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ASX Release

28 July 2020

30 JUNE 2020 (Q4 FY20) QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C*

Raiz Invest Limited ('Raiz' or 'the Company') (ASX: RZI), Australia's largest mobile-first financial services platform, today announced an update for the three months to 30 June 2020 (Q4 FY20).

During Q4 FY20, the number of active customers and Funds Under Management (FUM) recovered, culminating in another solid full-year result. Delivering this result despite the significant headwinds caused by the economic and social effects of COVID-19 was a significant achievement.

During the period, FUM and active customers rose, with FUM up 30.6% to $453.6 million and active customers up 15.1% to 223,730 in Australia compared with Q4 FY19. The growth in FUM was achieved despite a greater than 10% fall in the S&P / ASX 200 during the period and, for the super business, the impact of COVID-19 Early Release, which led to $7.2 million in funds being withdrawn, and the suspension of Super Match.

Globally, the number of active customers increased by 25.9% as at 30 June 2020, reflecting continuing growth in Australia, improving traction in Indonesia and the successful launch of the Malaysian business.

Total revenue during FY2020 increased by 65.2% to $10.3 million, illustrating the positive revenue leverage that the business can achieve on the back of the 25.9% customer growth.

During Q3 FY20, decisive steps were taken to respond to the deteriorating operating environment, including reducing operating expenses, a deferral of non-essential expenditure and optimisation of labour costs. The disciplined cost management continued during Q4 FY20.

The Australian business continued to achieve cash flow break-even during Q4 FY20. With a strong balance sheet and $13.1 million in cash, cash equivalents and term deposits as at 30 June 2020, the Company is well placed to continue executing its growth strategy.

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Southeast Asia Expansion

The Indonesia business continues to gather momentum. As at 28 July 2020, Raiz has attracted over 95,000 sign-ups to the App and there have been over 17,500 investment deposit transactions processed during the past 30 days.

The Company has gained significant insights from the beta testing and is incorporating those learnings in the enhanced App now being launched. Fees are also being introduced. Indonesia represents a unique market that is experiencing significant economic and population growth and Raiz is well placed to capitalise on this opportunity.

In Malaysia, the Company achieved several milestones during the period. As at 23 July 2020, Raiz has attracted over 15,000 signups to the App.

In June 2020, the joint venture subsidiary Raiz Malaysia was issued with a Digital Investment Management (DIM) licence and began marketing our products to the more than 32 million Malaysians. The award of the licence triggered an equity contribution of approximately A$2.4 million from the Malaysia Joint Venture (JV) partner for a 30% position in Raiz Malaysia, with the Company retaining the remaining 70% ownership.

MD/CEO Commentary

MD/CEO of Raiz Invest, Mr George Lucas, said: “I am delighted we have delivered growth in revenue as well as active customers and FUM in the challenging operating environment that was Q4 FY20. I believe this demonstrates the resilience of our business model, the loyalty of our customers and validates the unique nature of the Raiz platform.

“The rapidly growing customer base, now including Indonesians and Malaysians, provides a solid platform for us to continue expanding the product offering to generate growth. The 48.3% growth in revenue per active customer compared with Q4 FY19 illustrates the business’s growth potential.

“We are also pleased that all our funds outperformed the appropriate Chant West benchmark with our Emerald growth option returning 4.3% for FY20.

“The successful launch in May 2020 of Raiz Sapphire, the first portfolio to have cryptocurrency exposure, as well as the release of the Raiz bundll Mastercard, are examples of new products launched in this period.

“The focus remains on growing the domestic business and accelerating the customer acquisition in Southeast Asia. I am excited by the momentum that the business is gathering in those two countries, both of which represent significant growth opportunities.”

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Q4 FY20 HIGHLIGHTS:

- ***Revenue Growth - Maintenance & Account fee growth offset by lower netting and advertising Q4 FY20:***
  - Total normalised revenue in Q4 FY20 was $2.1 million; and
  - Normalised revenue grew by 70.7% compared with Q4 FY19 and was down by 7.4% compared with Q3 FY20.

- ***Customer Growth in Australia - Quarter on Quarter increase in customer numbers despite volatile markets and social and economic uncertainty:***
  - Continued growth in active customers to 223,730, up 15.1% in Australia compared with Q4 FY19 and up 3.9% compared with Q3 FY20; and
  - Revenue generated per active customer across the Raiz platform grew 48.3% compared with Q4 FY19.

- ***Funds Under Management (FUM) in Australia - Volatile global markets impacted FUM:***
  - FUM at the end of Q4 FY20 was $453.6 million compared with $371.5 million at the end of Q3 FY20;
  - Raiz Invest Super FUM grew to $69.7 million compared with $47.9 million at the end of Q4 FY19; and
  - All our funds outperformed the appropriate Chant West benchmark with our Emerald growth option returning 4.3% for FY20.

- ***Financial Performance - Solid balance sheet and disciplined cost control:***
  - Raiz has a strong balance sheet, with cash, cash equivalents and term deposits totalling $13.1 million as at 30 June 2020;
  - The company's cash balance, including term deposits, increased by $1.52 million at a Group level during Q4 FY20 because of the $2.4 million injection by the Malaysian JV partner;
  - Operating cashflow for the Australian operation was $0.38 million in Q4 FY20 and this operation continues to be cashflow positive;
  - Operating cashflow for the Group was negative $0.26 million for the quarter, driven by costs associated with the Asian expansion, including platform refinement, product development and customer acquisition costs; and
  - In the June quarter, the Company paid $50,000 to OPR Agency Pty Limited, a related party of the Company. The payments were for services relating to market research and public relations.

- ***Southeast Asia Expansion continues:***
  - Indonesia momentum continues with the release of the new App and planned commencement of fees;
  - Indonesian sign-ups now 95,000 vs. 72,000 as at 31 March 2020;
  - Work continues to develop new products with the prominent Indonesian cornerstone investor who took equity in the November 2019 placement. We are also pursuing other opportunities to expand market penetration and deliver new products;
  - Malaysian App launched and sign-ups now over 15,000; and
  - Research on other Southeast Asian opportunities has begun.

Strategic Initiatives

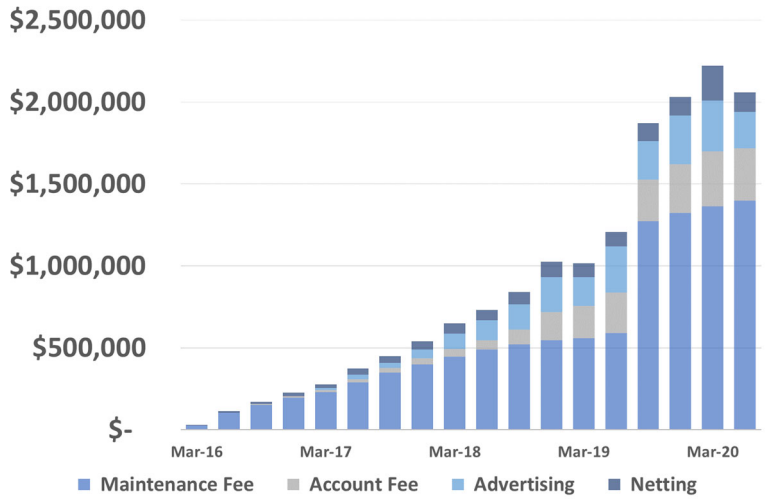
- ***Product development continues in line with strategy albeit at a slower pace:***
  - The Raiz bundll Mastercard was released during the quarter with FlexiGroup (ASX:FXL) as we continue to drive the cash management benefit of the product;
  - Raiz Rewards instore went live during the quarter as we signed up various retailers to the offering off the back of customer demand;
  - Development continues on various product initiatives in Australia with a focus on App enhancements, Raiz Health revamp, Raiz Insurance upscaling and Raiz Rewards in store in partnership with numerous high-profile retailers;
  - Continued code refactoring and upgrading during the quarter to improve the current software stack, as well as reducing costs on the cloud infrastructure;
  - Education and engagement initiatives in line with customers' requests during COVID-19;
  - Increase product development and in-App modifications in Indonesia in line with customer feedback. Web-App to be released in the coming quarter;
  - Accelerate growth of customer acquisition in Indonesia and Malaysia; and
  - Increase engagement with more Southeast Asia regulators to enable continued growth and expansion in the region.

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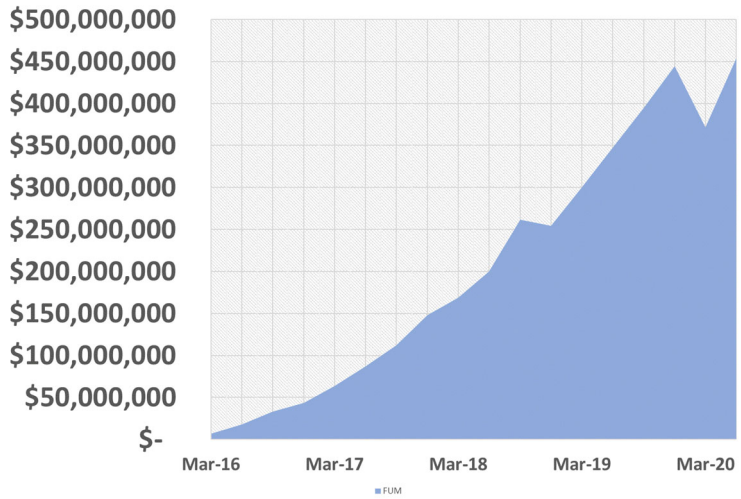
KEY OPERATIONAL METRICS

Revenue drivers (unaudited)



- 70.7% increase in normalised revenue compared with Q4 FY19
- Advertising revenue decreased 21.0% compared with Q4 FY19
- Maintenance fee revenue increased 137.2% compared with Q4 FY19
- Account fee revenue increased 29.7% compared with Q4 FY19
- Netting revenue increased 35.1% compared with Q4 FY19

History of Australian funds under management (FUM)



- FUM: $453.6 million at the end of Q4 FY20, up 22.1% on Q3 FY20 and up 30.6% on Q4 FY19
- The increase in funds is in line with recorded net inflows of $63.4 million during Q4 FY20

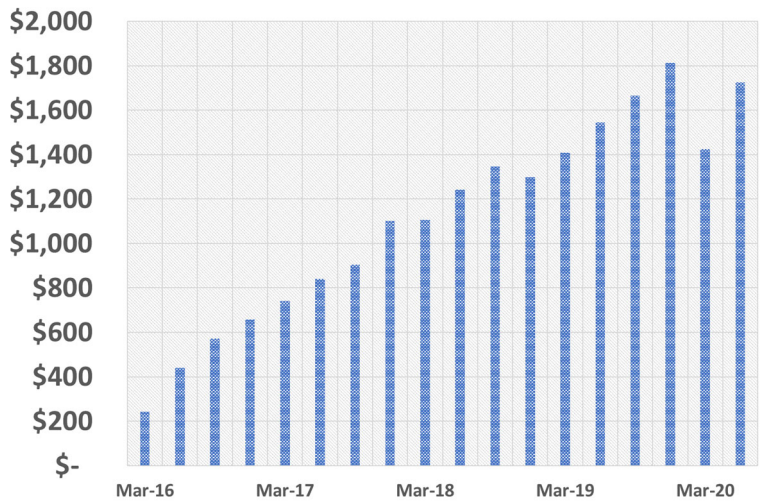
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Continued growth in Australian Active (paying) Customers and Sign-ups



- Customers grew, with a total of 408,755 investment accounts at quarter end, up 4.3% on Q3 FY20 (in Australia)
- Since Q4 FY19, paying customers have increased 15.1% in Australia from 194,360 to 223,730 at the end of Q4 FY20 quarter (in Australia)

Change in the Australian Average Account Balance



- The average account balance for Q4 FY20 was $1,725, up 11.7% on Q4 FY19

** All numbers are unaudited*

- ENDS -

Market Announcement authorised by:

George Lucas – MD / CEO

Raiz Invest Limited

Investor & Media Enquiries:

Brendan Malone - ir@raizinvest.com.au

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.

Since launching in 2016 Raiz has achieved solid growth, amassing more than 1.20 million downloads, 871,000 signups, with over 220,000 active monthly customers and over $453 million funds under management as at 30 June 2020. 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 and won the 2018 Australian FinTech Award for FinTech Innovation in Wealth Management (Robo-Advice). We were recently nomination for the 2020 Best New Innovation Award in superannuation by SuperRatings.The platform continues to grow with 13 new product releases since launch.

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

For more information: 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.

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Appendix 4C

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

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Name of entity	
Raiz Invest Limited	
ABN	**Quarter ended ("current quarter")**
74 615 510 177	30 June 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	2,738	10,525
1.2	Payments for		
	(a) research and development	(325)	(1,228)
	(b) product manufacturing and operating costs	(761)	(3,522)
	(c) advertising and marketing	(286)	(1,452)
	(d) leased assets	-	-
	(e) staff costs	(764)	(3,028)
	(f) administration and corporate costs	(979)	(3,211)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	24	101
1.5	Interest and other costs of finance paid	(11)	(48)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	106	803
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(258)**	**(1,060)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(5)	(33)
	(d) investments (short term deposit)	-	(7,000)
	(e) intellectual property	(501)	(1,763)
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments (short term deposit)	7,000	7,000
	(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)	-	-
2.6	**Net cash from / (used in) investing activities**	**6,494**	**(1,796)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	7,504
3.2	Proceeds from changes in ownership interests in subsidiaries	2,440	2,440
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(414)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(10)	(130)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Principle payment for leases)	(146)	(459)
3.10	**Net cash from / (used in) financing activities**	**2,284**	**8,941**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,380	6,815
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(258)	(1,060)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	6,494	(1,796)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,284	8,941
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**12,900**	**12,900**
	Cash and cash equivalents at end of quarter plus term deposits	**13,064**	**13,064**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	12,900	4,380
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**12,900**	**4,380**
	Term Deposits	**164**	**7,164**
	Cash and cash equivalents at end of quarter plus term deposits	**13,064**	**11,544**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	50*
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

**these payments were paid to OPR Agency Pty Limited for market research*

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7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

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.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(258)
8.2	Cash and cash equivalents at quarter end (item 4.6)	12,900
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	12,900
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	50

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.

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:

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.

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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: 28 July 2020 .....

Authorised by: .....
(George Lucas, Managing Director/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.

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