

ASX Announcement | 28 August 2023 Raiz Invest (ASX:RZI)

Raiz posts solid annual results for FY23

Financial & Investment highlights

All comparisons are for Year on Year (YOY) movements as at 30 June 2023, unless otherwise stated.

- Total revenue for the Raiz Group was \$18.6m.
- Consolidated loss attributable to Owners of the parent entity of \$3,365,000 (FY22 \$5,902,000) after adding back depreciation and amortisation expense and share option expense – a reduction of 43.0%.
- Normalised consolidated loss attributable to Owners of the parent entity of \$1,478,000 (FY22: \$3,932,000) after adding back depreciation and amortisation expense, share option expense and contra advertising non-cash expense – a reduction of 62.4%
- Raiz Micro Investing Platform revenue up 0.7% YOY to \$17.5m
- Australia Micro Investing Platform Gross profit margin at 62.5%.
- Raiz's Annual Recurring Revenue (run rate) up 3.0% YOY to \$14.8m
- Global active customers reached 685,263, up 5.0% YOY.
 - ❖ Australian active customers up 2.2% YOY to 295,943
 - ❖ Indonesian active customers up 7.6% YOY to 272,655
 - ❖ Malaysian active customers up 6.3% YOY to 116,665.
- Global funds under management (FUM) was \$1.15bn, up 20.1% YOY.
 - ❖ Australian retail FUM up 20.2% YOY to \$906m (QOQ: +1.9%)
 - ❖ Australian superannuation FUM up 21.0% YOY to \$225m (QOQ: +4.4%)
 - ❖ Indonesian FUM up 36.2% YOY to \$1.3m (QOQ: +6.5%)
 - ❖ Malaysian FUM up 2.2% YOY to \$13.4m (QOQ: -3.3%).
- Global Cost of Acquisition per customer was \$16.27
- Cash, cash equivalents & term deposits held at 30 June 2023 was \$8.6m.
- Australian operations remain operating cashflow positive.

FY23 results

The operating loss for the year includes various non-reoccurring costs in relation to Board and staff restructuring and the Successor Fund Transfers in relation to our superannuation products.

FULL YEAR RESULTS – 30 JUNE 2023			
\$'000	30 June 2023	30 June 2022	Variance
Loss attributable to Owners of the parent entity	(6,897)	(9,634)	28.4%
Addback:			
Depreciation & amortisation expense	3,099	3,307	6.3%
Share option expense	433	425	(1.9%)
Contra advertising non-cash expense*	1,887	1,970	4.2%
Non-reoccurring restructuring costs**	1,309	-	100.0%
Adjusted Normalised Loss	(169)	(3,932)	95.7%

*Contra advertising non-cash expense represents the Seven West Media (SWM.ASX) agreement and is a non-cash expense included in the Marketing expense line.

**Non-reoccurring restructuring costs are one-off cash expenses that will not be incurred in future and include staff and business restructuring in line with our refocussed strategy.



The loss before income tax for Australian business was \$5,244k including head off costs and costs paid on behalf of offshore offices. After addbacks including depreciation & amortisation expense, share option expense, contra advertising non-cash expense and non-recurring restructuring costs, the adjusted normalised profit before income tax for the Australian business would be \$1,484k.

Renewed strategy focussed on customer growth, product innovation and capital management.

During the year we reset our strategy, refocussing on the core Australian business and repositioning our Southeast Asia businesses to be operated by local partners. This shift in approach helped us to deliver a reduction in operating cash burn of 83% in the second half of FY23 compared with the first half of FY23 as highlighted in our quarterly Appendix 4C ASX releases:

APPENDIX 4C SUMMARY – FOR THE QUARTER END 30 JUNE 2023

	<u>Jun Q 23</u>	<u>Mar Q 23</u>	<u>Dec Q 22</u>	<u>Sept Q 22</u>	<u>Jun Q 22</u>
	<u>\$000s</u>	<u>\$000s</u>	<u>\$000s</u>	<u>\$000s</u>	<u>\$000s</u>
Cash flows : operating activities ¹	(84)	(347)	(254)	(2,315)	(2,238)
Cash flows : investing activities	(824)	(926)	(983)	(885)	(817)
Cash flows : financing activities ²	(124)	(125)	(107)	(132)	(128)

The momentum achieved in the June 23 quarter operating activities illustrates our newly established and sustainable cost base moving into FY24 and beyond.

Operational Highlights:

- We consolidated our two superannuation offerings into one, saving \$0.4m annually
- Our customers have now been paid over \$100m in dividends.
- Raiz Kids continued to grow with active Kids accounts increasing 12.8% and FUM increasing 25.5% reaching \$19.8m as at 30 June 2023.
- Raiz Property Fund has continued to see inflows and the number of customers investing in the fund has grown to over 10,600 and FUM to over \$20.7m as at 30 June 2023.
- Our Emerald portfolio was rated the number 1 Sustainable Balanced option over the 12 months to 30 June 2023³.
- Raiz was named in CNBC's Top 200 Global Fintech companies in August 2023.
- Raiz Rewards instore and online partners increased by 38.2%, providing customers additional savings opportunities from everyday purchases.
- Raiz Plus successfully launched on 1 August 2023. Product developed in direct response to customer feedback.
- Raiz was awarded Best Fintech App at the August 2023 Fintech Australia Awards.

Australia

Australian operations continued to demonstrate resilience in a challenging economic environment. As at 30 June 2023:

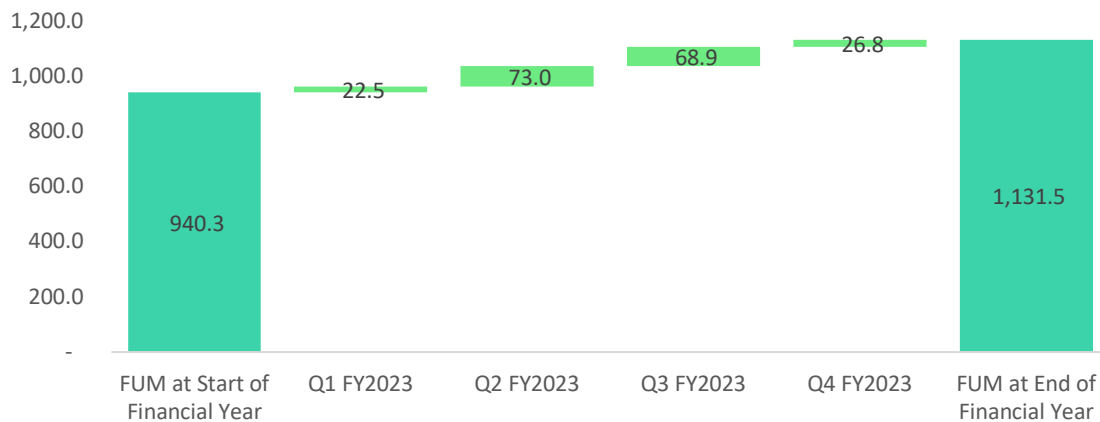
- Active customers were up 2.2% YOY to 295,943
- Total FUM was up 20.3% YOY at \$1.13b.
 - Retail FUM was up 20.2% to \$906.4m
 - Superannuation was up 21.0% to \$225.1m

¹ Administration and corporate costs under operating activities from previous quarters has been updated from \$2,988k to \$2,945k.

² Principal payment for leases under financing activities from previous quarters has been updated from \$340k to \$383k.

³ AFR article dated 17th July 2023 - <https://www.afr.com/policy/tax-and-super/top-10-super-funds-for-2022-revealed-20230717-p5dorc>.

Raiz Australia recorded four positive quarters of net FUM inflows in FY2023. Net FUM inflows includes all deposits, withdrawals and market movements.



Our increased focus on Australia has seen us delivering product innovation and building more personalised experiences. The launch of Raiz Plus on 1 August 2023 has been one of our largest product rollouts. Feedback from our customers has been extremely encouraging.

The opportunities in Australia remain very positive for the Raiz Group. A recent ASX Australian Investor Survey (2023)⁴ highlighted opportunities including a subset of non-investors who intend to invest in the next 12 months to be an estimated 1.33 million Australians. With an enhanced product offering now in place, we are well positioned to capitalise on the opportunity to grow our customer base and also to deliver appropriate cross-sell opportunities to our existing customers.

Southeast Asia – Indonesia and Malaysia

We continue to work toward finalising the corporate restructure of the Indonesian JV. Under the proposed agreement, Raiz will continue to fund salary, lease and make-good commitments of approximately \$450k until transfer of full financial control is completed.

In Malaysia, Raiz will not fund any future capital injections associated with the Malaysian operations. Discussions continue with a local investor with a view to them working together with Raiz and PNB (existing JV partner) to take an equity position in the JV and responsibility for the operational control of the business. We envisage this restructure to be completed within the coming months.

In both countries, Raiz will retain existing brand and technology licenses and these will deliver ongoing fee revenue streams to Raiz.

Brendan Malone, Raiz Invest Managing Director and CEO said:

“FY23 was a year of consolidation as we refocussed on the Australian business and moved to adjust the Southeast Asia operations, whilst delivering the right outcomes for both customers and staff in those countries.

The restructure of the business, including a focus on prudent capital management and balance sheet strength, puts the company in a solid position as we move into FY24.

⁴ ASX Australian Investor Study 2023.



Innovation and meeting customer demands are at the forefront of our strategy. On 1 August, we released the ground-breaking Raiz Plus product in Australia. Raiz is committed to more frequent and consistent product innovation and development in Australia, something I know our loyal customers expect from us. We remain relentlessly focused on exceeding their expectations.

The Raiz Team, the Board and I are very excited about the year ahead. I am confident we will continue to deliver for our customers, shareholders and community”.

Ends

Authorised for release by The Board of Directors.

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Raiz Invest

About Raiz Invest Limited

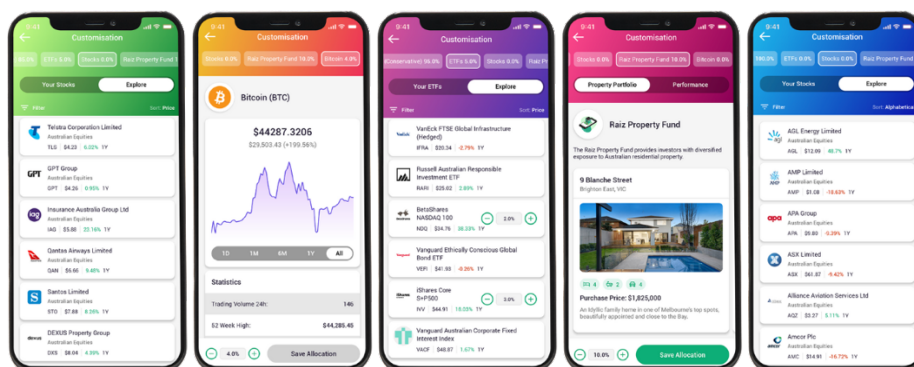
Raiz Invest Limited (ASX: RZI) ('Raiz' or 'the Company') is a multi-award-winning micro-investing and fintech platform with operations in Australia and Southeast Asia.

With Raiz, users can automatically invest the virtual 'spare change' from their daily purchases in diversified portfolios constructed of low-cost ETFs, Australian stocks, Bitcoin and Australian residential property. In Australia, this can be done to boost savings both inside and outside of superannuation, the country's compulsory pension system.

Since launching in 2016, Raiz has achieved solid growth, amassing more than 3,466,000 sign-ups and over 688,000 Active monthly Customers with A\$1.18 billion in FUM as of 31 July 2023.

Raiz continues to enhance its platform, with over 20 new product innovation and enhancements since launch. With a realignment in our strategy internationally, we currently maintain offices in Malaysia and Indonesia, and are exploring how best to extend our footprint into Thailand and Vietnam.

To learn more, please visit: www.raizinvest.com.au



CNBC's top 200 global fintech companies