

ASX Announcement | 18 January 2024 Raiz Invest (ASX:RZI)

Refined strategy driving revenue growth of 23.2% on PCP to \$5.47m and positive operating cash flow

Raiz Invest Limited (ASX:RZI) (“Raiz”), a leading investment app, is pleased to present its Quarterly Activities Report & Appendix 4C for the quarter ending 31 December 2023 (“Q2 FY24”).

Key Highlights

- **Group revenue up 6.0% QOQ to \$5.47m:** Group revenue in Q2 FY24 was \$5.47m, up 23.2% on the prior corresponding period (PCP or YOY) and up 6.0% quarter on quarter (QOQ).
- **Australian revenue up 6.7% QOQ to \$5.24m:** Australian revenue in Q2 FY24 was \$5.24m, up 23.6% on PCP and 6.7% QOQ. Annualised Average Revenue Per User (ARPU) up 21% to \$69 in 1H FY24 compared to FY23.
 - **Minimal churn:** Australian Active Customers¹ were down 1% QOQ to 293,101 with lower than expected churn following the price increase executed in August 2023.
 - **Product innovation, increased FUM:** The expanded product suite has led to an increase in the total number of Portfolios² from 308,000 to 327,000 in the year to 31 December 2023, contributing a 5.8% increase in Australian FUM QOQ to over \$1.2bn.
- **Major marketing campaigns with Seven West Media:** The ‘Raiz Your Game’ campaign, launched in late December 2023 created brand awareness in households across Australia.
- **Positive operating cash flow of \$856K:** Strong total cash receipts of \$5.8m and reduced expenses driving positive operating cash flow to \$856K, a 198% improvement QOQ.
- **On the path to positive EBITDA:** Strong customer growth in January 2024, disciplined cost control and improved unit economics shows positive momentum leading into 2H FY24.

Key Financial Metrics (31 December 2023)

- Active customers:
 - ❖ Australia up 2.1% YOY to 293,101 (QOQ: -1%)
 - ❖ Malaysia up 3.1% YOY to 116,985 (QOQ: -2%)
- Funds under management (FUM) total \$1.23bn:
 - ❖ Australian retail up 15.4% YOY to \$964.7m (QOQ: +5.4%)
 - ❖ Australian superannuation up 24.6% YOY to \$249.0m (QOQ: +7.5%)
 - ❖ Malaysian FUM up 13.3% YOY to \$14.9m (QOQ: 3.5%).
- Cash, cash equivalents & term deposits held at 31 December 2023 totalled \$8.6m, up from \$7.9m at 30 September 2023.

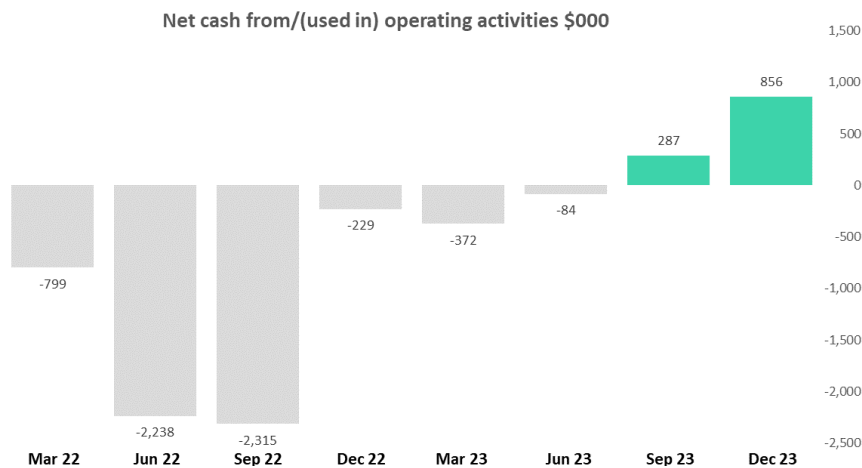
¹ Active Customers are defined as having \$1.00 or more in their account, which means they are charged the monthly fee.

² Portfolios are defined as having \$1.00 or more in a portfolio and includes Raiz Invest, Raiz Invest Super and Raiz Kids portfolios.

Positive Operating Cash Flow for two consecutive quarters

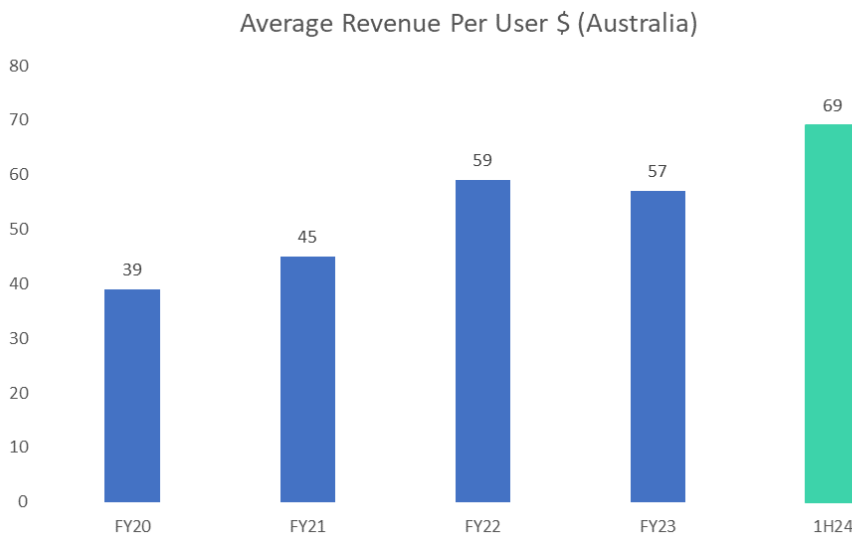
APPENDIX 4C SUMMARY – FOR THE QUARTER END 31 DECEMBER 2023

	<u>Dec Q 23</u> <u>\$000's</u>	<u>Sep Q 23</u> <u>\$000's</u>	<u>Jun Q 23</u> <u>\$000's</u>	<u>Mar Q 23</u> <u>\$000's</u>	<u>Dec Q 22</u> <u>\$000's</u>
Cash flows : operating activities	856	287	(84)	(372)	(229)
Cash flows : investing activities	(860)	(942)	(824)	(926)	(983)
Cash flows : financing activities ³	824	(121)	(124)	(125)	(107)



Revenue growth in Australia driven by 21% increase in annualised ARPU

Revenue from the Australian operations increased by 6.7% QOQ to \$5.24m, mainly driven by higher annualised ARPU in Australia growing to \$69 in 1H FY24. Customer numbers decreased by 1% QOQ however this customer churn was lower than expected following the fee increase. Active Customer numbers increased in early January 2024, following the 'Raiz Your Game' campaign launched in December 2023, and were 295,725 at 15 January 2024.

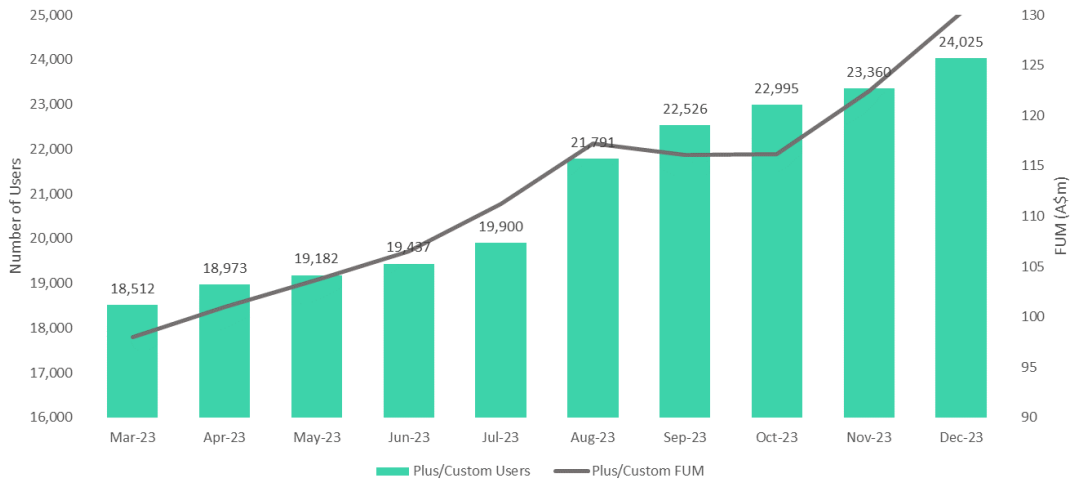


³ Cash flows from financing activities: includes \$973,000 proceeds received from our Malaysian JV Partner for issuance of Preference Shares.



This 21% increase in annualised ARPU in 1H FY24 to \$69 was driven by the fee increase across Raiz Invest and Raiz Plus portfolios in August 2023, as well as the cross-sell of higher ARPU products including Raiz Invest Super.

Raiz Plus was launched in August 2023 and provides customers with the ability to add individual ASX listed stocks to portfolios. This enhanced functionality empowers our customers to build personalised portfolios, including ASX listed companies, alongside existing ETFs, Bitcoin, and Australian Residential Property Funds. Plus accounts have grown by 20.7% since July 2023, with over 4,000 new Plus customers adding \$19m in new FUM.



Raiz Invest Super includes employer super guarantee contributions and automated recurring voluntary contributions and is the only retail super offering investment exposure to residential properties in Australia. Australian superannuation FUM increased 24.6% YOY to \$249.0m (QOQ: +7.5%).

Raiz Kids is a simple way to save and invest small amounts regularly for children and dependents who are under the age of 18. Kids accounts increased by 7.0% QOQ to 33,818 and FUM increased by 23.2% QOQ to \$29.8m

Australian retail FUM increased 15.4% YOY to \$964.8m (QOQ: +5.4%), due to a stronger equities market in December, an increase in portfolios for Raiz Kids and an increase in portfolio value from Raiz Plus accounts. The Property Fund grew to over 15,000 customers, a quarterly increase of 14.1% and FUM increased over the quarter by 6.7% to \$23.8m.

Over \$10m in dividends are to be reinvested into customers' Raiz accounts in January 2024.

Major marketing campaigns with Seven West Media

The 'Raiz Your Game' campaign, launched in late December 2023 has resulted a noticeable increase in customer numbers in early January, bringing the total Active Customers to 295,725 as at 15 January 2024. A new marketing campaign with Seven West Media (SWM) for the AFL/AFLW season will commence in March 2024. These marketing campaigns utilise SWM advertising credit and constitute a non-cash expense.



New Strategic Partnerships

Raiz is focused on developing new strategic partnerships that can expand its reach within the Australian market.

- **Employment Hero:** Partnered with a leading employee onboarding service to provide the opportunity for new employees to select the Raiz Invest Super offering for their Super Guarantee Contributions.
- **Data and Insights partnership with Seven West Media:** Strengthening the audience intelligence platform '7REDiQ' and enhanced advertising and viewer experience strategy. (See article here: <https://www.inside7.com.au/insights/sevens-phoenix-takes-flight/>)

Product innovation

Raiz is committed to ongoing product innovation to ensure our comprehensive product suite evolves in response to the dynamic needs and preferences of our target customers. The expanded product suite, including Raiz Plus, Raiz Invest Super and Raiz Kids has contributed to increased portfolios and FUM, higher ARPU and strong revenue growth.

Raiz has seen further product innovation and continues working on several new initiatives driven by customer feedback and aimed at improving the customer experience:

- **Round-Up Multiplier:** In October we released an innovative feature to invest more by automatically multiplying the amount of spare change rounded up from spending (2x, 3x, or 5x). The benefits of the Round-Up Multiplier include effortless investing and accelerating the achievement of financial objectives.
- **Upcoming Dividends:** In late December 2024 we released a new feature to show in the app dividends or distributions from the ETFs or ASX listed stocks held in customers' portfolios.
- **CDR/Open Banking:** Over the coming quarter we will be implementing the use of Open Banking in the app to give customers more control over their financial data, making it easier and safer to share their data with Raiz.
- **Plus Portfolios into Super offering:** We are working with the Trustee to allow Super customers to customise their own Super portfolios off the success of the Raiz Plus portfolios. This empowers Raiz customers with the ability to build fully personalised Super portfolios that include single stocks on the ASX, ETFs and Australian Residential Property Funds.
- **Additional ETFs to be added to the PLUS investment choices:** We will be adding 7 new ETF's by the end of January 2024 to the PLUS portfolio investment offering to enhance diversification, taking the PLUS choices to 30 ETFs, 49 ASX listed Stocks, Bitcoin and Australian Residential Property Funds.

Southeast Asia footprint and partners

Indonesia: Raiz is progressing a plan to resolve and transfer equity ownership to cease any further obligations with respect to Indonesia. (see ASX release on 21 December 2023).

Malaysia: In November 2023, our JV partner (PNB) injected 3 million Malaysian Ringgit (RM) (\$973,000) via the issuance of Preference Shares and has committed an additional RM3m in the June 2024 quarter.

In accordance with listing rule 4.7C, payments made to related parties and their associates incorporate the Directors Fees, remuneration and superannuation at commercial rates.



Brendan Malone, Raiz Invest Managing Director and CEO said:

“We now have a comprehensive investment product suite which is designed to increase the lifetime value of our customers through new products and services that suit their changing lifestyles over their life.

“We are very pleased to see that our refocus on the core Australian market, is already delivering early results in terms of increased ARPU, higher revenue and improved unit economics and we have positive momentum heading into 2H FY24.”

Note that the figures presented in this report have not been audited. For the audited half-year financial report, please refer to our official half-year results, scheduled to be released by the end of February 2024.

Ends

Authorised for release by The Board of Directors.

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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.

Raiz is the market leader in Australia for micro-investing. Raiz pioneered the concept of “round-ups” in Australia; when you buy a coffee for \$4.50, the Raiz app automatically rounds-up the \$0.50 change and invests it in a diversified portfolio for you.

Raiz is also a pioneer and market leader in fractionalised investment. Our technology enables our customers to start investing in ETFs, Bitcoin, Raiz Residential Property Fund and up to 49 of the most recognised stocks on the ASX with as little as \$5.00, and once a customer has started there is no minimum investment or withdrawal amount.

Because of the market leading innovations, Raiz remains the number one investment App and a clear leader in the Australian market. 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 December 2023

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	5,756	10,936
1.2 Payments for		
(a) research and development	(412)	(828)
(b) product manufacturing and operating costs	(2,034)	(4,056)
(c) advertising and marketing	(490)	(1,083)
(d) leased assets	-	-
(e) staff costs	(1,263)	(2,438)
(f) administration and corporate costs	(845)	(1,680)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	158	317
1.5 Interest and other costs of finance paid	(14)	(25)
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	856	1,143
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	(860)	(1,802)
(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	(860)	(1,802)

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 (JV Partner PNB)	973	973
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Principal payment for leases)	(149)	(270)
3.10	Net cash from / (used in) financing activities	824	703

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,724	8,449
4.2	Net cash from / (used in) operating activities (item 1.9 above)	856	1,143
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(860)	(1,802)

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)	824	703
4.5	Effect of movement in exchange rates on cash held	(75)	(24)
4.6	Cash and cash equivalents at end of period	8,469	8,469
	Cash and cash equivalents at end of quarter plus term deposits	8,633	8,633

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	8,469	7,724
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)	8,469	7,724
	Term Deposits	164	164
	Cash and cash equivalents at end of quarter plus term deposits	8,633	7,888

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	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>		

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)	856
8.2 Cash and cash equivalents at quarter end (item 4.6)	8,469
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	8,469
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: 18 January 2024



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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