterly report has not been audited and is based on management accounts. The report has been prepared by finance and confirmed by the MD/CEO and the COO.*