Raiz Invest Limited
ABN 74 615 510 177
Level 11, 2 Bulletin Place
Sydney NSW 2000
T 1300 754 748
www.raizinvest.com.au

ASX Release

22 January 2019

31 DECEMBER 2018 QUARTERLY UPDATE AND APPENDIX 4C

Raiz Invest Limited ("Raiz" or "the Company") (ASX: RZI), a first of its kind, mobile-led financial services platform business, is pleased to provide a business update for the three-month period to 31 December 2018 (Q2 FY2019).

HIGHLIGHTS:

- ***Financial Performance***
  - Total revenue for the December quarter was $1,715,691, up 31.0% on the September quarter Q1 FY2019.
  - Two months of positive operating cashflow in the December quarter.
  - Net operating cash outflow for the quarter was substantially reduced from previous quarter at $240,356.
  - Normalised revenue (excluding other income and one-off fees) was up 22.5% on the September quarter (Q1 FY2019).
  - $9.4 million in cash and term deposits at 31 December 2018, leaving RZI well-funded.

- ***Operating Activities***
  - Active or paying customers were 175,345, largely flat over the quarter – not unexpected considering the market conditions.
  - Revenue per customer continued to grow over the quarter increasing the life-time value (LTV) of a customer. The unique business model of Raiz enables us to grow revenue even in difficult market conditions (unlike a typical Funds Management (FUM) business).
  - Despite continued funds inflow over the quarter, funds under management fell marginally from $261.5 miilion to $254.2 million due to the fall in global equity markets in the quarter.
  - FUM for Raiz Invest Super continued to grow over the quarter by 21% to $28.4 million from $23.5 million.

- ***Executing on Strategic Initiatives***

    - Secured a licence to distribute Mutual Funds in Indonesia. This is a significant step in market expansion and in line with Raiz's Southeast Asian market strategy. The licence application process in Malaysia is progressing at a steady rate.
    - Increased the LTV of customers by growing revenue per customer. This is, in part, driven by our "big data" that has driven growth in both Raiz Rewards revenue and Raiz Invest Super.
    - Added numerous performance enhancing improvements to the technology platform such as implementation of machine learning models to improve cyber security and review of existing code which deal with large data sets to deliver increased security and speed improvements for our customers.
    - Initiated the design process for the next major upgrade of the Raiz Apps which will produce a more personalised experience for our customers.
    - Controlled cash outflows during difficult market conditions by prioritising and/or reducing spending in key areas.

CEO COMMENTARY

CEO of Raiz Invest, Mr. George Lucas, commented: "Despite very challenging and volatile global equity markets and business conditions, we continued to grow the revenue of our business in line with the prior quarter, Q1 FY2019.

"The team has worked hard to deliver two cash flow positive months over the second quarter. Although overall active customer numbers have been steady over the quarter, we continued to grow our overall revenue and the life-time value of a customer by growing the revenue per customer. We are encouraged by the number of active customers which did not fall during one of the most difficult market periods in the last five years for retail investors.

"As a business we remain well funded with more than $9.4 cash.Funding required for Raiz to expand into Southeast Asia will also be provided through our joint venture partner.

"A key driver for the business is the number of current customers. Since launching in 2016, Raiz has had more than 600,000 sign-ups with over 175,000 customers. A key focus of the business is to grow the life-time value of all of our customers. The value of our business is driven by the number of customers multiplied by the expected LTV of those customers. Our goal remains to achieve an LTV of around a $1,000 per Australian customer and to continue to grow our customer base.

"We continue to progress our Southeast Asia strategy. The granting of a licence to operate a financial services company in Indonesia is an important step forward. This gives us access to a country with more than 260 million people, a growing middle class and increasing wealth. Discussions in Malaysia continue with the internal approvals and board sign-offs are on track. Offices have been established in Jakarta and Kuala Lumpur.

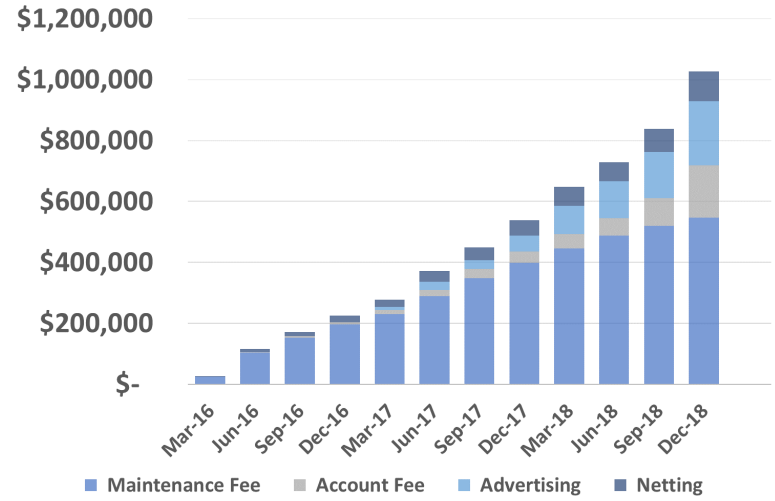
"The quarterly results, and the growth in revenue, illustrate that Raiz has a robust business model that has been proven in difficult market conditions. Importantly, the Raiz business model is primarily a subscription-based model, providing the opportunity to offer different innovative financial services and products to a growing customer base increasing their LTV. Our growth will continue to be driven by the macro tail winds of Southeast Asia emerging wealth, the growth in superannuation and 'big data'."

FOCUS FOR THE 3rd QUARTER FY2019

- Continue to focus on improving our customer experience including a focus on their financial literacy and market understanding.
- Focus on revenue growth and reducing cash burn in the context of challenging market conditions.
- Focus on growing customers in Australia through an increased marketing spend.
- Focus on increasing the life-time value of existing customers by growing revenue per customer:
    - Growing FUM for Raiz Invest Super by marketing the product via our own communication channels to our database of more than 600,000 users.
    - Grow Raiz Rewards revenue; and
    - Develop new financial services or products for our customers.
- Begin implementation of an updated user interface for the Apple, Android and Web applications.
- Finalise the implementation of the Raiz technology platform for Indonesia. The technology platform for Indonesia wll be a separate installation, running in Indonesia, to meet the customised needs of Indonesians and also to meet regulatory requirements.
- Finalise the joint venture with our prospective Malaysian partner.

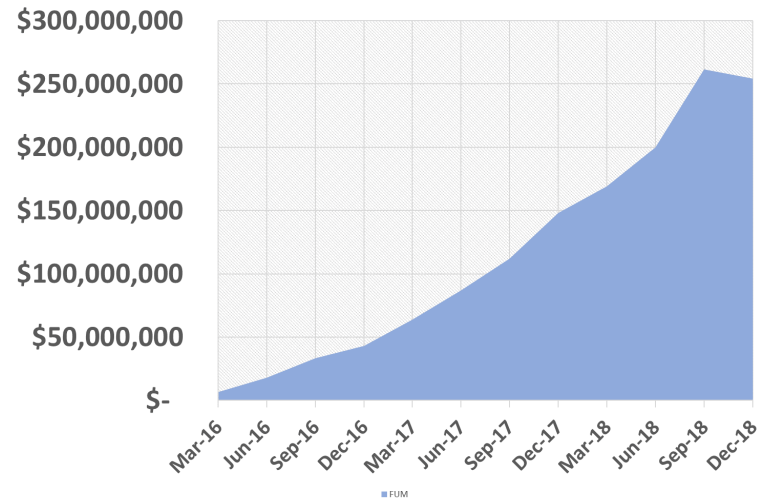
KEY OPERATIONAL METRICS

Revenue drivers (unaudited)



- 22.5% growth in normalised revenue[1] for the December quarter.
- Revenue growth was driven by FUM and advertising revenue, which increased 361% and 302% respectively over the past year, with the company focussing on maximizing the LTV of its customer base.

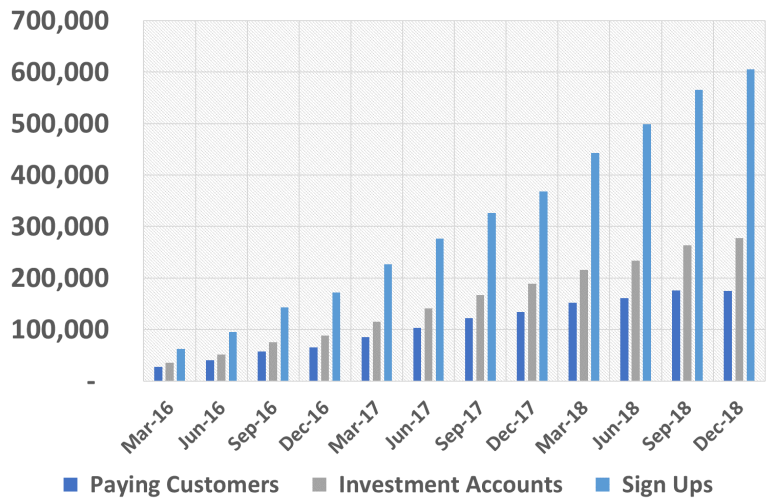
Growth in funds under management (FUM)



- FUM: $254.2 million at end of December, down 2.8% on last quarter but up 71.6% over 12 months.
- The marginal reduction in FUM came as a result of falls in global equity markets, which continues to be offset by fund inflows.

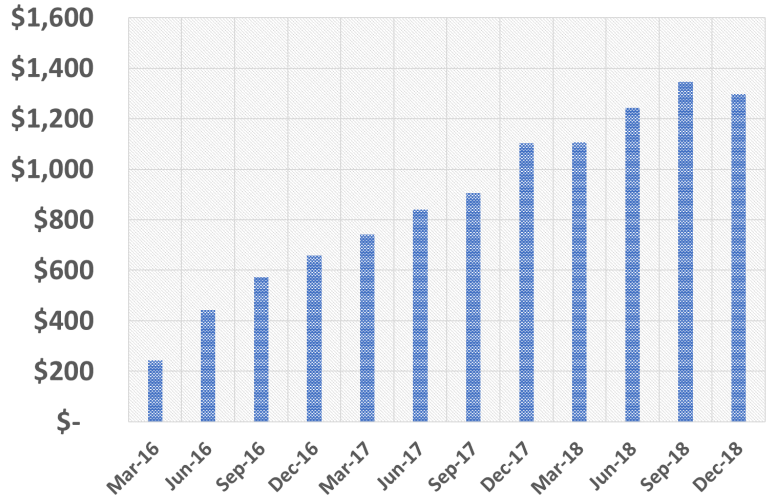
[1] Subject to audit and not including other income and one-off fees.

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



- Paying customers remained flat, with a total of 277,733 investment accounts at quarter end, up 5.2% on last quarter.
- Since 31 December 2017, paying customers have increased 30.9% from 133,896 to 175,345 at the end of the December 2018 quarter.

Continued Growth in the Average Account Balance



- The average account balances for the quarter was $1,298 up 17.7% on the 2017 December quarter but down -3.6% on the September quarter, a direct result of deteriorating market conditions.

Investor Conference Call

Investors are invited to join a teleconference briefing on Raiz Invest's quarterly results for the period ending 31 December 2018 on **Tuesday 22 January 2019 at 12.00pm AEDT**.

Details of the call are as follows:

Date: Tuesday 22 January 2019
Time: 12.00pm AEDT

Dial:
Dial-In Number: **+61 2837 33610**

Conference ID: **1271106**

Helpful keypad commands:
*0 - Operator assistance
*6 - Self mute/unmute

Participants will be asked to provide their name and company upon entry. Participants can press *1 when prompted to ask a question.

- ENDS -

Investor & Media Enquiries:

ir@raizinvest.com.au

About Raiz

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

Since launching in 2016, Raiz has achieved solid growth, amassing over 600,000 signups, with 175,000 active monthly customers and $254 million funds under management as at 31 December 2018. Raiz was awarded Australia's Investment Innovator of the Year at the 2017 and 2018 FinTech Business Awards and won the 2018 Australian FinTech Award for FinTech Innovation in Wealth Management (Robo Advice).

For more information: www.raizinvest.com.au

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

+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

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

Name of entity

Raiz Invest Limited

ABN	**Quarter ended ("current quarter")**
74 615 510 177	31 December 2018

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,792	3,747
1.2	Payments for		
	(a) research and development	(268)	(502)
	(b) product manufacturing and operating costs	(630)	(1,272)
	(c) advertising and marketing	(460)	(1,148)*
	(d) leased assets	-	-
	(e) staff costs	(591)	(1,179)
	(f) administration and corporate costs	(477)	(1,456)**
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	66	99
1.5	Interest and other costs of finance paid	(3)	(9)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	331	331
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(240)**	**(1,389)**

* In September quarter, $45k payment were incorrectly classified as payments for advertising and marketing. The September quarter payment for advertising and marketing is adjusted from $733k to $688k.

** In September quarter, $6k payment was incorrectly classified as payments for administration and corporate costs. The September quarter payment for administration and corporate costs is adjusted from $985k to $979k.

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments (term deposits)	(163)	(543)
	(d) intellectual property	(230)	(458)*
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments (term deposit)	7,168	7,168
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(277)	(491)**
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**6,498**	**5,676**

* In September quarter, $55k payment was incorrectly classified as operating expenses. The September quarter payment is adjusted from $173k to $228k.

** In September quarter, $21k repayment of borrowing was incorrectly classified as loans to other entities. The September quarter loans to other entities is adjusted from $236k to $215k.

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	199	199
3.6	Repayment of borrowings	(28)	(49)*
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**171**	**150**

*In September quarter, $21k repayment of borrowing was incorrectly classified as loans to other entities. The September quarter repayment of borrowings is adjusted from $0 to $21k.

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,454	4,446*
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(240)	(1,389)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	6,498	5,676
4.4	Net cash from / (used in) financing activities (item 3.10 above)	171	150
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of quarter**	**8,883****	**8,883****
**	Cash and cash equivalents at end of quarter plus term deposits	**9,427**	**9,427**

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

**As at 31 December 2018, the company holds $544k term deposits not included in the cash and cash equivalent.

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	8,883	2,454
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**8,883**	**2,454**
	Term Deposits	**544**	**7,548**
	Cash and cash equivalents at end of quarter plus term deposits	**9,427**	**10,002**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	204
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

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

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	32
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	Financing facilities available *Add notes as necessary for an understanding of the position*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	Estimated cash outflows for next quarter	$A'000
9.1	Research and development	(220)
9.2	Product manufacturing and operating costs	(650)
9.3	Advertising and marketing	(750)
9.4	Leased assets	-
9.5	Staff costs	(590)
9.6	Administration and corporate costs	(400)
9.7	Other (provide details if material)	-
9.8	**Total estimated cash outflows**	**(2,610)**

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

11.	**Monthly cash movement**	**$A'000**
11.1	October 2018	(717)
11.2	November 2018	30
11.3	December 2018	7,116*

* $7m term deposit matured in December 2018.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.



Sign here: ..... Date: 22nd January 2019
(Director/Company secretary)

Print name: George Lucas

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.