

28 August 2019

#### APPENDIX 4E – PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

**Name of Entity:** Raiz Invest Limited  
**ABN:** 74 615 510 177  
**Reporting period (“Current period”):** Year ended 30 June 2019  
**Previous corresponding period:** Year ended 30 June 2018

#### Results for announcement to the market

Key Information	2019 \$000	2018 \$000	% Change
Revenue from ordinary activities	6,227	2,761	126%
Loss after tax from continuing operations attributable to owners	(7,147)	(8,686)	(18%)
Net Loss attributable to members of the parent entity	(7,019)	(7,172)	(2%)

#### Dividends Paid and Proposed

The Group did not recommend, declare, or pay a cash dividend during the financial year ending 30 June 2019 (2018: nil, a share dividend in specie arose during the financial year ending 30 June 2018 as a result of the demerger of Instreet Investment Australia Limited. This amounted to \$858,324).

#### Statement of Profit or Loss and Other Comprehensive Income with Notes to the Statement

Refer to page 25 of the 30 June 2019 financial report and accompanying notes for Raiz Invest Limited and controlled entities (Group).

#### Statement of Financial Position with Notes to the Statement

Refer to page 26 of the 30 June 2019 financial report and accompanying notes for the Group.

#### Statement of Cash Flows with Notes to the Statement

Refer to page 29 of the 30 June 2019 financial report and accompanying notes for the Group.

#### Statement of Retained Earnings Showing Movements

	2019 \$000	2018 \$000
Balance at the beginning of the year	(10,010)	(637)
Accumulated losses (PT. Raiz Invest Indonesia)*	(49)*	-
Share option expense prior year restatement	-	(1,343)
Net loss attributable to owners of the parent entity	(7,019)	(7,172)
Share dividend from demerger	-	(858)
<b>Balance at the end of the year</b>	<b>(17,078)</b>	<b>(10,010)</b>

\* Accumulated losses from PT. Raiz Invest Indonesia prior to 1 July 2018, which was not consolidated into Raiz Group in the financial report for the year ended 30 June 2018.



## APPENDIX 4E – PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

### Net Tangible Assets per Share

	2019 \$/share	2018 \$/share
Net tangible assets per share	0.08	0.16

### Control Gained or Lost over Entities in the Year

There is no control gained or lost during the financial year.

### Investment in Subsidiaries and Joint Ventures

	2019 %	2018 %
Material investments in subsidiaries and joint ventures are as follows:		
Raiz Invest Australia Limited	100.0	100.0
Instreet Investment Limited	100.0	100.0
Instreet Acorns Pty Ltd	100.0	100.0
PT. Raiz Invest Indonesia	80.0	80.0
Raiz Malaysia SDN BHD	100.0	100.0

### Commentary on the Results for the Period

Refer to the commentary on the results for the period contained in the “Operating Results” included within the operating and financial review section of the annual report.

### Status of Audit

The 30 June 2019 financial statements and accompanying notes for the Group have been audited and are not subject to any disputes or qualifications. Refer to page 64 of the 30 June 2019 financial report for a copy of the auditor's report.

**George Simon Lucas, Director**

Dated: 28 August 2019

### Notes:

1. All the documents comprise the information required by listing rule 4.3A. The Information should be read in conjunction with the audited 30 June 2019 annual 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 year ended 30 June 2019**

# Contents

CHAIRMANS' LETTER	3
MD/CEO'S REVIEW	5
OPERATING AND FINANCIAL REVIEW	7
CORPORATE GOVERNANCE STATEMENT	9
DIRECTOR'S REPORT	10
REMUNERATION REPORT – AUDITED	15
AUDITOR'S INDEPENDENT DECLARATION	24
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	25
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	26
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	27
CONSOLIDATED STATEMENT OF CASH FLOWS	29
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	30
DIRECTORS' DECLARATION	63
INDEPENDENT AUDITOR'S REPORT	64
ASX ADDITIONAL INFORMATION	67
CORPORATE DIRECTORY	69

## CHAIRMAN'S LETTER

Dear Shareholder,

Raiz Invest had a year of solid growth as the board and management continued to successfully implement the corporate strategy in Australia and Southeast Asia.

At all times our customers' well-being is at the forefront of our thinking. We remain focused on providing them with practical and innovative saving solutions, financial market education and an understanding that regular, small investments will grow into a substantial nest egg over time. Our strong emphasis on compliance and corporate governance gives our team the foundations on which they can continue building relevant and practical solutions and financial products delivered via our award winning mobile first investment platform.

What we achieved in 2019 was recognised by the FinTech Business Awards when we won the award for the Investment Platform of the Year. This is a great credit to our hardworking team, and I congratulate them.

This year we have continued to grow as demonstrated by key metrics of active customers and funds under management.

Active paying customers increased by 21.1% year-on-year to over 194,000 customers, driven by the company's high customer engagement, supported by educational tools and our deep understanding of millennials and customer needs through insights from proprietary research. Raiz has continued to achieve a very high rate of engagement with over 80% of customers investing at least once a month.

Funds under management (FUM) grew to over \$347.4 million, an increase of 73.9% year-on-year, led by existing customers increasing their investment savings, new products, new customers coming on to the platform and movements in the market. Raiz Super contributed over \$45 million to FUM with about 2,000 customers entrusting us with their retirement savings.

Normalised revenue increased 72.2% year on year to \$4.1m, reflecting the continued growth in active customers, increased FUM and growing advertising revenue. Raiz ended the year in a strong financial position with \$6.98 million of cash and term deposits as at 30 June 2019.

In last year's letter, I spoke of the potential your Board saw in expanding our footprint to Southeast Asia, so I am pleased to report that substantial progress has been made in Indonesia and Malaysia. We had a soft launch of the Indonesian business in March, and in May announced a Joint Venture Agreement with Jewel Digital Ventures Sdn Bhd (Jewel), a wholly-owned subsidiary of PNB Equity Resource Corporation Sdn Bhd (PERC), which, in turn, is wholly owned by Permodalan Nasional Berhad (PNB). We are very pleased to partner with such a well-credentialed and influential Malaysian institution.

As we continue to expand the range of products through the Raiz app we remain focused on the core strategies that were outlined in last year's prospectus. First, to continue growth in active customers. Second, to expand Raiz's operations into Southeast Asia and, third, to develop and distribute new and innovative financial services to meet customer needs.

I would like to thank our exceptional team, led by George, for their hard work and dedication over the past year. Their achievements give the Board confidence that the company remains on track to deliver on the core strategies and that the coming year will be one of sustained growth.

To the customers who entrust us with their savings, our sincere thanks. We look forward to providing you with a new user experience and products to promote your financial well-being in the years ahead.

Finally, thank you to our shareholders for your continued support and I look forward to seeing you at this year's Annual General Meeting.

Sincerely,

**Peter Anthony (Tony) Fay**

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

**Chairman**

## MD/CEO'S REVIEW

Dear Fellow Shareholders,

The 2019 financial year has seen Raiz Invest continue to grow its Australian customer base, funds under management and revenue, as well as taking significant strides to establish a viable commercial presence in Southeast Asia.

On the key indicators, growth in active customers, funds under management (FUM) and revenue for the operating segment of the Raiz Platform, there have been significant increases, evidence that our brand and product offering continue to find strong customer appeal, especially with Millennials.

The numbers are:

- > Active customers grew by 21.1%,
- > Funds under management grew from \$199.8 million to over \$347.4 million – up 73.9%.
- > Revenue for the operating segment of the Raiz Platform grew in the period by 72.2% to \$4.1 million.

### Strategy and Market Position: Southeast Asia

It's said the 21st century will be the Asian century. Certainly, at Raiz, we are convinced that the countries of Southeast Asia offer a dynamic market opportunity. In 2019, we have positioned Raiz in Indonesia – the world's fourth most populous country with 270 million people – to the point where the app has been launched, while in Malaysia we have been establishing the foundations that will allow us to enter the market commercially by the third quarter of FY20.

It has been an exacting – and exciting – process in both countries. In March, we had a soft launch of the Indonesian business in Jakarta after our subsidiary, PT Raiz Invest Indonesia, was granted a licence to distribute mutual funds last year by the Indonesian Financial Services Authority (OJK). Getting the license also validated our decision to go down the joint venture path. Having a good business partner has assisted us to navigate our way through the regulations.

What's cause for further encouragement is the fact we have amassed more than 90,000 sign-ups in Indonesia.

We are convinced the Raiz app will attract strong demand in Indonesia. People are aspirational, working to enhance their education, lifestyle and wealth, all which dovetails with what we offer.

In Malaysia, we have entered into a Joint Venture Agreement with Jewel Digital Ventures Sdn Bhd (Jewel), a wholly-owned subsidiary of PNB Equity Resource Corporation Sdn Bhd (PERC), which, in turn, is wholly owned by Permodalan Nasional Berhad (PNB) ([www.pnb.com.my](http://www.pnb.com.my)).

Jewel is the investment vehicle set up by PNB to spearhead its digital business strategy that aims to unlock digital value propositions for current and future customers of Amanah Saham Nasional Berhad (ASNB), PNB's wholly owned unit trust management company. PNB is one of the largest fund managers in Malaysia and Southeast Asia with assets under management of RM298.5 billion (A\$103.9 billion) across 13.8 million accounts.

Like Indonesia, we believe this is an exciting market. Our discussions with PNB have demonstrated a shared vision of wanting to increase the levels of financial literacy not only in Malaysia but also across Southeast Asia, as well as offering a financial solution for the growing consumer class. We are confident this partnership ensures we have laid a solid foundation for sustainable growth.

### Strategy and Market Position: Australia

Our endeavours in Southeast Asia have not come at the expense of our Australian business where the growth strategy remains focused on building a loyal customer base by developing and distributing new, innovative financial services.

For a micro-investment fintech with an end-to-end technology platform and a customer-centric approach, we continually seek validation from our active users that we are delivering on their expectations.

To our pleasant surprise, the validation recently came via an unexpected avenue when we announced a new fee structure at the end of June – the first fee change since we launched in Australia in February 2016.

Although the increase only affected account balances of less than \$10,000, that is a sizeable percentage of our active users. So, the fact there was net increase of the number of Raiz users in July 2019 demonstrated the strength of our brand.

As we explained when announcing the fee change, it will allow Raiz to continue doing the vital research and development that allows us to provide the products and features to meet our customers' needs, which, in turn, facilitates the diversification of our revenue streams.

It's by constantly engaging with our customers that we understand what they want, and we pride ourselves on either delivering or explaining why it's not possible at this junction. It's all part of the Raiz vision for customer engagement with the platform to meet their evolving financial needs. As part of this process, a new version of the Raiz app is in Beta testing and the full release of this version with a new user experience will occur over the coming months.

Our Raiz Rewards program, boasting 200 retailers such as Woolworths and Apple, gives a percentage of cash back to our customers when they shop online via a partner brand, with the cash refund automatically reinvested in their investment portfolio. It's further evidence we are becoming a more integrated financial service solution, not only by allowing customers to store wealth and build savings and oversee their investment portfolios, but to track their expenses and budgeting through the My Finance feature.

Ultimately, we want to link a debit-like card for spending. When this card is added to our growing suite of products, then Raiz is only one step away from providing many services that a retail bank offers, such as store of wealth and access to the payment network of Australia – but with one important difference. We will continue to keep our loyal customers (of which 86.6% are aged between 18 and 44) front and centre.

Raiz recognises that while we have been at the forefront of the micro investment and financial services disruption, competition may intensify. The Commonwealth Bank has entered this space and other major financial institutions may also follow. The same as us, they realise the significant value associated with delivering innovative financial services to consumers. We look forward to continuing to build on our competitive advantage which means delivering on customer expectations – and customer service is integral to this.

## **Conclusion**

Delivering on what we promise either through technology or customer service drives Raiz. Yet I never forget it's that pool of Raiz employees who bring the commitment, enthusiasm, ideas, and, importantly, enjoyment, to the operation of our business every single day, who are behind every technical innovation, every service offering, we make. Our staff, who hail from every walk of life, have the knowledge, skills, and willing desire to engage with our customers, that underpins the business and the success we have enjoyed to date. Together we are building a corporate culture where creativity flourishes and ideas blossom. It's a winning culture and one I believe will ensure the long-term future of Raiz.

Finally, let me thank each of our shareholders for their investment in the Company and the loyal support of our customers giving us the opportunity to build an even better Raiz.



**George Lucas**

Founder/Managing Director/CEO



## OPERATING AND FINANCIAL REVIEW

### 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.

#### *Significant Changes to Activities*

There were no significant changes in the nature of the principal activities during the financial year. Changes have however been made to the Group structure as highlighted on the following pages.

### Our Business Model and Objectives

The Group has a recurring revenue model, generating revenue from offering financial services and products to the customers it has on the Raiz platform. Revenue is received on a monthly basis. Additionally, revenue is generated through highly targeted advertising using the metrics stored in the Raiz database. Due to the large number of active customers the income earned on a monthly basis is very granular.

Raiz's revenue falls under five main categories, and has two operating segments, which are further explained below.

#### **Maintenance fees**

Raiz charges a monthly maintenance fee of \$1.25 (including GST) to active customers with account values of less than \$5,000 at the end of each month (but greater than \$1). The maintenance fee is direct debited from the customer's funding account, rather than from their Raiz Investment Account, which means that the maintenance fee does not impact upon the balance of a customer's Raiz Investment Account.

From the 1 August 2019 the maintenance fee of \$2.50 will be charged with account balances less than \$10,000.

#### **Account fees**

If a Raiz Investment Account has a value equal to or greater than \$5,000 (\$10,000 from 1 August 2019) at the end of the month, no maintenance fee will be payable for that month as an account fee will be charged.

For account balances equal to or greater than \$5,000 (\$10,000 from 1 August 2019), Raiz applies an account fee of 0.275% (including GST) per annum charged monthly, computed daily.

From the 1 August 2019 the account fee will be charged on balances equal to or greater than \$10,000.

#### **Netting**

Where the acquisition or disposal of Exchange Traded Fund (ETF) units on behalf of a Raiz's customer does not require a transaction on-market, Raiz applies a buy sell spread (at market or below), also known as netting. Raiz earns revenue from applying a buy sell spread rather than paying away the spread on the market. By netting, Raiz can absorb brokerage fees rather than passing this fee on to its customers.

#### **Advertising**

Raiz receives financial benefits from highly targeted advertising by utilising its rich data set through the Raiz smartphone application or emails. The financial benefit amount varies depending on the partner and commercial arrangements.

#### **Other**

Raiz receives other income from other activities such as sub-leasing its office space, recovering expenses and authorised representative fees from Instreet Investment Australia Limited for use of its AFSL held by the Group.

### Operating Results

The consolidated loss of the consolidated group amounted to \$7,147,000 for the year ending 30 June 2019 (2018: \$7,198,000 loss), after providing for income tax and eliminating non-controlling equity interests. The consolidated loss after adding back non-cash items, the cost of the employee options and amortisation and depreciation amounted to \$4,403,000.

## OPERATING AND FINANCIAL REVIEW

### Financial Position

The net assets of the consolidated Group are \$26,457,000 as at 30 June 2019 (2018: \$32,642,000).

The Group's working capital, being current assets less current liabilities, is \$6,265,000 as at 30 June 2019 (2018: \$11,035,000).

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

From the 1 August 2019 the maintenance fee of \$2.50 will be charged with account balances less than \$10,000 and the account fee will be charged on balances equal to or greater than \$10,000.

No other 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.

### Future Developments, Prospects and Business Strategies

The current areas of strategic focus of the Group include the following:

- > increase the 'Lifetime Value of Customers' through new products and services and reduced 'churn';
- > accelerating the Group's growth;
- > expanding the Raiz Group's operations into Southeast Asia; and
- > developing and distributing new financial services and products to meet the needs of our customer base.

### Business Risks

The Company has developed a risk register of over 90 business risks. In summary the Company has identified the following business risk as the highest risks that affect the Group:

- > loss of key management personnel;
- > damage to the brand;
- > failure to attract customers;
- > loss of key suppliers;
- > failure to execute strategy; and
- > data and cyber security.

### Environment Regulation

Raiz is not subject to any significant environmental regulation under Australian Commonwealth or State law.

## CORPORATE GOVERNANCE STATEMENT

### **Raiz Invest Limited's Corporate Governance Arrangements**

The objective of the Board of Raiz Invest Limited is to create and deliver a trusted financial service to the members of the Raiz Invest Australia Fund (Fund) which will create value for shareholders in the long term. While the Company's business activities hold significant value and makes a substantial contribution towards achieving the Board's objective, management of the synergies arising from the interrelations between the various stakeholders and partners is critical to achieving the objective of creating and delivering long-term shareholder value.

The Board considers there to be an unambiguous and positive relationship between the creation and delivery of long-term shareholder value and high-quality corporate governance. Accordingly, in pursuing its objective, the Board has committed to corporate governance arrangements that strive to foster the values of integrity, trust and openness among and between board members, management, employees, members of the Fund and suppliers.

Raiz Invest Limited and its subsidiaries operate as a single economic entity with a unified board and management. As such, the Board's corporate governance arrangements apply to all entities within the economic Group.

Raiz Invest Limited is listed on the Australian Securities Exchange (ASX) and is a holder of an Australian Financial Service License (AFSL 434776). Accordingly, unless stated otherwise in this document, the Board's corporate governance arrangements comply with the recommendations of the ASX Corporate Governance Council (including the 2014 amendments) as well as best practise outlined by ASIC for a Responsible Entity. The corporate governance statement is current as at 30 June 2019 and has been approved by the Board and can be found on our website at <https://raizinvest.com.au/investors/governance>.

## 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 financial year ended 30 June 2019. The information in the preceding operating and financial review forms part of this directors' report for the financial year ended 30 June 2019 and is to be read in conjunction with the following information:

### GENERAL INFORMATION

#### Directors

The following persons were directors of Raiz Invest Limited during or since the end of the financial year up to the date of this report:

- > **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

Director's experience and qualifications are set out below.

#### Information Relating to Directors and Company Secretary

<b>Peter Anthony Fay</b>	
<b>Independent Non- Executive Chairman</b>	
<b>Qualifications and Experience</b>	<p>Peter (Tony) Fay has worked in financial markets since he graduated from Melbourne University in 1982. He has worked for several leading investment banks and brokerage firms and held senior positions with various industry bodies. He has a deep understanding of financial markets with particular expertise in derivative products. He was instrumental in establishing the agricultural derivatives markets in Australia and holds investments in a diverse portfolio of start-up ventures.</p> <p>Peter brings his expertise including management, product development, compliance, risk management, governance and marketing to the Board.</p>
<b>Interest in Shares and Options</b>	3,075,000 ordinary shares in Raiz Invest Limited (including related entities).
<b>Special Responsibilities</b>	Independent Chairman and Member of the Nomination and Remuneration Committee and Member of the Audit and Risk Committee.
<b>Directorships held in other listed entities during the three years prior to the current year</b>	Nil
<b>Kieran Moore</b>	
<b>Independent Non-Executive Director</b>	
<b>Qualifications and Experience</b>	<p>Kieran is currently the Chair of Ogilvy PR Australia and CEO Public Relations and Public Affairs, WPP AUNZ.</p> <p>As CEO of WPP AUNZ, Kieran oversees 19 WPP agencies across the WPP AUNZ group's public relations, public affairs, and government relation agencies and has a client base of more than 500 organisations.</p> <p>Prior to becoming Chair of Ogilvy PR, Kieran was the CEO and during her seven-year tenure, grew the business to become the largest PR group in Australia. In that role she had responsibility for 120 people, across six businesses in Sydney, Canberra and Melbourne.</p> <p>Kieran has vast experience in managing large teams and people and brings this experience to the Board.</p>
<b>Interest in Shares and Options</b>	27,777 ordinary shares in Raiz Invest Limited (including related entities).

## DIRECTORS' REPORT

<b>Special Responsibilities</b>	Independent Non-Executive Director and Chair of the Nomination and Remuneration Committee.
<b>Directorships held in other listed entities during the three years prior to the current year</b>	Nil
<b>Nina Finlayson</b>	<b>Independent Non-Executive Director</b>
<b>Qualifications and Experience</b>	<p>Nina has over 26 years' experience as a leading market researcher and adviser to business on consumer attitudes, behaviour and experience.</p> <p>Nina's skills in sifting out critical customer and user insights, often in highly immersive environments, are invaluable in shaping strategy, user experience and brand propositions for Raiz.</p>
<b>Interest in Shares and Options</b>	113,913 ordinary shares in Raiz Invest Limited (including related entities).
<b>Special Responsibilities</b>	Independent Non-Executive Director and Member of the Audit and Risk Committee.
<b>Directorships held in other listed entities during the three years prior to the current year</b>	Nil
<b>David Gordon</b>	<b>Independent Non-Executive Director</b>
<b>Qualifications and Experience</b>	<p>David Gordon has over 30 years' experience in the advisory industry specialising in financial, tax and business advisory. David has been a partner since 1985 in GHR Accounting Group and is a foundation director of Premium Wealth Management Ltd (Premium). David is also on the board of Premium.</p> <p>David brings his extensive experience to the Board in providing financial services advice to clients, portfolio construction and in ensuring that managed investment schemes and structured and other financial products are relevant for individual investment portfolios.</p>
<b>Interest in Shares and Options</b>	1,465,280 ordinary shares in Raiz Invest Limited (including related entities).
<b>Special Responsibilities</b>	Non-Executive Director and Chair of the Audit and Risk Committee.
<b>Directorships held in other listed entities during the three years prior to the current year</b>	Nil
<b>George Lucas</b>	<b>Chief Executive Officer and Managing Director</b>
<b>Qualifications and Experience</b>	<p>George has over 30 years' experience in the investment banking and fund management industry. His experience spans retail product strategy, managing investment risk, portfolio management, financial quantitative methods and regulatory compliance.</p> <p>Prior to founding Raiz Invest Australia, George was the Chief Investment officer of Mariner Financial. He has been a director of two listed investment trusts and was the head of the London equity derivative trading and structuring for First Chicago.</p> <p>George is a regular presenter at finance industry forums and Sky Business and has written a book and tertiary courses regarding the use of derivatives and quantitative trading models.</p> <p>George holds a Bachelor of Science from the University of New South Wales and is a member of the Australian Institute of Company Directors.</p>
<b>Interest in Shares and Options</b>	6,759,851 ordinary shares in Raiz Invest Limited (including related entities) and options to acquire a further 1,000,000 ordinary shares

## DIRECTORS' REPORT

<b>Special Responsibilities</b>	CEO and Managing Director and Member of the Nomination and Remuneration Committee.
<b>Directorships held in other listed entities during the three years prior to the current year</b>	Nil
<b>Martin Conley</b>	<b>Company Secretary</b>
<b>Qualifications and Experience</b>	Martin Conley has over 20 years of experience as a company secretary and corporate governance professional. His experience encompasses the management of the company secretariat and corporate governance advisory functions across large, complex and dynamic corporate structures.

### Dividends Paid or Recommended

The Group did not recommend, declare, or pay a cash dividend during the financial year ending 30 June 2019 (2018: \$858,324).

### Indemnifying Officers or Auditor

During or since the end of the financial year, the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- > The Company has in place Directors & Officers liability cover for each of the directors above and company officers. The insurance premium for Directors & Officers liability is \$112,014 aggregate.

### Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

### Non-audit Services

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- > all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- > the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

### Options

At the date of this report, the unissued ordinary shares of Raiz Invest Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
1st July 2015	1st July 2025	\$0.20	2,025,029
1st June 2016	1st June 2026	\$0.25	181,117
1st March 2017	1st March 2027	\$0.95	1,086,702
1st October 2017	1st October 2027	\$0.95	1,086,702
20th June 2018	20th June 2028	\$1.80	1,940,000
			<b>6,319,550</b>

Option holders do not have any rights to participate in any issues of shares or other interests of the Company or any other entity.

## DIRECTORS' REPORT

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

### Meetings of Directors

Details of director attendance at meetings in the 12 months up to 30 June 2019 as set out in the table below.

Due to the small size of the Raiz Invest Board, a decision was taken during the year that, provided there is no conflict of interest, all Board and Board Committee meetings are held in tandem. As such, all directors are invited to attend meetings of Board committees of which they are not members.

All Directors receive copies of agendas, papers and minutes of committee meetings to help ensure they remain equally informed, regardless of whether they have been appointed to a particular committee.

Director name	Board meetings		Audit & Risk Committee meetings			Nomination & Remuneration Committee meetings		
	Held	Attended	Held	Attended	Observed	Held	Attended	Observed
Peter Anthony Fay	5	5	7	7	-	7	7	-
Kieran Moore	5	5	-	-	6	7	7	-
David Gordon	5	5	7	7	-	-	-	5
Nina Finlayson	5	5	7	7	-	-	-	5
George Lucas	5	5	-	-	7	7	7	-

## Letter from the Chair of the Remuneration Committee

Dear Shareholder,

On behalf of the Board of Raiz Invest Limited, I am pleased to present the Directors' Remuneration Report.

Raiz has recorded a strong year of growth through an increase in its active customer base and an impressive increase in funds under management (FUM). Both these indicators demonstrate the Company's unwavering commitment to customer experience excellence and a focus on bringing new, innovative products to the market.

To support the Raiz business strategy, this Committee has focused on the compensation and remuneration policies and frameworks for the Company. The following report is designed to enable our shareholders and other interested stakeholders to understand the corporate governance framework that has been put in place to link remuneration with the Company's strategy, culture and performance.

Our remuneration policies and practices, and the strong culture that has been created, will enable Raiz to continue to attract, retain and motivate directors, executives and employees, so that they provide the best in class experience to our customers and create value for shareholders.

I am pleased to report that throughout this year, the Committee undertook a review of both the Directors' capabilities and competencies as well as an evaluation of the key management personnel (KMP) and their KPIs. This work, together with the supporting policies, was designed to consider the cultural and risk backdrop in which the Company operates as well as ensuring that the compensation and remuneration is competitive. This alignment has empowered key management team members to drive the growth of the Company, as well as their own development, together with individual and team performance. This is delivering growth for our shareholders.

The Committee will monitor the Company's remuneration strategy and frameworks, as well as industry best practice, to ensure the ongoing support of the Raiz growth strategy.

Yours sincerely

A handwritten signature in blue ink, reading 'Kieran Moore'.

Kieran Moore



## REMUNERATION REPORT - AUDITED

This remuneration report details the director and executive remuneration arrangements for Raiz Invest Limited and its controlled entities (Raiz) in accordance with the requirements of the *Corporations Act 2001* and Regulations thereto. The aim of this report is to enable our shareholders and other interested stakeholders (particularly members of the Raiz Invest Australia Fund) to understand the corporate governance framework that has been put in place to link remuneration with the Company's strategy, culture and performance.

### Key Management Personnel (KMP)

Raiz Invest Limited's KMPs, comprise the Directors of the Company and Senior Executives. 'Senior Executives' refers to the CEO and those other executives with authority and responsibility for planning, directing and controlling the activities of the Company and the Group, directly or indirectly.

The Board has considered what constitutes "independence" of Directors, noting that to describe a director as "independent" carries with it a particular connotation that the Director is not allied with the interests of management, a substantial security holder or other relevant stakeholders and can and will bring an independent judgment to bear on issues before the Board. The Board assesses the materiality of the Directors interests, positions, associations or relationships on a case-by case basis to determine whether it might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally. The Board has considered and approved each of the Non-Executive Directors of the Company as being Independent from their appointment and until at the date of this Report.

The names and details of the Director and Senior Management KMPs of Raiz in office during the financial year are as follows:

#### Directors

Peter Anthony Fay – Independent Non-Executive Chairman

Nina Finlayson – Independent Non-Executive

David Gordon – Independent Non-Executive

Kieran Moore – Independent Non-Executive

George Lucas – Managing Director (Executive)

#### Senior Executives

George Lucas - Chief Executive Officer & Managing Director

Brendan Malone – Chief Operating Officer

James Poon – Chief Product Officer & International

#### Nomination and Remuneration Charter & Remuneration Committee

The Nomination and Remuneration Committee Charter of Raiz is current as at 30 June 2019 and has been approved by the Board and can be found on our website at: <https://raizinvest.com.au/investors/wp-content/uploads/2018/06/RaizInvestLimitedACN615510177-NominationandRemunerationCommitteeCharter.pdf>

#### Remuneration Policy

The Company's remuneration policy has been designed to align KMP objectives with the Company's culture, strategy and objectives by providing a fixed remuneration component and offering specific short and long-term incentives based on key performance areas. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the consolidated Group in a way that creates congruence between directors, executives, stakeholders and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the Raiz is as follows:

- > The remuneration policy is developed by the remuneration committee and approved by the Board. Professional advice may be sought from independent external consultants.
- > Under the Raiz Invest Limited Constitution, the Board decides the total amount paid to each Non-Executive Director as remuneration for their services as a Director of the Company, subject to the aggregate paid in any financial year not exceeding the amount fixed by the Company's general meeting.

## REMUNERATION REPORT - AUDITED

- > All Senior Executive KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and performance incentives.
- > Performance incentives are generally only paid based on predetermined key performance indicators (KPIs).
- > Performance incentives paid in the form of options or rights are intended to align the interests of the KMP and the Company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- > The remuneration committee reviews KMP packages annually with reference to the consolidated Group's performance, executive performance and comparable information from industry sectors.

### Remuneration – Non-Executive Directors

The Board's policy is to remunerate Non-Executive Directors for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice may be sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting.

As disclosed in the Company's 2018 Remuneration Report, the total amount payable to Non-Executive Directors has been fixed by the Company at the date of listing on the ASX at \$270,000 per annum (exclusive of superannuation contributions required by law to be made by the Company). Under the ASX Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed the aggregate in any financial year the amount fixed by the Company's general meeting.

Non- Executive Directors	Annual Fees (excluding superannuation)
Peter Anthony Fay	\$75,000
Kieran Moore	\$65,000
Nina Finlayson	\$65,000
David Gordon	\$65,000

### Remuneration – Senior Executives

The performance of Senior Executive KMP is measured against criteria agreed annually with each executive. All bonuses and incentives must be linked to predetermined performance criteria, with "Strategic" and "Risk / Compliance" being the main criteria by weight. The Board may, exercise its discretion in relation to approving short and long-term incentives and can recommend changes to the committee's recommendations. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results.

KMP receive a superannuation guarantee contribution required by the government, which is currently 9.5%, but limited to the maximum contributions base as determined by the Australian Taxation Office for any given year.

Senior Executive KMP are also entitled and encouraged to participate in the employee share and option arrangements to align KMP interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the vesting date has been met and the interim or final financial report has been disclosed to the public. The value of options granted is measured using the Black-Scholes option methodology.

## REMUNERATION REPORT - AUDITED

### Performance-based Remuneration

KPIs are set annually in consultation with KMP. Compliance with financial services laws and leadership makes up the largest component of KPIs. The measures are specifically tailored to the area of the business each individual is involved in and has a level of control over. The KPIs target areas that the Board believes hold greater potential for the Group expanding the financial and non-financial goals of the Company. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the weighting and priorities of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals before the KPIs are set for the following year.

### Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between investors in the Raiz Invest Australia Fund, shareholders, directors and executives. Two methods have been applied to achieve this aim: the first being a performance-based bonus based on KPIs; and the second being the granting of options to the majority of executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth in future years.

As disclosed in the 2018 Remuneration Report, the Company's Board has adopted a long-term equity incentive plan (LTEIP) to: assist in the reward, retention and motivation of the Company's Directors, Senior Executives and other key employees; and to align the interests of participants in the LTEIP more closely with the interests of Shareholders by providing an opportunity for participants to receive an equity interest in the form of an award granted under the LTEIP.

Also disclosed in the 2018 Remuneration Report, was the Company's Historical Option Plan (HOP). Under the HOP, a number of Management Options were granted to certain members of Senior Executive and employees of the Raiz Invest Group. No further options will be granted under the HOP. The key terms of the previously granted Options under the HOP were set out in the Company's Prospectus.

### Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on professionalism, compliance, customer satisfaction as well as operating revenue. The KPIs for each KMP are tailored by the Board with advice from the Remuneration Committee based on job description and short and long-term goals of the Group.

The performance-related proportions of remuneration based on these targets are included in the following table. The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between management, stakeholders and shareholders. There has been no alteration to the terms of the bonuses paid since grant date.

### Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were members of Senior Executive KMP of the consolidated Group during the financial year. The employment terms and conditions of all Senior Executive KMP are formalised in contracts of employment effective from 1 June 2018. These remain unchanged at 30 June 2019 except for the amount payable in superannuation (adjusted for the annual maximum superannuation contributions base). They are summarised below:

# REMUNERATION REPORT - AUDITED

Senior Executive KMP	Position held as at 30 June 2019	Employment status	Annual Total Remuneration package \$	Superannuation (FYE 30 June 2019) \$
<b>George Lucas</b>	Chief Executive Officer & Managing Director	Full-time employee	\$500,000 plus superannuation (9.5% pa to maximum contributions base)	\$20,531
<b>Brendan Malone</b>	Chief Operating Officer	Full-time employee	\$308,452 plus superannuation (9.5% pa to maximum contributions base)	\$20,531
<b>James Poon</b>	Chief Product Officer & International	Full-time employee	\$286,552 plus superannuation (9.5% pa to maximum contributions base)	\$20,531

The terms of agreement for the Senior Executive KMP are ongoing as per above and each Senior Executive KMP must provide 6 month's written notice of intention to terminate employment. The Board may terminate the employment of a Senior Executive KMP on provision of 12 months' notice in writing.

The following table details the benefits and payments made to KMP (Directors and Senior Executives) for the year ended 30 June 2019 (with 2018 comparatives). Such amounts have been calculated in accordance with Australian Accounting Standards.

	Short-term		Post-employment	Long-term benefits	Share-based payments	Total (Gross)
	Salary & fees (Gross)	Cash Bonus (Gross) #	Superannuation contributions (SGC)	Long service leave accrued during financial year		
	\$	\$	\$	\$	\$	\$
<b>Non- Executive Directors</b>						
Peter Anthony Fay						
<b>2019</b>	<b>75,000</b>	-	<b>7,125</b>	-	-	<b>82,125</b>
2018	12,500	-	1,187	-	-	13,687
David Gordon						
<b>2019</b>	<b>65,000</b>	-	<b>6,175</b>	-	-	<b>71,175</b>
2018	10,833	-	1,029	-	-	11,862
Nina Finlayson						
<b>2019</b>	<b>65,000</b>	-	<b>6,175</b>	-	-	<b>71,175</b>
2018	10,833	-	1,029	-	-	11,862
Kieran Moore						
<b>2019</b>	<b>65,000</b>	-	<b>6,175</b>	-	-	<b>71,175</b>
2018	10,833	-	1,029	-	-	11,862

## REMUNERATION REPORT - AUDITED

### Sub-total non-executive directors

<b>2019</b>	<b>270,000</b>	-	<b>25,650</b>	-	-	<b>295,650</b>
2018	44,999	-	4,274	-	-	49,273

### Senior Management

George Lucas

<b>2019</b>	<b>500,000</b>	-	<b>20,531</b>	<b>8,333</b>	<b>204,700</b>	<b>733,564</b>
2018	520,622	1,000,000	1,670	694	6,170	1,529,156

Brendan Malone

<b>2019</b>	<b>308,452</b>	-	<b>20,531</b>	<b>5,140</b>	<b>208,319</b>	<b>542,442</b>
2018	225,997	300,000	18,129	17,694	329,775	891,595

James Poon

<b>2019</b>	<b>286,552</b>	-	<b>20,531</b>	<b>4,775</b>	<b>40,940</b>	<b>352,798</b>
2018	294,416	135,000	1,670	398	1,234	432,718

### Sub-total Senior Executives

<b>2019</b>	<b>1,095,004</b>	-	<b>61,593</b>	<b>18,248</b>	<b>453,959</b>	<b>1,628,804</b>
2018	1,041,035	1,435,000	21,469	18,786	337,179	2,853,469

### Total – Non-Executive Directors & KMP

<b>2019</b>	<b>1,365,004</b>	-	<b>87,243</b>	<b>18,248</b>	<b>453,179</b>	<b>1,924,454</b>
2018	1,086,034	1,435,000	25,743	18,786	337,179	2,902,742

2019 Director fees & superannuation paid for full year to 30 June 2019.

2018 Director fees & superannuation paid from date of appointment to 30 June 2018.

Senior Management entered new employment contracts with Raiz Invest Limited commenced 1 June 2018. These contracts remain unchanged at 30 June 2019.

During the eleven months from 1 July 2017 to 31 May 2018, Mr George Lucas and Mr James Poon were contractors to another Group entity (Instreet Investment Limited) (IIL). For this period, Mr Lucas was paid \$475,750 + GST and Mr Poon was paid \$268,700 + GST under their contractual arrangements with IIL.

During the eleven months from 1 July 2017 to 31 May 2018, Mr Brendan Malone was employed by a related entity, Raiz Invest Australia Limited (formerly Acorns Grow Australia Limited) (RIAL). During this period RIAL paid Mr Malone \$173,250 gross salary and \$16,458 in superannuation contributions were made on his behalf by RIAL.

As disclosed in the Prospectus, approximately \$1,435,000 of the funds raised under the public offer were to be applied as one-off cash bonus payments to key employees of the Raiz Group in the year ended 30 June 2018. In determining that these cash bonus payments were to be made to these key employees, and the relevant amount of each cash bonus payment, the Board had regard to the fact that each of these key employees played a key role in establishing the business operations in Australia, and since then each has:

- > continued to be pivotal to the growth and success of the business;
- > invested significant effort and time in the business; and
- > in addition to the continued performance of their current roles in the Company and the Raiz Group, they have attended to the majority of the demands required to be undertaken in preparation for the Offer and Listing.

The remaining amount (\$565,000) was distributed amongst other employees of Raiz.

No cash bonuses were paid to key employees of the Raiz Group in the year ended 30 June 2019.

### Options granted to Senior Executive KMP under the Raiz LTEIP and Historical Option Plan

No additional options were awarded during the year ended 30 June 2019.

### Options awarded, vested and lapsed before or during the year for KMP of Raiz

The options do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met, until their expiry.

Raiz Invest Limited LTEIP								
KMP	Options awarded during the year	Date Options granted	Vesting date	Exercise price A\$	Expiry date	Number vested up to end of the year	Number lapsed during the year	Value of Options granted as at issue date \$
George Lucas	1,000,000	20 June 2018	21 June 2021	1.80	20 June 2028	-	-	614,100
Brendan Malone	250,000	20 June 2018	21 June 2021	1.80	20 June 2028	-	-	153,525
James Poon	200,000	20 June 2018	21 June 2021	1.80	20 June 2028	-	-	122,820

Historical Option Plan								
KMP	Options granted in prior years	Date Options granted	Vesting date	Exercise price A\$	Expiry date	Number vested up to end of the year	Number lapsed during the year	Value of Options granted as at issue date \$
Brendan Malone	2,025,029	1 July 2015	By 1 July 2019	0.20	1 July 2025	1,518,771	-	1,657,689
Brendan Malone	241,489	1 March 2017	By 1 March 2021	0.95	1 March 2027	120,744	-	197,683

### Key Management Personnel Historical Share Option Plan

The options are granted subject to the completion of four years' continued employment with Raiz Invest Limited and subject to the individual meeting predetermined performance criteria. The options vest evenly at the anniversary of the grant date for four years. Should the performance criteria not be met for a particular year, the portion of option which were available for vesting for that year shall be considered forfeited.

### Raiz Invest Employee Share Option Plan

The Group established the Raiz Invest Limited long-term equity incentive plan as disclosed in the Prospectus as a long-term incentive scheme to recognise talent and motivate employees to strive for group performance. All employees (other than Key Management Personnel) are entitled to participate in the share option scheme upon completion of five years' employment with the consolidated Group. Employees are granted options which evenly vest over five years, subject to meeting specified performance criteria. The options are issued for no consideration and carry no entitlements to voting rights or dividends of the Group. The number available to be granted is determined by the Board and is based on performance measures including growth in shareholder return, return on equity, cash earnings and Group earnings per share growth.

On 20 June 2018, 1,940,000 share options were granted to employees and senior executives under the consolidated Group under the Raiz Invest Limited employee share option plan to take up ordinary shares at an exercise price of \$1.80 each. The options are exercisable on or before 20 June 2028. The options hold no voting or dividend rights and are not transferable.

No share options were granted to employees or senior executives in the year to 30 June 2019.

### Shareholdings

The number of shares in the Company held during the financial year by each Director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	RZI shares held at 1 July 2018	Number of RZI shares purchased during the year ended 30 June 2019	Number of RZI shares held at 30 June 2019	Number of RZI shares subject to Escrow	Restriction ends
Peter Anthony Fay	2,945,898	129,102	3,075,000	2,306,725	24 months from Listing
David Gordon	1,435,280	30,000	1,465,280	1,425,280	24 months from Listing
Nina Finlayson	113,913	-	113,913	107,163	24 months from Listing
Kieran Moore	27,777	-	27,777	-	n/a
<b>Non-Executive Director total</b>	<b>4,522,868</b>	<b>159,102</b>	<b>4,681,970</b>	<b>3,839,168</b>	<b>24 months from Listing</b>
<b>Senior Executives</b>					
George Lucas	6,658,251	101,600	6,759,851	6,542,695	24 months from Listing
Brendan Malone	288,675	18,325	307,000	-	Released from ASX escrow
James Poon	759,296	-	759,296	753,740	24 months from Listing
<b>Total Senior Executives</b>	<b>7,706,222</b>	<b>119,925</b>	<b>7,826,147</b>	<b>7,296,435</b>	<b>24 months from Listing</b>
<b>Total All KMP (Non-Exec Directors &amp; Senior Executives)</b>	<b>12,229,090</b>	<b>279,027</b>	<b>12,508,117</b>	<b>11,135,603</b>	<b>24 months from Listing</b>

## Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

		Consolidated Group	
		2019	2018
		\$000	\$000
(i)	<i>Other related parties:</i>		
	Purchase of goods and services:	202	165
	In the 2019 financial year, the Group purchased services from companies associated with the directors, including Cannings Advisory Services Pty Limited, Howorth Communications Pty Limited and OPR Agency Limited.		
(ii)	<i>Key management personnel:</i>		
	Management fees and occupancy fees paid which directors and executives have a beneficial interest	-	1,879
(iii)	<i>Loans from other key management personnel related entities:</i>		
	Beginning of the year	304	535
	Loans advanced	203	304
	Loan repayment received	(128)	(608)
	Interest charged	-	73
	End of the year	379	304
(iv)	<i>Payments received from related parties:</i>		
	Authorised Representative fees	886	751
	Management fees	842	231
	<b>Total</b>	<b>1,728</b>	<b>982</b>

Raiz receives authorised representative fees and management fees from Instreet Investment Australia Limited for use of the Group's AFSL and recovery of expenses.

## Key management personnel compensation

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	2019	2018
	\$000	\$000
Short-term employee benefits	1,365	2,521
Post-employment benefits	87	26
Other long-term benefits	18	19
Share-based payments	454	337
<b>Total KMP compensation</b>	<b>1,924</b>	<b>2,903</b>



This concludes the remuneration report which has been audited.

### **Rounding of amounts**

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

### **Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found following the Directors Report of the financial report.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors:

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

**George Simon Lucas, Director**

Dated: 28 August 2019

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

As lead auditor of Raiz Invest Limited for the year ended 30 June 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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



Arthur Milner  
Partner

**BDO East Coast Partnership**

Sydney, 28 August 2019

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	Consolidated Group	
		2019 \$000	2018 \$000
<b>Continuing operations</b>			
Revenue	2	6,227	2,761
Employee benefits expense	3	(3,577)	(4,321)
Depreciation and amortisation expense	3	(1,802)	(875)
Sales and administrative expense		(2,586)	(1,601)
Professional fees		(1,410)	(1,740)
Marketing expenses		(2,074)	(1,135)
Other expenses		(1,857)	(1,324)
Share of loss in Joint Venture		-	(608)
<b>Loss from continuing operations before income tax</b>		<b>(7,079)</b>	<b>(8,843)</b>
Tax (expense)/benefit	4	(68)	157
<b>Net Loss from continuing operations for the year</b>		<b>(7,147)</b>	<b>(8,686)</b>
<b>Profit after income tax from discontinued operations</b>	27	-	1,488
<b>Loss for the year</b>		<b>(7,147)</b>	<b>(7,198)</b>
Total comprehensive income (loss) for the year to the:			
Owners of the parent entity		(7,019)	(7,172)
Non-controlling interest		(128)	(26)
<b>Total comprehensive income (loss) for the year</b>		<b>(7,147)</b>	<b>(7,198)</b>
<b>Earnings per share</b>			
<b>From continuing &amp; discontinuing operations:</b>			
Basic earnings per share (cents)		(0.11)	(0.49)
Diluted earnings per share (cents)		(0.11)	(0.49)
<b>From continuing operations:</b>			
Basic earnings per share (cents)	7	(0.11)	(0.59)
Diluted earnings per share (cents)	7	(0.11)	(0.59)
<b>From discontinuing operations:</b>			
Basic earnings per share (cents)		-	0.10
Diluted earnings per share (cents)		-	0.10

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	Consolidated Group	
		2019	2018
		\$000	\$000
<b>ASSETS</b>			
Cash and cash equivalents	8	6,815	4,446
Trade and other receivables	9	442	859
Other Financial assets	10	582	7,392
Other assets	11	204	92
<b>TOTAL CURRENT ASSETS</b>		<b>8,043</b>	<b>12,789</b>
Property, plant and equipment		121	37
Deferred tax assets	4	544	673
Intangible assets	12	20,669	22,012
<b>TOTAL NON-CURRENT ASSETS</b>		<b>21,334</b>	<b>22,722</b>
<b>TOTAL ASSETS</b>		<b>29,377</b>	<b>35,511</b>
<b>LIABILITIES</b>			
Trade and other payables	14	1,620	1,660
Provisions	15	158	94
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,778</b>	<b>1,754</b>
Trade and other payable	14	379	304
Deferred tax liabilities	4	736	797
Provisions	15	27	14
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,142</b>	<b>1,115</b>
<b>TOTAL LIABILITIES</b>		<b>2,920</b>	<b>2,869</b>
<b>NET ASSETS</b>		<b>26,457</b>	<b>32,642</b>
<b>EQUITY</b>			
Issued capital	16	66,162	66,162
Restructuring reserve	17	(26,328)	(26,328)
Share option reserve	17	3,760	2,818
Accumulated losses		(17,078)	(10,010)
Equity attributable to owners of the parent entity		26,516	32,642
Non-controlling interest		(59)	-
<b>TOTAL EQUITY</b>		<b>26,457</b>	<b>32,642</b>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2019**

<b>Year ended 30 June 2019</b>	<b>Issued Capital</b>	<b>Restructuring Reserve</b>	<b>Share Option Reserve</b>	<b>Non-controlling interests</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Balance at 1 July 2018	66,162	(26,328)	2,818	-	(10,010)	32,642
Accumulated losses (PT. Raiz Invest Indonesia)*	-	-	-	(11)*	(49)*	(60)*
Loss attributable to members of the parent equity	-	-	-	(128)	(7,019)	(7,147)
<b>Total comprehensive loss for the year</b>	<b>66,162</b>	<b>(26,328)</b>	<b>2,818</b>	<b>(139)</b>	<b>(17,078)</b>	<b>25,435</b>
<i>Transactions with owners in capacity as owners:</i>						
Issue of Shares	-	-	-	80	-	80
Share option expenses	-	-	942	-	-	942
<b>Balance at 30 June 2019</b>	<b>66,162</b>	<b>(26,328)</b>	<b>3,760</b>	<b>(59)</b>	<b>(17,078)</b>	<b>26,457</b>

The accompanying notes form part of these financial statements.

\*Accumulated losses from PT. Raiz Invest Indonesia prior to 1 July 2018, which was not consolidated into Raiz Group in the financial report for the year ended 30 June 2018.

*Consolidated Statement of Changes in Equity is continued over next page.*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2018**

<b>Year ended 30 June 2018</b>	<b>Issued Capital</b>	<b>Restructuring Reserve</b>	<b>Share Option Reserve</b>	<b>Non-controlling interests</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Adjusted Balance at 1 July 2017	4,744	-	-	(37)	(637)	<b>4,070</b>
Share option expense prior year restatement	-	-	1,343*	-	(1,343)	-
Loss attributable to members of the parent equity	-	-	-	(26)	(7,172)	<b>(7,198)</b>
<b>Total comprehensive loss for the year</b>	<b>4,744</b>	<b>-</b>	<b>1,343</b>	<b>(63)</b>	<b>(9,152)</b>	<b>(3,128)</b>
<i>Transactions with owners in capacity as owners:</i>						
Issue of Shares	61,436	-	-	-	-	<b>61,436</b>
Capital re-organisation	1,401	(26,328)	109	63	-	<b>(24,755)</b>
Cost in relation to capital raising	(1,419)	-	-	-	-	<b>(1,419)</b>
Transaction with equity owner	-	-	-	-	-	-
Dividend	-	-	-	-	(858)	<b>(858)</b>
Share option expenses	-	-	1,366	-	-	<b>1,366</b>
<b>Balance at 30 June 2018</b>	<b>66,162</b>	<b>(26,328)</b>	<b>2,818</b>	<b>-</b>	<b>(10,010)</b>	<b>32,642</b>

The accompanying notes form part of these financial statements.

\* Raiz Invest Australia Limited subsidiaries, which are now part of the Group, underestimated the share option expenses in prior years and it has been corrected by restating the opening balance of share option reserve in equity. This is a non-cash adjustment and does not affect the number of shares on issue or options granted.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated Group	
		2019 \$000	2018 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		7,307	4,486
Payments to suppliers and employees		(11,404)	(10,781)
R&D refund		549	354
Income tax paid		-	(435)
<b>Net cash used in operating activities</b>	20	<b>(3,548)</b>	<b>(6,376)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for short term deposits		(543)	(7,000)
Payment for fixed assets		(111)	-
Payment for intangible assets		(912)	(1,473)
Proceeds from disposal of short-term deposits		7,548	-
Payment for acquisitions		-	(17,654)
Contribution to Joint Venture investment		-	(1,160)
Loan to other parties		(220)	-
<b>Net cash from/(used) in investing activities</b>		<b>5,762</b>	<b>(27,287)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		80	15,120
Proceeds from Capital raising		-	20,700
Share issue cost		-	(1,959)
Repayment of convertible note		-	(535)
Repayment of loans		(124)	-
Proceeds from related parties		199	304
<b>Net cash from financing activities</b>		<b>155</b>	<b>33,630</b>
Net increase in cash and cash equivalents		2,369	(33)
Cash and cash equivalents at the beginning of financial year		4,446	4,479
<b>Cash and cash equivalents at the end of financial year*</b>	8	<b>6,815</b>	<b>4,446</b>

The accompanying notes form part of these financial statements.

\*Cash and cash equivalents at the end of financial year is defined as cash on call all held in cash equivalents with a term of less than 91 days.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

The separate financial statements of the parent entity, Raiz Invest Limited, have been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 28 August 2019 by the directors of the Company.

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Preparation**

These general purpose consolidated financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### **a. Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Raiz Invest Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 13.

The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in the ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

#### **b. Business Combinations**

Business combinations occur where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed are recognised (subject to certain limited exceptions).



When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

**c. Business Combinations Under Common Control**

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that the control is not transitory.

Where an entity within the Group acquires an entity under common control, the acquirer consolidates the carrying values of the acquired entity's assets and liabilities. The consolidated financial statements of the Group include the acquired entity's income and expenses. Any difference between the fair value of the consideration paid/transferred by the acquirer and the net assets/(liabilities) of the acquired entity are taken to the restructuring reserve within other equity.

**d. Income Tax**

The income tax expense for the period comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Current and deferred income tax expense is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

e. **Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

f. **Property, Plant and Equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

**Depreciation**

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable assets are between 20%-33%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

g. **Financial Instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

#### **Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value or at amortised cost using the effective interest method.

*Amortised cost* is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's Accounting Policy.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

#### **h. Impairment of Assets**

At each reporting date, the Group reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **i. Interests in Joint Venture**

Joint Venture represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

#### **j. Intangible Assets Other than Goodwill**

License costs and development expenditure on software is recognised at cost of acquisition or when the expenditure is incurred. Such capitalised expenditure has a finite life and is carried at cost less any accumulated amortisation and any impairment losses. The capitalised expenditure is amortised over its estimated useful life of 5 years.

#### **k. Foreign Currency Transactions and Balances**

##### **Functional and presentation currency**

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

#### **l. Employee Benefits**

##### **Short-term employee benefits**

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages and salaries are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

#### **Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

#### **Equity-settled compensation**

The Group operates an employee option plan. Share-based payments to employees are measured at the fair value of the instruments at grant date and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amounts are recognised in the option reserve and statement of profit and loss respectively. The fair value of options is determined using the Black-Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

#### **m. Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

#### **n. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

#### **o. Revenue and Other Income**

The accounting policy for revenue has been changed due to the adoption of AASB 15 Revenue from contracts with customers. The impact of transition along with the revenue recognition has been disclosed in Note 1u (i).

p. **Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any expected credit loss.

q. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Due to their short-term nature they are measured at amortised cost and are not discounted.

r. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

s. **Parent Entity Information**

In accordance with the Corporations Act 2001, these financial statements present the results of Raiz only. Supplementary information about the Parent entity is disclosed in Note 26.

t. **Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

**Key estimates**

(i) *Impairment*

The Group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of goodwill at the end of the reporting period.

(ii) *Continuation Accounting – ‘pooling of interests’*

The ‘pooling of interest’s method’, treats the consolidated group as if they had been combined throughout the current and comparative accounting periods. Under this method, acquisitions have been recognised in the consolidated financial report at their book value. Investments in subsidiaries have been eliminated based upon the initial investment in the subsidiary, which matched the value of shares issued by Raiz Invest Limited to common shareholders.

u. **Adoption of New Accounting Standards**

(i) *Adoption of AASB 15 Revenue from Contracts with Customers*

**Revenue Recognition**

The Group has adopted application of AASB 15 *Revenue from Contracts with Customers* from 1 July 2018, applying the full retrospective method of transition. With the exception of the additional disclosure requirements, the new standard has not had a material impact on the Group’s Financial

Statements. The core principle is that revenue should only be recognised as the client receives the benefit of the goods or services provided under a commercial contract, in an amount that reflects the consideration to which the provider expects to be entitled for the transfer of the goods or services. A practical expedient has been adopted whereby the impact of significant financing components has not been considered as the group expected, at contract inception, that the period between transfer of the service and when the customer pays for that service to be less than one year.

### **Revenue from rendering of services**

#### *Raiz platform fees*

Raiz platform fees are charged to customers under the contract to allow them to invest with Raiz. Revenue is recognised over time using the output method in accordance with AASB 15. The performance obligation is to allow a user access to the platform for a period of one month. Revenue is recognised in arrears when the performance obligation for the relevant period is met.

#### *Raiz rewards*

Raiz establishes partnerships with companies allowing advertising on the Raiz platform. Commission is then received when a customer makes a purchase via Raiz. Revenue is recorded when a customer has made a purchase via Raiz as this is the point when the performance obligation is met and Raiz recognise the commission.

#### *Management fee*

Management fees are charged to Instreet Investment Australia Limited for use of the Instreet Investment Limited (subsidiary within the Group) Australian Financial Services Licence (AFSL). License fees and expense recharges are recognised via a management fee and charged to Instreet Investment Australia Limited, see related party Note 23. Revenue is recognised over time as the service is provided.

### **Interest**

Interest revenue is recognised as it accrues, taking into account the effective yield of the financial asset.

### **Rental**

Rental income is recognised as it accrues over the rental period.

### **Other revenue**

Other revenue is recognised when it is received or the right to receive payment is established.

#### (ii) *Adoption of AASB 9 Financial Instruments*

The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss'

('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The adoption of AASB 9 did not have a material effect on the financial position or performance of the Group.

v. **New Accounting Standards for Application in Future Periods**

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- **AASB 16: Leases** The standard is effective for periods beginning on or after 1 January 2019.

Leases will be adopted by the Group for the financial year starting on 1 July 2019. The first set of interim accounts that will be prepared in accordance with AASB 16 will be 31 December 2019. For leases currently classified as operating leases, under current accounting requirements the Group does not recognise assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment. The impact of the new standard will result in operating lease arrangements capitalised onto the statement of financial position, with a right of use asset and corresponding financial liability recognised on transition.

The Group has material operating lease commitment as set out in Note 18 and therefore the adoption of the standard is expected to have a material impact on the Financial Statements of the Group. The Board expects to apply the modified retrospective approach and therefore at the date of initial application an amount equal to the lease liability, using appropriate incremental borrowing rates, will be recognised as a right of use asset. The portfolio of leases consists of property. For leases with lease terms that end within 12 months from the date of transition the Group decided to apply the practical expedient to account for these leases as a short-term lease. This will ensure that there is no immediate impact to net assets on that date.

Assuming the Group's lease commitments remain at a similar level to those at 30 June 2019 and the incremental borrowing rate is 6%, the effect of adopting AASB 16 is expected to result in the recognition of right-of-use assets and lease liabilities of approximately \$961,000 at 1 July 2019. Instead of recognising an operating expense for its operating lease payments, the Group will instead recognise interest on its lease liabilities and amortisation on its right-of-use assets. As a result of applying AASB 16 overall financial results in the year ending 30 June 2020 are expected to be adversely impacted by approximately \$33,000 due to the front end loading of interest compared to smooth operating lease rental expenses but this may change due to the number of leases in existence and the incremental borrowing rate in force at the time of adoption.



## NOTE 2: REVENUE AND OTHER ACTIVITIES

	Consolidated Group	
	2019	2018
	\$000	\$000
<b>Revenue from continuing operations</b>		
Sales revenue:		
– Raiz platform	4,137	1,267
– management fee	1,728	982
– interest received	197	24
– rental revenue	97	147
– other revenue	68	341
<b>Total Sales Revenue</b>	<b>6,227</b>	<b>2,761</b>

### *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 19, the Group has two operating segments.

## NOTE 3: PROFIT FOR THE YEAR

	Consolidated Group	
	2019	2018
	\$000	\$000
<b>Profit before income tax from continuing operations includes the following specific expenses:</b>		
Employee benefits expense	3,577	4,321
Depreciation expenses	27	18
Amortisation expenses	1,775	857
Foreign currency translation losses	33	33
Rental expense on operating leases	383	279
Finance cost	29	85



#### NOTE 4: TAX EXPENSE / (BENEFIT)

	Consolidated Group	
	2019 \$000	2018 \$000
The prima facie tax on loss from ordinary activities before income tax is reconciled to income tax as follows:	(7,079)	(7,355)
Prima facie tax payable on loss from ordinary activities before income tax at 27.5% (2018: 27.5%)	(1,947)	(2,023)
<b>ADD:</b>		
<b>Tax effect of:</b>		
– Share of loss in joint venture	-	167
– Share option expense not deductible	259	376
– Other non-allowable items	1	-
– R&D expenditures not deductible	151	-
– Losses carried forward not recognised	1,604	1,598
– Losses cancelled	-	56
<b>LESS:</b>		
<b>Tax effect of:</b>		
– Other adjustments	-	(331)
– Impact of reduction in tax rate	-	-
<b>Income tax (benefit)/expense</b>	<b>68</b>	<b>(157)</b>
<b>Income tax credit comprises:</b>		
– Current Tax	-	20
– Deferred taxation	68	(177)
<b>Unrecognised tax losses</b>		
Unused tax losses for which no deferred tax asset recognised	13,064	8,620
Potential benefit at 27.5%	3,593	2,371
Deferred Tax Asset	544	673
Deferred Tax Liabilities	736	797
Provision for Income Tax	-	249
<b>Deferred Tax Asset Reconciliation</b>		
Opening Balance	673	94
Losses cancelled	-	(56)
Movement in Provisions	17	23
Movement in Accrued Expenses	6	3
Other (Black Hole Expenditure)	(152)	609
<b>Balance at 30 June 2019</b>	<b>544</b>	<b>673</b>
<b>Deferred Tax Asset comprises:</b>		
Employee provisions	60	46
Black Hole Expenditure	457	609
Accruals	27	18
<b>Balance at 30 June 2019</b>	<b>544</b>	<b>673</b>
<b>Deferred Tax Liability Reconciliation</b>		
Opening Balance	797	98

#### NOTE 4: TAX EXPENSE / (BENEFIT)

	Consolidated Group	
	2019 \$000	2018 \$000
Liabilities Exiting group from demerger	-	(99)
Movement in Accrued Expenses	1	1
Fixed Assets	(62)	797
<b>Balance at 30 June 2019</b>	<b>736</b>	<b>797</b>
<b>Deferred Tax Liability Comprises:</b>		
Fixed Assets	735	797
Interest Receivable	1	-
<b>Balance at 30 June 2019</b>	<b>736</b>	<b>797</b>

#### NOTE 5: AUDITOR'S REMUNERATION

	Consolidated Group	
	2019 \$	2018 \$
<b>Remuneration of the auditor for:</b>		
Audit services for the Group and its controlled entities (BDO East Coast Partnership)	110,000	148,000
Review of the financial statements of the Group and its controlled entities for 31 December 2017 (Hall Chadwick)	-	28,842
	<b>110,000</b>	<b>176,842</b>

#### NOTE 6: DIVIDENDS

The Group did not recommend, declare, or pay a cash dividend during the financial year ending 30 June 2019 (2018: nil, a share dividend in specie arose during the financial year ending 30 June 2018 as a result of the demerger of Instreet Investment Australia Limited this amounted to \$858,324).

#### Franking account balance

	2019 \$000	2018 \$000 Restated*
<b>The amount of the franking credit for subsequent reporting period are:</b>		
Balance at the end of the reporting period	230	570
Franking credits that will arise from the payment of the amount of provision for income tax	-	208
<b>Franking credit available for subsequent reporting period based on a tax rate of 27.5%</b>	<b>230</b>	<b>778</b>

\*Please see Note 28.

#### NOTE 7: EARNINGS PER SHARE

		Consolidated Group	
		2019	2018
		\$000	\$000
a.	<b>Reconciliation of earnings to profit / (loss):</b>		
	Total Loss for the year	(7,147)	(7,198)
	Earnings used in the calculation of dilutive EPS	(7,147)	(7,198)
b.	Reconciliation of earnings to profit / (loss) from continuing operations:		
	Loss from continuing operations	(7,147)	(8,686)
	Earnings used in the calculation of dilutive EPS from continuing operations	(7,147)	(8,686)
c.	Reconciliation of earnings to profit / (loss) from discontinued operations:		
	Profit from discontinued operations	-	1,488
	Earnings used to calculate basic EPS from discontinuing operations	-	1,488
		<b>No.</b>	<b>No.</b>
d.	Closing number of ordinary shares outstanding as at 30 June 2019 (30 June 2018)	66,229,988	66,229,988
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	66,229,988	14,827,185
e.	Basic EPS are not reflected for discontinued operations	(0.11)	(0.59)
f.	Diluted EPS are not reflected for discontinued operations	(0.11)	(0.59)

#### NOTE 8: CASH AND CASH EQUIVALENTS

		Consolidated Group	
		2019	2018
		\$000	\$000
	Cash at bank and on hand	1,815	1,446
	Short-term bank deposits	5,000	3,000
		<b>6,815</b>	<b>4,446</b>

The effective interest rate on short-term bank deposits was 1.6% (2018: 2.6%); these deposits have an average maturity of 60 days (2018: 90 days).

## NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2019 \$000	2018 \$000
<b>CURRENT</b>		
Trade receivables	265	291
Expected credit loss (2018: Provision for impairment)	(18)	(8)
Other receivables	167	226
Amounts receivable from related parties	28	350
<b>Total current trade and other receivables</b>	<b>442</b>	<b>859</b>

### Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group has credit risk exposures in Australia given the substantial operations in those regions. The Group's exposure to credit risk for receivables at the end of the reporting period in those regions is as follows:

AUD	Consolidated Group	
	2019 \$000	2018 \$000
Australia	442	859

The balances of receivables that remain within initial trade terms are of high credit quality. There has been no change to credit risk since initial recognition.

The Group applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the Group's historical credit losses experienced over the two-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

A reconciliation of the movement in the impairment allowance for receivables under the expected credit loss model is shown below:

	Consolidated Group 2019 \$000
Provision for bad and doubtful debts as at 30 June 2018	8
Amounts provided	10
Expected credit loss provision as at 30 June 2019	18

#### NOTE 10: OTHER FINANCIAL ASSETS

	Consolidated Group	
	2019	2018
	\$000	\$000
<b>Financial assets</b>		
CURRENT		
Australian listed shares*	168	117
Term Deposits (6-month maturity)	164	7,169
Other financial assets	250	106
<b>Financial assets</b>	<b>582</b>	<b>7,392</b>

\*Shares held for the purpose of tracking the Raiz Invest Australia Fund performance or managing the risks associated with the platform. These are not traded for the purpose of short-term profit taking. Changes in fair value are included in the statement of comprehensive income.

#### NOTE 11: OTHER ASSETS

	Consolidated Group	
	2019	2018
	\$000	\$000
<b>Other assets</b>		
CURRENT		
Prepayment	182	72
Deposit	22	20
<b>Other assets</b>	<b>204</b>	<b>92</b>

## NOTE 12: INTANGIBLE ASSETS & GOODWILL

	Consolidated Group	
	2019 \$000	2018 \$000
<b>Goodwill:</b>		
Cost	13,894	13,894
Impairment losses	-	-
Net carrying amount	13,894	13,894
<b>Computer software and other Intangible assets:</b>		
Cost	9,381	8,949
Accumulated amortisation	(2,606)	(831)
Net carrying amount	6,775	8,118
<b>Total intangible assets</b>	<b>20,669</b>	<b>22,012</b>

	Goodwill \$000	Computer Software - Intangible Assets \$000
<b>Consolidated Group:</b>		
<b>Year ended 30 June 2018</b>		
Balance at the beginning of the year	160	536
Acquisitions through business combinations	13,894	8,500
Disposals	(160)	(506)
Additions	-	445
Amortisation charge	-	(857)
<b>Year ended 30 June 2018</b>	<b>13,894</b>	<b>8,118</b>
<b>Year ended 30 June 2019</b>		
Balance at the beginning of the year	13,894	8,118
R&D Grant	-	(549)
Additions	-	981
Amortisation charge	-	(1,775)
<b>Closing value at 30 June 2019</b>	<b>13,894</b>	<b>6,775</b>

In the prior period the computer software intangible asset acquired through business combinations were independently valued and recognised at fair value. Intangible assets other than goodwill are amortised over their useful economic lives which is five years, see Note 1 for further information.

### Impairment disclosures

Goodwill is allocated to cash-generating units which are based on the Group's reporting segments:

	2019 \$000	2018 \$000
Raiz Invest Micro Investing Platform segment	13,894	13,894
<b>Total</b>	<b>13,894</b>	<b>13,894</b>

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a five-year period for the Raiz micro investing platform segment only with the period extending beyond five years by calculating a terminal value by applying a P.E ratio of 20 (based on terminal value growth rate of 9%) to the fifth year EBITDA from this segment. The cash flows and terminal value are discounted using a 14% discount factor.

### **Key Assumptions used in value-in-use calculation**

#### *Growth Rates*

Growth rates used reflect management's plans for the Raiz Invest Micro Investing platform segment only and where possible are based on historic performance.

#### *Discount Rate*

The discount rate of 14% (2018: 14%) pre-tax reflects the market determined, risk-adjusted discount rate that is adjusted for specific risks relating to the CGU. Any residual value will be calculated based on the price earnings ratio of 20 then discounted at 14%.

There were no other key assumptions.

Sensitivity analysis also examined the effect of a change in a key assumption on the cash-generating unit. The discount rate would need to increase by 28% or the terminal value growth rate would need to decrease by 15% before the recoverable amount of the CGU would equal its carrying value.

### **Key estimates and judgements**

#### *Impairment*

Raiz assess impairment at each reporting date by evaluating conditions specific to Raiz and the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves value-in-use calculations, which incorporate a number of key estimates and assumptions.

#### *Estimation of useful lives of assets*

Raiz determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation or amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

## NOTE 13: INTERESTS IN SUBSIDIARIES

### a. Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		2019	2018	2019	2018
		%	%	%	%
Raiz Invest Australia Limited	NSW Australia	100.0	100.0	-	-
Instreet Investment Limited	NSW Australia	100.0	100.0	-	-
Instreet Acorns Pty Ltd	NSW Australia	100.0	100.0	-	-
PT. Raiz Invest Indonesia	Jakarta Indonesia	80.0	80.0	20.0	20.0
Raiz Malaysia SDN BHD	Kuala Lumpur Malaysia	100.0*	100.0	-*	-

The Indonesian and Malaysian subsidiaries are not operating entities, with no material assets, and were incorporated as part of the applying for financial services licence in these jurisdictions.

\* A joint venture agreement was executed with Jewel Digital Ventures SDN. BHD. Upon receiving the digital investment management licence from the Security Commission of Malaysia, the joint venture partner will subscribe 30% interest in Raiz Malaysia SDN BHD. At 30 June 2019, Raiz Invest Limited retained 100% ownership interest.

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

### b. Significant Restrictions

There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

### c. Deed of Cross Guarantee

A Deed of Cross Guarantee (pursuant to ASIC (wholly-owned companies) instrument 2016/785 and ASIC Class Order 98/1418) was entered into between Raiz Invest Limited and its wholly owned subsidiaries, Instreet Investment Limited and Raiz Invest Australia Limited during the financial year ended 30 June 2018 and relief was obtained from preparing financial statements for Raiz Invest Australia Limited under ASIC Class Order 98/1418. Pursuant to this Deed of Cross Guarantee, the wholly-owned subsidiaries rely upon relief afforded to the financial reporting requirements of Chapter 2M Corporations Act 2001, such that Raiz Invest Limited prepares audited financial statements on a Group basis.

	Parties to Deed of Cross Guarantee	Parties to Deed of Cross Guarantee
	2019	2018
	\$000	\$000

#### Financial information in relation to:

##### (i) Statement of profit or loss and other comprehensive income:

Revenue	6,221	5,183
Sales and Administration expense	(2,586)	(1,652)
Employee benefits expense	(3,419)	(4,321)



# NOTE 13: INTERESTS IN SUBSIDIARIES

Depreciation and amortisation	(1,731)	(428)
Professional fees	(1,179)	(1,576)
Marketing expenses	(2,003)	(1,135)
Other expenses	(1,748)	(1,352)
Profit before income tax	(6,445)	(5,281)
Income tax credit	54	157
Profit after income tax	(6,391)	(5,124)
<b>Profit/(loss) attributable to owners of the parent entity</b>	<b>(6,391)</b>	<b>(4,949)</b>
<b>(ii) Statement of financial position:</b>		
Cash and cash equivalents	6,804	4,475
Trade and other receivables	442	859
Other financial assets	966	21,453
Other assets	160	92
<b>TOTAL CURRENT ASSETS</b>	<b>8,371</b>	<b>26,879</b>
Property, plant and equipment	21	38
Investment	57,152	56,836
Deferred tax assets	340	94
Intangible assets	6,481	8,210
<b>TOTAL NON-CURRENT ASSETS</b>	<b>63,994</b>	<b>65,178</b>
<b>TOTAL ASSETS</b>	<b>72,365</b>	<b>92,057</b>
Trade and other payables	3,103	17,141
Provisions	149	94
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,252</b>	<b>17,235</b>
Other financial liabilities	378	304
Deferred tax liabilities	707	(1)
Provisions	27	14
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,112</b>	<b>317</b>
<b>TOTAL LIABILITIES</b>	<b>4,364</b>	<b>17,552</b>
<b>NET ASSETS</b>	<b>68,001</b>	<b>74,505</b>
<b>EQUITY</b>		
Issued capital	76,611	76,111
Share option reserve	3,760	2,818
Other reserve	5,890	(534)
Retained earnings	(18,260)	(3,890)
<b>TOTAL EQUITY</b>	<b>68,001</b>	<b>74,505</b>

#### NOTE 14: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2019 \$000	2018 \$000
<b>CURRENT</b>		
Trade payables	1,583	1,627
Amounts payable to related parties	37	33
	1,620	1,660
<b>NON-CURRENT</b>		
Related party loan	379	304
	379	304

#### NOTE 15: PROVISIONS

	Consolidated Group	
	2019 \$000	2018 \$000
<b>CURRENT</b>		
Employee benefit provision	158	94
	158	94
<b>NON-CURRENT</b>		
Employee benefit provision	27	14
	27	14

#### NOTE 16: ISSUED CAPITAL

	Consolidated Group	
	2019 No.	2018 No.
Fully paid ordinary shares	66,229,988	66,229,988
	66,229,988	66,229,988

	Date	Consolidated Group	
		2019 No.	2018 No.

##### a. Ordinary Shares

At the beginning of the reporting period		66,229,988	2,175,434
Shares Issued to acquire 55% of Instreet Acorns Pty Ltd from Instreet Investment Limited	10 Apr 2018	-	26,644,798
Cancellation of shares to acquire 55% of Instreet Acorns Pty Ltd from Instreet Investment Limited	10 Apr 2018	-	(2,175,434)
Shares Issued to acquire 42% of Instreet Acorns Pty Ltd from various other investors	11 Apr 2018	-	24,597,880

Shares issued to acquire 9.63% of Raiz Invest Australia Limited	11 Apr 2018	-	5,186,309
Business Combination - Raiz Invest Limited	24 Apr 2018	-	1,401,001
Shares issued from public offering	21 Jun 2018	-	8,400,000
At the end of the reporting period (No.)		66,229,988	66,229,988

	Date	Consolidated Group	
		2019 \$	2018 \$
<b>b. Ordinary Shares</b>			
At the beginning of the reporting period		66,162,418	4,743,594
Cost in relation to Capital Raising	25 Jan 2018	-	(1,082,347)
Shares Issued to acquire 55% of Instreet Acorns Pty Ltd from Instreet Investment Limited	10 Apr 2018	-	24,109,521
Cancellation of shares to acquire 55% of Instreet Acorns Pty Ltd from Instreet Investment Limited	10 Apr 2018	-	(4,743,594)
Shares Issued to acquire 42% of Instreet Acorns Pty Ltd from various other investors	11 Apr 2018	-	22,258,301
Shares issued to acquire 9.63% of Raiz Invest Australia Limited	11 Apr 2018	-	4,692,834
Business Combination – Raiz Invest Limited	24 Apr 2018	-	1,401,001
Shares issued from public offer	21 Jun 2018	-	15,120,000
Costs in relation to public offer	21 Jun 2018	-	(875,223)
Cost in relation to public offer (tax benefit)	30 Jun 2018	-	538,331
<b>At the end of the reporting period (\$)</b>		<b>66,162,418</b>	<b>66,162,418</b>

**c. Options**

- (i) For information relating to the Raiz Invest Limited Long-Term Equity Incentive Plan (LTEIP), including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 21.
- (ii) For information relating to share options issued to key management personnel during the financial year, refer to Remuneration Report.

**d. Capital Management**

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group maintains liquid capital to meet its obligations as a responsible entity.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group.

	Note	Consolidated Group	
		2019 \$000	2018 \$000
Total liabilities		2,882	2,869
Less cash and cash equivalents	8	(6,815)	(4,446)
Net debt		(3,933)	(1,577)
<b>Total equity</b>		<b>26,539</b>	<b>32,642</b>
<b>Total assets</b>		<b>29,421</b>	<b>35,511</b>
Gearing ratio		(13.37%)	(4.44%)

#### NOTE 17: RESERVES

	Consolidated Group	
	2019 \$000	2018 \$000
Restructuring reserve	(26,328)	(26,328)
Share option reserve	3,760	2,818
Total reserve	(22,568)	(23,510)

##### Restructuring reserve:

The restructuring reserve relates to a business combination in the prior year whereby the group was re-organised. The transaction was accounted for under the pooling of interest method as there was no change to overall controlling interest in the group.

##### Share option reserve:

The share option reserve represents the cumulative charge for share based payments.

#### NOTE 18: LEASING COMMITMENTS

	Consolidated Group	
	2019 \$000	2018 \$000
<b>a. Operating Lease Commitments</b>		
Payable – minimum lease payments:		
– not later than 12 months	494	132
– between 12 months and 3 years	988	68
	1,482	200

The Lease commitments include rental agreements for Sydney, Malaysia and Indonesian Offices.

## NOTE 19: OPERATING SEGMENTS

### Description of segments

#### Identification of reportable operating segments

Raiz Invest is currently organised into 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 Chief operating decision maker (CODM) in assessing the performance and in determining the allocation of resources. There is no aggregation of operating segments below this level.

The CODM also uses EBITDA (earnings before interest, tax, depreciation and amortisation excluding share-based payments and non-recurring items) 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 CODM 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 0.04% of total revenue.

The majority of Other Financial Services are paid by Instreet Investment Australia Limited (IIAL), for rent and other expenses as well as a corporate authorised representative (CAR) fee.

### Segment Income

Year ended 30 June 2019	Raiz Invest Micro Investing Platform	Other Financial Services	Total
	\$000	\$000	\$000
Segment Revenue	4,137	2,090	6,227
EBITDA*	(6,432)	1,166	(5,266)
Depreciation and amortisation expenses	(1,775)	(27)	(1,802)
Interest expenses	-	(11)	(11)
Loss before income tax	(8,207)	1,128	(7,079)

\* EBITDA represents earnings before interest, tax, depreciation and amortisation excluding non-recurring items and share based payments.

Year ended 30 June 2018	Raiz Invest Micro Investing Platform	Other Financial Services*	Total
	\$000	\$000	\$000
Segment Revenue	1,267***	3,496	4,763
EBITDA**	(6,424)	146	(6,278)
Depreciation and amortisation expenses	(839)	(153)	(992)
Interest	-	(85)	(85)
Loss before income tax	(7,263)	(92)	(7,355)

\* The other financial services operating segment includes discontinued operations.

\*\* EBITDA represents earnings before interest, tax, depreciation and amortisation excluding non-recurring items and share based payments.

\*\*\*The segment revenue is only for 5 months of operation not the full 12 months.

<b>As at 30 June 2019</b>	<b>Raiz Invest Micro Investing Platform</b>	<b>Other Financial Services</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Segment assets	24,888	4,489	29,377
Segment liabilities	2,730	181	2,911

<b>As at 30 June 2018</b>	<b>Raiz Invest Micro Investing Platform</b>	<b>Other Financial Services</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Segment assets	24,340	11,171	35,511
Segment liabilities	2,292	577	2,869

NOTE 20: CASH FLOW INFORMATION

		Consolidated Group	
		2019	2018
		\$000	\$000
a.	<b>Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax</b>		
	Loss after income tax	(7,147)	(7,198)
	Non-cash flows in profit:		
	– Amortisation (non-cash)	1,802	992
	– share of joint ventures' net profit after income tax and dividends	-	608
	– Share option expenses (non-cash)	942	1,343
	– Tax expense/(benefit)	68	(157)
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
	– (decrease)/increase in trade and term receivables	750	(331)
	– (increase)/decrease in inventories	-	(1221)
	– (decrease)/increase in trade payables and accruals	(40)	-
	– (decrease)/increase in income taxes payable	-	(336)
	– (increase)/decrease in deferred taxes receivable	-	(99)
	– (decrease)/increase in provisions	77	23
	Cash flows from operating activities	(3,548)	(6,376)

## NOTE 21: SHARE-BASED PAYMENTS

- a. Raiz Invest Limited has in place two share option schemes:

### **Key Management Personnel Historical Share Options Plan**

The options are granted subject to the completion of four years' continued employment with Raiz Invest Limited and subject to the individual meeting predetermined performance criteria. The options vest evenly at the anniversary of the grant date for four years. Should the performance criteria not be met for a particular year, the portion of option which were available for vesting for that year shall be considered forfeited.

### **Raiz Invest Employee Share Option Plan**

The Group established the Raiz Invest Limited long-term equity incentive plan as disclosed in the Prospectus as a long-term incentive scheme to recognise talent and motivate employees to strive for group performance. All employees (other than Key Management Personnel) are entitled to participate in the share option scheme upon completion of five years' employment with the consolidated Group. Employees are granted options which evenly vest over five years, subject to meeting specified performance criteria. The options are issued for no consideration and carry no entitlements to voting rights or dividends of the Group. The number available to be granted is determined by the Board and is based on performance measures including growth in shareholder return, return on equity, cash earnings and Group earnings per share growth.

- b. On 20 June 2018, 1,940,000 share options were granted to employees under the consolidated Group under the Raiz Invest Limited employee share option plan to take up ordinary shares at an exercise price of \$1.80 each. The options are exercisable on or before 20 June 2028. The options hold no voting or dividend rights and are not transferable.
- c. A summary of the movements of all Group options issues is as follows:

	Number	Weighted Average Exercise Price
<b>Options outstanding as at 1 July 2017</b>	3,292,848	0.58
Granted	3,026,702	1.80
<b>Options outstanding as at 30 June 2018</b>	6,319,550	
Granted	-	-
<b>Options outstanding as at 30 June 2019</b>	6,319,550	

The fair value of options granted during the year was Nil (2018: \$2,080,928). These values were calculated using the Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price:	\$1.80
Weighted average life of the option:	10 years
Expected share price volatility:	45%
Risk-free interest rate:	2%

Historical volatility of Companies judged to be similar has been the basis for determining expected share price volatility.

The share option expense recognised during the financial year to 30 June 2019 was \$942,000 (2018: \$1,343,000).



## NOTE 22: EVENTS AFTER THE REPORTING PERIOD

From the 1 August 2019 the maintenance fee of \$2.50 will be charged with account balances less than \$10,000 and the account fee of 0.275% per annum will be charged on balances equal to or greater than \$10,000.

No other 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.

## NOTE 23: RELATED PARTY TRANSACTIONS

### a. Related parties

The Group's main related parties are as follows:

#### (i) *Entities exercising control over the Group:*

The ultimate parent entity that exercises control over the Group is Raiz Invest Limited, which is incorporated in New South Wales, Australia.

#### (ii) *Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 24.

#### (iii) *Entities subject to significant influence by the Group:*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity that holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

#### (iv) *Joint ventures accounted for under the equity method:*

The Group in part of FY2018 had a 52.4% interest in the joint venture, Raiz Invest Australia Limited. The interest in joint venture is accounted for in these consolidated financial statements of the Group using the equity method of accounting.

#### (v) *Other related parties:*

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

### b. Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

		Consolidated Group	
		2019	2018
		\$000	\$000
(i)	<i>Other related parties:</i>		
	Purchase of goods and services:	202	165
	In 2019 financial year, the Group purchased services from companies associated with the directors, including Cannings Advisory Services Pty Limited, Howorth Communications Pty Limited and OPR Agency Pty Limited.		
(ii)	<i>Key management personnel:</i>		
	Management fees and occupancy fees paid which directors and executives have a beneficial interest	-	1,879
(iii)	<i>Loans from other key management personnel related entities:</i>		
	Beginning of the year	304	535

	Loans advanced	203	304
	Loan repayment	(128)	(608)
	Interest charged	-	73
	End of the year	379	304
(iv)	<i>Payments received from related parties:</i>		
	Authorised Representative fees	886	751
	Management fees	842	231
	<b>Total</b>	<b>1,728</b>	<b>982</b>

Raiz receives authorised representative fees and management fees from Instreet Investment Australia Limited for use of the Instreet Investment Limited Australian Financial Services Licence (AFSL) and recovery of expenses.

#### NOTE 24: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2019.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
Short-term employee benefits	1,365	2,521
Post-employment benefits	87	26
Other long-term benefits	18	19
Share-based payments	454	337
<b>Total KMP compensation</b>	<b>1,924</b>	<b>2,903</b>

##### **Short-term employee benefits**

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

##### **Other long-term benefits**

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

##### **Share-based payments**

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

## NOTE 25: FINANCIAL RISK MANAGEMENT

AASB 9 'Financial instruments' replaces AASB 139 'Financial instruments: Recognition and Measurement' with the exception of macro hedge accounting. The standard is effective for accounting periods beginning on or after 1 July 2018. The standard covers three elements:

- Classification and measurement: Changes to a principle based approach to classify financial assets as either held at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit and loss, dependent on the business model and cash flow characteristics of the financial asset.
- Impairment: Moves to an impairment model based on expected credit losses.
- Hedge accounting: The AASB 9 hedge accounting requirements are designed to allow hedge accounting to be more closely aligned with the Group's underlying risk management.

With the exception of the additional disclosure requirements, the nature of the change in accounting policy has not had a material impact on the Group's financial statements. Classifications of the financial instruments have remained the same and as such, there is no change in the financial line items, no change to basic and diluted earnings per share and no adjustment relating to prior periods before those presented.

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Different methods are used to measure different types of risk to which the Group is exposed, such as sensitivity analysis for interest rate risk and ageing analysis for credit risk.

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bills and leases.

	Note	Consolidated Group	
		2019	2018
		\$000	\$000
Financial assets			
Cash and cash equivalents	8	6,815	4,446
Financial assets at fair value through profit or loss:			
– Australian listed shares	10	168	117
Financial assets held at amortised cost:			
Term deposits	10	164	7,169
Other	10	250	106
Receivables	9	442	859
Total financial assets		7,839	12,697
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	14	1,620	1,660
– borrowings	14	379	304
Total financial liabilities		1,999	1,964

### Financial Risk Management Policies

The COO has been delegated responsibility by the Board of Directors for, among other issues, managing financial risk exposures of the Group. The COO monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of the limits. The COO also reviews the effectiveness of internal controls relating to market risk, counterparty credit risk, foreign currency risk, liquidity risk, and interest rate risk.

## Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk, and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

	Note	Consolidated Group	
		2019	2018
		\$000	\$000
Cash and cash equivalents:			
– AA rated	8	6,815	4,446
Term deposits:			
– AA rated	10	164	7,169

## Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- > preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- > only investing surplus cash with major financial institutions; and
- > comparing the maturity profile of expected liabilities with the realisation profile of expected revenue and financial asset revenue.

## Financial liability and financial asset maturity analysis

Consolidated Group	Within 1 Year		Greater than 1 Year		Total	
	2019	2018	2019	2018	2019	2018
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial liabilities due for payment</b>						
Trade and other payables	1,620	1,627	-	304	1,620	1,931
Amounts payable to related parties	-	33	379	-	379	33
Total expected outflows	1,620	1,660	379	304	1,999	1,964
<b>Financial assets – cash flows realisable</b>						
Cash and cash equivalents	6,815	4,446	-	-	6,815	4,446
Trade and other receivables	692	965	-	-	692	965
Australian listed shares	168	117	-	-	168	117
Term deposits	164	7,169	-	-	164	7,169
Total anticipated inflows	7,839	12,697	-	-	7,839	12,697
Net inflow/(outflow) on financial instruments	6,219	11,037	(379)	(304)	5,840	10,733

## Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group mitigate credit risk by undertaking transactions with a large number of customers. The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral. Trade and other receivables that are neither past due nor impaired are considered to be high credit quality. There has been no change to credit risk since initial recognition.

The Group applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The expected loss rates are based on the Group's historical credit losses experienced over the two-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

A reconciliation of the movement in the impairment allowance for receivables under the expected credit loss model is shown below:

	Consolidated Group
	2019
	\$000
Provision for bad and doubtful debts as at 30 June 2018	8
Amounts provided	10
Expected credit loss provision as at 30 June 2019	18

#### Market risk

(i) *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

(ii) *Foreign currency risk*

Exposure to foreign currency risk result from payments to foreign companies for services provided. Fluctuations in the US dollar may impact on the Group's financial results as those exposures are not hedged.

The Group is also exposed to securities price risk linked to funds under management which are influenced by changes in securities price. This risk is unhedged

#### Sensitivity analysis

Year ended 30 June 2019	Consolidated Group
	Earnings
	\$000
+/-0.50% in interest rates	25
+/-2% in \$A/\$US	30
+/-5% in \$A/IDR	50
+/-10% in listed securities	125

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

## Fair Values

### Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Refer to Note 1(e) for detailed disclosures regarding the fair value measurement of the Group's financial assets and financial liabilities.

Consolidated Group	Note	2019		2018	
		Carrying Amount \$000	Fair Value \$000	Carrying Amount \$000	Fair Value \$000
Financial assets					
Cash and cash equivalents <sup>(i)</sup>	8	6,815	6,815	4,446	4,446
Total trade and other receivables	9,10	692	692	965	965
Term deposits	10	164	164	7,169	7,169
Financial assets at fair value through profit or loss:					
– Australian listed shares	10	168	168	117	117
Total financial assets		7,839	7,839	12,697	12,697
Financial liabilities					
Trade and other payables <sup>(i)</sup>	14	1,620	1,620	1,660	1,660
Related party loan	14	379	379	304	304
Total financial liabilities		1,999	1,999	1,964	1,964

- (i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

## NOTE 26: PARENT INFORMATION

The following information has been extracted from the books and records of the financial information of the parent entity set out below and has been prepared in accordance with Australian Accounting Standards.

	2019 \$000	2018 \$000
<b>Statement of Financial Position</b>		
<b>ASSETS</b>		
Current assets	406	13,845
Non-current assets	63,285	52,312
<b>TOTAL ASSETS</b>	<b>63,691</b>	<b>66,157</b>
<b>LIABILITIES</b>		
Current liabilities	688	500
Non-current liabilities	26	5
<b>TOTAL LIABILITIES</b>	<b>714</b>	<b>505</b>
<b>EQUITY</b>		
Issued capital	67,582	67,582
Accumulated loss	(6,912)	(3,296)
Share option reserve	2,307	1,366
<b>TOTAL EQUITY</b>	<b>62,977</b>	<b>65,652</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Total loss	(3,900)	(2,276)
Total comprehensive income	(3,900)	(2,276)

### Guarantees

During the reporting period, Raiz Invest Limited entered into a deed of cross guarantee with its subsidiaries Instreet Investment Limited and Raiz Invest Australia Limited.

## NOTE 27: DISCONTINUED OPERATIONS

On 26 February 2018, as part of the restructure and business combination, Instreet Investment Australia Limited (and the business it conducts) was demerged from the Raiz Group.

### a) Financial performance information

	2019	2018
	\$000	\$000
Revenue	-	2,002
Expense	-	(514)
Profit – EBITDA	-	1,488

### b) Cash flow information

	2019	2018
	\$000	\$000
Net cash flow from operating activities	-	1,488
Net decrease in cash from discontinued operations	-	1,488

## NOTE 28: RESTATEMENT OF COMPARATIVES

During the preparation of the financial statement for the current financial year, an inaccuracy was identified in respect to the Franking account balance in prior financial year. The inaccuracy has been corrected for the prior year as follows:

### Franking account balance

	2018 Reported \$000	2018 Restated \$000
<b>The amount of the franking credit for subsequent reporting period are:</b>		
Balance at the end of the reporting period	755	570
Franking credits that will arise from the payment of the amount of provision for income tax	20	208
<b>Franking credit available for subsequent reporting period based on a tax rate of 27.5%</b>	<b>775</b>	<b>778</b>



## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Raiz Invest Limited, the directors of the Company declare that:

1. the attached financial statements and notes thereto, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
  - b. give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the consolidated Group;
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Operating Officer.

The Company and its wholly owned subsidiaries, Instreet Investment Limited and Raiz Invest Australia Limited, have entered into a deed of cross guarantee under which the Company and its subsidiaries guarantee the debts of each other.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the deed.

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

**Director: George Lucas**

Dated this 28 day of August 2019

## INDEPENDENT AUDITOR'S REPORT

To the members of Raiz Invest Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Raiz Invest Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Carrying value of goodwill - impairment assessment

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group is required to perform an annual impairment test on the carrying value of goodwill in accordance with AASB 136 <i>Impairment of Assets</i>.</p> <p>The Group has tested goodwill for impairment at the reporting date by comparing the carrying value to its recoverable amount. Recoverable amount has been determined through a value in use calculation. The Group's assessment of the value in use involves significant judgements such as the future results of the business, and the discount and growth rates applied to the future cash flows. Consequently, we considered this a key audit matter.</p> <p>Refer to Note 12 in the financial report for key disclosures relating to the impairment assessment of goodwill.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• An assessment of the historical accuracy of management's forecasts in the context of the value in use model;</li> <li>• Evaluating the key inputs and assumptions used in the value in use model, in particular those relating to forecast revenue, and the growth and discount rates applied;</li> <li>• Assessing the sensitivity of the key assumptions for reasonably possible changes in the value in use model prepared by the Group; and</li> <li>• Assessing the adequacy of the Group's disclosures in Note 12 in relation to the impairment testing performed and management's assessment of the sensitivity with respect to changes to key assumptions.</li> </ul>

## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.

### **Report on the Remuneration Report**

#### **Opinion on the Remuneration Report**


We have audited the Remuneration Report included the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Raiz Invest Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

#### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

#### **BDO East Coast Partnership**



Arthur Milner  
Partner

Sydney, 28 August 2019

## ASX Additional Information

The shareholder information set out below is as 21 August 2019.

### Distribution of Equitable Securities

Range	Number of holders of ordinary shares	Number of holders of ordinary unquoted shares escrowed to 21 June 2020	Units	% Units
1 to 1,000	275	1	184,775	0.28
1,001 to 5,000	1,167	3	3,090,104	4.67
5,001 to 10,000	181	1	1,441,107	2.18
10,001 to 100,000	232	2	7,613,583	11.50
100,001 and over	96	10	53,900,419	83.37
<b>Total</b>	<b>1,951</b>	<b>17</b>	<b>66,229,988</b>	<b>100</b>
Holding less than a marketable parcel	77	1		

### Equity security holders

Twenty largest quoted equity security holders. The names of the twenty largest security holders of quoted equity securities:

	Registered Holder of Securities	Number of Securities Held	% of total Securities issued
1	BBH-GL NOMINEES PTY LTD <BACK BEACH P/L & FAMILY A/C> [George Lucas]	6,358,338	9.60%
2	ACORNS GROW INCORPORATED	5,186,309	7.83%
3	BOND STREET CUSTODIANS LIMITED <SALTER - D64848 A/C>	3,079,000	4.65%
4	ROSLYNDALE NOMINEES PTY LTD [Peter A Fay]	2,582,223	3.90%
5	CVC LIMITED	2,549,479	3.85%
6	INSTREET SHARE SCHEME NOMINEE PTY LTD <JUSTIN BYRNE A/C>	1,721,853	2.60%
7	SUZIAN INVESTMENTS PTY LIMITED <IAN & SUZANNE RAE PSF A/C>	1,478,851	2.23%
8	UBS NOMINEES PTY LTD	1,432,934	2.16%
9	BANGALLEY HOLDINGS PTY LIMITED <BANGALLEY EMP PROV F N1 A/C>	1,357,391	2.05%
10	BOLLINGER INVESTMENTS LTD <BRIDGESIDE A/C>	1,332,628	2.01%
11	BBH-GL NOMINEES PTY LTD <CAREY CORPORATION & FAM A/C>	1,232,375	1.86%
12	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,077,570	1.63%
13	MR ANDREW JOHN MALONEY	1,003,199	1.51%
14	RUBI HOLDINGS PTY LTD <JOHN RUBINO S/F A/C>	922,700	1.39%

15	FIFTY SECOND CELEBRATION PTY LTD <MCBAIN FAMILY A/C>	915,899	1.38%
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	861,125	1.30%
17	MR DAVID GORDON + MRS SYLVIA GORDON <D&S GORDON PERSONAL S/F A/C>	821,587	1.24%
18	EIS PATHFINDER PTY LIMITED <BROOKES FAMILY FUND A/C>	642,978	0.97%
19	OURIMBAH CREEK HOLDINGS PTY LTD <GORDON FAMILY A/C> [David Gordon]	603,682	0.91%
20	BRANT FAMILY PTY LTD <BRANT FAMILY SUPER FUND A/C>	589,397	0.89%
<b>TOTAL FOR TOP 20:</b>		<b>35,749,518</b>	<b>53.98%</b>
<b>TOTAL OTHER INVESTORS:</b>		<b>30,480,470</b>	<b>46.02%</b>
<b>TOTAL SECURITIES ON ISSUE:</b>		<b>66,229,988</b>	<b>100.00%</b>

## Corporate directory

### **Company's registered office**

Level 11  
2 Bulletin Place  
Sydney NSW 2000

### **Australian Legal Adviser**

Automic Legal  
Level 5, 126 Philip Street  
Sydney NSW 2000

### **Auditor**

BDO East Coast Partnership  
Level 11  
1 Margaret Street  
Sydney NSW 2000

### **Company website**

<http://www.raizinvest.com.au>

### **Share Registry**

Computershare Investor Services Pty Limited  
Level 3  
60 Carrington Street  
Sydney NSW 2000

### **Investor and Media Enquiries**

[ir@raizinvest.com.au](mailto:ir@raizinvest.com.au)

### **Securities Exchange Listing**

ASX Code: RZI

### **Corporate Governance Statement**

The Corporate Governance Statement which was approved by the Board can be found at  
<https://raizinvest.com.au/important-documents/>

### **Notice of AGM**

The company's Annual General Meeting will be held on 12 November 2019 at the office of BDO East Coast Partnership, Level 11, 1 Margaret St, Sydney NSW 2000. The meeting will commence at 11am AEST.