

## ASX Announcement | 27 July 2023 Raiz Invest (ASX:RZI)

### Quarterly Activities Report & Appendix 4C – Q4 FY23

#### Financial & Investment highlights

- Total normalised revenue for the Raiz platform in the June 2023 quarter (Q4 FY23) was \$4.4m, up 3.1% on the prior corresponding period (PCP) and 1.6% on a quarter on quarter (QOQ) basis.
- Global active customers reached 685,263 in Q4 FY23, up 5.0% year on year (YOY).
  - ❖ Australian active customers up 2.2% YOY to 295,943
  - ❖ Indonesian active customers up 7.6% YOY to 272,655
  - ❖ Malaysian active customers up 6.3% YOY to 116,665.
- Global funds under management (FUM) was \$1.15bn at end of Q4 FY23, up 20.1% YOY.
  - ❖ Australian retail FUM up 20.2% YOY at \$906m (QOQ: +1.9%)
  - ❖ Australian superannuation FUM up 21.0% YOY at \$225m (QOQ: +4.4%)
  - ❖ Indonesian FUM up 36.2% YOY to \$1.3m (QOQ: +6.5%)
  - ❖ Malaysian FUM up 2.2% YOY to \$13.4m (QOQ: -3.3%).
- Cash, cash equivalents & term deposits held at 30 June 2023 was \$8.6m.
- Australian operations remain operating cashflow positive.

#### Raiz closes out FY2023 with additional cost savings

The ongoing review to streamline operations resulted in an additional cost base reduction of \$0.3m over the quarter, delivering accumulated annualised cost savings of \$4.0m.

#### APPENDIX 4C SUMMARY – FOR THE QUARTER END 30 JUNE 2023

	<u>Jun Q 23</u>	<u>Mar Q 23</u>	<u>Dec Q 22</u>	<u>Sept Q 22</u>	<u>Jun Q 22</u>
	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>
Cash flows : operating activities <sup>1</sup>	(84)	(372)	(229)	(2,315)	(2,238)
Cash flows : investing activities	(824)	(926)	(983)	(885)	(817)
Cash flows : financing activities <sup>2</sup>	(124)	(125)	(107)	(132)	(128)

The operating loss for the quarter includes one-off costs of over \$0.4m related to the Successor Funds Transfer migration of the Superestate platform into Raiz Invest Super and staff restructuring.

With the strategic realignment of our Asian operations close to finalisation, and the associated ongoing operational efficiency focus delivering a significant reduction in ongoing costs as previously detailed, we look forward to a strong operational cashflow positive business in FY24. Further detail will be provided in conjunction with the FY23 result release scheduled by 31 August 2023.

<sup>1</sup> Administration and corporate costs under operating activities from previous quarters has been updated from \$2988k to \$2945k

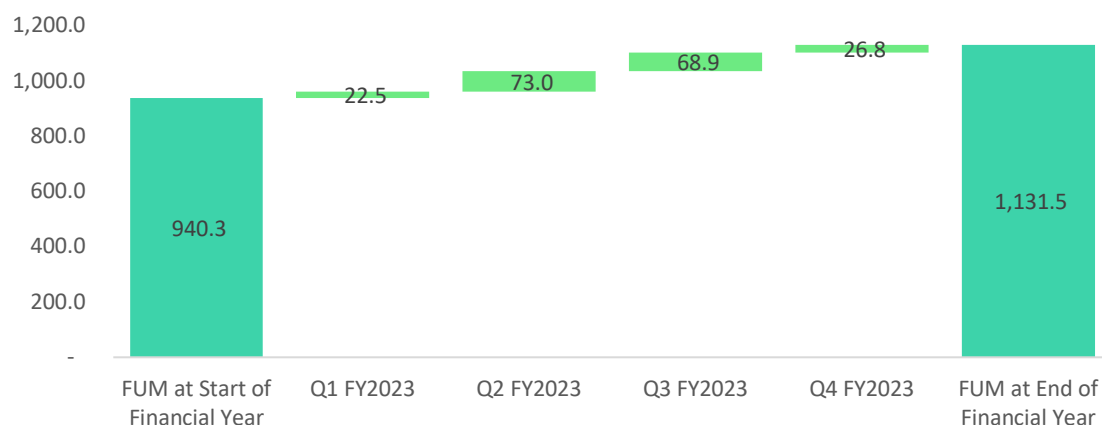
<sup>2</sup> Principal payment for leases under financing activities from previous quarters has been updated from \$340k to \$383k.

In accordance with listing rule 4.7C, payments made to related parties and their associates, including in item 6.1 of Appendix 4C incorporate the Directors Fees, remuneration and superannuation at commercial rates.

## Raiz grows customers and FUM

ACTIVE CUSTOMER & FUM METRICS – AS AT 30 JUNE 2023					
		Percent movement			
		Quarter	1-year	2-year	
Australian customers (no.)	295,943	+0.6%	+2.2%	+8.4%	
Indonesian customers (no.)	272,655	-0.5%	+7.6%	+131.2%	
Malaysian customers (no.)	116,655	-0.8%	+6.3%	+76.7%	
<b>Active customers (no.)</b>	<b>685,263</b>	<b>+0.0%</b>	<b>+5.0%</b>	<b>+50.0%</b>	
<b>Global FUM (\$Am)<sup>3</sup></b>	<b>1,146.2</b>	<b>+2.4%</b>	<b>+20.1%</b>	<b>+41.9%</b>	

Raiz Australia recorded four positive quarters of net FUM inflows in FY2023. Net FUM inflows includes all deposits, withdrawals and market movements.



## Australia

Australian operations continued to demonstrate resilience in a challenging economic environment. We have reported record high active customer and FUM numbers and also maintained a greater deposit vs withdrawal ratio. This reinforces that we know our customers well and that the Raiz product suits them even in times of economic volatility.

The annualised cost base has been reviewed with savings achieved throughout the year. This significantly reduces the cost base for the year ahead. Key to this was the successful transfer of the Superstate product into Raiz invest Super which reduces operating costs by \$0.3m per annum.

Our focus on Australian product innovation continues with enhancements to our existing app and additional new customer-led products being released this quarter.

<sup>3</sup> Month end spot exchange rates for Indonesia Rupiah and Malaysia Ringgit from Bloomberg

## Southeast Asia footprint and partners

The decision to finalise the corporate restructure of the Indonesian JV has been approved by the JV partners at an EGM. We can now commence the procedure allowing for the introduction of a new strategic partner and the reduction of Raiz' interest in PT Raiz Indonesia to below 20%. This course of action best serves our Indonesian customers and staff and saves the significant costs associated with full closure of Indonesian operations. We envisage this equity transfer to be completed within the coming weeks. As part of the agreement Raiz will fund limited aspects of a significantly reduced cost base until transfer of full financial control on 1 February 2024. These costs will initially be offset with the brand and technology licence fees.

In Malaysia, whilst it has been agreed that Raiz will not fund any future capital injections associated with the Malaysian operations, we are in discussions with a local investor with a view to them working together with Raiz and PNB (existing JV partner) to take an equity position in the JV and responsibility for the operational control of the business. The combined support from a local investor partner and PNB, will better position Malaysian operations to realise the exponential growth we believe the business can achieve. We envisage this restructure to be completed within the coming months subject to discussion with PNB to ensure conditions within the shareholder' agreement are met.

## Strategy and milestones

Raiz continues to make headway on the strategic initiatives set out for the business, achieving the following milestones :

- Our customers have now received over \$100m in dividends.
- Raiz Kids continued to grow with active kid's accounts increasing 12.8% and FUM increasing 25.5% reaching \$19.8m over the quarter.
- Our socially responsible themed Emerald portfolio was rated as the number 1 SRI themed Superannuation portfolio over the last 12 months by SuperRatings as published in the Australian Financial Review<sup>4</sup>.
- The Raiz Property Fund has continued to see inflows and the number of customers investing in the Raiz Property Fund has grown to over 10,600 users and FUM to over \$20.7m.
- Over the past 9 months we have focused on the Raiz Invest Super offer. The change in Trustee and migration of Superestate to Raiz Invest Super sets us up for ongoing innovation.
- Raiz Rewards instore and online partners have increased 38.2% respectively over the year as our customers request everyday partners for these additional savings opportunities.
- Restructure of the Raiz Group over the past 9 months neutralised capital injections and significantly reduced the operating cash outflow for the international operations.
- Next week we are launching a new product with highly innovative features that will further help Australians gain financial education and experience whilst helping them save and invest for their futures.

<sup>4</sup> AFR article dated 17<sup>th</sup> July 2023 - <https://www.afr.com/policy/tax-and-super/top-10-super-funds-for-2022-revealed-20230717-p5dorc>



**Brendan Malone, Raiz Invest Managing Director and CEO said:**

“As we close out the FY23 year, we are confident that the restructure and capital management priority maintained throughout the year puts the company in a strong position for the new financial year.

We continue to look forward and focus on customers and helping them to build financial security. The Raiz Invest product offering in Australia is being refreshed; we have strong customer engagement, we listen to what customers say and our agile team delivers. We are excited about the new features and innovative product offerings that will be released in coming weeks, which will further assist and educate customers. We remain relentlessly focused on exceeding their expectations.

Despite a challenging year, as we head into FY24, we are increasingly confident in both our strategy and our ability to deliver improved performance”.

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

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

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Raiz Invest

**About Raiz Invest Limited**

Raiz Invest Limited (ASX: RZI) ('Raiz' or 'the Company') is a 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 of low-cost ETFs. 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, amassing more than 3.45 million downloads, 3,438,000 sign-ups, and over 685,000 Active monthly Customers with A\$1.15 billion in FUM as of 30 June 2023.

Raiz continues to enhance its platform, as it has since the inception of this award winning, market leading Australian app, with 20 new products and features to date and more to come. With a realignment in our strategy internationally, we currently maintain offices in Malaysia and Indonesia, and are exploring how best to extend our footprint 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 Jun 2023

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		5,065	19,864
1.2 Payments for			
(a) research and development		(434)	(1,801)
(b) product manufacturing and operating costs		(1,854)	(8,684)
(c) advertising and marketing		(496)	(3,259)
(d) leased assets		-	-
(e) staff costs		(1,440)	(6,900)
(f) administration and corporate costs		(1,097)	(4,042) <sup>1</sup>
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		186	442
1.5 Interest and other costs of finance paid		(14)	(72)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	1,452
1.8 Other (provide details if material)		-	-
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(84)</b>	<b>(3,000)</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)		-	-

<sup>1</sup> Administration and corporate costs from previous quarters has been updated from \$2988k to \$2945k.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(e) intellectual property	(824)	(3,618)
	(f) other non-current assets	-	-
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	<b>Net cash from / (used in) investing activities</b>	<b>(824)</b>	<b>(3,618)</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	-	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)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Principal payment for leases)	(124)	(507) <sup>2</sup>
3.10	<b>Net cash from / (used in) financing activities</b>	<b>(124)</b>	<b>(488)</b>

<sup>2</sup> Principal payment for leases from previous quarters has been updated from \$340k to \$383k.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<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>9,524</b>	<b>15,538</b>
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(84)	(3,000)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(824)	(3,618)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(124)	(488)
4.5	Effect of movement in exchange rates on cash held	(43)	17
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>8,449</b>	<b>8,449</b>
	<b>Cash and cash equivalents at end of quarter plus term deposits</b>	<b>8,613</b>	<b>8,613</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	8,449	9,524
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>8,449</b>	<b>9,524</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>8,613</b>	<b>9,688</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	258
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>		

<b>7.</b>	<b>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.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(84)
8.2	Cash and cash equivalents at quarter end (item 4.6)	8,449
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	8,449
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	100
<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:

*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.*

### 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 July 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.