

ASX

## **Wizr announces FY2018 Financial Report**

***Year of transformation delivers significant growth***

**Sydney, 31 August 2018** – Wizr Limited, Australia's first neo-lender (ASX: WZR), today released its Preliminary Financial Report for the 2018 financial year. In the past year, Wizr completed its transformation to a new business model with a focus on creating a scalable, efficient and long term profitable business during the year, whilst also delivering strong growth in revenue and loan originations.

Wizr is delivering on its commitment to the financial wellness of all Australians, by providing a smarter, fairer and wiser collection of financial products and services to consumers, as the Company grows its share of the \$100 billion consumer credit market.

### **Highlights:**

- **Revenue up 37%**, increased to \$1,590,690 (FY2017: \$1,160,153)
- **Loan origination volumes up 409%** from FY2017
- Major business transformation completed with successful **launch of the Wizr brand**
- **Two significant wholesale funding agreements**, secured with 255 Finance Investments Pty Ltd ('255 Finance') (\$50m) and Bendigo and Adelaide Bank Limited ('Bendigo and Adelaide Bank') (\$25m) to support new business model and growth
- **Marginal increase in full-year net loss after tax**, up 14% to \$6,207,866 (FY2017: \$5,431,673)
- Successful build, pilot and **launch of several innovative products and services**

Anthony Nantes, Chief Executive Officer, Wizr said: "In 2018 we transformed our business model, reducing customer acquisition costs and securing two large, blue-chip debt funding partners with deal structures that make our position unique in the Australian fintech landscape. We drove significant growth in our loan originations, making us the fastest growing lender in our category. We continued our investment into our proprietary technology platform, which is scalable to over \$1 billion in annual loan originations and will continue to be a key competitive advantage in terms of automation, efficiency, customer experience and margin achievable."

"We've built and launched tech products that are not only innovative in an Australian context, but on a global scale, and created new ways that allow us to connect with our customers at all stages of their financial journey, delivering innovative technology and tools to help them along the way. From providing customers a smarter, more comprehensive view of comparing their credit scores through WizrCredit.com.au, to helping them pay off debt faster through our new Wizr App.

We now hold a unique place in the market as a purpose-led fintech company truly focused on the financial wellness of our customers, with a business model that is capital light, scalable and poised for growth. There continues to be a huge opportunity in Australia to disrupt the incumbents, and with such a strong foundation now in place we are perfectly positioned to take advantage of this opportunity" added Mr Nantes.

## Strategy

During the year, WISR's new Executive Leadership Team confirmed the Company's commitment to financial wellness for all Australians and focused the business on providing a smarter, fairer and wiser group of financial products and services, and re-branded the Company to "WISR". Since the rebrand, more than 43% of WISR's new customers are young borrowers, aged under 35 years (up from the historical average of less than 20%).

Recognising the limitations of the peer-to-peer lending model, in 2018 the business model was transformed to a new, scalable model designed for long-term profitability. This transformation has been supported with strong institutional backing, as WISR secured wholesale funding agreements with 255 Finance (\$50m) and Bendigo & Adelaide Bank (\$25m) as well as raising more capital via placement to Alceon Group Pty Limited ('Alceon') as another strategic investor in the Company, joining Macquarie Bank and Adcock Private Equity as shareholders.

This shift in business model, whilst delivering long term value and scalability for the Company, has not necessarily been reflected in the FY2018 results as the flow on effects won't be realised immediately. Whilst all key metrics for the Company are trending positively, revenue recognition in FY2018 does not immediately indicate the increased margins and revenue possible in the model going forward.

WISR continued to deliver consistently strong credit quality, exceeding its targets for arrears and book performance, and continued to attract more prime customers to the Company, with WISR customers having higher income and credit scores than the national average.

The refreshed strategy delivers a truly unique business model in the global fintech sector, with a focus on increasing margins for the Company, reducing the cost of customer acquisition, and leveraging the Company's technology and innovation to deliver more for every customer it interacts with.

### Key initiatives towards WISR's transformation in FY2018 included:

- Rebranding as WISR in March 2018 to reflect the Company's focus on providing a smarter, fairer and wiser group of financial products and services
- Increasing the personal loan limit from \$35,000 to \$50,000 to meet increased borrower demand
- Increasing the margin and the ways the Company makes revenue, by increasing revenue-generating activities from two revenue lines in FY2017 to seven in FY2018
- Ongoing investment in WISR's proprietary technology platform to reduce acquisition costs and deliver faster, better credit decisions, resulting in more than 80% of the customer journey being fully automated
- In keeping with its commitment to financial wellness and responsible lending, WISR's credit decisioning engine is now well ahead of the compliance curve and the expected mandates resulting from the Banking Royal Commission
- Expanded the Executive Leadership Team with the appointment of Mathew Lu from CBA Bank as Chief Operating Officer in May 2018
- Developed Australia's first credit rating comparison site, [WISRCredit.com.au](http://WISRCredit.com.au), enabling consumers to check and compare multiple credit scores for the first time in Australia, and providing a new customer acquisition channel (launched August 2018)
- Developed WISR app and began beta testing phase (full consumer launch in FY2019)

- Built and successfully piloted the WISR@Work program, with a focus on financial wellness in the workplace, as a key growth initiative

Following the close of the financial year, WISR significantly increased its introducer channels after its appointment to the panel of Connective, Australia's leading mortgage broker aggregator (July 2018). Together with other key broker aggregation partners, more than 50% of all finance brokers in Australia can now assist their clients with a WISR personal loan.

WISR continues to focus on building a profitable, scalable business by delivering beautiful customer experiences, world class tech and long term, WISR-owned, partnership and product channels that attract prime customers to the Company.

#### Strategic priorities for FY2019 include:

- Further investment in proprietary tech platform to support Company growth
- Increasing revenue through new, complimentary revenue lines
- Cost effective customer acquisition through WISR ecosystem of products
- Customer growth through onboarding of major strategic partners into the WISR@Work and WISR&Co initiatives
- Delivery of next generation WISR credit decisioning engine as part of an ongoing commitment to responsible lending and fairer customer outcomes

#### Financial results

WISR Limited reported a net loss after tax of \$6.2 million for the full-year ended 30 June 2018. This result includes non-cash related costs of \$427k related to loan funding fees.

**Table 1: Key financial results**

<b>FY2018</b>	<b>Reported</b>	<b>Excluding significant one-off items<sup>1</sup></b>
Revenues from ordinary activities	\$1.6 million	\$1.6 million
Loss before income tax	\$6.2 million	\$5.8 million
Earnings per share	(1.4 cents)	(1.3 cents)
<b>FY2017</b>	<b>Reported</b>	<b>Excluding significant one-off items<sup>2</sup></b>
Revenues from ordinary activities	\$1.2 million	\$1.2 million
Loss before income tax	\$5.4 million	\$4.6 million
Earnings per share	(1.4) cents	(1.2) cents

1. Excludes one-off expenses for Macquarie Bank Limited's Funder Fee (\$0.3 million), 255 Finance's Funder Fee (\$0.1 million) and Alceon's option expense (\$31k).

2. Excludes one-off expenses for Macquarie Bank Limited's Funder Fee (\$0.9 million).

## Revenue

The Company generated **operating revenue of \$1,590,690 in FY2018, a 37% increase on FY2017 revenue of \$1,160,153**. Revenue was derived from early crystallization of loan establishment fees through loan sales, fees earned from servicing loans sold to third parties, interest earned on loans on balance sheet, ongoing fees from borrowers related to late payments and borrower referral sales. In FY2018 the Company focused on increasing the number of ways to generate revenue through the addition of further customer centric products and services, which will directly benefit our customers financial well being and grow our revenue streams as a result.

## Expenses

The Company incurred expenses of \$8 million in FY2018, up 15% from FY2017 expenses of \$7 million. This was predominantly driven by an increase in employee expenses, investment into the research and development of innovation in products and services delivered by Wizr, and marketing spend attributed to the Company's commitment to strategically grow the Company's capabilities.

The Company spent approximately \$4.3 million on employee expenses, increasing staff numbers during the year to approximately 33 to set the Company up to build on and sustain the rapid growth being delivered in loan originations and customer acquisition and compliment the new set of products and services. Included in staff costs were the value of some management incentive schemes of \$527k which are share based and therefore a non-cash item.

Net write offs in FY2018 against personal loans held on the Company's balance sheet were \$80k, which is significantly lower than FY2017 of \$390k. As at 30 June 2018, the Company held \$3.6 million of loans on its balance sheet.

## Capital Raising via Placement

Wizr is announcing the finalisation of a capital raise via placement to support its ongoing growth initiatives including the launch of the Wizr app and further develop WizrCredit.com.au as part of its customer acquisition and retention strategy. This capital raise will also assist Wizr to strengthen its balance sheet and potentially provide additional, higher margin loan funding options.

## Outlook

Recent data has shown that in the USA fintechs similar to Wizr have, as of 2018, taken a 36% share of the personal loan market, which provides a strong proof point in the growth potential for Wizr in Australia. Wizr sees regulatory changes and the impact of the Banking Royal Commission as an opportunity to increase market share among consumers seeking a fairer, more customer-centric approach to personal finance.

Wizr's market leading loan origination growth rate in FY2018 has continued into FY2019, with loan originations in the first two months of FY2019 already approximately matching the entire final quarter of FY2018, with August 2018 a record breaking largest month in the history of the Company. The Company is on track to pass \$50 million in cumulative total loans written in the coming weeks.



The launch of the Wizr App in late 2018 will deliver a truly customer centric, automated financial wellness solution to the Australian market to assist with paying down debt and is expected to become a key pillar of the Company going forward. This product, combined with the continued growth of WizrCredit and the Wizr@Work program will see important innovations built last year begin to deliver business value.

It is the perfect timing for online lending in Australia. Having completed its business model transformation and recapitalization as was promised, the Company is ideally positioned for long-term growth, with a truly unique suite of products and services that are tailored to the Wizr philosophy and commitment to our customers financial wellness as Australia's first neo-lender. Wizr is looking forward to delivering on its vision of creating a company of significant size and meaning in the Australian consumer finance sector.

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**About Wizr Limited**

Wizr (ASX: WZR) is Australia's first neo-lender with a commitment to the financial wellness of all Australians, through providing a smarter, fairer and wiser collection of financial products and services. Wizr provides personal loans, the country's only credit comparison service with [Wizrcredit.com.au](http://Wizrcredit.com.au), apps, content and other products that use technology to provide better outcomes for borrowers, investors and everyday Australians.