

26 February 2020

APPENDIX 4D – HALF-YEAR REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Name of Entity: Raiz Invest Limited
ABN: 74 615 510 177
Reporting period (“Current period”): 1 July 2019 to 31 December 2019
Previous corresponding period: 1 July 2018 to 31 December 2018

Results for announcement to the market

Key Information	31 Dec 2019 \$000	31 Dec 2018 \$000	% Change
Revenue from ordinary activities	4,462	3,029	47%
Loss after tax from continuing operations attributable to owners	(2,566)	(3,405)	(25%)
Net loss attributable to members of the parent entity	(2,427)	(3,364)	(28%)
Loss for the half-year, excluding non-cash items.	(973)	(2,049)	(53%)

Dividends Paid and Proposed

The Group did not recommend, declare, or pay a cash dividend during the half year ended 31 December 2019 (2018: nil).

Net Tangible Assets per Share

	31 Dec 2019 \$/share	31 Dec 2018 \$/share
Net tangible assets per share	0.14	0.13



George Simon Lucas, Director

Dated: 26 February 2020

Notes:

1. All the documents comprise the information required by listing rule 4.2A. The Information should be read in conjunction with the audited half-year to 31 December 2019 financial report and all ASX announcements made by the Company during the year



Raiz Invest Limited

**ABN 74 615 510 177
and Controlled Entities**

FINANCIAL REPORT

for the half-year ended 31 December 2019

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DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of Raiz Invest Limited and its controlled entities for the half-year ended 31 December 2019.

GENERAL INFORMATION

Directors

The following persons were directors of Raiz Invest Limited during or since the end of the half year.

- > **Peter Anthony Fay** – Independent Non-Executive Chairman
- > **Kieran Moore** – Independent Non-Executive Director
- > **Nina Finlayson** – Independent Non-Executive Director
- > **David Gordon** – Independent Non-Executive Director
- > **George Lucas** – Managing Director/CEO

REVIEW OF OPERATIONS

Principal Activities

The Company provides financial services and products through its mobile first micro-investing platform which offers its customers an easy way to regularly invest either small or large amounts of money using the Raiz mobile application or through the Raiz website in Australia and Southeast Asia.

Significant Changes to Activities

There were no significant changes in the nature of the principal activities during the half-year ended 31 December 2019.

Operating Results

The consolidated loss of the consolidated group amounted to \$2,427,000 for the half-year ending 31 December 2019 (2018: \$3,364,000 loss), after providing for income tax and eliminating non-controlling equity interests.

The consolidated loss attributable to owners of the parent entity after adding back non-cash items such as the cost of the employee share options and amortisation and depreciation amounted to \$973,000 (2018: \$2,049,000 loss).

Financial Position

The net assets of the consolidated Group are \$31,432,000 as at 31 December 2019 (\$26,457,000 as at 30 June 2019).

During the December quarter the Company completed a placement and share purchase plan raising over \$7.5 million with support from both new and existing investors. The Group's working capital, being current assets less current liabilities, is \$11,192,000 as at 31 December 2019 (\$6,265,000 as at 30 June 2019).

The Group has a total of \$12,181,000 cash and term deposits as at 31 December 2019. The directors believe the Group is in a strong and stable financial position to expand and grow its operations based on the Company's current business strategy.

Events after the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated Group in future financial years.

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Director Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest thousand Australian dollars, unless otherwise stated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

This report is made in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read 'George Lucas', with a long horizontal flourish extending to the right.**George Lucas****Director**

25 February 2020

DECLARATION OF INDEPENDENCE BY ARTHUR MILNER TO THE DIRECTORS OF RAIZ INVEST LIMITED

As lead auditor for the review of Raiz Invest Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Raiz Invest Limited and the entities it controlled during the period.

BDO Audit Pty Ltd



Arthur Milner
Director

Sydney, 25 February 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated Group	
		Half-year ended 31 Dec	
		2019	2018
		\$000	\$000
Revenue	3	4,462	3,029
Other income		365	-
Employee benefits expense		(1,876)	(1,775)
Depreciation and amortisation expense		(1,143)	(883)
Sales and administrative expense		(1,723)	(1,199)
Professional fees		(637)	(524)
Marketing expenses		(686)	(1,148)
Finance cost		(26)	-
Other expenses		(1,249)	(910)
Loss from operations before income tax		(2,513)	(3,410)
Tax (expense)/benefit		(53)	5
Loss for the half-year		(2,566)	(3,405)
Other comprehensive income net of tax		-	(2)
Total comprehensive income (loss) for the half-year attributable to the owners of Raiz Invest Limited		(2,566)	(3,407)
Owners of the parent entity		(2,427)	(3,364)
Non-controlling interest		(139)	(43)
Loss for the half-year		(2,566)	(3,407)
Basic and diluted earnings per share (cents)		(0.04)	(0.05)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	Note	Consolidated Group	
		31 Dec 2019	30 Jun 2019
		\$000	\$000
ASSETS			
Cash and cash equivalents		5,017	6,815
Trade and other receivables		640	442
Other Financial assets		7,540	582
Other assets		175	204
TOTAL CURRENT ASSETS		13,372	8,043
Property, plant and equipment		129	121
Right-of-use assets	2	741	-
Deferred tax assets		715	544
Intangible assets		20,163	20,669
TOTAL NON-CURRENT ASSETS		21,748	21,334
TOTAL ASSETS		35,120	29,377
LIABILITIES			
Trade and other payables		1,546	1,620
Current lease liabilities	2	425	-
Provisions		209	158
TOTAL CURRENT LIABILITIES		2,180	1,778
Trade and other payables		290	379
Deferred tax liabilities		846	736
Non-current lease liabilities	2	337	-
Provisions		35	27
TOTAL NON-CURRENT LIABILITIES		1,508	1,142
TOTAL LIABILITIES		3,688	2,920
NET ASSETS		31,432	26,457
EQUITY			
Issued capital	4	73,392	66,162
Restructuring reserve		(26,328)	(26,328)
Share option reserve		4,071	3,760
Accumulated losses		(19,505)	(17,078)
Equity attributable to owners of the parent entity		31,630	26,516
Non-controlling interest		(198)	(59)
TOTAL EQUITY		31,432	26,457

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Half-year ended 31 December 2019	Issued Capital	Restructuring Reserve	Share Option Reserve	Non- controlling interests	Accumulated Losses	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2019	66,162	(26,328)	3,760	(59)	(17,078)	26,457
Loss attributable to members of the parent entity	-	-	-	(139)	(2,427)	(2,566)
Total comprehensive loss for the half-year	66,162	(26,328)	3,760	(198)	(19,505)	23,891
<i>Transactions with owners in capacity as owners:</i>						
Issue of Shares	7,504	-	-	-	-	7,504
Cost in relation to issue of shares	(274)					(274)
Share option expenses			311	-	-	311
Balance at 31 December 2019	73,392	(26,328)	4,071	(198)	(19,505)	31,432

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

Half-year ended 31 December 2018	Issued Capital	Restructuring Reserve	Share Option Reserve	Non- controlling interests	Accumulated Losses	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2018	66,162	(26,328)	2,818	-	(10,010)	32,642
Accumulated losses adjusted (PT. Raiz Invest Indonesia)*	-	-	-	(12)*	(49)*	(61)*
Loss attributable to members of the parent entity	-	-	-	(43)	(3,364)	(3,407)
Total comprehensive loss for the half-year	66,162	(26,328)	2,818	(55)	(13,423)	29,174
<i>Transactions with owners in capacity as owners:</i>						
Issue of Shares	-	-	-	39	-	39
Share option expenses			475	-	-	475
Balance at 31 December 2018	66,162	(26,328)	3,293	(16)	(13,423)	29,688

* Accumulated losses from PT. Raiz Invest Indonesia prior 1 July 2018, which should have been consolidated into Raiz Group in the financial report for the year ended 30 June 2018.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated Group	
		Half-year ended 31 Dec	
		2019	2018
		\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,708	3,847
Payments to suppliers and employees		(6,115)	(5,714)
Finance cost paid		(26)	-
Government grants and tax incentives		697	331
Net cash used in operating activities		(736)	(1,536)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for short term deposits		(7,000)	(544)
Payment for intangible assets		(839)	(458)
Payment for fixed assets		(22)	(104)
Proceeds from term deposits		-	7,169
Loan to related parties		-	(38)
Net cash (used in) / from investing activities		(7,861)	6,025
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Capital raising		7,504	-
Share issue costs		(414)	-
Repayment of borrowing from related parties		(89)	(49)
Principle payment for leases		(202)	
Proceeds from related parties		-	199
Net cash from financing activities		6,799	150
Net increase/(decrease) in cash and cash equivalents		(1,798)	4,639
Cash and cash equivalents at the beginning of the Period		6,815	4,446
Cash and cash equivalents at the end of the Period		5,017	9,085

The accompanying notes form part of these financial statements.

Note: The Group has a total of \$12,181,000 cash and term deposits as at 31 December 2019

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

The consolidated financial statements and notes represent those of Raiz Invest Limited and Controlled Entities (the “consolidated Group” or “Group”).

The financial statements were authorised for issue on 25 February 2020 by the directors of the Company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The consolidated financial statement for the half-year ended 31 December 2019 have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The consolidated financial statement do not include all of the information and disclosure normally required in the annual financial report and should be read in conjunction with the Group’s annual report for the year ended 30 June 2019 and considered together with any public announcements made by the Company during the half-year ended 31 December 2019 in accordance with the continuous disclosure obligations of the ASX listing rules.

Significant accounting policies

Other than noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report. The consolidated entity has not elected to early adopt any and new standards or amendments that are issued but not yet effective. The Group has applied the following standards and amendments for the first time for their half-year reporting period commencing 1 July 2019:

Adoption of AASB 16 Leases

The Group adopted AASB 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 July 2019), without restatement of comparative figures. This is disclosed in note 2.

NOTE 2: LEASES

AASB 16 was adopted on 1 July 2019 without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is or contains a lease at the date of initial application. The definition of a lease under AASB 16 was applied only to contracts from 1 July 2019. On adoption of AASB 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 Leases.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for the following where certain practical expedients have been adopted:

- Leases of low value assets; and
- Leases with a duration of 12 months or less at initial application date.

(i) The balance sheet shows the following amounts relating to leases:

Right-of-use Assets		Total	
		\$000	
Balance as at Transition date (1 July 2019)		964	
Depreciation		(223)	
At 31 December 2019		741	
Lease Liabilities		Total	
		\$000	
Balance as at Transition date (1 July 2019)		964	
Interest expense		26	
Lease payments		(228)	
At 31 December 2019		762	
At 31 December 2019	Up to 12 months	Between 1 and 5 years	Total
	\$000	\$000	\$000
Lease Liabilities	425	337	762

(ii) The profit and loss for the half year ended 31 December 2019 was impacted as follows:

AASB 16 adoption Profit and Loss impact	Prior to AASB 16 adoption	Post AASB 16 adoption	Difference
	\$000	\$000	\$000
Rental expense	(228)	-	228
Interest expense	-	(26)	(26)
Depreciation expense	-	(223)	(223)
Impact on (Loss) / Profit for the half year	(228)	(249)	(21)

(iii) Leasing activities and accounting approach:

The Raiz Group leases various offices across Australia, Indonesia and Malaysia. Rental contracts are typically for a period of between 1 and 3 years. Until 30 June 2019, leases of property were classified as operating leases. From 1 July 2019, leased assets, which are available for use by the Group where such leases meet the requirements of AASB 16, are recognised as right-of-use assets and corresponding lease liabilities. Assets and liabilities are initially measured on a present value basis. The lease payments are discounted using the Group's estimated incremental borrowing rate of 6.0%.

Lease liabilities

A lease liability is recognised at the transition date as at 1 July 2019. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate of 6%.

NOTE 2: LEASES

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; lease term and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Right-of-use assets

A right-of-use asset is recognised at the transition date as at 1 July 2019. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the transition date net of any lease incentives received, any initial direct costs incurred.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

NOTE 3: REVENUE AND OTHER ACTIVITIES

	Consolidated Group	
	Half-year ended 31 Dec	
	2019	2018
	\$000	\$000
Revenue from continuing operations		
Sales revenue:		
– Raiz platform	3,921	1,889
– management fee	430	965
– interest received	30	143
– rental revenue	54	18
– other revenue	27	14
Total Sales Revenue	4,462	3,029

Disaggregation of revenue

The Group derives its revenue from the transfer of services over time. The table above provides a breakdown of revenue by major business line. The categories above depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data. As disclosed in Note 5, the Group has two operating segments.

NOTE 4: ISSUED CAPITAL

	Consolidated Group	
	31 December 2019 No.	30 June 2019 No.
Fully paid ordinary shares	74,955,916	66,229,988
	74,955,916	66,229,988

	Date	Consolidated Group	
		2019 No.	2018 No.
a. Ordinary Shares			
At the beginning of the reporting period		66,229,988	66,229,988
Shares issued from placement	18 November 2019	7,000,000	-
Shares issued from share purchase plan	5 December 2019	1,725,928	-
At the end of the reporting period (No.)		74,955,916	66,229,988

	Date	Consolidated Group	
		2019 \$	2018 \$
b. Ordinary Shares			
At the beginning of the reporting period		66,162,418	66,162,418
Shares issued from placement	18 November 2019	6,020,000	-
Shares issued from share purchase plan (SSP)	5 December 2019	1,484,262	-
Costs in relation to placement & SSP	5 December 2019	(389,150)	-
Cost in relation to placement & SSP (tax benefit)	5 December 2019	113,984	-
At the end of the reporting period (\$)		73,391,514	66,162,418

NOTE 5: OPERATING SEGMENTS

Description of segments

Identification of reportable operating segments

Raiz Invest has two operating segments, Raiz Invest Micro-Investing Platform (Australia) and Other Financial Services.

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors in assessing the performance and in determining the allocation of resources. There is no aggregation of operating segments below this level.

The Board also uses EBITDA (earnings before interest, tax, depreciation and amortisation) as a principal profit measure. The accounting policies adopted for internal reporting are consistent with those adopted in the financial statements.

The information reported to the Board is on at least a quarterly basis.

Types of services

The principal service is the provision of financial services via the Raiz Invest micro-investing platform

Major customers

Raiz Invest Micro-Investing Platform does not rely on any major customers. The largest single customer accounts for only 0.02% of total revenue.

Segment Income

Half-year ended 31 December 2019	Raiz Invest Micro Investing Platform	Other Financial Services	Total
	\$000	\$000	\$000
Segment Revenue	3,921	541	4,462
Other income	365	-	365
EBITDA*	(1,861)	517	(1,344)
Depreciation and amortisation expenses	(1,135)	(8)	(1,143)
Interest expenses	(26)	-	(26)
Tax benefit (expense)	(45)	(8)	(53)
Loss for the half-year	(3,067)	501	(2,566)
Half-year ended 31 December 2018	Raiz Invest Micro Investing Platform	Other Financial Services	Total
	\$000	\$000	\$000
Segment Revenue	1,889	1,140	3,029
EBITDA*	(3,062)	543	(2,519)
Depreciation and amortisation expenses	(868)	(15)	(883)
Interest expenses	-	(8)	(8)
Tax benefit (expense)	18	(13)	5
Other comprehensive income	(2)	-	(2)
Loss for the half-year	(3,914)	507	(3,407)

* EBITDA represents earnings before interest, tax, depreciation and amortisation.

As at 31 December 2019	Raiz Invest Micro Investing Platform	Other Financial Services	Total
	\$000	\$000	\$000
Segment assets	24,548	10,572	35,120
Segment liabilities	3,642	46	3,688

DIRECTORS' DECLARATION

In the opinion of the directors:

1. the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - a. give a true and fair view of the financial position as at 31 December 2019 and of the performance for the half-year ended on that date of the consolidated entity; and
 - b. Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to be 'George Lucas', written in a cursive style.

Director: George Lucas

Dated this 25 day of February 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Raiz Invest Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Raiz Invest Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards



and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'BDO' on the top line and 'AM' on the bottom line.

Arthur Milner
Director

Sydney, 25 February 2020