

ASX Announcement | 28 October 2024 Raiz Invest Limited (ASX:RZI)

Q1 FY25 Quarterly Business Update Revenue up 15.2% YOY to \$5.66m | FUM up 31.8% YOY to \$1.5bn

Raiz Invest Limited (ASX:RZI) ("Raiz"), a leading investment app, is pleased to present its business update for the quarter ending 30 September 2024 ("Q1 FY25").¹

Key Highlights

- **Revenue growth of 15.2% YOY:** Driven by increase in customer numbers, FUM and ARPU.
- **Accelerating growth in Active Customers²:** 3,824 new Active Customers in Q1, compared to average quarterly additions of 2,708 in FY24 and 1,611 in FY23. Total Active Customers of 310,600 at 30 September 2024, increasing to 314,127 at 25 October 2024.
- **Strong growth in Funds Under Management (FUM):** Total FUM of \$1.512bn up 31.8% YOY (QOQ: +8.3%), with strong fund inflows across all products.
- **Strengthened balance sheet:** Successful completion of \$3m share placement to institutional investors and \$938,000 Share Purchase Plan (SPP). To be used for the development of AI to support marketing, product innovation, strategic opportunities and potential M&A.
- **Strong cash position:** Positive operating cash flow of \$856k and \$12.3m cash balance.
- **Ongoing product innovation:** Launched the Plus product into Super in July 2024 and currently developing white label solutions for financial institutions, including financial planners.
- **Strategic partnership with State Street Global Advisors (SSGA):** Broaden market awareness & collaborate on new product development and financial literacy and education content.

Quarterly business update overview: To watch an accompanying overview of the quarterly business update, and ask any questions, please visit the [Raiz Investor Hub](#).

Q1 FY25 Commentary

Revenue in Q1 FY25 was \$5.66m, up 15.2% YOY (+2.6% QOQ), driven by a 4.9% increase in Active Customers YOY, as well as a higher ARPU. The increase in ARPU reflects higher average account balances and a changing product mix to higher revenue products. Annualised ARPU in Q1 FY25 was \$73.30 up from \$72.20 in Q4 FY24.

Customers and portfolios in all segments increased in Q1 FY25 as shown below. Kids Portfolios are not counted as Active Customers until they turn 18, so this growing pipeline represents a future pipeline of Active Customers.

Figure 1. Customer Segments: Quarterly and Annual Growth

	Q1 FY25	Q4 FY24	QOQ %	Q1 FY24	YOY %
Active Customers	310,600	306,776	1.2%	296,114	4.9%
Super Customers	12,097	11,558	4.7%	9,732	24.3%
Plus Portfolios	32,218	30,119	7.0%	22,526	43.0%
Kids Portfolios	44,263	40,952	8.1%	31,615	40.0%

¹ Financial results presented in this report are based on unaudited accounts.

² Active Customers are defined as having \$1.00 or more in their account, which means they are charged a monthly fee.



Raiz continues to execute its marketing strategy and has established a number of new distribution partnerships to expand brand awareness, re-engage existing customers and attract new customers. The addition of 3,824 new Active Customers in Q1 FY25 reflects an acceleration of new customer acquisition, compared to average quarterly additions of 2,708 in FY24 and 1,611 in FY23. Total Active Customers increased to 314,127 at 25 October 2024.

Funds Under Management increased across all products in Q1 FY25 as shown below, with Total FUM increasing 8.3% QOQ and 31.8% YOY.

Figure 2. Funds Under Management (FUM): Quarterly and Annual Growth

Funds Under Management (FUM)	Q1 FY25	Q4 FY24	QOQ %	Q1 FY24	YOY %
Total FUM	\$1.512b	\$1.396b	8.3%	\$1.147b	31.8%
Super FUM	\$314m	\$288m	9.0%	\$232m	35.3%
Plus FUM	\$201m	\$177m	13.6%	\$116m	73.3%
Kids FUM	\$52m	\$44m	18.2%	\$24m	116.7%
Property FUM	\$28m	\$27m	3.7%	\$22m	27.3%

The average account balance increased by 7.0% QOQ to \$4,868.

Ongoing product innovation

Raiz continues to expand Raiz Plus portfolios, offering 150 investment options as we listen and respond to our customers preferences.

In July 2024, Raiz launched the Plus Portfolio in the Raiz Invest Super offering, allowing Super customers to customise their Super portfolios. The response to this new product has been very positive, with Super Plus FUM growing to \$7 million in two months.

Raiz Rewards helps our customers build savings with cashback rewards earned on everyday spending being credited to their investment portfolios. In July 2024, Raiz launched automated Raiz Rewards, one of the first in Australia. Automated rewards is now live with 43 merchants. This new functionality allows rewards to be automatically tracked and invested. Over 21,900 new rewards were tracked during the first quarter.

Raiz is currently developing a white label solution for strategic partners and financial institutions, including financial planners. It is expected that further announcements and a commercial launch is expected before the end of 2024.

Strategic partnership with State Street Global Advisors

In August 2024, Raiz announced a strategic partnership with State Street Global Advisors, the asset management business of State Street Corporation (NYSE: STT), one of the world's leading providers of financial services.

This relationship provides opportunities for new product development from basic ETFs through to superannuation retirement portfolios. Raiz and State Street Global Advisors are working together to broaden market awareness, collaborate on new product development for a retirement income product, and to improve access to a broader array of financial literacy content and investment education tools for Raiz customers.

Strong cash position

CASH FLOW – FOR THE QUARTER ENDED 30 SEPTEMBER 2024			
	Q1 FY25	Australia	Malaysia
	\$000's	\$000's	\$000's
Cash flows : operating activities	631	856	(225)
Cash flows : investing activities	(723)	(723)	-
Cash flows : financing activities	3,695	3,707	(12)
Net increase/(decrease) in cash	3,603	3,840	(237)
Cash at 30 June 2024	9,738	8,484	1,254
Cash at 30 September 2024	13,341	12,324	1,017

Update on Malaysian operations

Raiz is in the process of divesting its operations in Malaysia. The Q1 FY25 results include an operating cash out flow of \$225k and a closing cash balance of \$1 million.

The Raiz Malaysian Fund has been closed and we are finalising the remaining legal and accounting requirements with the local joint venture partner.

Brendan Malone, Raiz Invest Managing Director and CEO said:

"I am very pleased to deliver another strong quarter for Raiz with solid top line growth, positive operating cash flow and a strengthened balance sheet. From an operational perspective, this has been another very productive quarter, with the expansion of our Plus offering into Super, the launch of automated Raiz Rewards, the establishment of various new partnerships as well as the successful completion of a placement and SPP.

Our marketing strategy is beginning to show positive momentum, accelerating growth in new customer acquisition, strong growth in users for Raiz Plus, Raiz Super and Raiz Kids and FUM of over \$1.5b. Our operations are scalable with a low marginal cost of trading. Raiz is well funded to execute on our growth strategy, we remain focused to accelerate a strong upward trajectory."

Ends

Authorised for release by The Board of Directors.

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About Raiz Invest Limited

Raiz Invest Limited (ASX: RZI) is a multi-award-winning micro-investing and fintech platform to help all Australians create wealth. Raiz pioneered the 'Round-Up' concept in Australia – where everyday purchases are rounded-up to the next dollar and the difference is invested into a Raiz Invest account – opening 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 up to 99 of the most recognised stocks on the ASX, ETFs, Bitcoin, and the Raiz Residential Property Fund, from as little as \$5. Products range from Raiz Kids to Raiz Invest Super with a product to suit every life stage.

Raiz has also launched sophisticated products, like the customisable Plus portfolio to accommodate investors at all levels of experience and risk appetite. Raiz remains the number one investment app. To find out more, please visit www.raizinvest.com.au or the Investor Hub <https://investorhub.raizinvest.com.au/>.