

**ASX Announcement | 27 October 2022**  
**Raiz Invest (ASX:RZI)**

**Raiz to focus on core fundamental strengths with change in leadership**

**Quarterly Activities Report & Appendix 4C – Q1 FY23**

**Financial & Investment highlights**

- Total normalised revenue for the Raiz platform in the September 2022 quarter (Q1 FY23) was \$4.3m, up by 2.6% on the prior corresponding period (PCP) and flat quarter on quarter (QOQ) basis.
- Raiz's annual recurring revenue (run rate) was \$14.8m in Q1 FY23 up 8.3% PCP.
- Global active customers were 671,243 by the end of Q1 FY23, up 25.8% year on year (YOY).
  - ❖ Australian active customers up 0.2% YOY to 289,804
  - ❖ Indonesian active customers up 65.1% YOY to 268,933
  - ❖ Malaysian active customers up 37.8% YOY to 112,506.
- Global funds under management (FUM) was \$977m at end-Q1 FY23, down 0.5% YOY.
  - ❖ Australian retail FUM down 1.4% YOY at \$776m (QOQ: +2.9%)
  - ❖ Australian superannuation FUM up 1.9% YOY at \$187m (QOQ: +0.5%)
  - ❖ Indonesian FUM up 115.3% YOY to \$1m (QOQ: +8.3%)
  - ❖ Malaysian FUM up 19.8% YOY to \$13m (QOQ: -3.2%).
- Cash, cash equivalents & terms deposits held at 30 September 2022 was \$12.4m.

**Raiz Invest announces changes to its senior leadership team**

Raiz Invest made key changes to both its senior executive team and Board of Directors in the September 2022 quarter.

Effective 26 September 2022, Brendan Malone, previously Joint Group CEO (Australia), took on the role of Managing Director and CEO, assuming responsibility for all Raiz offices. Brendan, who has worked with the Company since 2015, replaces Managing Director and Joint Group CEO (International) George Lucas, who will leave the Company at the end of calendar 2022.

In another significant leadership change, the Raiz Chair, Harvey Kalman, has stepped down from that role. Harvey has been replaced by Stuart Grimshaw, an existing Raiz Director and Chair of the Audit and Risk Committee.

Raiz paid \$399k in relation to CEOs remuneration and Directors' fees this quarter.

**Raiz reports growth in both customer base and active customer metrics**

<b>ACTIVE CUSTOMER &amp; FUM METRICS – as at 30 September 2022</b>				
		Percent movement		
		<u>Quarter</u>	<u>1-year</u>	<u>2-year</u>
Australian customers (no.)	289,804	+0.1%	+0.2%	+27.3%
Indonesian customers (no.)	268,933	+6.1%	+65.1%	+515.8%
Malaysian customers (no.)	112,506	+2.5%	+37.8%	+568.6%
<b>Active customers (no.)</b>	<b>671,243</b>	<b>+2.8%</b>	<b>+25.8%</b>	<b>+133.0%</b>
<b>Global FUM (\$Am)</b>	<b>976.6</b>	<b>+2.3%</b>	<b>-0.9%</b>	<b>+94.6%</b>



Raiz's active customer base increased on both a YOY and QOQ basis in Q1 FY23. This satisfactory outcome was achieved in the face of increased competition and ongoing volatility in both domestic and overseas financial markets, equity markets included.

With the launch of Raiz Kids in the previous quarter, the momentum achieved has been very positive with over 16,700 Raiz Kids accounts being opened, adding over \$8m to the Australian FUM. This indicates a clear market demand for innovative products that offer retail investors a way to give their children an early start to their investment life cycles.

### **Expense base and strategic review**

The change in leadership has supported a full review of the strategic plan. This review provided the opportunity to reposition the Company to leverage on its sound strategic foundations and to identify new value-creating opportunities across all geographies.

Management understands the importance of reducing the cost base to improve the sustainability of the business. Raiz has reviewed its cost structure and has eliminated annualised costs of over \$2.3m from its expense line to date.

Cash used for operating activities for the quarter was \$2.3m; after adding back one-off costs associated with advertising production and initial restructure costs, the normalised cash utilised in operating activities was \$1.7m. Costs remain higher than desired, and further changes are expected in the December quarter in line with the ongoing strategic review. Importantly, the Australian business remained operationally cash flow positive on this normalised basis.

We are prioritising innovative product developments that will assist in customer retention whilst also increasing the share of wallet. Management now has focus on delivering core prioritised projects, focusing on four developments for the quarter down from the previous 27 projects in the pipeline. These key developments represent the greatest value for both the Raiz business and our customers.

### **Product pipeline targeting core Australian business**

Raiz is developing new products that will specifically target the Company's core Australian business. These offerings will leverage Raiz's intimate knowledge of what matters most to everyday Australians along their wealth creation journey (and include features our customers have been requesting).

One of these new products will be the soon-to-be-released Raiz Property Fund. Other new offerings will incorporate enhanced customised portfolios investment options that will markedly enhance user experience, financial education, and inclusion.

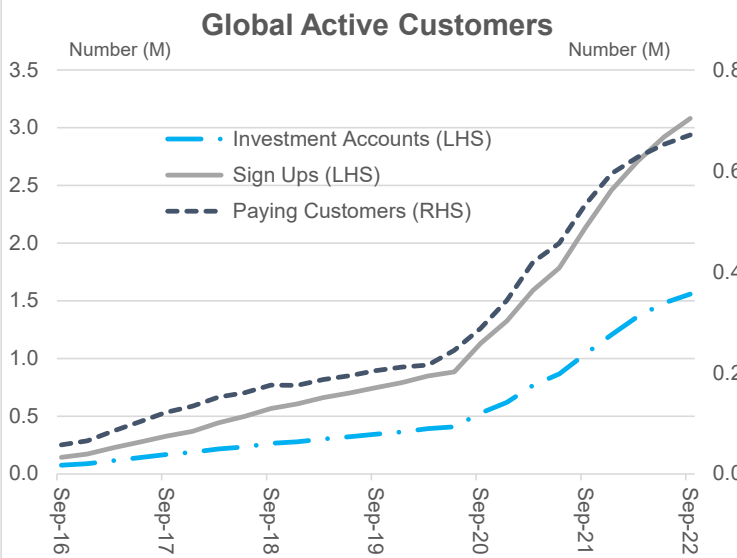
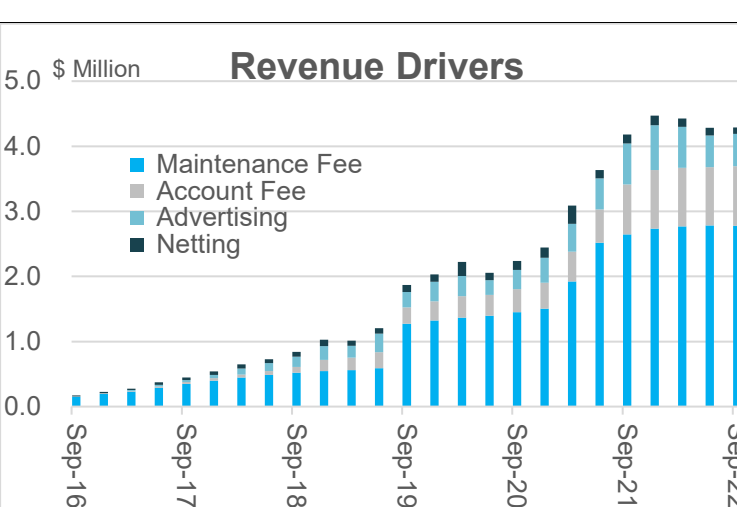
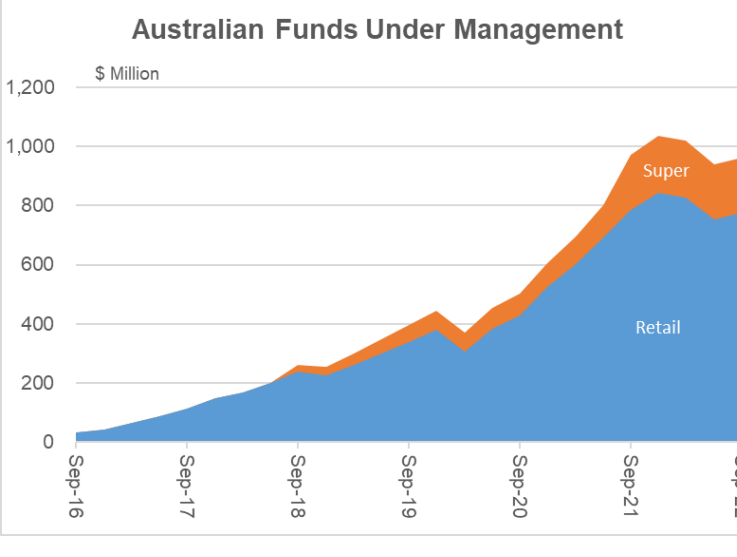
### **Raiz is sharpening the focus of its Southeast Asia market product offerings**

Raiz is evaluating ways to bring onboard new strategic partnerships that will help accelerate market penetration of the Company's target Southeast Asian markets. This will assist in reducing the current cash requirements being experienced in these geographies.

With renewed focus, Raiz is moving to create products that will help it better engage the Company's large customer bases in both Indonesia and Malaysia. This strategy will ensure Raiz unlocks more of the revenue potential within its large (and growing) Southeast Asian market presence.

This strategy is already being actioned, with the Company continuing to roll out our Australian products in its Southeast Asian markets in the expectations they will also resonate in these markets. These include the successful Raiz Kids and Raiz Rewards products, which are already delivering improved customer retention and higher engagement metrics.

### **Trends Across Key Operational Metrics**

<h3>Global Active Customers</h3> 	<ul style="list-style-type: none"> <li>• Both sign-ups and active customers were higher in the September 2022 quarter.</li> <li>• The number of active customers rose in Australia, Indonesia and Malaysia YOY and QOQ</li> <li>• These gains were achieved despite significant volatility in domestic and offshore financial markets</li> </ul>
<h3>Revenue Drivers</h3> 	<p><i>All revenue driver numbers are the % move on prior quarter</i></p> <ul style="list-style-type: none"> <li>• Normalised revenue, flat for the quarter with the netting fee revenues declined by 19.3%</li> <li>• Account fee revenue rose by 2.3%</li> <li>• Advertising revenue increased 2.4% for the quarter</li> </ul>
<h3>Australian Funds Under Management</h3> 	<ul style="list-style-type: none"> <li>• Australian FUM rose by 2.4% in September 2022 quarter</li> <li>• This was a reasonable performance in the context of ongoing market volatility</li> <li>• Superannuation FUM rose by 0.5% to \$187.1m</li> <li>• S&amp;P/ASX200 index down 1.4% in the September 2022 quarter, after a much larger drop of 12.4% in the prior quarter</li> </ul>

**Brendan Malone, Raiz Invest Managing Director and CEO said:** “In the context of ongoing market volatility brought on by a mix of global geopolitical events and economic uncertainties, it was pleasing



to see modest increases in our funds under management metrics over the September 2022 quarter. Reflective of this broad-based market nervousness, the S&P/ASX declined by 1.4% in the quarter.

Looking beyond the negative sentiment created by current market volatility, Raiz remains fully focused on the things it can control. The Company's unique micro-investing and fintech platform has multiple competitive advantages over rival investment groups. We are now actioning a plan that will see Raiz further enhance these advantages. Central to this growth strategy is a continually evolving product pipeline that will target unmet investor demand we have identified via customer centric requests and feedback. Some products already in this pipeline will soon launch into our core Australian market. With renewed focus, we are also pursuing initiatives that boost the revenue contribution of our Southeast Asian client base, including new product offerings and, potentially, new strategic partnerships. Successful delivery of this growth strategy will go a long way to improving the sustainability of the Raiz business model.

I look forward to providing more detail on our strategy to grow the Raiz Invest business at the upcoming FY22 AGM, to be held on 25 November 2022."

\*\*\*Ends\*\*\*

**Authorised for release by The Board of Directors.**

**For further information, please contact:**

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Raiz Invest

**About Raiz Invest Limited**

Raiz Invest Limited (ASX: RZI) ('Raiz' or 'the Company') is a market leading, multi-award-winning micro-investing and fintech platform with operations in Australia and Southeast Asia.

With Raiz, users can automatically invest the virtual 'spare change' from their daily purchases in diversified portfolios constructed with various investment options. In Australia, this can be done to boost savings both inside and outside of superannuation, the country's compulsory pension system.

Since launching in 2016, Raiz has achieved solid growth, with customer sign ups currently in excess of 3,000,000 and global funds under management hovering around A\$1 billion.

With continued customer feedback, Raiz continues to enhance its platform with 19 new innovative products and features since its inception. In addition, Raiz is ramping up its growth strategy across Asia-Pacific, with offices in Malaysia and Indonesia as well as plans to expand into Thailand and Vietnam.

To learn more, please visit: [www.raizinvest.com.au](http://www.raizinvest.com.au)

## 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")**

30 Sep 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	4,758	4,758
1.2 Payments for		
(a) research and development	(451)	(451)
(b) product manufacturing and operating costs	(2,472)	(2,472)
(c) advertising and marketing	(1,371)	(1,371)
(d) leased assets	-	-
(e) staff costs	(1,903)	(1,903)
(f) administration and corporate costs	(913)	(913)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	40	40
1.5 Interest and other costs of finance paid	(18)	(18)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,330)</b>	<b>(2,330)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments (short term deposit)	-	-
(e) intellectual property	(885)	(885)
(f) other non-current assets	-	-

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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(885)</b>	<b>(885)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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 from related parties	-	-
3.6	Repayment of borrowings from related parties	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Principle payment for leases)	(117)	(117)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(117)</b>	<b>(117)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	<b>15,538</b>	<b>15,538</b>
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,330)	(2,330)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(885)	(885)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(117)	(117)
4.5	Effect of movement in exchange rates on cash held	10	10
4.6	<b>Cash and cash equivalents at end of period</b>	<b>12,216</b>	<b>12,216</b>
	<b>Cash and cash equivalents at end of quarter plus term deposits</b>	<b>12,380</b>	<b>12,380</b>

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	12,216	15,538
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>12,216</b>	<b>15,538</b>
	<b>Term Deposits</b>	<b>164</b>	<b>164</b>
	<b>Cash and cash equivalents at end of quarter plus term deposits</b>	<b>12,380</b>	<b>15,702</b>

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	399
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> Payments in 6.1 relate to CEOs remuneration and Directors' fees in the quarter		

<b>7. Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,330)
8.2 Cash and cash equivalents at quarter end (item 4.6)	12,216
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	12,216
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	5.2
<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 October 2022  
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Authorised by: .....  
(Brendan Malone, 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.