

ASX Release

30 October 2018

### 30 SEPTEMBER 2018 QUARTERLY UPDATE AND APPENDIX 4C

Raiz Invest Limited (“Raiz” or “the Company”) (ASX: RZI), a first of its kind mobile-led financial services platform business, is pleased to provide a business update for the three-month period ended 30 September 2018 (Q1 FY2019).

#### HIGHLIGHTS:

- **Growth**

- Normalised revenue<sup>1</sup> was up 14.8% on the June quarter (Q4 FY2018).
- Total revenue<sup>2</sup> for the September quarter was \$1,310,133.
- Funds under management (FUM) grew 30.9% to \$261.5 million (from \$199.8 million at 30 June 2018).
- FUM over the 12 months grew 133.3% (from \$112.1 million at 30 September 2017).
- Active or paying customers was 175,996, an increase of 9.6% on the June quarter and 44.4% over the 12 months.

- **Cash Flow**

- Operating cash burn<sup>3</sup> for the September quarter was \$1.203 million.
- Total cash burn for the September quarter was \$1,611,664 (Cash burn \$1,991,518 adding back the \$379,854 deposited into a term deposit).
- Operating cash burn for the December quarter expected to be circa \$850,000

- **Operations**

- \$10.0 million cash, cash equivalents, and term deposits at end of quarter.
- Market conditions are expected to remain challenging during the next quarter. The focus is on revenue growth from existing customer base and reducing cash burn during this period.
- Winner the FinTech Award for Innovation in Wealth Management (Robo Advice).

- **Executing on Strategic Initiatives**

- Launched intelligent chatbot – Ashlee – to improve the user experience and reduce load on customer services team. The results have been immediate and the customer services team is reporting that Ashlee has reduced the volume of simple enquiries.
- Launched Raiz Invest Super to customers on 16 July 2018. FUM in Raiz Invest Super \$23.5m at the 30 September 2018.

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<sup>1</sup> Subject to audit and not including other income and one-off fees.

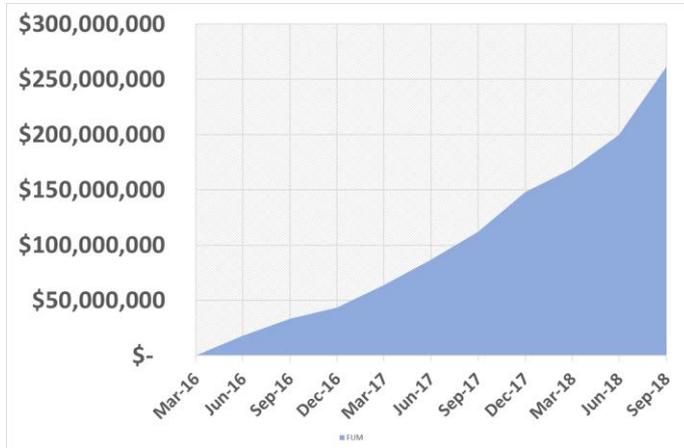
<sup>2</sup> Subject to audit.

<sup>3</sup> Cash burn is the total amount of cash the company loses each month, after taking into account cash in and cash out.



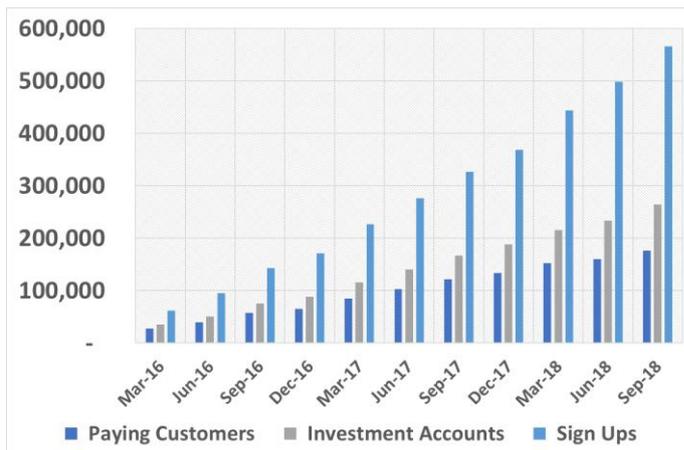
## KEY OPERATIONAL METRICS

### Growth in funds under management (FUM)



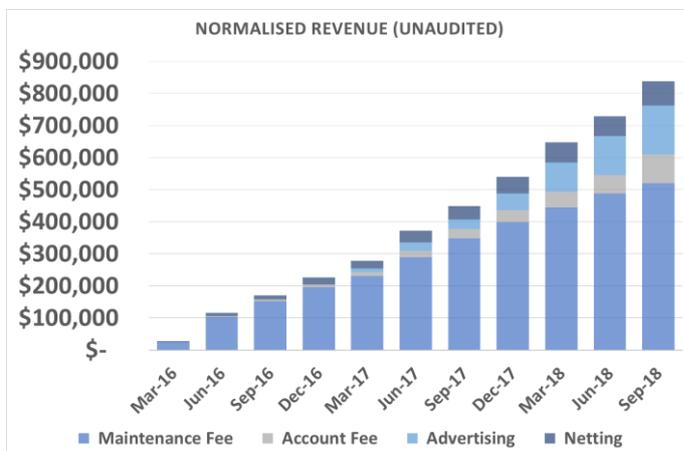
- FUM: \$261.5 million at end of September, up 30.9% on last quarter and 133.3% over 12 months.
- The introduction of Raiz Invest Super, in July 2018, has supported the increase in FUM during the quarter.

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



- Active customers up 9.6% on the June quarter.
- Since 30 September 2017, active customers have increased 44.4% from 121,871 to 175,996 at the end of the September 2018 quarter.

### Revenue drivers

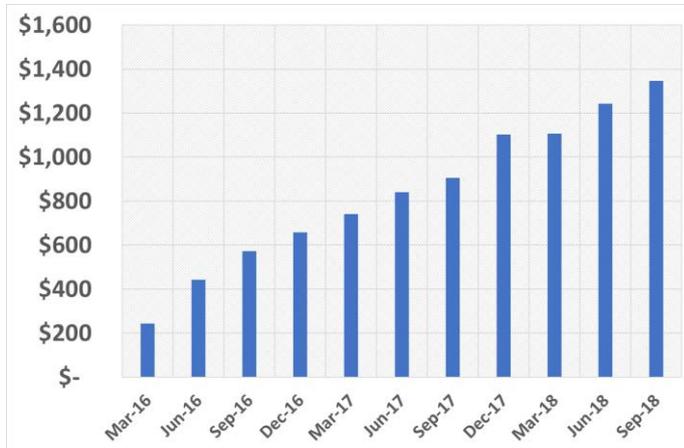


- 14.8% growth in normalised revenue<sup>4</sup> for the September quarter.
- Revenue growth was driven by FUM, and advertising revenue.

<sup>4</sup> Subject to audit and not including other income and one-off fees.

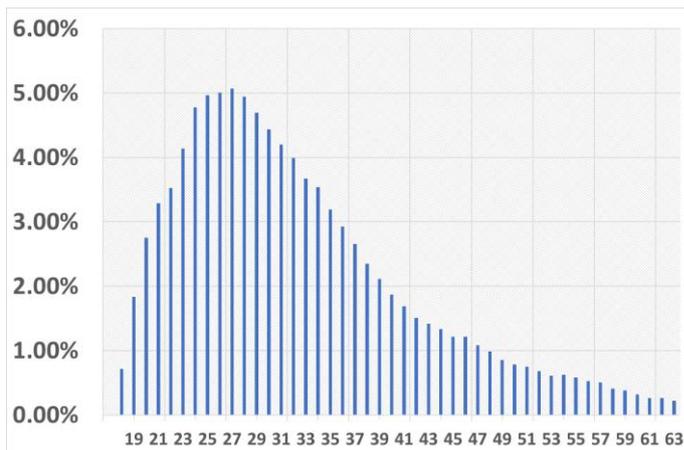


**Continued Growth in the Average Account Balance**



- The average account balances for the quarter was \$1,346, up 8.3% on the June quarter and up 49% on Q1 FY2018.
- The increase in average account balance is also supporting FUM growth as customers continue to use Raiz to achieve their long term goals.

**Platform demographics**



- Millennials continue to be the biggest users of the platform.
- Customers aged 18 – 44 years make up 83.0% (86.6% Q4 FY2018) of total customers.
- Male customers at 65% (63.2% Q4 FY2018) and female customers at 35% (36.8% Q4 FY2018) in the quarter.



## FINANCIAL PERFORMANCE

### Unaudited revenue

- Revenue growth continues with normalised revenue<sup>5</sup> at \$837,459, up 14.8% on the June quarter (break down below).
- Revenue<sup>6</sup> was \$1,310,133 for the quarter. This included \$472,674 in other revenue.
- Compared to the June quarter:
  - Maintenance fees up by 6.6% to \$520,298;
  - Account fees (linked to FUM) up by 57.0% to \$89,906;
  - Advertising revenue up by 26.1% to \$152,677; and
  - Netting Fee up by 19.0% to \$74,578 in the September quarter.

### Cashflow<sup>7</sup>

- Cash burn for the quarter was \$1,611,663 (adding back the \$379,854 term deposit). This comprised of \$684,788 in July, \$338,400 in August and \$588,475 in September.
- For the quarter, the company reported an operating cash burn of \$1.203 million which is a significant improvement on the \$4.0 million in the June quarter. The September quarter figure still includes one-off payments for administration, marketing, and corporate costs of \$300,000 related to listing on ASX and associated professional fees (as foreshadowed in the Raiz Invest Prospectus).
- Advertising and marketing costs came in at \$733,439, below the forecast of \$1 million in June 2018 Appendix 4C.
- Section 9 of the Appendix 4C estimates the cash outflows for the next quarter, but does not include any estimated cash inflows.

## OPERATING ACTIVITIES

- The growth in net paying customers continued to increase, even as current market conditions became more challenging during recent months, confirming that the Raiz offering is meeting the needs of current and new customers.
- This increase in paying customers and FUM was also supported by the launch of Raiz Invest Super to customers on 16 July 2018. FUM in Raiz Invest Super was \$23.5 million at 30 September 2018, highlighting the strong engagement from customers.
- In August 2018 Raiz won the FinTech Award for Innovation in Wealth Management (Robo Advice) as well as being a finalist for Best FinTech Communication Campaign at the FinTech Awards. Raiz was also a finalist for Best Tech Innovation at the Finder awards.
- During the quarter, Raiz introduced our intelligent chatbot – Ashlee – which not only assisted in improving the user experience on the platform but reduced the number of customers calling the customer service team and reduced the volume of simple inquiries.
- In October 2018, Raiz entered a strategic alliance agreement with Swiss Re for the development of a predictive underwriting model for life insurance, to improve the customer experience.
- Raiz Rewards continued to grow the brand partnership portfolio with an increase of over 16% to 134 brands (115 in the June quarter 2018).

<sup>5</sup> Subject to audit and not including other income and one-off fees.

<sup>6</sup> Subject to audit.

<sup>7</sup> Subject to audit



- The company continues to progress its strategy to expand into the South-East Asian region. Financial services licence applications were lodged with the regulators of Indonesia (OJK) and Malaysia (Securities Commission) during the quarter and the Company has been responding to their questions.

## FOCUS FOR THE DECEMBER QUARTER

- Focus on revenue growth and reducing cash burn, with the expectation that challenging market conditions will continue.
- Adjust and align marketing spend accordingly to reduce churn and maximise customer acquisition during this period.
- At current FUM a 1% move in the market can affect our FUM by \$1.75 million (up or down).
- Continue to grow FUM for Raiz Invest Super by marketing the product via our owned communication channels to our database of over 500,000 users.
- Finalise user experience review and commence implementation of an updated user interface for the Apple, Android and Web applications.

## CEO COMMENTARY

CEO of Raiz Invest, Mr. George Lucas, commented: “We saw a steady growth in revenue driven by the increase in customer numbers, FUM and engagement with Raiz Rewards program, even during deteriorating market conditions, demonstrating Raiz’s strong position in the market, and the leading mobile first investment and savings platform.

“Following from last quarter, we continue to capitalise on the changing financial services industry and will remain focussed on applying learnings, from both the industry and our customers, to take advantage of the long and short term opportunities that are presented to us. We will apply this learning, and our platform’s machine learning to update the front end app and improve the overall customers experience. The new interface and experience will be released in stages and we expect all customers to have access by the June quarter FY2019.

“Revenue continues to grow and the Company is focused on maintaining a strong balance sheet, and managing cash flow closely to enable the execution of strategic initiatives. As always, we remain customer focused and dedicated to delivering the best possible experience for customers, allowing them to utilise any Raiz product or service to improve their financial confidence and ultimately help to improve their lives.”



## Investor Conference Call

Shareholders are invited to join a teleconference briefing on Raiz Invest's quarterly results for the period ending 30 September 2018 on **Tuesday 30<sup>th</sup> October 2018 at 12:00pm AEDT**.

Details of the call are as follows:

Date: Tuesday 30<sup>th</sup> October 2018

Time: 12.00pm AEDT

Dial: Australia - **1800 896 323**

Hong Kong - **800 906 887**

Singapore - **800 852 3352**

United States - **1 855 731 0983**

Passcode: **65316994**

Participants will be asked to provide their name and company upon entry. They can press \*1 when prompted to ask a question during Q&A.

- ENDS -

### Investor Enquiries:

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### About Raiz

Raiz Invest Limited (ASX: RZI) is a first of its kind Australian, mobile-led, financial services business offering customers an easy way to regularly invest either small or large amounts, in or outside superannuation, using its micro-investment platform available via the Raiz app or its website.

Since launching in 2016, Raiz has achieved solid growth, amassing over 560,000 signups, with 175,000 active monthly customers and \$261 million funds under management as at 30 September 2018. Raiz was awarded Australia's Investment Innovator of the Year at the 2017 and 2018 FinTech Business Awards. In August 2018 Raiz won FinTech Innovation in Wealth Management (Robo Advice) Winner at the FinTech Awards.

For more information: [www.raizinvest.com.au](http://www.raizinvest.com.au)

This document has been prepared for informational purposes only and is not intended to amount to financial product advice or a recommendation in relation to any investments or securities. You should not rely on it to make investment decisions. This document contains general factual information only and has not been independently verified. Any opinions or information expressed in the document are subject to change without notice.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Raiz Invest Limited

**ABN**

74 615 510 177

**Quarter ended ("current quarter")**

30 September 2018

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (3<br/>months)<br/>\$A'000</b> |
|---|------------------------------------|--|
| <b>1. Cash flows from operating activities</b>            |                                    |  |
| 1.1 Receipts from customers                               | 1,953                              | 1,953  |
| 1.2 Payments for  |                                    |  |
| (a) research and development                              | (234)                              | (234)  |
| (b) product manufacturing and operating costs             | (643)                              | (643)  |
| (c) advertising and marketing                             | (733)                              | (733)  |
| (d) leased assets   | -                                  | -  |
| (e) staff costs   | (588)                              | (588)  |
| (f) administration and corporate costs                    | (985)                              | (985)  |
| 1.3 Dividends received (see note 3)                       | -                                  | -  |
| 1.4 Interest received                                     | 33                                 | 33   |
| 1.5 Interest and other costs of finance paid              | (6)                                | (6)  |
| 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>(1,203)</b>                     | <b>(1,203)</b>                                 |
| <b>2. Cash flows from investing activities</b>            |                                    |  |
| 2.1 Payments to acquire:                                  |                                    |  |
| (a) property, plant and equipment                         | -                                  | -  |
| (b) businesses (see item 10)                              | -                                  | -  |
| (c) investments (term deposits)                           | (380)                              | (380)  |

| Consolidated statement of cash flows                             | Current quarter<br>\$A'000 | Year to date (3<br>months)<br>\$A'000 |
|--|----------------------------|---------------------------------------|
| (d) intellectual property  | (173)                      | (173)                                 |
| (e) other non-current assets                                     | -                          | -                                     |
| <b>2.2</b> Proceeds from disposal of:                            |                            |                                       |
| (a) property, plant and equipment                                | -                          | -                                     |
| (b) businesses (see item 10)                                     | -                          | -                                     |
| (c) investments  | -                          | -                                     |
| (d) intellectual property  | -                          | -                                     |
| (e) other non-current assets                                     | -                          | -                                     |
| <b>2.3</b> Cash flows from loans to other entities               | (236)                      | (236)                                 |
| <b>2.4</b> Dividends received (see note 3)                       | -                          | -                                     |
| <b>2.5</b> Other (provide details if material)                   | -                          | -                                     |
| <b>2.6</b> <b>Net cash from / (used in) investing activities</b> | <b>(789)</b>               | <b>(789)</b>                          |

|   |          |          |
|---|----------|----------|
| <b>3.</b> <b>Cash flows from financing activities</b>                           |          |          |
| 3.1 Proceeds from issues of shares  | -        | -        |
| 3.2 Proceeds from issue of convertible notes                                    | -        | -        |
| 3.3 Proceeds from exercise of share options                                     | -        | -        |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | -        | -        |
| 3.5 Proceeds from borrowings  | -        | -        |
| 3.6 Repayment of borrowings   | -        | -        |
| 3.7 Transaction costs related to loans and borrowings                           | -        | -        |
| 3.8 Dividends paid  | -        | -        |
| 3.9 Other (provide details if material)   | -        | -        |
| <b>3.10</b> <b>Net cash from / (used in) financing activities</b>               | <b>-</b> | <b>-</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 quarter/year to date                     | 4,446*  | 4,446*  |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above)                    | (1,203) | (1,203) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above)                    | (789)   | (789)   |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above)                   | -       | -       |

| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (3<br/>months)<br/>\$A'000</b> |
|---|--|------------------------------------|--|
| 4.5   | Effect of movement in exchange rates on cash held              | -                                  | -  |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of quarter</b>             | <b>2,454**</b>                     | <b>2,454**</b>                                 |
| **  | Cash and cash equivalents at end of quarter plus term deposits | <b>10,002</b>                      | <b>10,002</b>                                  |

\* A \$7m 6-month term deposit with Westpac was incorrectly classified as Cash in our June Quarterly report. The cash and cash equivalents as at 30 June 2018 have now been adjusted down from \$11,446,319 to \$4,446,319.

\*\*As at 30 Sep 2018, the company holds \$7.548m term deposits not included in the cash and cash equivalent.

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>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<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 2,454                              | 2,454                               |
| 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>2,454</b>                       | <b>2,454</b>                        |
|            | Term Deposits   | <b>7,548</b>                       | <b>7,548</b>                        |
|            | Cash and cash equivalents at end of quarter plus term deposits  | <b>10,002</b>                      | <b>10,002</b>                       |

**6. Payments to directors of the entity and their associates**

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

204

-

| <b>7. Payments to related entities of the entity and their associates</b>                                | <b>Current quarter<br/>\$A'000</b> |
|--|------------------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2                                   | 42                                 |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3                       | -                                  |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 |                                    |

| <b>8. Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i>   | <b>Total facility amount<br/>at quarter end<br/>\$A'000</b> | <b>Amount drawn at<br/>quarter end<br/>\$A'000</b> |
|--|---|--|
| 8.1 Loan facilities  | -   | -  |
| 8.2 Credit standby arrangements  | -   | -  |
| 8.3 Other (please specify)   | -   | -  |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. |   |  |

| <b>9. Estimated cash outflows for next quarter</b> | <b>\$A'000</b> |
|--|----------------|
| 9.1 Research and development                       | (220)          |
| 9.2 Product manufacturing and operating costs      | (600)          |
| 9.3 Advertising and marketing                      | (500)          |
| 9.4 Leased assets                                  | -              |
| 9.5 Staff costs                                    | (580)          |
| 9.6 Administration and corporate costs             | (300)          |
| 9.7 Other (provide details if material)            | -              |
| <b>9.8 Total estimated cash outflows</b>           | <b>(2,200)</b> |

| <b>10. Acquisitions and disposals of business entities<br/>(items 2.1(b) and 2.2(b) above)</b> | <b>Acquisitions</b> | <b>Disposals</b> |
|--|---------------------|------------------|
| 10.1 Name of entity  | N/A                 | N/A              |
| 10.2 Place of incorporation or registration  | N/A                 | N/A              |
| 10.3 Consideration for acquisition or disposal   | N/A                 | N/A              |
| 10.4 Total net assets  | N/A                 | N/A              |
| 10.5 Nature of business  | N/A                 | N/A              |

| <b>11. Monthly cash movement</b> | <b>\$A'000</b> |
|----------------------------------|----------------|
| 11.1 July 2018                   | (1,065)        |
| 11.2 August 2018                 | (338)          |
| 11.3 September 2018              | (589)          |

### 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.

Sign here:  .....

(Director)

Date: 30 October 2018 .....

Print name: George Lucas .....

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.