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ASX Release

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## **Raiz's Australian FUM pushes above \$1 billion; Seven West Media strategic investment to help fund growth strategy Quarterly Activities Report & Appendix 4C**

### **Investment highlights**

- Total normalised revenue for the Raiz platform up 82.9% on a year-on-year (YOY) basis to \$4.5 million in the December 2021 quarter (**Q2 FY22**)
- Global Active Customers up 73.2% YOY to 594,992
- Australian funds under management (**FUM**) up 70.8% YOY, taking it above \$1 billion
- Superannuation FUM up 136.0% YOY to \$191.2 million
- Active customers in Raiz's Indonesian business push well above the 200,000 mark to be up 202.3% YOY and well in excess of the Company's 2021 calendar year-end target
- Active customers in Malaysia were slightly below Raiz's aspirational target of 100,000 by year end, increasing by 155.7% YOY to 97,079
- Raiz's Annual Recurring Revenue (run rate) up 91.1% YOY to \$14.5 million
- Raiz group remained operating cash flow positive in Q2 FY22, the third quarter in a row
- Raiz's Australian business has been operating cash flow positive for nine consecutive quarters
- Diversified media group, Seven West Media (ASX: SWM) made a \$10 million investment in Raiz, giving it a 6.6% holding in the Company
- As of 31 December 2021, Raiz had cash, cash equivalents and term deposits totalling \$20.5 million

Raiz Invest Limited (**Raiz or the Company**) (ASX: RZI), 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, is pleased to provide its Appendix 4C cash flow statement for the quarter ended 31 December 2021 (**Q2 FY22**), along with the following business and operational commentary.



## **RZI's FUM pushes above the \$1bn mark in the December 2021 quarter**

Raiz's Australian-based FUM surpassed the \$1 billion mark in November 2021. By the end of the Company's Q2 FY22, FUM was \$1.034 billion, up 6.6% on the prior quarter figure and 70.8% higher on a YOY basis. Within this total, Superannuation FUM has more than doubled over the past 12 months, with this component jumping by 136% YOY to \$191 million.

The achievement of \$1 billion FUM milestone in part reflects sustained growth in average balances per customer, with the latter metric now just under \$3,000. But importantly, it also reflects an ever-expanding client base, with the Raiz business model, products and brand now having helped more than 500,000 Australians invest and save.

Senior management of diversified media group, Seven West Media (ASX: SWM) acknowledged the continued scaling up of the Raiz business when recently announcing its move to take a strategic 6.6% stake in the Company.

Raiz reported normalised revenue of \$4.5 million during its Q2 FY22 reporting period, which was up 7.0% on the prior quarter level. This revenue metric was up 82.9% on that for the same quarter in the prior year.

The Company's Annual Recurring Revenue (run rate) also rose during the quarter, advancing by 6.5% to \$14.5 million. This was up 91.1% on a YOY basis.

On a quarter-on-quarter basis, Raiz's Australian Paying Customers increased by around 1% to 291,205, while Investment Accounts rose by 3% to 567,069.

## **Overseas continue to climb**

Raiz has continued to grow its overseas market operations. During Q2 FY22, Active Customers in Indonesia grew by 26.9% to 206,708. Active Customers in Malaysia rose by 18.9% to 97,079. These gains provide early evidence that Raiz's move to invest in Southeast Asia is gaining traction, despite the cultural difficulties so often seen as growth impediments to Australian companies expanding into this region.



## Key Operational Metrics - Figures 1 – 3

<p>■ Paying Customers ■ Investment Accounts ■ Sign Ups</p>	<p><b>Global Active Customers</b></p> <ul style="list-style-type: none"> <li>• Paying customers grew 11.5% to 594,992 in the December 2021 quarter</li> <li>• This gain aligned with management expectations</li> <li>• It reflected a mix of both organic growth and M&amp;A activities across Raiz's core Australian, Indonesian and Malaysian markets</li> </ul>
<p>■ Maintenance Fee ■ Account Fee ■ Advertising ■ Netting</p>	<p><b>Revenue Drivers</b> (% move on prior quarter)</p> <ul style="list-style-type: none"> <li>• 7.0% increase in normalised revenue</li> <li>• Maintenance fee revenue rose by 3.3%</li> <li>• Account fee revenue increased by 17.6%</li> <li>• Advertising revenue edged 8.9% higher</li> <li>• Netting revenue rose by 9.1%</li> </ul>
<p>■ Funds Under Management</p>	<p><b>Australian FUM</b></p> <ul style="list-style-type: none"> <li>• FUM: \$1.034 billion at the end of Q2 FY22, up 6.6% on Q1 FY22</li> <li>• Superannuation FUM increased 4.1% to \$191 million, after a hefty Q1 FY22-on-4Q FY21 surge of 72.3%</li> </ul>



## **Strategic investment by Seven West Media will help fund growth initiatives**

In late November 2021 Raiz announced that diversified media group, Seven West Media (ASX: SWM) (**SWM** or **Seven**) had made a strategic investment in the Company.

SWM took a 6.6% stake in Raiz via a \$10 million share placement. The investment was priced at RZI's 10-day VWAP of \$1.617. Payment for the \$10 million investment included a \$2 million cash component, which will go towards funding Raiz's multi-faceted growth strategy.

Raiz will receive the remaining \$8 million in the form of advertising across Seven's broadcast television, publishing and digital media assets. The latter have a combined reach of more than 18 million Australians.

SWM's move to become a major shareholder in Raiz has effectively aligned the interests of both companies. The reach of SWM's media assets will provide the Company with the perfect vehicle to promote the Raiz brand as well as its ever-expanding products suite. It is expected that this will, in turn provide impetus to key growth metrics in the Australian market segment. In partnership with SWM, Raiz is planning to both re-engage with its existing client base and promote its financial product offering to potential new customers looking to save and invest in and outside of the confines of superannuation.

## **Corporate**

Cash receipts from customers of \$5.0 million in the Q2 FY22 period were up 1.9% on the level reported in the previous quarter (Q1 FY22: \$4.9 million). Total cash inflows from operating activities for the quarter of around \$174,000 was up on the Q1 FY22 figure of near \$121,000.

The Company ended the December 2021 quarter with \$20.5 million in cash, cash equivalents and term deposits.

**Raiz Managing Director/Joint Group CEO George Lucas said:** "We are delighted with the satisfactory growth delivered by both our Australian and Southeast Asian operations over the final part of calendar 2021. This expansion occurred despite further bouts of economic uncertainty created by the ongoing COVID-19 global pandemic.

"Two notable events stood out in our December 2021 quarter reporting period. The first was Raiz group FUM pushing above the \$1 billion mark. This continued growth and ongoing gains in other key metrics like global paying customers clearly demonstrate the attractiveness of our product offering to a wide spread of investors across multiple market segments. The second event was Seven West Media coming on board as a major shareholder. The latter group's investment in Raiz provides us with the means to promote our product range to potential new customers. It is also a clear vote of confidence for the Raiz business model and strategy.

"As calendar 2022 gets underway, we remain confident that investments made over the past 12 months will help us maintain growth momentum both in Australia and our Southeast Asian markets. At the same time, we continue to be on the lookout for additional growth opportunities. Some of these will be sourced from enhanced product offerings that meet the demands of our existing client base. Others are expected to come out of additional growth by acquisition opportunities that will over time further broaden and deepen the make-up of our customer base."

**Joint Group CEO Brendan Malone said:** "We are well pleased with the performance of Raiz Invest's Australian business over the latest quarter, particularly in the context of a persistent



COVID-19 pandemic which continues to distort Australia's broader economic performance and the proper functioning of its financial markets.

“Despite the broader economic challenges, the last three months of calendar 2021 saw Raiz’s Australian business deliver solid customer growth, as our product suite further penetrated the retail and superannuation market segments. At the same time, we have never lost sight of the importance of continued engagement with our existing client base. The latter focus was central in our average balances per customer metric rising to nearly \$3,000 by quarter’s end.”

- ENDS -

**Market Announcement authorised by:**

George Lucas – MD /Joint Group CEO

Raiz Invest Limited

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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.

To gain greater insight to the Raiz business and our strategy, watch our short video by visiting <https://raizinvest.com.au/investors/>

Since launching in 2016 Raiz has achieved solid growth, amassing more than 2.5 million downloads, 2,459,000 sign-ups, with over 594,000 Active monthly Customers and over \$1 billion in FUM as at 31 December 2021.

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, won the 2018 Australian FinTech Award for FinTech Innovation in Wealth Management (Robo-Advice) and won Best Fintech Superannuation Service/Platform at the 2020 FinTech Awards. Raiz Invest Super was also a finalist in the SuperRatings Best Innovation for 2020 at the Superannuation awards. Raiz was ranked #27<sup>th</sup> in Deloitte's Fast 50 winners Report for 2020. The Raiz platform continues to grow with over 19 new products and features released since launch.

Raiz Invest Limited has offices in Indonesia and Malaysia as part of the growth and expansion strategy of the business throughout Southeast Asia.

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 2021

<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	5,037	9,978
1.2 Payments for		
(a) research and development	(305)	(615)
(b) product manufacturing and operating costs	(1,468)	(3,034)
(c) advertising and marketing	(1,308)	(2,532)
(d) leased assets	-	-
(e) staff costs	(1,121)	(2,179)
(f) administration and corporate costs	(639)	(1,290)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	3
1.5 Interest and other costs of finance paid	(24)	(36)
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>174</b>	<b>295</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(68)	(68)
(d) investments (short term deposit)	-	-
(e) intellectual property	(859)	(1,398)
(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments (short term deposit)	-	-
	(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>(927)</b>	<b>(1,466)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,000	2,000
3.2	Proceeds from changes in ownership interests in subsidiaries	-	642
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(18)	(18)
3.5	Proceeds from borrowings from related parties	-	-
3.6	Repayment of borrowings from related parties	-	(8)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Principle payment for leases)	(140)	(276)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,842</b>	<b>2,340</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	19,352	19,199
4.2	Net cash from / (used in) operating activities (item 1.9 above)	174	295



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(927)	(1,466)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,842	2,340
4.5	Effect of movement in exchange rates on cash held	(78)	(5)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>20,363</b>	<b>20,363</b>
	<b>Cash and cash equivalents at end of quarter plus term deposits</b>	<b>20,527</b>	<b>20,527</b>

<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	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	20,363	19,352
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>20,363</b>	<b>19,352</b>
	<b>Term Deposits</b>	<b>164</b>	<b>164</b>
	<b>Cash and cash equivalents at end of quarter plus term deposits</b>	<b>20,527</b>	<b>19,516</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>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.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	174
8.2 Cash and cash equivalents at quarter end (item 4.6)	20,363
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	20,363
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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:	
8.6.2 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:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## 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: 25 January 2022  
 .....



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

## Notes

1. This quarterly cash flow report and the accompanying activity report provide 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. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.