

ASX Release

27 January 2021

31 DECEMBER 2020 (Q2 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 31 December 2020, (Q2 FY21).

In Q2 FY21, Raiz achieved record results for Active Customers and Funds Under Management (FUM), with Active Customers increasing an impressive 19.2 per cent to 343,573 and FUM in Australia growing to \$605.6 million, a rise of 21.0 per cent.

Superannuation FUM grew 14.1% to \$81.0 million during the period, despite the impact of COVID-19 Early Release that saw \$0.72 million withdrawn in Q2 FY21.

The Australian operation remained cashflow positive in Q2 FY21. Operating cashflow for the Australian operation was \$1.3 million and normalised revenue grew by 9.2 per cent. At 31 December 2020, Raiz had a strong balance sheet with \$11.3 million in cash, cash equivalents and term deposits.

Southeast Asian growth is meeting our expectations. At 31 December 2020, Raiz's Indonesian operations had reached a total 203,470 customer sign-ups, a sharp increase of 48.1% for the quarter. Raiz Malaysia had reached a total 162,813 customer sign-ups for an impressive growth rate of 129.2% in Q2.

MD/GROUP CEO COMMENTARY

MD/Group CEO of Raiz Invest, Mr George Lucas, said: "We are confident in building on the gains of Q2 FY21. Whether it's our new product pipeline, growth in Active Customers or FUM, all the signs are positive.

"In this quarter (Q3 FY21) we have rolled out already our Custom Portfolio offering in Australia, allowing those users who decide it suits them to personalise a portfolio to do so by selecting their own asset target weightings.

"We are also targeting the \$730 billion self-managed super fund (SMSF) sector, delivering a service that allows SMSFs to invest in any Raiz investment portfolios. We believe this is an exciting opportunity for SMSFs as we charge a very competitive platform fee that includes all brokerage for unlimited trades and automatic rebalancing.

"Raiz's decision to begin offering investors an exposure to Bitcoin during 2020 with the launch of our seventh investment portfolio called Sapphire has been very successful with 30,000 customers invested in this option, making it our fourth most popular portfolio in just over six months.



"I remain confident of exceeding the \$1 billion milestone for FUM in the 2021 calendar year. We only exceeded \$500 million in September 2020 and, based on the past three-month growth rate and new products, this goal is achievable.

"Our continued growth in Q2 demonstrates customer loyalty, with the average account balance in Australia growing to \$2,224 in this period, an increase of 17.2 per cent. This was despite the ongoing economic difficulties due to COVID-19.

"We will remain focused on our customers and executing our well-defined growth strategy, appreciating it is all underpinned by the dedicated work of our global team."

Q2 FY21 HIGHLIGHTS:

- Raiz achieved record Active Customers, FUM and normalised revenue for the quarter;
- Active customers grew by 62.3% to 345,573 compared to Q2 FY20, and grew by 19.2% compared to Q1 FY21;
- FUM at the end of Q2 FY21 was \$605.6 million compared to \$444.7 million at the end of Q2 FY20;
- Raiz Invest Super FUM grew to \$81.0 million compared to \$64.1 million at the end of Q2 FY20 despite COVID Early Release;
- Total normalised revenue in Q2 FY21 was \$2.4 million, up 20.5% compared to Q2 FY20, and grew by 9.2% compared to Q1 FY21;
- Gross operating margins are stable around 60%;
- Raiz has a strong balance sheet with cash, cash equivalents and term deposits totalling \$11.3 million at 31 December 2020;
- Operating cashflow for the Australian operation was \$1.3 million in Q2 FY21. It remains cashflow positive; and
- Operating cashflow for the Group was \$0.2 million, driven by costs associated with the Asian expansion, including platform refinement, product development, customer acquisition costs and one-off administration costs.

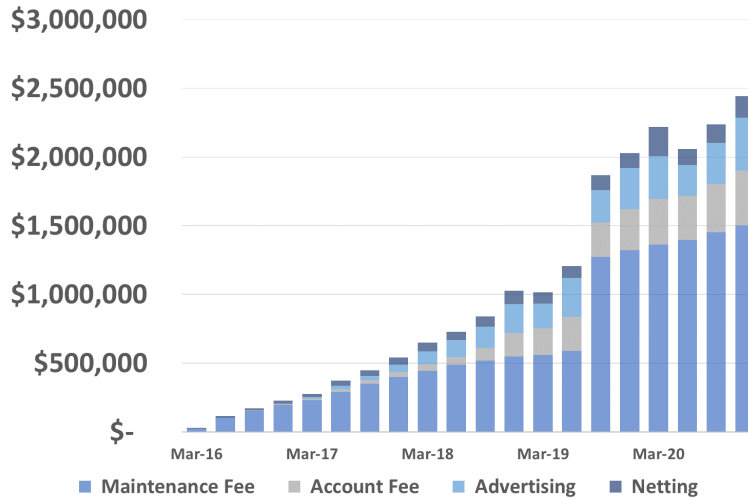
Strategic Initiatives to increase Group Active Customers and FUM

- Introduction of Custom Portfolios in Australia due to customer demand (released 20 January 2021), bringing in new customers and FUM;
- Introduction of onboarding SMSFs to take Raiz into this thriving superannuation space, with the aim of increasing FUM;
- Introduction of two Syariah complaint funds, managed by Manulife, in Indonesia, taking the number of portfolios on the Indonesian platform to five and providing more choice in the largest Muslim country in the world;
- Introduction of new payment gateways in Indonesia to easily facilitate the setting up of recurring payments to improve customer experience and increase FUM;
- Introduction of more banks on the Malaysian platform as our exclusivity agreement with Maybank expired in January 2021, attracting more customers;
- The release of Raiz Kids to the Malaysian market providing a feature demanded by our customers; and
- Increased advertising spending across all regions to accelerate customer acquisition.



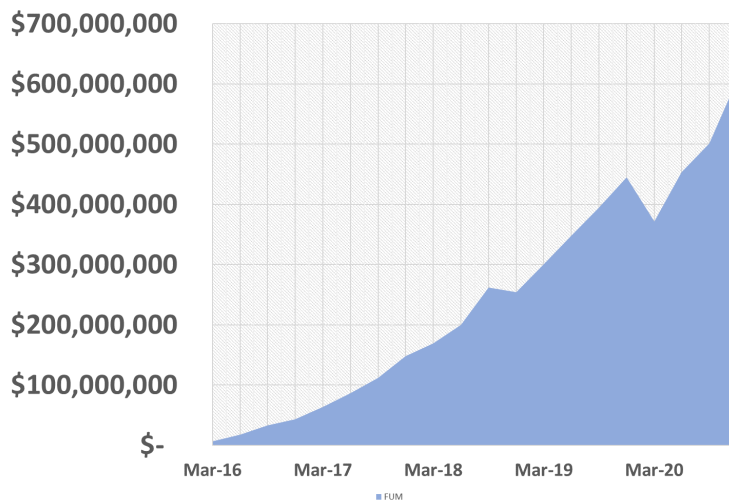
KEY OPERATIONAL METRICS

Revenue drivers (unaudited)



- **20.5%** increase in normalised revenue compared with Q2 FY20
- Account fee revenue increased **35.0%** compared with Q2 FY20
- Advertising revenue increased **28.2%** compared with Q2 FY20
- Netting revenue increased **42.9%** compared with Q2 FY20, driven by the introduction of the Sapphire portfolio
- Maintenance fee revenue increased **13.6%** compared with Q2 FY20

History of funds under management (FUM) Australia



- FUM: \$605.6 million at the end of Q2 FY21, up **36.2%** on Q2 FY20
- The increase in funds is in line with net inflows of **\$56.0 million** in the period compared to \$47.7 million during Q1 FY21



Continued growth in Active Customers Globally



- Customers grew, with a total of 343,573 Active Customers at quarter end, up **62.3%** on Q2 FY20
- The increase in customers is driven by an increase in marketing spending globally

* All numbers are unaudited

- ENDS -

Market Announcement authorised by:

George Lucas – MD /Group CEO

Raiz Invest Limited

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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 1.35 million downloads, 1,300,000 sign-ups, with nearly 350,000 Active monthly Customers and more than \$600 million in FUM at 31 December 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, won the 2018 Australian FinTech Award for FinTech Innovation in Wealth Management (Robo-Advice) and won Best Fintech Superannuation Service/Platform at the 2020 FinTech Awards. Raiz Invest Super was also a finalist in the SuperRatings Best Innovation for 2020 at the Superannuation awards. Raiz was ranked #27th in Deloitte's Fast 50 winners Report for 2020. The Raiz platform continues to grow with over 17 new products and features released since launch.

Raiz Invest Limited has offices 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

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Technology **Fast 50**
2020 Australia **Top 50**

Deloitte.

Appendix 4C

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

Name of entity

Raiz Invest Limited

ABN

74 615 510 177

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		2,866	5,566
1.2 Payments for			
(a) research and development		(293)	(596)
(b) product manufacturing and operating costs		(994)	(1,910)
(c) advertising and marketing		(859)	(1,396)
(d) leased assets		-	-
(e) staff costs		(789)	(1,541)
(f) administration and corporate costs		(698)	(1,472)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		3	5
1.5 Interest and other costs of finance paid		(13)	(20)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		961	999
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		184	(365)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		-	(90)
(d) investments (short term deposit)		-	-
(e) intellectual property		(476)	(886)
(f) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(476)	(976)

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	(21)	(38)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Principle payment for leases)	(143)	(270)
3.10	Net cash from / (used in) financing activities	(164)	(308)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	11,680	12,900
4.2	Net cash from / (used in) operating activities (item 1.9 above)	184	(365)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(476)	(976)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(164)	(308)
4.5	Effect of movement in exchange rates on cash held	(99)	(126)
4.6	Cash and cash equivalents at end of period	11,125	11,125
	Cash and cash equivalents at end of quarter plus term deposits	11,289	11,289

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	11,125	11,680
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)	11,125	11,680
	Term Deposits	164	164
	Cash and cash equivalents at end of quarter plus term deposits	11,289	11,844

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	-
<i>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.</i>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	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)	184
8.2 Cash and cash equivalents at quarter end (item 4.6)	11,125
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	11,125
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>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.</i>	
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:	
<i>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.</i>	

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 January 2021



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.