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ASX Release

28 April 2020

31 MARCH 2020 (Q3 FY2020) 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 March 2020 (Q3 FY2020).

In a quarter when COVID-19 has had a dramatic impact on global capital markets and businesses, our priority remains the health and well-being of our staff, customers and the broader community in which we operate.

The volatility in the capital markets has impacted on the value of funds under management (FUM) as well as the number of active customers, and Raiz has reacted quickly and responsibly to these unprecedented events.

Decisive steps have been taken to respond to the deterioration in the operating environment including a reduction in global operating expenses, a deferral of non-essential expenditure and optimisation of labour costs. On an annualised basis these cost reduction initiatives amount to ~\$1.2m or ~8% of the total cost base.

Although the onset of COVID-19 may require an adjustment in the pace of execution of the growth strategy, the Company has continued to deliver positive momentum in many areas: revenue growth; progress in rolling out new products in Australia; growth in Indonesia; and further progress towards a Malaysian launch.

During the quarter, the Group delivered record normalised revenue from its Micro Investing Platform of \$2.2m, representing 118.5% growth on Q3 FY2019 and 9.4% growth on Q2 FY2020.

Pleasingly during the quarter, the number of active (paying) customers increased by 15.3% to 215,398 compared to Q3 FY2019, representing an increase of 1.8% compared to Q2 FY2020. Furthermore, the rate of churn in customer numbers has stabilised during April 2020.

Operating cashflow was a negative \$66,000 for the Group in Q3 FY2020. Operating cashflow was a positive \$551,000 for the Australian operation, in Q3 FY2020, which excludes the investment and expenses of the Southeast Asian expansion. The costs associated with the Southeast Asian expansion were \$617,000, in Q3 FY2020, driven by an increase in marketing and development expenses.

The Group remains well funded with cash, cash equivalents and term deposits totalling \$11.5m as at 31 March 2020.

Raiz Invest Super grew by 75.2% to \$66.25m compared to Q3 FY2019 and by 3.4% compared to Q2 FY2020. This was before the Government's COVID-19 policy of allowing early release of up to \$10,000 of superannuation funds in the 2020 financial year.

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MD/CEO COMMENTARY

MD/CEO of Raiz Invest, Mr George Lucas, said: “Despite the unprecedented disruption caused by COVID-19 and the associated economic uncertainty impacting capital markets, it is particularly pleasing to have delivered growth in revenue, active customers and Raiz Invest Super FUM during the quarter. This growth demonstrates the resilience of our business model.

“During the quarter, a significant amount of time and effort was allocated towards managing financial and operational risks and ensuring new procedures and processes are in place to manage the business through what we anticipate being a challenging operating environment for the next 12 to 18 months.

“Good progress continues to be made on our domestic strategy to expand the product offering with the launch of the Raiz bundll card and the upcoming launch of the Raiz Sapphire portfolio, being the first portfolio to have cryptocurrency exposure with a 5% target weighting for Bitcoin. The customer response to Raiz Sapphire has been very encouraging and we look forward to the formal launch planned for May 2020.

“Despite these challenging times, we believe steadily pursuing the growth opportunity in Indonesia and Malaysia remains the right strategy. The appeal of our app in Indonesia gathers momentum, with 71,648 customers having signed up to the beta app, and in Malaysia we are still on track to launch, notwithstanding the potential impact of COVID-19.

“I believe Raiz’s financial and operational risk management has ensured the business is in a secure position. We have a well-defined growth strategy, both in Australia and Southeast Asia, and we will continue to execute it at the appropriate pace,” he said.

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Q3 FY2020 HIGHLIGHTS:

- **Revenue Growth**
Multiple revenue streams contribute to record quarterly revenue in Q3 FY2020:
 - Total normalised revenue in Q3 FY2020 was \$2.2m; and
 - Normalised revenue grew by 118.5% compared to Q3 FY2019 and by 9.4% compared to Q2 FY2020.

- **Customer Growth in Australia**
Quarter on Quarter increase in customer numbers despite volatile markets and social uncertainty:
 - Continued growth in active customers to 215,398, up 15.3% compared to Q3 FY2019 and up 1.8% compared to Q2 FY2020;
 - Revenue generated per active customer across the Raiz platform grew 89.6% compared to Q3 FY2019; and
 - Annualised revenue per active customer during Q3 FY2020 was \$41.01.

- **Funds Under Management (FUM) in Australia**
Volatile global markets impacted FUM:
 - FUM at the end of Q3 FY2020 was \$371.5m compared to \$444.70 million at the end of Q2 FY2020; and
 - Raiz Invest Super FUM grew by 75.2% to \$66.25m compared with Q3 FY2019, driven by a 22.4 % increase in the number of new superannuation accounts in the quarter.

- **Southeast Asia Expansion continues:**
 - Indonesia continues to demonstrate momentum with 71,648 customers having signed up to the beta app (representing an increase of 124% in the quarter);
 - More opportunities are opening up in Indonesia to increase market penetration;
 - Work has begun to develop new products with the prominent Indonesian cornerstone investor who took equity in the November 2019 placement;
 - Activation of charging monthly fees is delayed in Indonesia until the functionality and user experience is fine tuned.
 - Beta testing for the app commenced in early April 2020 in Malaysia; and
 - Final documentation for the regulatory licence applications is currently being reviewed by the local regulator and is expected to be finalised towards the end of May (delays have been incurred with the lockdown of Malaysia due to COVID-19).

- **COVID-19 Response and Expectations:**
 - New procedures and process for staff to work from home while maintaining the high level of customer service and managing the operational risks associated with managing client money;
 - Salaries: Key management personnel salaries, including MD/CEO, reduced by 20% and Directors' fees reduced by 25% with a combined reduction in management and Director fees having potential savings of ~\$300,000 over 12 months;
 - Staff hiring freeze across all regions;



- Contractor and professional fees reduced by pausing non-essential projects and IT developments with potential savings of ~\$400,000 over 12 months;
- Reduction in marketing by ~\$20,000 a month in Australia;
- Reduced international and domestic travel due to restrictions with potential savings of ~\$180,000 over 12 months;
- Focus on improving cost efficiency of IT infrastructure with potential savings of ~\$120,000 over 12 months;
- In April 2020, following a rebound in capital markets, we have seen a stabilisation in net churn of active customer numbers. However, in response to the COVID-19 'Early Release' of superannuation legislation, we expect about \$4m to be withdrawn from Raiz Invest Super
- The Company believes international travel will remain limited for the next 15 months. As a result, new systems and controls to assist in managing international operations have been implemented; and
- A country-wide lock down has occurred in Malaysia causing many government departments to close. Although this is expected to delay our licence application, we continue to expand the number of beta users in Malaysia.

Financial Performance

Solid balance sheet and disciplined cost control:

- Raiz has a strong balance sheet, having successfully raised over \$7.5m in the December quarter 2019, resulting in cash, cash equivalents and term deposits totalling \$11.5m as at 31 March 2020;
- The quarterly burn rate of \$0.64m at a Group level for Q3 FY2020;
- Operating cashflow for the Australian operation was \$551,000 in Q3 FY2020 and the Australian operation continues to be operating cashflow positive;
- Operating cashflow for the Group was negative \$66,000 for the quarter driven by costs associated with the Asian expansion including platform refinement, product development and customer acquisition costs; and
- In the March quarter, the Company paid \$32,000 to OPR Agency Pty Limited, a related party of the Company. The payments were for services relating to market research and public relations.

Strategic Initiatives

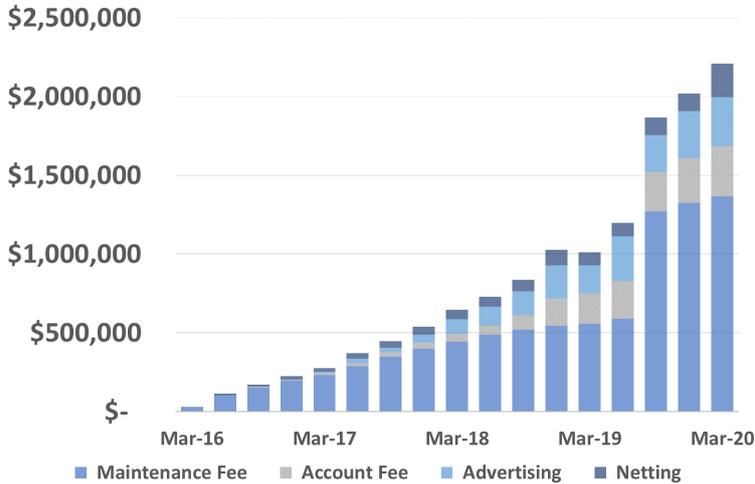
- **Product development continues in line with strategy albeit at a slower pace:**
 - The Raiz bundll co-branded Mastercard with Flexigroup (ASX: FXL) was released in March 2020 and is slowly being rolled out to customers. Raiz bundll provides Raiz customers with the ability to better manage their cashflow by allowing them to buy now pay later with the Raiz bundll card everywhere Mastercard is accepted; and
 - The Raiz Sapphire portfolio, which includes a 5% target weighting towards Bitcoin and will have a higher revenue associated per customer, is expected to be rolled out in May 2020 assuming no major market disruptions.
 - Raiz Offsetters carbon offset program launched in March 2020 with over 1,300 customers signing up in the first month. Offsetters will be Australia's first carbon offset platform with an Australian disaster relief fund for the Raiz community.



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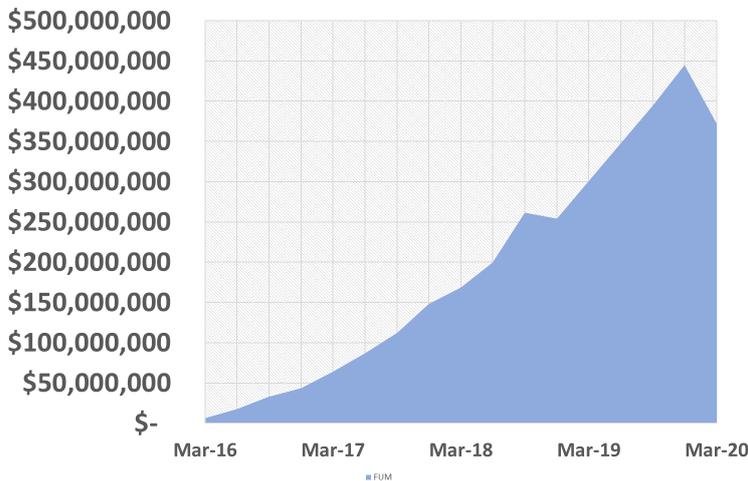
KEY OPERATIONAL METRICS

Revenue drivers (unaudited)



- 118.5% increase in normalised revenue compared with same quarter prior year
- Advertising revenue increased 74.6% compared with same quarter prior year
- Maintenance fee revenue increased 144.0% compared with same quarter prior year
- Account fee revenue increased 68.0% compared with same quarter prior year
- Netting revenue increased 156.0% compared with same quarter prior year

History of funds under management (FUM)



- FUM: \$371.5m at the end of March, down 16.5% on prior quarter and up 23.7% over 12 months
- The decline in FUM reflects the recent market adjustment to COVID 19, offsetting a continued steady increase in fund inflows



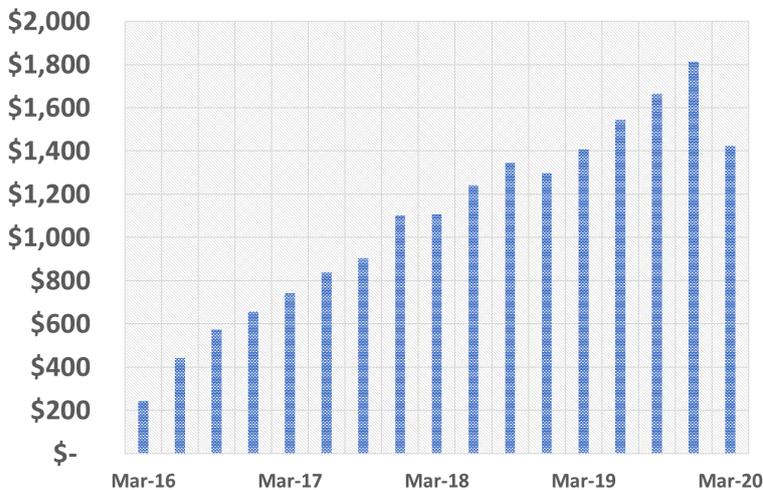
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Continued growth in Active (paying) Customers and Sign-ups



- Customers grew, with a total of 392,030 investment accounts at quarter end, up 8.0% on prior quarter (in Australia)
- Since December 2019, paying customers have increased 1.8% from 211,657 to 215,398 at the end of the March 2020 quarter (in Australia)

Change in the Average Account Balance



- The average account balance for the quarter was \$1,425, up 1.2% on the 2019 March quarter, but down 21.4% on December 2019



- ENDS -

Market Announcement authorised by:

George Lucas – MD / CEO

Raiz Invest Limited

Investor & Media Enquiries:

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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.

Since launching in 2016 Raiz has achieved solid growth, amassing more than 1.15 million downloads, 848,000 signups, with over 215,000 active monthly customers and over \$371 million funds under management as at 31 March 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 and won the 2018 Australian FinTech Award for FinTech Innovation in Wealth Management (Robo-Advice). We were recently nominated for the 2020 Best New Innovation Award in superannuation by SuperRatings. The platform continues to grow with 13 new product releases since launch.

Raiz Invest Limited has offices established in Indonesia and Malaysia as part of the growth and expansion strategy of the business.

For more information: www.raizinvest.com.au

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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 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,119	7,787
1.2 Payments for		
(a) research and development	(308)	(903)
(b) product manufacturing and operating costs	(966)	(2,761)
(c) advertising and marketing	(480)	(1,166)
(d) leased assets	-	-*
(e) staff costs	(758)	(2,264)
(f) administration and corporate costs	(699)	(2,232)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	37	77
1.5 Interest and other costs of finance paid	(11)	(37)*
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	697
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(66)	(802)
* payment to leased assets from previous quarters in operating activities has been reclassified as interest paid in operating activities and principle payment for leases in financing activities		

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant, and equipment	(6)	(28)
(d) short term deposit	-	(7,000)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(e) intellectual property	(423)	(1,262)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(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	(429)	(8,290)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	7,504
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(414)*
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings from related parties	(31)	(120)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Principle payment for leases	(111)	(313)^
3.10	Other (provide details if material)	-	-
3.11	Net cash from / (used in) financing activities	(142)	6,657

* additional \$7k costs have been added to transaction costs related to issues of equity securities

^ payment to leased assets from previous quarters in operating activities has been reclassified as interest paid in operating activities and principle payment for leases in financing activities

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,017	6,815
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(66)	(802)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(429)	(8,290)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(142)	6,657
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,380	4,380
	Cash and cash equivalents at end of quarter plus term deposits	11,544	11,544

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	4,380	5,017
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)	4,380	5,017
	Term Deposits	7,164	7,164
	Cash and cash equivalents at end of quarter plus term deposits	11,544	12,181

6. Payments to related parties of the entity and their associates

- 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

**Current quarter
\$A'000**

32*

-

*these payments were paid to OPR Agency Pty Limited

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7. Financing facilities

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.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	-	-
7.2	-	-
7.3	-	-
7.4	-	-

7.5 **Unused financing facilities available at quarter end**

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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)	(66)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	4,380
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	4,380
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	66

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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:

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:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

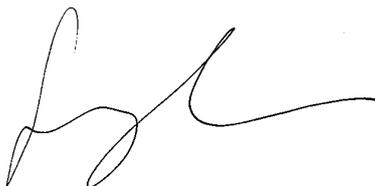
Answer:

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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: 28 April 2020
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Authorised by:
(George Lucas, Managing Director/CEO)

Notes

1. This quarterly cash flow report provides 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. This quarterly report has not been audited and is based on management accounts. The report has been prepared by finance and confirmed by the MD/CEO and the COO.