

## ASX Announcement | 27 February 2025 Growth momentum driving improved profitability

Raiz Invest Limited (ASX:RZI) (Raiz), a leading investment app, is pleased to report its financial results for the half-year ended 31 December 2024 (“1H FY25”).

### Key Highlights<sup>1</sup>

- **Strong revenue growth**, up 14% on pcp to \$11.6m, with **Active Customers<sup>2</sup>** up ~9% to 317,995 and **ARPU<sup>3</sup>** up 8% to \$74.29.
- **Continued growth in Funds Under Management (FUM)**, up 32% to \$1.61bn, driven by strong netflows of \$106 million (1H FY24: \$30 million).
- **Underlying EBITDA<sup>4</sup> of \$706k**, materially up on pcp.
- **Positive operating cashflows of \$1.56m<sup>5</sup>**, for the third consecutive half supporting positive free cashflows<sup>6</sup>.
- **Strengthened balance sheet:** Successful completion of \$3m share placement to institutional investors and \$938k Share Purchase Plan (SPP) with cash on hand of \$12m.
- **Strategic partnership with State Street Global Advisors (SSGA)** to broaden market awareness and collaborate on new product development.

### H1 FY25 Results Overview<sup>1</sup>

\$'000	1H FY25	1H FY24	Change %
Revenue	11,604	10,154 <sup>7</sup>	14%
Underlying EBITDA	706	104	579%
Net Profit / (Loss) After Tax	(947)	(987)	4%
Operating cash flow	1,559	1,830	(15%)
Cash and cash equivalents	12,039	6,259	92%

### Overview of 1H FY25 Performance

Operating revenue from continuing operations was up 14% to \$11.6m (1H FY24: \$10.2m). This was driven by an ~9% increase in Active Customers to 317,995 (1H FY24: 293,101) and an 8% increase in ARPU to \$74.29 (1H FY24: \$68.95).

Raiz has made significant improvements to its marketing systems and processes, including the implementation of a customised personalised approach to customers with the right message at the right time, resulting in accelerated growth in Active Customers.

Raiz Plus portfolios increased by 49%, Kids portfolios increased by 42% and Super customers are up by 26% over the year. Customer growth has continued to accelerate with 325,380 Active Customers as at 25 February 2025. The 8% increase in ARPU over the year has been driven by an uptake of higher revenue products, Raiz Plus and Raiz Super, higher account balances and increased engagement with the customer base through product innovation and cross promotion.



Funds Under Management (FUM) increased by 32% to \$1.61bn (1H FY24: \$1.21bn), driven by strong net inflows and positive investment markets. Super FUM increased by 33% to \$331.1m, Raiz Plus FUM was up 89% to \$246.2m and Kids FUM increased by 103% to \$60.6m.

Underlying EBITDA increased significantly to \$706k (1H FY24: \$104k), reflecting an inflection point in the business as it transitions to operating profitability.

Operating expenses adjusted for timing differences<sup>8</sup>, increased by 8% to \$10.9m (1H FY24: \$10.1m), which includes non-cash advertising credits through Seven West Media of \$1.3m (1HFY24 \$1.4m) and investment in new marketing systems and external review of Technology and AI.

The bottom line also improved with a net loss for the period of \$1.1m (1H FY24: \$1.9m loss), driven by higher Underlying EBITDA and a reduced net loss from discontinued operations of \$296k (1H FY24: \$794k).

### **Capital Management**

Operating cashflows were again positive for the third straight half but were down 15% to \$1.6m (1H FY24: \$1.8m), primarily due to changes in working capital. This was offset by discontinued operations cash outflows of \$1.2m (1H FY24: \$0.7m outflow), including a \$672k cash transfer to the liquidator (Raiz Malaysian). Operating cash flows continued to benefit from the non-cash advertising credits through Seven West Media of \$1.3m (1HFY24 \$1.4m). The remaining advertising credits from Seven West Media were fully utilised in January 2025.

The continuing operations also generated positive free cashflow over each of the last three halves.

During 1H FY25, \$3.9m in new equity was raised via the issuance of 9,540,313 new ordinary shares at an average price of \$0.41 per share through an institutional placement and Share Purchase Plan (SPP).

At balance date, the Australian business had a cash balance of \$12m (1H FY24: \$6.3m<sup>9</sup>).

### **Strategic partnership with State Street Global Advisors (SSGA)**

In August 2024, Raiz announced a strategic partnership with State Street Global Advisors, the asset management business of State Street Corporation (NYSE: STT), one of the world's leading providers of financial services.

The relationship provides opportunities for new product development from ETFs through to superannuation retirement portfolios. Raiz and SSGA are working together to broaden market awareness, collaborate on new product development for a retirement income product, and to improve access to a broader array of financial literacy content and investment education tools for Raiz customers.

### **Strong commitment to customer-centric product innovation**

Over the past six months, Raiz has demonstrated a strong commitment to product innovation through the following:

- **Expanded Raiz Plus:** Up to 150 individual share and ETF investment options now available.
- **Plus into Super:** Launched the Plus Portfolio in the Raiz Invest Super offering, allowing Super customers to customise their Super portfolios.
- **Automated Raiz Rewards:** Now live with 57 merchants.
- **Raiz Jars:** Launched in January 2025 with over 12,700 active Jar portfolios created which will in time contribute to stronger retention rates and improved customer loyalty.
- **SSGA collaboration:** Development of an educational knowledge hub and commenced the development of Super retirement offering.



- **White label offering:** Continued developing the new capability for strategic partners and financial institutions.

### **Strategic Outlook**

Raiz customers are changing the way that they engage with the platform, as they transition from a transaction-based savings approach to a longer-term wealth creation focus.

The Raiz vision is to enrich the financial wellbeing of all Australians by providing accessible, empowering, and smart investment options. Raiz wants to transform the way people think about saving and investing, making it easier for them to take control of their financial future.

The market opportunity in Australia remains significant and Raiz's strategic focus encompasses the following areas:

- **Enhancing the 'Lifetime Value of Customers'** by developing and introducing new products and services tailored to meet evolving customer needs, improving retention rates through cross promotion and improving the conversion rate of new customers
- **Accelerating revenue growth** through organic expansion, cross-sell, re-engagement, strategic partnerships and seizing new opportunities
- **Deepening trust and brand loyalty** with exceptional customer service, and developing strong and robust systems and infrastructure
- **Leveraging artificial intelligence** and data analytics to improve customer insights, optimise operational efficiency and enhance personalised customer experiences
- **Efficient capital management with** focus on deploying capital in innovation, development and developing team capabilities

Raiz is exclusively focussed on the core Australian operations. The exit from Southeast Asia is now complete and the entities in Malaysia, Thailand and Vietnam are classified as discontinued operations.

**Half-year reporting overview:** To watch an accompanying overview of the half-year reporting for 1H FY25, and ask any questions, please visit the [Raiz Investor Hub](#).

### **Brendan Malone, Raiz Invest Managing Director and CEO explains:**

"We are pleased to deliver a strong first half result, with positive momentum in our core business metrics, including Active Customers, ARPU, FUM, Underlying EBITDA, and operating cashflow.

These results are pleasing as they reflect the successful execution of our growth strategy to build deeper and longer relationships with our customers, through product innovation, cross-selling and exceptional customer service. We have a clear track record of ongoing product innovation and we are building a strong ecosystem of strategic partners, which will further enhance our distribution capabilities and market growth potential.

We have highly scalable technology and operations, a strengthened Board and team with the business transitioning to profitable growth".

\*\*\*Ends\*\*\*



Authorised for release by The Board of Directors.

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## About Raiz Invest Limited

**Raiz Invest Limited** (ASX: RZI) is a multi-award-winning fintech platform to help all Australians create wealth. Raiz pioneered the 'Round-Up' concept in Australia – where everyday purchases are rounded-up to the next dollar and the difference is invested into a Raiz Investment account – opening opportunities for first-time investors.

Raiz is committed to enriching the financial wellbeing of all Australians. At Raiz, we believe that everyone deserves a better financial future, regardless of age, income, or experience. Our vision is simple: to enrich the financial wellbeing of all Australians by providing accessible, empowering, and smart investment options. We are on a mission to transform the way people think about saving and investing, making it easier for all Australians to take control of their financial future. Raiz – Investing made simple.

To find out more, please visit [www.raizinvest.com.au](http://www.raizinvest.com.au) or the Investor Hub <https://investorhub.raizinvest.com.au/>.

<sup>1</sup> All data represents Raiz's continuing operations in Australia and comparisons are for 1HFY24 (prior comparative period or pcp) unless otherwise stated.

<sup>2</sup> Active Customers are fee paying accounts.

<sup>3</sup> Annualised Revenue Per User (ARPU) is calculated as (half-yearly revenue x 2)/(average Active Customers in the period). Note: Raiz's quarterly market updates calculate ARPU on a latest quarter basis. Quarterly ARPU for 2Q FY25 (exit run rate) was \$75.68.

<sup>4</sup> Raiz's preferred (non-IFRS) measure which is used to assess the operating performance of the business is Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (UEBITDA) which is EBITDA before share-based payments for employee share options and abnormal or non-recurring items.

<sup>5</sup> Continuing operating cashflows were offset by discontinued operations cash outflows of \$1.23m (1H FY24: \$0.69m outflow).

<sup>6</sup> Free Cashflow is defined as continuing operating cashflows net of investment in product development capital expenditures.

<sup>7</sup> Comparative information has been restated to account for discontinued operations. For further details, please refer to the half-year report.

<sup>8</sup> Employee expenses in the current and prior periods reflects timing issues with the accrual of short-term incentives and are separately accounted for below UEBITDA to better reflect the underlying performance.

<sup>9</sup> Excludes cash held by discontinued operations.