

ASX Release

28 January 2020

### **31 DECEMBER 2019 (Q2 FY2020) 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 31 December 2019 (Q2 FY2020).

During the quarter the Company completed a placement and share purchase plan raising over \$7.5 million with support from new and existing investors. Work continued during the quarter on progressing our strong product pipeline which will allow us to launch four new products in early 2020 in Australia.

The group's operating cashflow was positive for the quarter.

Domestic Funds under Management grew by 12.7% in the quarter to \$444.70 million. The Company delivered normalised revenue growth of 8.3% on the previous quarter, representing a 96.8% increase compared to Q2 FY2019.

#### **Q2 FY2020 HIGHLIGHTS:**

- **Revenue Growth**
  - Total normalised revenue in Q2 FY2020 was \$2.02 million.
  - Normalised revenue (excluding other income and one-off fees) grew by 8.3% compared with Q1 FY2020, and by 96.8% compared with Q2 FY2019.
  - The strong revenue growth was, in part, driven by a full quarter of increased maintenance fees and revenue from Raiz Rewards during the peak Christmas trading period.
- **Customer Growth in Australia**
  - Continued strong growth in active (paying) customers to 211,657, up 3.6% vs. Q1 FY2020 and up 20.7% compared with Q2 FY2019.
  - Revenue generated per active customer across the Raiz platform grew by 63.1% compared with Q2 FY2019 on the back of 20.7% customer growth. Revenue per active customer was \$38.17 per annum.
- **Funds Under Management (FUM) Growth in Australia**
  - FUM grew by 12.7% to \$444.70 million at the end of Q2 FY2020 compared with \$394.62 million at the end of Q1 FY2020.
  - Growth in FUM for Raiz Invest Super grew by a pleasing 16.0% to \$64.06 million compared with Q1 FY2020.
- **Southeast Asia Expansion**
  - Indonesia continues to demonstrate momentum with over 40,000 customers having signed up to the beta app from the original 100,000 pre-registration list.



- Current focus on resolving outstanding local issues to enable the official launch and conversion of customers to fee paying active accounts.
- Additional opportunities in Indonesia to assist with increased market penetration and development of new products with the prominent cornerstone investor who took equity in the November 2019 placement.
- Significant progress made on developing the back and front ends of the App for Malaysia with beta testing to commence in March 2020 as planned.
- **Strategic Initiatives**
  - The Raiz bundll co-branded Mastercard with Flexigroup (ASX:FXL) to be launched in February 2020. This will give Raiz customers the ability to better manage their cashflow with the ability to buy now pay later with the Raiz bundll card everywhere Mastercard is accepted.
  - Plan to launch Raiz Insure, single item general insurance, by February 2020.
  - Raiz Offsetters carbon offset program to be launched in Q3 FY2020; Offsetters will be Australia's first carbon offset platform with an Australian disaster relief fund for the Raiz community.
  - Raiz portfolio that includes a weighting towards Bitcoin with plans to launch the portfolio by June 2020 after satisfying many regulatory hurdles.
- **Financial Performance**
  - Over \$7.5 million was raised via an oversubscribed placement to new and existing institutional investors and a Share Purchase Plan. Received \$697,000 in cash as part of an R&D grant.
  - Cash and term deposits totalled \$12.2 million as at 31 December 2019.
  - We remained operating cashflow positive for the Q2 FY2020.

## CEO COMMENTARY

CEO of Raiz Invest, Mr George Lucas, said, "In Australia and Southeast Asia, we are increasingly enjoying the benefits of our corporate vision to build a mobile-first financial services company as an alternative to the existing incumbents.

"Our success is demonstrated by the growing numbers of customers using Raiz as an alternative for their savings as well as an increase in their average balances.

"We had a strong six months and are pleased to see that we have increased our active customers by 8.9% and that annualised recurring revenue increased by over 90% in the same period as our brand continues to solidify in the market.

"In Australia, Raiz offers our customer base of over 200,000 a choice of six portfolios to store wealth; the ability to build wealth for retirement through Raiz Invest Super; and soon the ability to spend wherever Mastercard is accepted and manage cashflow with the use of the My Finance and the Raiz bundll co-branded card.

"We continue to work hard to deliver our vision to provide a viable alternative to existing financial services companies.



“Our official Indonesian launch is building momentum as we overcome some technical issues with our local service providers. After receiving over 100,000 pre-launch registrations in just 10 weeks, we are on track to convert these to active customers with over 11,000 investment accounts and 40,000 sign-ups, despite a restrained marketing spend.

“We are also in the final stages of negotiating a marketing agreement with a major Indonesian company that was also the cornerstone investor in Raiz’s recent capital raising. This agreement will help accelerate our market penetration.

“We remain well funded, with increasing revenue to capitalise on our highly engaged and rapidly growing customer base with opportunities to promote new products and grow revenue per customer,” he said.

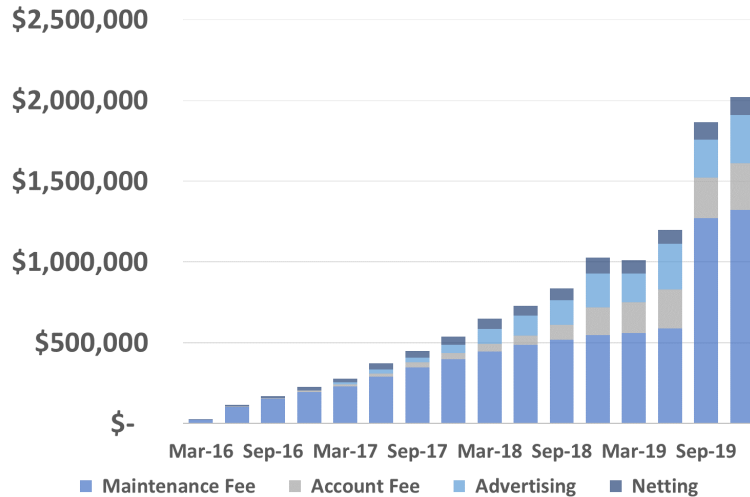
#### **FOCUS FOR Q3 FY2020 AND BEYOND**

- Focus on increasing the life-time value of domestic customers by continuing to grow revenue per customer.
- Launch the Raiz co-branded bundll card with Flexigroup in February.
- Finalise the Raiz product for the launch of a portfolio with an allocation to Bitcoin.
- Finalise the agreement with our Indonesian cornerstone investor to accelerate market penetration.
- Finalise the App for deployment in Malaysia for Q3 2020 and work with our Malaysian strategic partners, PNB and Maybank, to add customers to the Malaysian App.



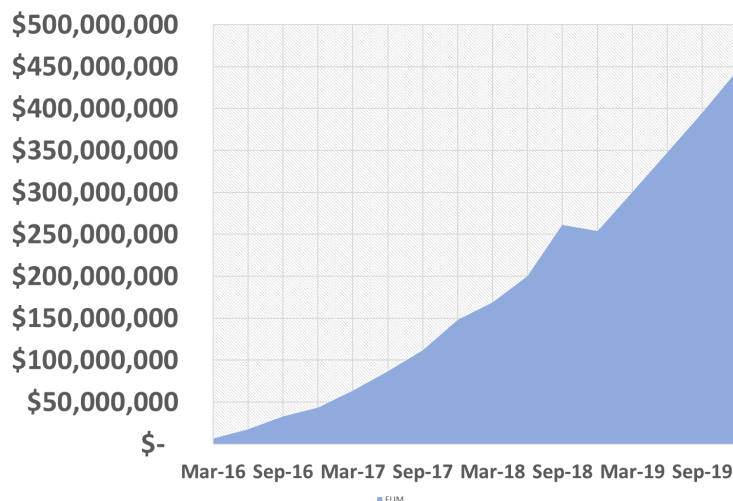
## KEY OPERATIONAL METRICS

### Revenue drivers (unaudited)



- 96.8% increase in normalised revenue compared with same quarter last year
- Advertising revenue increased 41.8% compared with same quarter last year
- Maintenance Fee revenue increased 142.1% compared with same quarter last year
- Account fee revenue increased 66.2% compared with same quarter last year
- Netting revenue increased 15.1% compared with same quarter last year

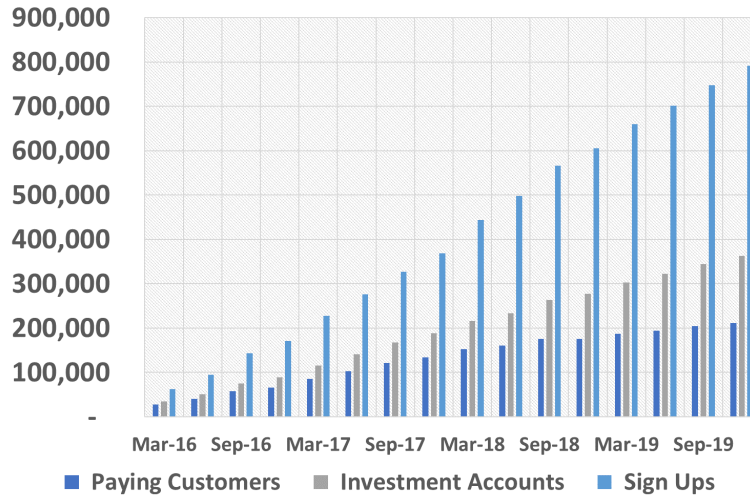
### Growth in funds under management (FUM)



- FUM: \$444.70 million at the end of December, up 12.7% on last quarter and up 75.0% over 12 months
- The increase in FUM is due to both rises in global equity markets and a continued steady increase in fund inflows

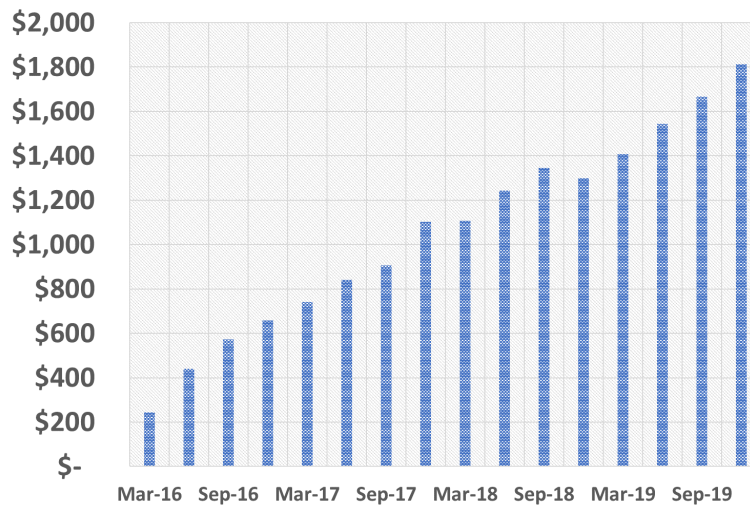


### Continued growth in Active (paying) Customers and Sign-ups



- Customers grew, with a total of 363,005 investment accounts at quarter end, up 5.6% on last quarter (in Australia)
- Since 30 June 2019, paying customers have increased 3.6% from 204,353 to 211,657 at the end of the December 2019 quarter (in Australia)

### Continued Growth in the Average Account Balance



- The average account balance for the quarter was \$1,813, up 39.7% on the 2018 December quarter
- Customers remain engaged with their accounts and the annual return for the Moderate Portfolio for the calendar year to 31st December 2019 was 15.2%



- ENDS -

**Market Announcement authorised by:**

George Lucas – MD / CEO

Raiz Invest Limited

**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, 791,000 signups, with over 211,000 active monthly customers and over \$444 million funds under management as at 31 December 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 cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Raiz Invest Limited

**ABN**

74 615 510 177

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

31 December 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,513	4,668
1.2 Payments for		
(a) research and development	(307)	(595)
(b) product manufacturing and operating costs	(925)	(1,795)
(c) advertising and marketing	(350)	(686)
(d) leased assets	(120)	(230)*
(e) staff costs	(794)	(1,506)^
(f) administration and corporate costs	(727)	(1,538)*^
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	25	40
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	697	697
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>12</b>	<b>(945)</b>
* \$110k payment from previous quarter has been reclassified as payment for leased assets		
^ \$60k payment from previous quarter has been reclassified as payment for staff costs		

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(7)	(22)
(d) short term deposit	(7,000)	(7,000)

Appendix 4C

**Quarterly cash flow report for entities subject to Listing Rule 4.7B**

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
	(e) intellectual property	(515)	(839)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
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>(7,522)</b>	<b>(7,861)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	7,504	7,504
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(407)	(407)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(30)	(89)
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>7,067</b>	<b>7,008</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 period	5,460	6,815
4.2	Net cash from / (used in) operating activities (item 1.9 above)	12	(945)



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7,522)	(7,861)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,067	7,008
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>5,017</b>	<b>5,017</b>
	<b>Cash and cash equivalents at end of quarter plus term deposits</b>	<b>12,181</b>	<b>12,181</b>

5.	Reconciliation of cash and cash equivalents 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	5,017	5,460
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,017</b>	<b>5,460</b>
	<b>Term Deposits</b>	<b>7,164</b>	<b>164</b>
	<b>Cash and cash equivalents at end of quarter plus term deposits</b>	<b>12,181</b>	<b>5,624</b>

**6. Payments to related parties of the entity and their  
associates**

- 6.1 Aggregate amount of payments to related parties and their  
associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their  
associates included in item 2

Current quarter \$A'000
29*
-

\*these payments were paid to OPR Agency Pty Limited

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

7.5 **Unused financing facilities available at quarter end**

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

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**8. Estimated cash available for future operating activities**

**\$A'000**

8.1 Net cash from / (used in) operating activities (Item 1.9)

12

8.2 Cash and cash equivalents at quarter end (Item 4.6)

5,017

8.3 Unused finance facilities available at quarter end (Item 7.5)

-

8.4 Total available funding (Item 8.2 + Item 8.3)

5,017

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

N/A\*

\* As the net cash from operating activities is positive, the estimated quarters of funding available is not defined.

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

### 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.

Date: 28 January 2020 .....



Authorised by: .....  
(George Lucas, Managing Director/CEO)

### Notes

1. This quarterly cash flow report provides a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.