

ASX Announcement | 26 February 2024
Raiz Invest Limited (ASX:RZI)

Raiz Platform Revenue up 22% to \$10.7m with disciplined cost control, tracking towards positive EBITDA

Raiz Invest Limited (ASX:RZI) ("Raiz"), a leading investment app, is pleased to report its financial results for the half-year ended 31 December 2023 ("1H FY24").

Key Highlights

- **Strong revenue growth:** Group revenue up 15% on the prior corresponding period (pcp) to \$10.7m. Revenue from Raiz Invest Micro-Investing Platform ("Raiz Platform") up 22% on pcp.
 - Active Customers in Australia up 2% on pcp to 293,101
 - Annualised Average Revenue Per User (ARPU) up 21% to \$69 in 1H FY24 compared to \$57 in FY23
 - Australian Funds Under Management (FUM) up 17% on pcp to \$1.2b
- **Disciplined cost control:** Total expenses down 12% on pcp from \$14.8m to \$13.0m.
- **Tracking towards positive EBITDA:** EBITDA loss of \$0.5m in 1H FY24, reduced 85% from an EBITDA loss of \$3.0m in 1H FY23.
- **Significant improvement in profitability:** Loss attributed to owners of parent entity of \$1.5m in 1H FY24, compared to a loss of \$4.2m in 1H FY23.
- **Net cash from operating activities of \$1.1m:** Cash and cash equivalents of \$8.5m.
- **Strong start to 2H FY24:** Australian Active Customers¹ of 301,580 and Australian FUM of \$1.3b as at 23 February 2024.

H1 FY24 Results Overview

\$m	1H FY24	1H FY23	Variance
Raiz Platform Revenue	10.7	8.7	+22%
Total Revenue ²	10.7	9.3	+15%
EBITDA	(0.5)	(3.0)	+\$2.5m
Loss attributed to owners of parent entity	(1.5)	(4.2)	+\$2.7m
Net cash from/(used in) operating activities	1.1	(2.6)	+\$3.7m
Cash and cash equivalents	8.5	10.9	-\$2.4m

¹ Active Customers are defined as having \$1.00 or more in their account, which means they are charged the monthly fee.

² 1H FY23 Total revenue included \$0.5m from Other Financial Services segment. Raiz ceased operations of this segment on 30 June 2023.



Overview of 1H FY24 Results

Revenue from the Raiz Platform was up 22% on pcp to \$10.7m. Over 95% of this revenue was generated from Australian operations.

This solid revenue growth reflects an increase in Active Customers in Australia of 2% on pcp to 293,101, at 31 December 2023, and a 21% increase in ARPU to \$69, compared to FY23. Customer churn was minimal, at 1% in Q2 FY24, following the price increase executed in August 2023.

Australian FUM increased by 17% on pcp to \$1.2b in 1H FY24, which reflects the Australian retail FUM of \$964.7m, up 15% on pcp and Australian Superannuation FUM of \$249m, up 25% on pcp. The expanded product suite has led to a 3% increase in the total number of Portfolios³ from 327,000 at 31 December 2023 to over 338,000 as at 23 February 2024. Raiz Kids accounts are now 36,596 and FUM is over \$34.4m as at 23 February 2024.

Total expenses were down 12% on pcp from \$14.8m to \$13.0m, primarily due to a reduction in professional fees and employee benefit expenses. Stronger revenue growth and lower operating costs led to an EBITDA loss of \$0.5m in 1H FY24, a positive \$2.5m turnaround from the EBITDA loss of \$3m in 1H FY23.

The strong operating result then flowed through to the bottom line with a loss attributed to owners of the parent entity of \$1.5m in 1H FY24, a significant improvement from the loss of \$4.2m in 1H FY23.

Raiz generated positive net cash from operating activities in 1H FY24 of \$1.1m, a substantial improvement of \$3.7m from a net outflow of \$2.6m in the pcp.

Major marketing campaigns with Seven West Media

The 'Raiz Your Game' campaign, launched in late December 2023, expanded brand awareness in households across Australia and contributed to strong momentum in the business in early 2H FY24, with total Active Customers of 301,580 and Australian FUM of \$1.3b as at 23 February 2024.

A new marketing campaign with Seven West Media (SWM) for the AFL/AFLW season will commence in March 2024. These campaigns utilise the SWM advertising credit and are non-cash expenses.

As at 31 December 2023, Raiz had \$2.8m in advertising credits remaining, down from \$4.1m at 30 June 2023, and these credits will expire on 31 January 2025. It is expected that the marketing campaign through the AFL/AFLW season will fully utilise the remaining balance.

Southeast Asia footprint and partners

Indonesia: Raiz has advanced the process to transfer its equity ownership to cease further obligations with respect to Indonesia. Raiz will update the market in accordance with its continuous disclosure obligations, in the event binding agreements are finalised (see ASX releases on 18 January 2024 and 21 December 2023).

Malaysia: Raiz is in the process of finalising a comprehensive business plan in collaboration with its joint venture partner to establish a sustainable trajectory for the Malaysian business. As at 23 February 2024, Malaysian Active Customers were 121,469 up 4%, and Malaysian FUM was \$16.5m up 11% since 31 December 2023.

³ Portfolios are defined as having \$1.00 or more in a portfolio and includes Raiz Invest, Raiz Invest Super and Raiz Kids portfolios.



Continued investment in marketing and product innovation in 2H FY24

The AFL/AFLW 'Raiz Your Game' campaign will launch in early March 2024, further expanding Raiz's brand awareness and driving new customer acquisition. In parallel with this campaign, Raiz will implement a re-engagement strategy to showcase the broader product range and educational offerings in order to entice inactive customers back onto the investment platform.

Following the successful launch of Raiz Plus in August 2023, Raiz is now finalising the new Super offering to allow Raiz Invest Super customers to customise their Super portfolios to include single stocks on the ASX, ETFs and Australian Residential Property Fund.

In addition to attracting new customers and re-engaging inactive customers, Raiz remains focused on implementing strategies to increase the ARPU and lifetime value of customers by continuing to innovate and offer customers the right product at the right stage of their wealth creation journey.

Brendan Malone, Raiz Invest Managing Director and CEO said:

"We are very pleased to deliver strong revenue growth, positive operating cash flow and a significant improvement in overall profitability in the first half. These results reflect our focus on investment in a well-executed marketing strategy and new product development to drive the top line results, in tandem with disciplined cost control to improve unit economics and the sustainability of future earnings.

We are approaching a positive inflection point in the business as we track towards a positive EBITDA and we remain confident in the significant growth potential in the Australian market."

Ends

Authorised for release by The Board of Directors.

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Raiz Invest Limited (ASX: RZI) is a multi-award-winning micro-investing and fintech platform with operations in Australia and Southeast Asia and is lead by CEO Brendan Malone and Chaired by Kelly Humphreys. Raiz pioneered the 'Round-Up' concept in Australia – where everyday purchases are rounded-up to the next dollar and the difference is put into a Raiz Invest account – which has opened opportunities for first-time investors.

Since launching in 2016, Raiz has led the market by offering innovative products and features alongside an advanced user experience and exceptional customer service. With 9 diverse portfolios to choose from, users of the Raiz platform can invest in ETFs, Bitcoin, the Raiz Residential Property Fund, and up to 49 of the most recognised stocks on the ASX, starting with as little as \$5. And with products ranging from Raiz Kids to Raiz Invest Super there's something to suite every life stage.

Raiz has also launched sophisticated products, like the customisable Plus portfolio to satisfy the savviest of investors, ensuring the platform accommodates investors at all levels of experience and risk appetite. Raiz remains the number one investment app. To find out more, please visit raiz.com.au.