Raiz Invest Limited
ABN 74 615 510 177
Level 11, 2 Bulletin Place
Sydney NSW 2000
T 1300 754 748
www.raizinvest.com.au

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ASX Release

27 October 2020

30 SEPTEMBER 2020 (Q1 FY21) 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 September 2020, (Q1 FY21).

During Q1 FY21, Raiz continued to quietly achieve with the number of Active Customers and Funds Under Management (FUM) both growing, despite the continuing economic and social fallout from the COVID-induced recession.

During the period, the number of Active Customers increased an impressive 17.7% to 288,146, underpinned by the expanding operations in Indonesia and Malaysia. Raiz is now fully operational in both countries with the customer response in line with targets, COVID-19 notwithstanding.

As a result of continued growth, total FUM in Australia passed $500 million during the period, reaching $500.6 million as at 30 September 2020. This important milestone reflected solid growth in FUM of 10.4% in the quarter compared with $453.6 million as at 30 June 2020. Superannuation FUM grew 1.9% to $71 million during the period, despite the impact of COVID-19 Early Release that resulted in over $5 million in early withdrawals.

The Australian business continued to be cash flow positive during Q1 FY21. With a strong balance sheet and $11.8 million in cash, cash equivalents and term deposits as at 30 September 2020, Raiz is well placed to successfully execute its well-defined growth strategy.

Southeast Asia Expansion

Despite the economic impact of COVID-19, the expansion in Southeast Asia is meeting our expectations. As at 30 September 2020, Raiz's Indonesian operations had reached a total of 137,384 customer sign-ups.

On 23 July 2020, our Malaysian business was officially launched in partnership with PNB (Permodalan Nasional Berhad). PNB has publicly declared the importance of the Raiz App to its digital transformation strategy. There have been more than 71,000 sign-ups to the App as at 30 September 2020, surpassing our internal forecast of 60,000 by 31 December 2020.

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Strengthened leadership team

As announced on 26 August 2020, the Raiz Leadership team has been reorganised to capitalise on the emerging growth opportunity in Southeast Asia. George Lucas remains Managing Director of Raiz Invest and will become Group CEO, with CEOs in Australia, Indonesia and Malaysia reporting to him.

Brendan Malone remains Group COO and has been appointed CEO of Raiz in Australia. Brendan will manage the day-to-day running of the Australian business, driving the strategy to grow customers and revenue per customer through new products and services.

MD/CEO COMMENTARY

MD/CEO of Raiz Invest, Mr George Lucas, said: “Despite the recession having a detrimental impact on many of our target market, Raiz has continued to grow Active Customers, FUM and revenue in Australia and Southeast Asia.

“Achieving the important milestone of $500 million in FUM as well as growing Active Customers in Indonesia and Malaysia were particularly pleasing considering they were achieved during severe economic downturns in all geographies.

“The continued growth in revenue and FUM demonstrates the quality of our core products and services, as well as the increasing engagement in new products and services such as the Sapphire portfolio with exposure to Bitcoin, Offsetters, enabling customers to offset their carbon footprint, and Raiz Energy, enabling customers to compare prices for their utilities.

“We believe our continued growth during a period of extreme economic and social disruption demonstrates the resilience of our business model, the customer loyalty we attract and validates the unique nature of the Raiz platform.

“This has also been validated by many of our institutional shareholders, such as the Thorney Investment Group, who increased its holding in Raiz over the past few months.

“We will continue to focus on our customers, staff and the execution of our well-defined growth strategy. I acknowledge the hard work of our team globally who have responded very well to the new operating environment caused by COVID,” said Mr Lucas.

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Q1 FY21 HIGHLIGHTS:

- ***Revenue Growth - Growth across all revenue drivers with increased customer engagement***
  - Total normalised revenue in Q1 FY21 was $2.2 million, up 19.7% compared to Q1 FY20; and grew by 8.8% compared to Q4 FY20; and
  - Maintenance, Account, Advertising and Netting fees all continued to grow in line with targets in the quarter.

- ***Customer Growth - Quarter on Quarter increase in customer numbers despite continuing social and economic uncertainty:***
  - Active customers grew by 41.0% to 288,146 compared to Q1 FY20, and grew by 17.7% compared to Q4 FY20; and
  - Revenue generated per Active Customer across the Raiz platform in Australia grew by 5.8% compared to Q4 FY20 as engagement deepens.

- ***Funds Under Management (FUM) in Australia – passed $500 million FUM with momentum:***
  - FUM at the end of Q1 FY21 was $500.6 million compared to $453.6 million at the end of Q4 FY20; and
  - Raiz Invest Super FUM grew to $71.0 million compared to $69.7 million at the end of Q4 FY20 despite COVID Early Release.

Financial Performance - Solid balance sheet and disciplined cost control:

- Raiz has a strong balance sheet, with cash, cash equivalents and term deposits totalling $11.8 million as at 30 September 2020;
- Operating cashflow for the Australian operation was $0.30 million in Q1 FY21 as the Australian operation continues to be cashflow positive; and
- Operating cashflow for the Group was negative $0.55 million for the quarter driven by costs associated with the Asian expansion, including platform refinement, product development, customer acquisition costs and one-off administration costs.

- ***Southeast Asia Expansion continues – fully operational in Indonesia and Malaysia:***
  - Customer signups in Indonesia reached 137,384 as at 30 September 2020 vs. 91,471 as at 30 June 2020;
  - Work continues to develop new products from customer feedback with the Syariah compliant funds launched in October 2020;
  - The Raiz App was officially launched in Malaysia in conjunction with our JV partner PNB that publicly outlined the importance of Raiz to its digital transformation strategy;
  - Malaysian signups now over 71,000 surpassing our target of 60,000 by December 2020; and
  - Continued researching additional Southeast Asian opportunities with legal structures being established in Thailand.

Strategic Initiatives

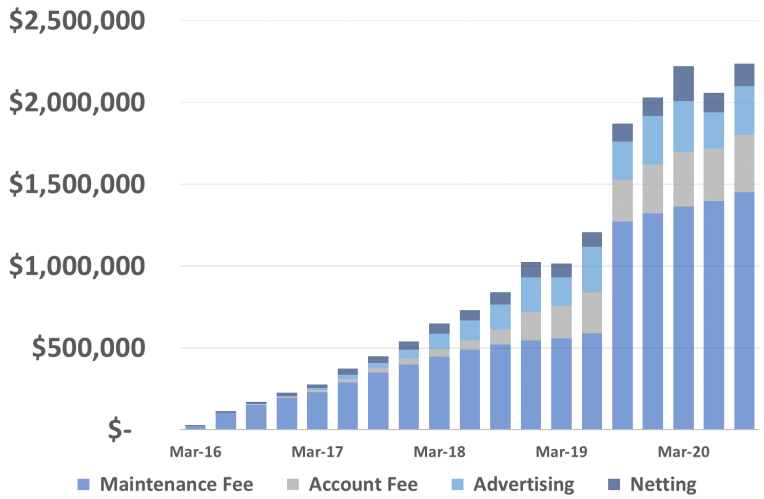
- ***Product development continues in line with strategy driven by customer feedback:***
  - Enhancements to the user experience in the Australian App continue with a focus on increasing customer engagement;
  - Development work has begun on a portfolio option that will allow users to have an even better customer experience by selecting their own asset weights inside the portfolio (customised portfolio offering);
  - Development work has begun to onboard self-managed super funds for the Australian market;
  - The Raiz Rewards marketplace development continues with product initiatives in Australia with enhancements planned for both online and instore functionality;
  - Continued product development in Indonesia to enable the addition of new Syariah compliant funds and improved functionality with the payment gateways to simplify and improve the user experience;
  - Discussion continues to add more Malaysian banks once exclusivity agreement with Maybank finishes in Q3 FY21;
  - Strategic partnership discussions in both Malaysia and Indonesia to add new financial products and services to the APPs; and
  - Increased engagement with additional Southeast Asian regulators to enable continued growth and expansion in the region. A company and registered office have been established in Thailand to enable the Raiz expansion.

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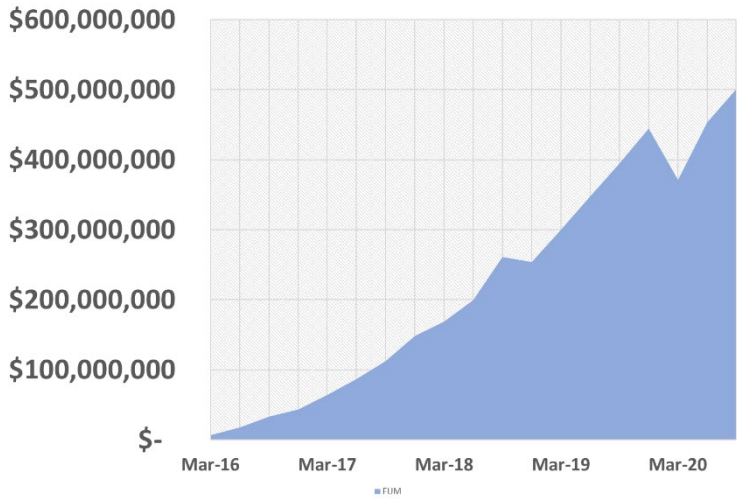
KEY OPERATIONAL METRICS

Revenue drivers (unaudited)



- 19.7% increase in normalised revenue compared with Q1 FY20
- Account fee revenue increased 38.8% compared with Q1 FY20
- Advertising revenue increased 26.9% compared with Q1 FY20
- Netting revenue increased 24.4% compared with Q1 FY20
- Maintenance fee revenue increased 14.2% compared with Q1 FY20

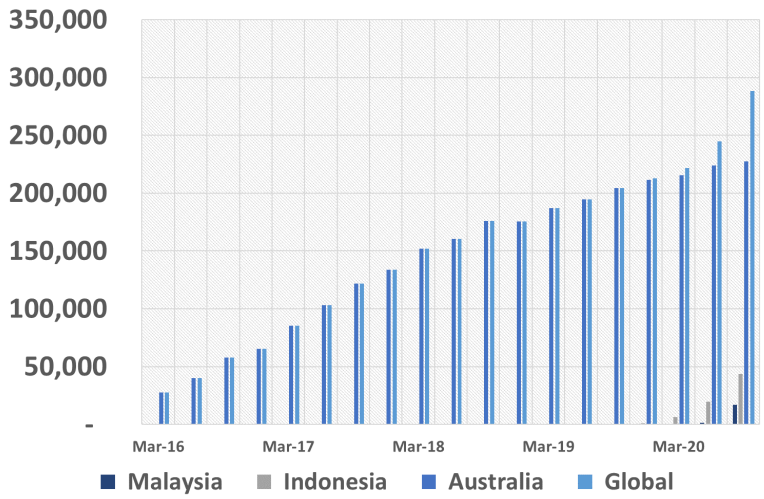
History of funds under management (FUM) Australia



- FUM: $500.6 million at the end of Q1 FY21, up 26.9% on Q1 FY20
- The increase in funds is in line with net inflows of $47.7 million during Q1 FY21

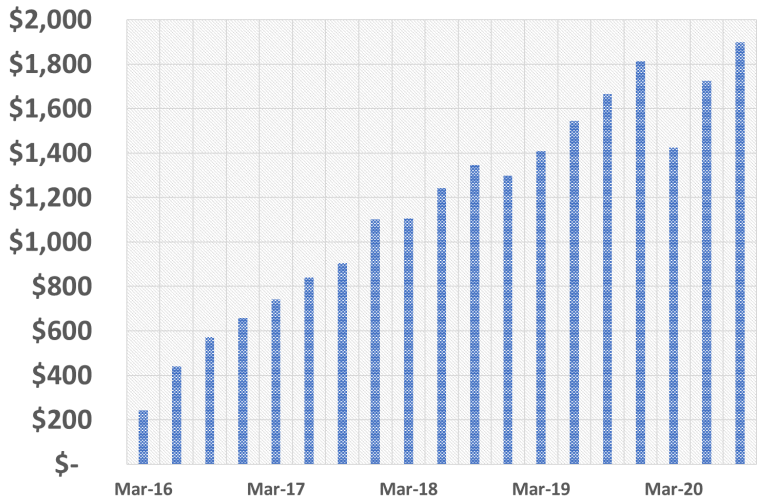
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Continued growth in Active Customers Globally



- Customers grew, with a total of 288,146 Active Customers at quarter end, up 41.0% on Q1 FY20
- The increase in customers is driven by Indonesia and Malaysia becoming fully operational

Change in the Average Account Balance Australia



- The average account balance for Q1 FY21 was $1,897, up 13.9% on Q1 FY20

** All numbers are unaudited*

- ENDS -

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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.

To gain greater insight to the Raiz business and our strategy, watch our short video by visiting https://raizinvest.com.au/investors/

Since launching in 2016 Raiz has achieved solid growth, amassing more than 1.2 million downloads, 1,100,000 signups, with over 288,000 Active monthly Customers and over $500 million funds under management as at 30 September 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). Raiz Invest Super was a finalist in the SuperRatings Best New Innovation Award at the recent Superannuation awards.

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

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.

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 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	2,700	2,700
1.2	Payments for		
	(a) research and development	(303)	(303)
	(b) product manufacturing and operating costs	(916)	(916)
	(c) advertising and marketing	(537)	(537)
	(d) leased assets	-	-
	(e) staff costs	(752)	(752)
	(f) administration and corporate costs	(774)	(774)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	2
1.5	Interest and other costs of finance paid	(7)	(7)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	38	38
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(549)**	**(549)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(90)	(90)
	(d) investments (short term deposit)	-	-
	(e) intellectual property	(410)	(410)
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments (short term deposit)	-	-
	(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**	**(500)**	**(500)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from changes in ownership interests in subsidiaries	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(17)	(17)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Principle payment for leases)	(127)	(127)
3.10	**Net cash from / (used in) financing activities**	**(144)**	**(144)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	12,900	12,900
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(549)	(549)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(500)	(500)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(144)	(144)
4.5	Effect of movement in exchange rates on cash held	(27)	(27)
4.6	**Cash and cash equivalents at end of period**	**11,680**	**11,680**
	Cash and cash equivalents at end of quarter plus term deposits	**11,844**	**11,844**

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	11,680	12,900
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)**	**11,680**	**12,900**
	Term Deposits	**164**	**164**
	Cash and cash equivalents at end of quarter plus term deposits	**11,844**	**13,064**

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	-
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.

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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)	(549)
8.2	Cash and cash equivalents at quarter end (item 4.6)	11,680
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	11,680
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	21

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: 27 October 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 COO 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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