

ASX Release

28 October 2019

### 30 SEPTEMBER 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 months to 30 September 2019 (Q1 FY2020).

During the quarter the Company delivered normalised revenue growth of 55.6% on the previous quarter, a 122.7% increase compared with the corresponding quarter last year. Funds under management grew by 13.6% over the quarter to just under \$400 million (in Australia). Australian customer numbers were not affected by the fee increase over the quarter and continued to grow to more than 204,000.

#### Q1 FY2020 HIGHLIGHTS:

- **Revenue Growth**
  - Total normalised revenue in Q1 FY2020 was \$1.865 million. Normalised revenue (excluding other income and one-off fees) grew by 55.6% compared to Q4 FY2019, and by 122.7% compared to Q1 FY2019.
  - Strong revenue growth was driven, in part, by the fee increase that took effect from 1 August 2019.
- **Customer Growth in Australia**
  - Continued strong growth in active (paying) customers to 204,353, up 16.1% compared with Q1 FY2019 and by 5.1% vs. Q4 FY2019.
  - Revenue generated per active customer across the Raiz platform grew by 48% from \$24.66 to \$36.51 per annum.
- **Funds Under Management (FUM) Growth in Australia**
  - FUM grew by 13.6% to \$394.62 million as at the end of Q1 FY2020 compared with \$347.45 million at the end of Q4 FY2019.
  - Growth in funds under management for Raiz Invest Super grew by 15.2% to \$55.22 million.
- **Southeast Asia Expansion**
  - Continuing focus on completing the full product and feature rollout for Indonesia. The Raiz app is now live with five banks. At this stage, customers currently are not incurring the subscription fees for using the app as we continue adding banking partners.
  - Granted a conditional digital manager’s license in Malaysia, with beta testers to go live in March 2020.



- **Strategic Initiatives**

- Delivered the new Raiz app, with customer centric design and enhanced user experience in Australia, with a more personalised customer experience. This has been well received and positive feedback to date.
- Enhanced the Raiz Rewards platform, now with more than 200 brand partners and improved search functionality before the peak Christmas trading period.
- Commenced testing of the Raiz bundll MasterCard offering with Flexigroup and remain on track for beta release in Q2 FY2020.
- Continue to review, investigate, build and design new financial products in line with our product road map.

- **Financial Performance**

- Reached operating cash flow break-even in September for the Australian business.
- As a result of investment in the Southeast Asia expansion, net operating cash outflow for the quarter was \$0.975 million.
- Cash and term deposits totalled \$5.62 million as at 30 September 2019.



## CEO COMMENTARY

CEO of Raiz Invest, Mr George Lucas, said: “Raiz is increasingly becoming a significant player in the Australian financial markets and we are confident of building on this success story by replicating our business model in Indonesia and Malaysia.

“We are well placed to leverage our mobile first platform to expand into Southeast Asia, benefitting from growing wealth in the region.

“Progress in Australia reflects the unique nature of our platform, the hard work and creativity of our people and a commitment of resources and above all our engaged and loyal customer base. Our focus on education in financial literacy and awareness continues to resonate.

“The business continues to deliver strong growth driven by our highly engaged and rapidly growing customer base. It is cash-flow positive, underpinned by continued strong revenue growth and disciplined cost management.

“We recently reached a key milestone when the number of active customers exceeded 200,000 and we are confident that FUM will exceed \$400 million by the end of this month.

“Another pleasing trend has been the growth in superannuation FUM that more than doubled to \$55.22 million in the past 12 months. Although still relatively small, Raiz Super continues to be well regarded as reflected by the recent nomination for the 2020 Best New Innovation Award in superannuation by SuperRatings.”

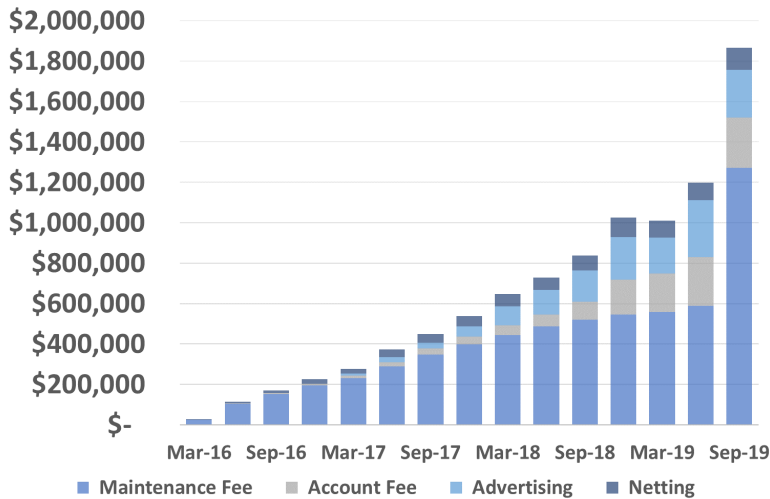
## FOCUS FOR Q2 FY2020

- Focus on increasing the life-time value of existing Australian customers by continuing to grow revenue per customer, underpinned by growth in Raiz Invest Super and Raiz Rewards.
- Launch the Raiz co-branded bundll card with Flexigroup.
- Implement our strategic marketing campaign in Indonesia and increase spend.
- Ready the App for deployment in Malaysia for Q3 2020.



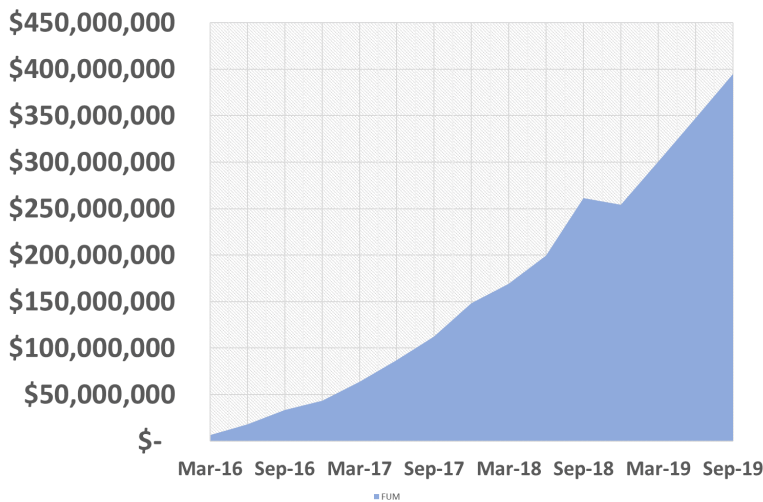
## KEY OPERATIONAL METRICS

### Revenue drivers (unaudited)



- 55.6% increase in normalised revenue over the September quarter.
- Advertising revenue increased 54.0% compared with same quarter last year.
- Maintenance Fee revenue increased 144.4% compared with same quarter last year.
- Account fee revenue increased 177.0% compared with same quarter last year.
- Netting revenue increased 46.2% compared with same quarter last year.

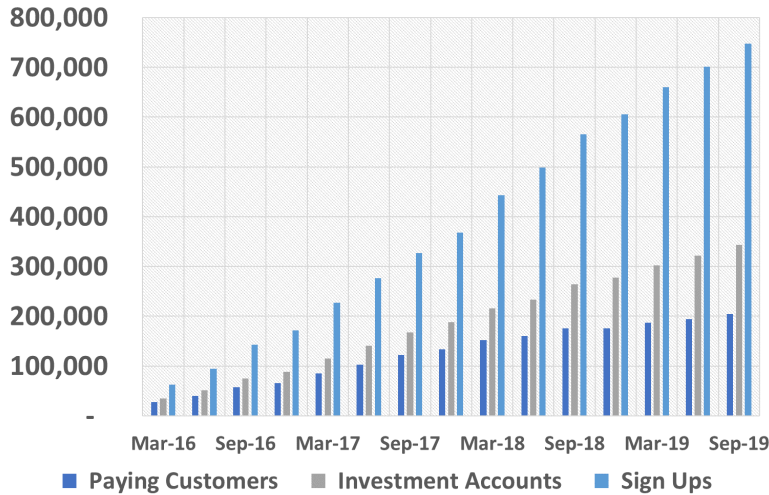
### Growth in funds under management (FUM)



- FUM: \$394.62 million at the end of September, up 13.6% on last quarter and up 50.9% over 12 months.
- The increase in FUM is due to both rises in global equity markets and a continued steady increase in fund inflows.

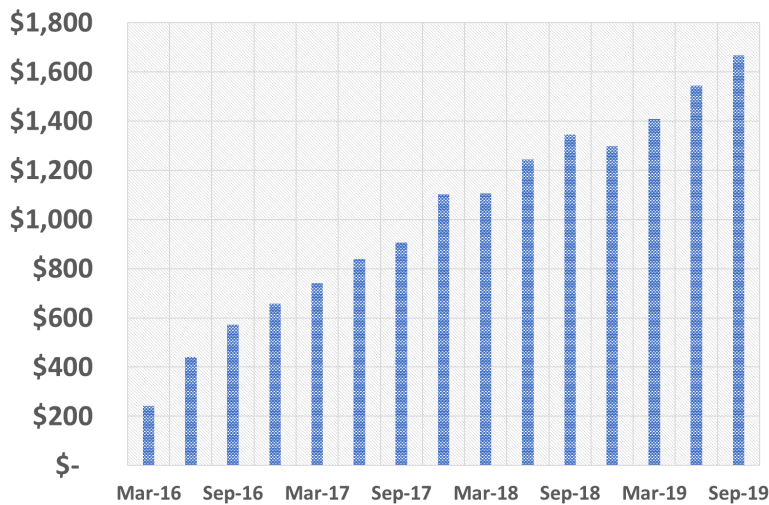


**Continued growth in Active (paying) Customers and Sign-ups**



- Customers grew, with a total of 343,734 investment accounts at quarter end, up 6.7% on last quarter (in Australia).
- Since 30 June 2019, paying customers have increased 5.1% from 194,360 to 204,353 at the end of the September 2019 quarter (in Australia).

**Continued Growth in the Average Account Balance**



- The average account balance for the quarter was \$1,666, up 23.8% on the 2018 September quarter and up 7.9% on the 2019 June quarter.
- Customers remain engaged with their accounts and the annual return for the Moderate Portfolio for the year to 30th September 2019 was 9.59% (against the Chant West benchmark of 6.1% for the same period).



- 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, 747,000 signups, with over 204,000 active monthly customers and over \$394 million funds under management as at 30 September 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). We were recently nomination for the 2020 Best New Innovation Award in superannuation by SuperRatings. The platform continues to grow with 13 new product releases since launch.

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

This document has been prepared for informational purposes only and is not intended to amount to financial product advice or a recommendation in relation to any investments or securities. You should not rely on it to make investment decisions. This document contains general factual information only and has not been independently verified. Any opinions or information expressed in the document are subject to change without notice.

## 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 September 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,155	2,155
1.2 Payments for		
(a) research and development	(288)	(288)
(b) product manufacturing and operating costs	(870)	(870)
(c) advertising and marketing	(336)	(336)
(d) leased assets	-	-
(e) staff costs	(652)	(652)
(f) administration and corporate costs	(981)	(981)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	15	15
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(957)</b>	<b>(957)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(15)	(15)
(b) businesses (see item 10)	-	-
(c) investments (term deposits)	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property	(324)	(324)
(e) other non-current assets	-	-
<b>2.2</b> Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments (term deposit)	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3</b> Cash flows from loans to other entities	-	-
<b>2.4</b> Dividends received (see note 3)	-	-
<b>2.5</b> Other (provide details if material)	-	-
<b>2.6</b> <b>Net cash from / (used in) investing activities</b>	<b>(339)</b>	<b>(339)</b>

<b>3.</b> <b>Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
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	-	-
3.6 Repayment of borrowings	(59)	(59)
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>(59)</b>	<b>(59)</b>

<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	6,815	6,815
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(957)	(957)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(339)	(339)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(59)	(59)



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
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>5,460</b>	<b>5,460</b>
<b>**</b>	<b>Cash and cash equivalents at end of quarter plus term deposits</b>	<b>5,624</b>	<b>5,624</b>

<b>5. 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	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>	
5.1	Bank balances	5,460	6,815
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>5,460</b>	<b>6,815</b>
	Term Deposits	<b>164</b>	<b>164</b>
	Cash and cash equivalents at end of quarter plus term deposits	<b>5,624</b>	<b>6,979</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

<b>Current quarter \$A'000</b>
204
-

- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

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7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	37
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	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
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. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	(300)
9.2 Product manufacturing and operating costs	(900)
9.3 Advertising and marketing	(350)
9.4 Leased assets	-
9.5 Staff costs	(700)
9.6 Administration and corporate costs	(1,000)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(3,250)</b>

10. <b>Acquisitions and disposals of business entities</b> <b>(items 2.1(b) and 2.2(b) above)</b>	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

<b>11. Monthly cash movement</b>	<b>\$A'000</b>
11.1 July 2019	(509)
11.2 August 2019	(634)
11.3 September 2019	(212)
Total	(1,355)

### 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: .....  
(Managing Director/CEO)

Date: 28 October 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.*