

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

Solid revenue growth with \$1.3m EBITDA for Australian operations

Raiz Invest Limited (ASX:RZI) ("Raiz"), is pleased to announce its financial results for the year ended 30 June 2024 ("FY24").

FY24 Highlights

- **Australian revenue \$21m up 19% YOY**
- **Positive EBITDA of \$1.3m for Australian operations:** A significant improvement on the EBITDA loss of \$2.4m in FY23.
- **Four consecutive quarters of positive operating cash inflow:** Net cash inflow from operating activities of \$3.6m in FY24, a turnaround from the cash out flow of \$3m in FY23.
- **Continued growth in core Australian business:**
 - Active Customers¹ up 3.7% YOY to 306,776.
 - Funds Under Management (FUM) up 23.4% YOY to \$1.4 billion.
 - Average revenue per user (ARPU) up 16% YOY to \$70.
- **Exit from Southeast Asia:** Divestment of the Indonesian business was finalised in FY24, with the remaining Southeast Asian operations expected to be completed in FY25.

FY25 Outlook

- **New strategic relationship:** State Street Global Advisors' Inc. to take a 4.8% strategic stake in Raiz and relationship to develop new investment products and enhance financial literacy content for Raiz customers.
- **Product innovation:** Developing white label solution for the wealth management industry.
- **Continued growth:** Continued revenue growth and a scalable cost base is expected to deliver improved earnings.

FY24 Results Overview

\$'000	Australia	Malaysia	Thailand	Vietnam	Total
Revenue	21,016	942	-	-	21,958
Other income	640	-	-	-	640
Employee benefits expenses	(5,189)	(350)	(13)	-	(5,552)
Sales and administrative expenses	(6,755)	(440)	-	-	(7,195)
Professional fees	(1,284)	(19)	(15)	(33)	(1,351)
Marketing expenses	(4,721)	(250)	-	-	(4,971)
Other expenses (excl. interest expense)	(2,389)	(592)	(34)	(5)	(3,020)
EBITDA from continuing operations	1,318	(709)	(62)	(38)	509
Depreciation and amortisation expenses	(2,187)	(91)	-	-	(2,278)
Interest expense	(36)	(4)	-	-	(40)
Loss before income tax from continuing operations	(905)	(804)	(62)	(38)	(1,809)

Operations in Malaysia, Thailand and Vietnam are classified as continuing operations in FY24. They will be reclassified as discontinued operations when the closures of these businesses are finalised, which is expected in FY25. The divestment of the Indonesian business was completed in FY24, and is classified as discontinued operations.

¹ Active Customers are defined as having \$1.00 or more in their account, which means they are charged a monthly fee. An Active Customer may have multiple accounts.



Positive EBITDA in core Australian business

Raiz experienced positive momentum across key business metrics, with Australian revenue up 19% YOY to \$21m.

Raiz delivered a positive EBITDA in FY24 for the Australian operations of over \$1.3m, a significant turnaround from the EBITDA loss of \$2.4m in FY23.

Total expenses in the Australian operations decreased by 4% YOY, led by decreases in professional fees (25%), depreciation and amortisation (22%), employee benefits expenses (14%) and other expenses (21%). Marketing expenses rose by 30% to \$4.7m, driven by increased spending on Seven West Media (SWM) campaigns, which totaled \$2.7m in FY24, up from \$1.9m in FY23. These campaigns utilised advertising credits, a non-cash expense, which are due to expire in January 2025.

Customer engagement was strengthened through an expanded range of diverse products:

- **Raiz Plus:** total FUM of \$177m, up 66.4% YOY.
- **Raiz Invest Super:** FUM increased 28.1% YOY to \$288m. Raiz Super's Moderately Aggressive option was the #2 top performing Balanced Super Fund in FY24, with a return of 12.1%.²
- **Raiz Kids:** FUM increased by 121.4% YOY to \$44m.
- **Raiz Property:** The fund acquired a 12th property in July 2024, with total FUM of \$27m as at 30 June 2024, up 32.4% YOY.

Ongoing focus on product innovation

Over the past year, Raiz continued to invest in new product development aiming to enhance engagement with investors at all stages of their lives.

Specific initiatives include:

- Launch of Raiz Plus in August 2023
- Round-Up multiplier and Pending Dividends tracking
- CDR (Open Banking) connections
- Expanded Plus investment choices to 150 in July 2024
- Plus Portfolio in Raiz Super offering
- Automatic Raiz Rewards offering

Raiz is now in the final stages of developing and preparing to pilot a white-label solution for the wealth management industry.

Driving the marketing strategy

In parallel with the SWM campaign³, Raiz has continued to develop and refine its internal marketing activities and channels utilising AI and data analytics to personalise communications with target customer groups. These initiatives have significantly improved our internal marketing capabilities, resulting in stronger client acquisition.

Raiz added over 3,000 Active Customers in early FY25, bringing our total to 309,953, with more than \$1.46 billion in FUM as at 23 August 2024.

² Source: SuperRatings.

³ There is a further \$1.4m in advertising credits that will be utilised prior to their expiry in January 2025.



Raiz is also working with a range of strategic partners, to reach more potential customers and to work with established brands delivering more benefits to our customers.

Strategic relationship with State Street Global Advisors'

Raiz today announced that State Street Global Advisors' Inc. have taken a stake of 4.8% in Raiz. Raiz and State Street Global Advisors' have entered into a strategic relationship to develop new investment products. This collaboration will leverage State Street Global Advisors' extensive international library of resources, insights and trends, enabling Raiz to offer its customers a broader array of financial literacy content and investment education tools.

Placement and Share Purchase Plan (SPP)

Please refer to ASX release dated 26th August 2024, for details on the Placement and SPP.

Brendan Malone, Raiz Invest Managing Director and CEO said:

"In the past year, our focus has returned to our core Australian operations, and we are pleased to see positive momentum with strong revenue growth, increased engagement with customers, positive operating cash flow and positive EBITDA. We expanded our product suite and our customers are increasingly utilising multiple products, leading to higher account balances and FUM.

We are very pleased to announce today the strategic relationship with State Street Global Advisors' and we look forward to collaborating with them to drive product innovation and improve financial literacy for the Raiz customer base.

We are at an exciting time in our growth trajectory, with a scalable business model that is well positioned for both organic and M&A growth opportunities."

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/>.