

**ASX Announcement | 30 January 2023
Raiz Invest (ASX:RZI)**

Ongoing strategic review drives significant cost reduction

Quarterly Activities Report & Appendix 4C – Q2 FY23

Financial & Investment highlights

- Total normalised revenue for the Raiz platform in the December 2022 quarter (Q2 FY23) was \$4.4m, flat on the prior corresponding period (PCP) and up 3.6% quarter on quarter (QOQ) basis.
- Global active customers were 676,675 by the end of Q2 FY23, up 13.7% year on year (YOY).
 - ❖ Australian active customers down -1.4% YOY to 287,167
 - ❖ Indonesian active customers up 33.5% YOY to 276,017
 - ❖ Malaysian active customers up 16.9% YOY to 113,491.
- Global funds under management (FUM) was \$1.05bn at end Q2 FY23, up 0.3% YOY.
 - ❖ Australian retail FUM down 0.8% YOY at \$836m (QOQ: +7.8%)
 - ❖ Australian superannuation FUM up 4.5% YOY at \$200m (QOQ: +6.8%)
 - ❖ Indonesian FUM up 54.2% YOY to \$1m (QOQ: +4.8%)
 - ❖ Malaysian FUM up 7.5% YOY to \$13m (QOQ: +3.2%).
- Cash, cash equivalents & term deposits held at 31 December 2022 was \$11.1m.
- Significant reduction in operating cash burn achieved. Refer to the table below.
- The Australian operations remain operating cashflow positive.

As highlighted in the September Quarterly 2022 report, with the recently announced change in leadership, the Company has undertaken a full review of the strategic plan, and while aspects of this review & implementation are ongoing, the following update is provided.

Raiz implements cost and contract review to optimize ROI

A renewed focus on return on capital employed has driven a significant improvement in cash utilization during the quarter with an 88% reduction in operating activities cash burn when compared to the September 2022 Quarter.

APPENDIX 4C SUMMARY – FOR THE QUARTER END 31 DECEMBER 2022

	<u>Dec Q 22</u> <u>\$000's</u>	<u>Sept Q 22</u> <u>\$000's</u>	<u>June Q 22</u> <u>\$000's</u>
Cash flows from operating activities	(256)	(2,230)	(2,238)
Cash flows from investing activities	(983)	(885)	(817)
Cash flows from financing activities	(97)	(117)	(128)

Further to the annualised costs-based savings we saw in the previous Appendix 4C (\$2.3m), we have negotiated and restructured contracts and have seen a further \$0.8m in annualised cost reductions.

Raiz paid \$410k in relation to CEOs remuneration and Directors' fees this quarter.



Raiz retains customers in a volatile period while growth in funds under management continues

ACTIVE CUSTOMER & FUM METRICS – as at 31 December 2022				
		Percent movement		
		Quarter	1-year	2-year
Australian customers (no.)	287,167	-0.9%	-1.4%	+21.1%
Indonesian customers (no.)	276,017	+2.6%	+33.5%	+303.7%
Malaysian customers (no.)	113,491	+0.9%	+16.9%	+198.9%
Active customers (no.)	676,675	+0.8%	+13.7%	+97.0%
Global FUM (\$Am)	1,050.0	+7.5%	+0.3%	+72.5%

With market volatility and the December Christmas period it was interesting to see Raiz maintained active customers in line with previous seasonal changes. FUM inflow continued very positively for the period which saw all three countries increase FUM over the quarter.

Australian product development adds to core offering

Raiz remains focussed on the development of new products to meet the evolving demands of the Australian investor.

After the successful launch period of the Raiz Kids product during the year, account numbers have continued to grow with an additional 3,882 opened during the quarter for a total of 20,549 and \$12m in FUM.

The Raiz Invest Australia Fund saw 7 new ETFs added to the customised portfolio investment options. RZI now has a total of 23 ETF investment options + bitcoin available for investors to customise their investment exposure.

The Raiz Property Fund was successfully launched during the quarter providing retail investors an opportunity to invest a portion of their savings into residential property. This Property Fund has seen positive inflows for the first month of operations.

In the quarter we have completed the transfer of trustees and administrators for the Raiz Super offering which provides us with the ability to further enhance this product and provide further innovative enhancements to the Super offering, including a property option in Super. The Super FUM growth over the quarter (6.8% QOQ) was strong as new members signed up and employee contributions continued to be received.

Raiz is reviewing the Southeast Asia footprint and partners

In Asia we have implemented significant reductions in the operating costs associated with product development and customer acquisition (marketing). Despite these strategic reductions, the focus on improving marketing efficiencies has delivered continued growth in Active customers in both Indonesia and Malaysia.

During the quarter we initiated discussions with both our JV partners. We are in the process of finalising discussions to reduce our equity positions. These discussions centre around recognising the importance of local partners and distribution networks to vary the ownership structure and operating models and move the Raiz business to the next level in both countries.

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Trends Across Key Operational Metrics

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<h4 style="text-align: center;">Global Active Customers</h4> <p>Number (M)</p> <ul style="list-style-type: none"> Investment Accounts (LHS) Sign Ups (LHS) Paying Customers (RHS) 	<ul style="list-style-type: none"> Both sign-ups and active customers were higher in the December 2022 quarter. The number of active customers rose in Indonesia and Malaysia YOY and QOQ These gains were achieved despite significant volatility in domestic and offshore financial markets
<h4 style="text-align: center;">Revenue Drivers</h4> <p>\$ Million</p> <ul style="list-style-type: none"> Maintenance Fee Account Fee Advertising Netting 	<p><i>All revenue driver numbers are % move on prior quarter</i></p> <ul style="list-style-type: none"> Normalised revenue, flat for the quarter with the netting fee revenues increased by 15.9% Account fee revenue rose by 2.4% Advertising revenue increased 28.8% for the quarter
<h4 style="text-align: center;">Australian Funds Under Management</h4> <p>\$ Million</p> <ul style="list-style-type: none"> Super Retail 	<ul style="list-style-type: none"> Australian FUM rose by 7.6% in December 2022 quarter Superannuation FUM rose by 6.8% to \$200m



Brendan Malone, Raiz Invest Managing Director and CEO said:

“We have delivered a significant reduction of 88% on our operating costs quarter on quarter whilst achieving customer and FUM growth. Whilst there will be some further ‘one off’ restructuring costs due in March quarter, our operating cost base is now in a stable position moving forward.

Despite the market volatility that brings uncertainty Raiz Kids and Raiz Super have strongly met the needs of our customers with continued strong inflows into these products.

As always, a priority for next quarter is product development and customer engagement as we continue to listen to our customers and strengthen the relationships we enjoy”.

Ends

Authorised for release by The Board of Directors.

For further information, please contact:

Raiz Invest

Brendan Malone

Managing Director and CEO

M: +61 439 339 195

E: ir@raizinvest.com.au

Grant Brits

COO

M: +61 468 918 227

E: ir@raizinvest.com.au



@raizapp



Raiz Invest



@raizaustralia



@raizinvest



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 3,240,000 and global funds under management over A\$1 billion as at 31 December 2022.

With continued customer feedback, Raiz continues to enhance its platform with 20 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

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 Dec 2022

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	5,129	9,887
1.2 Payments for		
(a) research and development	(444)	(895)
(b) product manufacturing and operating costs	(2,038)	(4,510)
(c) advertising and marketing	(722)	(2,093)
(d) leased assets	-	-
(e) staff costs	(1,408)	(3,311)
(f) administration and corporate costs	(834)	(1,747)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	83	123
1.5 Interest and other costs of finance paid	(22)	(40)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(256)	(2,586)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments (short term deposit)	-	-
(e) intellectual property	(983)	(1,868)
(f) other non-current assets	-	-

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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	(983)	(1,868)

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	218	218
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	(199)	(199)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Principle payment for leases)	(116)	(233)
3.10	Net cash from / (used in) financing activities	(97)	(214)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	12,216	15,538
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(256)	(2,586)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(983)	(1,868)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(97)	(214)
4.5	Effect of movement in exchange rates on cash held	21	31
4.6	Cash and cash equivalents at end of period	10,901	10,901
	Cash and cash equivalents at end of quarter plus term deposits	11,065	11,065

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	10,901	12,216
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)	10,901	12,216
Term Deposits	164	164
Cash and cash equivalents at end of quarter plus term deposits	11,065	12,380

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	410
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.

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

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7. Financing facilities <i>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.</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)	(256)
8.2 Cash and cash equivalents at quarter end (item 4.6)	10,901
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	10,901
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	42.6
<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: 30 January 2023



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.

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