Wisr Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Wisr Limited
ABN:	80 004 661 205
Reporting period:	For the half-year ended 31 December 2019
Previous period:	For the half-year ended 31 December 2018

2. Results for announcement to the market

Key information				**$**
Revenues from ordinary activities	up	83%	to	2,201,936
Loss from ordinary activities after tax attributable to the members of Wisr Limited	up	272%	to	(12,854,392)
Loss for the half-year attributable to the members of Wisr Limited	up	272%	to	(12,854,392)

Dividends paid and proposed

There were no dividends declared or paid in the reporting period.

Explanation of key information and dividends

An explanation of the above figures is contained in the Review of operations included within the attached directors' report. The Directors have determined not to pay dividends at this time.

3. Net tangible assets

	Reporting period Cents	**Previous period Cents**
Net tangible assets per ordinary security	1.03	0.96

4. Control gained over entities

Wisr Warehouse Trust No. 1 was established during the period and is consolidated by Wisr Limited.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

Not applicable.

7. Attachments

Details of attachments (if any):

The Interim Report of Wisr Limited for the half-year ended 31 December 2019 is attached.

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8. Signed

Signed ________________________________ Date: 27 February 2020

John Nantes
Director
Sydney

Wisr Limited

ABN 80 004 661 205

Interim Report – For the half-year ended 31 December 2019

Wisr Limited
Directors' report
31 December 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or the ‘Group’ or ‘Wisr’) consisting of Wisr Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

Directors
The following persons were directors of Wisr Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

John Nantes
Craig Swanger
Christopher Whitehead

Principal activities
During the financial half-year, the Group’s primary activity was originating personal loans for 3, 5 and 7-year maturities to Australian consumers, then on-selling these loans to retail, wholesale and institutional investors. In mid-November 2019 Wisr established the Wisr Warehouse Trust No. 1 which will be the go-forward loan funding source and will form part of the consolidated entity.

Review of operations
Wisr reported an increase in revenue of 83% for the half-year ended 31 December 2019, up to $2.2 million from $1.2 million during H1FY19.

The increase was driven by strong growth in loan origination value which increased 90% to $54.9 million in H1FY20 versus H1FY19.

The total loan book is $114.0 million as at 31 December 2019 (includes $89.6 million off-balance sheet which is serviced by Wisr).

Other operational highlights from 1 July 2019 to 31 December 2019 included:

- H1FY20 originations of $54.9 million saw a 90% increase when compared to H1FY19, and a 35% increase when compared to H2FY19
- Total loan originations $163.8 million as at 31 December 2019
- $150 million loan origination mark was achieved in November 2019, with the initial $50 million taking 45 months to originate, the second $50 million taking more than 8 months and the most recent $50 million written in less than 6 months
- New funding facility operational from 15 November 2019, with an approximate tripling of average margin when compared to previous loan unit economics
- Wisr is well capitalised with $10.2 million cash as at 31 December 2019
- Subsequent to 31 December 2019, the Company received commitments to raise $36.5 million in January 2020
- Over 120,000 Australians have been introduced to the Wisr Ecosystem
- Over 54,000 Wisr App downloads
- Successful launch of secured vehicle finance pilot generating first revenue in Q1FY20
- Rollout of Smartgroup partnership now generating revenue
- Wisr recognised across industry with over 15 nominations in the half, winning awards for Highly Commended CEO at The CEO Magazine Global 2019 Executive of the Year Awards, Fintech Innovation in Lending at the 2019 Fintech Australia Awards and winner in the Deloitte Fast 500
- The Group increased its Net Promoter Score, a measure of customer satisfaction, across the business to NPS +66 during H1FY120, up from NPS +60 the previous half-year. This is considered best-in-class when compared across the banking and finance industry
- January 2020 appointment of former Commonwealth Bank of Australia (CBA) General Manager of Unsecured Risk, Joanne Edwards, to the Company’s newly created role of Chief Risk and Data Officer

Overall the Group reported a loss before tax of $12.9 million, a 272% increase on H1FY19, reflecting investment in higher employment and operational costs as the Group rolls-out its Wisr Ecosystem strategy. Included in the loss figure was $6.2 million of non-cash expenses predominantly relating to the reset of Board/Staff share based incentive payments for FY20 to FY22 along with the provision for expected credit loss under AASB 9.

Wisr remains resolutely committed to its purpose to provide financial wellness for all Australians.

Review of operations (cont.)

Capital

As at 31 December 2019 the Group had cash on hand of $10.2 million. Subsequent to the half, the Company received commitments to raise $36.5 million in January 2020.

A Placement to sophisticated and institutional investors received commitments of $33.5 million that will be settled over 2 traches. Tranche 1 ($17.05 million) of the capital raise, for circa 92 million shares, has settled. Tranche 2 ($16.45 million) for circa 89 million shares will be issued pursuant to shareholder approval, to be sought at a general meeting to be held on 13 March 2020.

The Company also undertook a Share Purchase Plan ('SPP') to allow all eligible shareholders to invest in the Company on the same terms as the Placement. A further $3 million was raised through the SPP.

Loan Funding

The Group transitioned from a predominantly off-balance sheet funding model, to a new warehouse funding model backed by National Australia Bank as senior funder. Wisr Warehouse Trust No. 1 became operational on 15 November 2019, with an approximate tripling of the average margin when compared to previous loan unit economics. Until 15 November 2019, the Company continued to make use of the off-balance sheet wholesale funding model which has been in place since Q2FY18. This book will continue to be serviced by Wisr as it runs off.

Governance and senior management

The Board and senior management team remained unchanged during the period.

Anthony Nantes was reappointed to the Company's role of Chief Executive Officer (CEO), with new contract terms for the coming three-year period.

Revenue

The reviewed operational revenue result of $2.2 million for the financial half-year is an increase of 83% on $1.2 million from first-half period last year (H1FY19).

The increase is attributed to revenue generating activities related to Wisr's primary personal loan product. Key revenue line items are effective interest income, including loan establishment fees, and ongoing loan book management fees.

Under the new warehouse funding model, the trust is consolidated which means the gross yield of circa 12.5% is recognised as revenue. Since going live in mid-November 2019, the balance of loans in the warehouse is $21.9 million (net of expected credit loss provision) as at 31 December 2019. In effect, the new funding model has only been revenue generating for circa six weeks.

Expenses

The reviewed loss for H1FY20 was $12.9 million, a 272% increase versus H1FY19. The increase is attributed to an increase in staff and marketing costs to $4.3 million and $1.7 million respectively, as Wisr continues its growth strategy in rolling out the Wisr Ecosystem.

As mentioned, included in the loss figure were $6.2 million of non-cash expenses predominantly relating to the reset of Board/Staff share based incentive payments for FY20 to FY22 along with the provision for expected credit loss under AASB 9.

Wisr Ecosystem

The Company's Wisr Ecosystem business strategy revolves around developing a platform to scale and grow through a unique combination of financial wellness products that complement its core lending business. In H1FY20 the Company progressed a number of initiatives that further strengthen this Wisr Ecosystem strategy.

Review of operations (cont.)

Secured Vehicle Finance

In Q1FY20 Wisr announced a secured vehicle finance product to increase the total addressable market. This product was piloted during H1FY20 through selected distribution channels. The product is now revenue generating for the business and will be rolled out more broadly across Wisr's full range of distribution channels in H2FY20. The product will be funded via the warehouse trust.

Strategic Partnerships

The Company's B2B distribution strategy continued to evolve across the half. The Company continued partnership arrangements and late stage pilots with a number of partners and will announce further information as details are finalised.

Wisr App

Debt reduction smartphone application Wisr App continued to grow with over 54,000 downloads since launch. Wisr App connects to a user's everyday transaction account, rounding-up purchases to the nearest dollar and automatically paying the funds off a nominated debt - i.e. any credit card or mortgage debt with the majority of Australian banks and consumer finance providers. The app will continue to evolve and develop through investment, which will be accelerated following the recent capital raise.

WisrCredit

Following a major platform release in Q2FY20, credit score comparison service WisrCredit now provides one of the most comprehensive credit score services in Australia to its customer user base of over 70,000. Drawing comprehensive credit report data from two major bureaus, alongside the propriety offering from Wisr, the platform will continue to develop to leverage opportunities with the incoming Open Banking regime and the rollout of Comprehensive Credit Reporting.

Customer and Employee Satisfaction

In this financial half-year (H1FY20) the Group's Net Promoter Score increased to an NPS of +68/+66 for the customer/broker channels and, up from +60 during the previous half-year.

Wisr employee NPS also came in at +66 confirming Wisr as a great place to work.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial half-year other than those discussed in the Review of operations.

Operating segment
The Group has one operating segment under AASB 8 Operating Segments. This reflects the way the business is monitored and resources are allocated. The Group's revenues and activities are predominately domiciled in Australia.

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors:

John Nantes
Director

27 February 2020
Sydney

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www.bdo.com.au

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Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF WISR LIMITED

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

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

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

Tim Aman
Partner

BDO East Coast Partnership

Sydney, 27 February 2020

Contents

General information

The financial statements cover Wisr Limited as a consolidated entity, consisting of Wisr Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Wisr Limited's functional and presentation currency.

Wisr Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
Suite 33, Level 8, 58 Pitt Street Sydney NSW 2000	Suite 33, Level 8, 58 Pitt Street Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2020.

Wisr Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	Note	31 Dec 2019 $	31 Dec 2018 $
Revenue	2	2,201,936	1,206,522
Other income	3	74,626	10,762
Expenses			
Employee benefits expense		(4,259,044)	(2,126,403)
Marketing expense		(1,653,415)	(398,582)
Customer processing costs		(753,143)	(454,069)
Property lease costs		(103,879)	(82,680)
Other expenses		(1,996,406)	(854,508)
Finance costs		(219,665)	(63,585)
Depreciation and amortisation expense		(61,924)	(30,716)
Provision for expected credit loss expense	4	(1,127,481)	(257,608)
Share based payment expense	10	(4,955,997)	(403,038)
Loss before income tax		(12,854,392)	(3,453,905)
Income tax expense		-	-
Loss after income tax for the half-year		(12,854,392)	(3,453,905)
Other comprehensive income			
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year		(12,854,392)	(3,453,905)
		Cents	**Cents**
Basic earnings per share		(1.58)	(0.68)
Diluted earnings per share		(1.58)	(0.68)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Wisr Limited
Consolidated statement of financial position
As at 31 December 2019

	Note	31 Dec 2019 $	30 Jun 2019 $
Assets			
Cash and cash equivalents	12	10,193,413	11,993,165
Trade and other receivables		465,774	440,829
Loan receivables	4	23,081,559	6,497,353
Other financial assets	5	518,000	518,000
Property, plant and equipment		10,452	15,222
Other assets		502,043	550,597
Intangible assets	6	522,454	579,608
Total assets		35,293,695	20,594,774
Liabilities			
Trade and other payables		2,060,794	1,441,879
Employee benefits		384,748	380,062
Borrowings	7	23,831,699	2,000,000
Total liabilities		26,277,241	3,821,941
Net assets		9,016,454	16,772,833
Equity			
Issued capital	9	51,013,070	48,412,004
Reserves		4,360,787	1,895,421
Accumulated losses		(46,357,403)	(33,534,592)
Total equity		9,016,454	16,772,833

The above statement of financial position should be read in conjunction with the accompanying notes

Wisr Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2019

	Issued Capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2018	29,323,980	1,900,051	(26,565,419)	4,658,612
Loss after income tax expense for the half-year	-	-	(3,453,905)	(3,453,905)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(3,453,905)	(3,453,905)
Transactions with owners in their capacity as owners:				
Issue of share capital	4,195,500	-	-	4,195,500
Costs of capital raising	(194,501)	-	-	(194,501)
Share based payments	-	403,038	-	403,038
Transfer of share-based reserve to issued capital on exercise of options	51,841	(51,841)	-	-
Transfer of reserve to accumulated losses	-	(432,544)	432,544	-
Balance at 31 December 2018	33,376,820	1,818,704	(29,586,780)	5,608,744

	Issued Capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2019	48,412,004	1,895,421	(33,534,592)	16,772,833
Loss after income tax expense for the half-year	-	-	(12,854,392)	(12,854,392)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(12,854,392)	(12,854,392)
Transactions with owners in their capacity as owners:				
Issue of share capital	-	-	-	-
Costs of capital raising (Note 9)	122,016	-	-	122,016
Share based payments (Note 10)	1,318,542	3,637,455	-	4,955,997
Transfer of share-based reserve to issued capital on exercise of options	1,138,317	(1,138,317)	-	-
Issue of shares as a result of exercise of options for consideration	22,191	(2,191)	-	20,000
Transfer of reserve to accumulated losses (Note 11)		(31,581)	31,581	-
Balance at 31 December 2019	51,013,070	4,360,787	(46,357,403)	9,016,454

The above statement of changes in equity should be read in conjunction with the accompanying notes

Wisr Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2019

	31 Dec 2019 $	31 Dec 2018 $
Cash flows from operating activities		
Net of lending and repayments	(28,306,880)	(27,448,029)
Net proceeds from sale of loans	33,961,380	27,688,945
Payments to suppliers and employees (inclusive of GST)	(8,253,230)	(3,725,444)
	(2,598,728)	(3,484,528)
Interest received	24,234	23,754
Management fees received	702,437	224,373
Interest and other finance costs paid	(163,328)	(50,024)
Proceeds from R&D	219,078	234,025
Net cash used in operating activities	(1,816,309)	(3,052,400)
Cash flows from investing activities		
Payments for technology assets	-	(432,346)
Net movement in customer loans	(22,173,183)	-
Net cash used in investing activities	(22,173,183)	(432,346)
Cash flows from financing activities		
Proceeds from issue of shares	20,000	4,195,500
Costs of raising capital paid	122,016	(194,501)
Repayment of borrowings	(425,000)	(116,000)
Proceeds from borrowings	22,600,000	2,000,000
Transaction costs related to loans and borrowings	(127,276)	(130,575)
Net cash from / (used in) financing activities	22,189,740	5,754,424
Net (decrease) / increase in cash and cash equivalents	(1,799,752)	2,269,678
Cash and cash equivalents at the beginning of the financial half-year	11,993,165	1,548,888
Cash and cash equivalents at the end of the financial half-year	10,193,413	3,818,566

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 ‘Interim Financial Reporting’ and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’.

These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated below.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered within 12 months except for intangible assets, property, plant and equipment and financial instruments, for which expected term is disclosed.

These interim financial statements were authorised for issue on 27 February 2020.

a) New, revised or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 16: Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred.

The Group has adopted AASB 16 with an initial application date of 1 July 2019. The adoption of AASB 16 did not have any impact on the date of transition.

Note 2. Revenue

	Consolidated	
	31 Dec 2019	31 Dec 2018
	$	$
Interest income on financial assets		
Effective interest income on financial assets	1,060,365	855,127
Other revenue from financial assets	170,877	62,010
Interest on cash	5,611	2,670
Interest from investments	18,623	21,104
Total income from investments (financial assets)	1,255,476	940,911
Revenue from contracts with customers		
Management fees	946,460	265,611
Total revenue from contracts with customers	946,460	265,611
Total revenue	2,201,936	1,206,522

Disaggregation of revenue

The above provides a breakdown of revenue by major revenue stream. The categories above depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data. As disclosed in the directors' report, the Group has one operating segment.

Note 3. Other income

	Consolidated	
	31 Dec 2019	31 Dec 2018
	$	$
R&D tax incentive	-	10,762
Gain on loan purchases	74,626	-
	74,626	10,762

Note 4. Loan receivables

AASB 9: Financial Instruments

The Group 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 ECL using a lifetime expected loss allowance is available.

The impact on the financial performance and position of the Group from the adoption of this Accounting Standards is detailed in note 4.

Note 4. Loan receivables (cont.)

Impairment of financial assets
The Group recognises a loss allowance for ECL on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

The Group has adopted the three-stage model for ECL provisioning:

Stage 1: 12 months ECL
Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month ECL allowance is estimated. This represents a portion of the loan receivable lifetime ECL that is attributable to a default event that is possible within the next 12 months. Effective interest is calculated on the gross carrying amount of the loan receivable.

Stage 2: Lifetime ECL – not credit impaired
Where a loan receivable credit risk has increased significantly since initial recognition, but is not credit impaired, the loss allowance is based on the loan receivable lifetime ECL. For these loan receivables, the Group recognises as a collective provision a lifetime ECL (i.e. reflecting the remaining term of the loans receivable). Effective interest is calculated on the gross carrying amount of the financial instrument.

Stage 3: Lifetime ECL – credit impaired
Where there is objective evidence that the loan receivable has become credit impaired, the loss allowance is based on the loan receivable lifetime ECL. Effective interest is calculated on the net carrying amount of the financial instrument.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Allowance for expected credit losses
The allowance for ECL assessment requires a degree of estimation and judgement. It is based on 12-month and lifetime ECL, grouped based on days overdue, and makes assumptions to allocate an overall ECL for each group. These assumptions include the Group loan book performance history, existing economic and market conditions and forward-looking estimates where relevant.

The Group has historically adopted an off-balance sheet loan funding model which resulted in relatively low loan receivables on balance sheet. With the Warehouse Trust going live in mid-November 2019, loan receivables on the balance sheet have increased significantly.

The ECL analysis was performed on two distinct loan receivable books:
Book 1 – Warehouse Trust - All Stage 1
Book 2 – Balance Sheet - Combination of stages 1 to 3. This book consists of seasoned, mostly legacy loan receivables which didn't qualify for sale to funding partners etc.

Credit loss refers to the instance whereby a counterparty defaults on its contractual obligations resulting in financial loss to the group. Default is defined as loan receivables which are at least 90 days past due. A significant increase in credit risk is defined as loan receivables which are at least 30 days past due.

The Group calculates ECL using three main components, the exposure at default (EAD), the probability of default (PD) and the loss given default (LGD).

The EAD represents the total value the Group is exposed to when the loan receivable defaults. The 12-month ECL is calculated by multiplying the 12-month EAD, PD and LGD. Lifetime ECL is calculated using the lifetime PD instead. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the loan receivable respectively. The LGD represents the unrecovered portion of the EAD taking into account any applicable recovery of the loan receivable.

The Group originates loan receivables of 3, 5, and 7 year maturities to Australian consumers. These loans are either retained to maturity within the Wisr Warehouse Trust No. 1 or on-sold to retail, wholesale and institutional investors.

Note 4. Loan receivables (cont.)

	Consolidated	
	31 Dec 2019	**30 Jun 2019**
	$	**$**
Gross loan receivables	24,234,560	6,732,999
Less provision for expected credit loss	(1,153,001)	(235,646)
	23,081,559	6,497,353

The following tables summarise gross carrying amount of loan receivables and provision for expected credit loss by stages:

Gross loan receivables		
12-month (Stage 1)	23,440,547	5,870,562
Lifetime (Stage 2&3)	794,013	862,437
Total gross carrying amount	**24,234,560**	**6,732,999**
Less provision for expected credit loss		
12 month expected credit loss	524,338	5,730
Lifetime expected credit loss	628,663	229,916
Total provision for expected credit loss	**1,153,001**	**235,646**
Net balance sheet carrying value	**23,081,559**	**6,497,353**

Reconciliation of total provision for expected credit loss		**$**
Balance	**1 Jul 2019**	**235,646**
Expected credit loss expense recognised during the half-year to profit or loss		1,127,481
Receivables written-off during the half-year		(236,960)
Recoveries during the half-year		26,834
Balance	**31 Dec 2019**	**1,153,001**

Note 5. Other financial assets

	Consolidated	
	31 Dec 2019	**30 Jun 2019**
	$	**$**
Non-current		
Investment in DirectMoney Personal Loan Fund	518,000	518,000

The consolidated entity has invested $518,000 into the DirectMoney Personal Loan Fund. The DirectMoney Personal Loan Fund is a registered managed investment scheme where investors' money is pooled and invested into unsecured personal loans acquired from Wisr Finance Pty Ltd. The investment is classified as fair value through profit or loss in accordance with *AASB 9: Financial Instruments.*

Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	**Fair Value at 31 Dec 2019 $000**	**Valuation Technique(s)**	**Inputs Used**
Other financial assets			
Investment in DirectMoney Personal Loan Fund (Fund)	518	Market approach using monthly valuation reports provided by Fund's Investment Manager and Fund's Administrator.	Monthly valuation report provided Fund's Investment Manager and Fund's Administrator.

There were no changes during the period in the valuation techniques used by the Group to determine Level 2 fair values.

Note 6. Intangible assets

	Consolidated	
	31 Dec 2019	**30 June 2019**
	$	**$**
Technology assets:		
Cost	609,240	609,240
Accumulated amortisation	(99,514)	(42,360)
Net carrying amount	509,726	566,880
Technology assets under development:		
Cost	12,728	12,728
Accumulated amortisation	-	-
Net carrying amount	12,728	12,728
Total intangible assets	522,454	579,608

Technology assets are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Technology assets are amortised over their useful lives ranging from 2 to 5 years on a straight-line basis.

Note 7. Borrowings

	Consolidated	
	31 Dec 2019	**30 June 2019**
	$	**$**
Secured note	1,675,000	2,000,000
Warehouse trust funding	22,546,376	-
Less transaction costs	(389,677)	-
	22,156,699	
Total borrowings	23,831,699	2,000,000

Secured note
The note is used for working capital purposes through initial funding of loan receivables prior to them being sold to funding partners as part of normal business operations.

Warehouse trust
At 31 December 2019, Wisr Warehouse Trust No. 1 had $50m in committed financing, $22.5m of which has been utilised.
The facility is secured against the underlying pool of receivables with no credit recourse back to the consolidated entity.
Wisr Warehouse Trust No. 1 consists of four classes of notes with Wisr the holder of the Class 4 note. The Class 1 note has a two-year tenor and will mature in November 2021. The Class 2&3 notes have a one-year tenor and will mature in November 2020 with refinance options available.
The Warehouse trust funds loan receivables of 3, 5, and 7 year maturities.
The Warehouse trust borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. It is subsequently measured at amortised cost using the effective interest method.

Note 8. Contingent liabilities

There were no contingent liabilities reportable during the period.

Note 9. Issued capital

	Consolidated	
	31 Dec 2019	**30 June 2019**
	$	**$**
(a) Issued and paid up capital		
Ordinary shares fully paid	52,355,337	49,876,287
Costs of raising capital	(1,342,267)	(1,464,283)
	51,013,070	48,412,004

Ordinary shares participate in dividends and the proceeds on winding up the Company. At shareholder meetings, each ordinary share is entitled to one vote when a poll is called. Otherwise, each shareholder has one vote on show of hands.

Note 9. Issued capital (cont.)

	31 Dec 2019		31 Dec 2018	
	Number of shares	**$**	**Number of shares**	**$**
(b) Reconciliation of issued and paid-up capital				
Opening balance as at 1 July	790,208,152	48,412,004	455,405,424	29,323,980
Issue of shares from raising capital	-	-	83,909,999	4,195,500
Costs of raising capital	-	122,016	-	(194,501)
Issue of shares to CEO as part of long-term incentive	20,158,720	1,437,900	-	-
Issue of shares to CFO as part of long-term incentive	5,037,412	154,447	-	-
Issue of shares to Head of Growth (former COO) as part of long-term incentive	8,428,067	770,474	-	-
Issue of shares to staff on vesting of long-term incentives	2,503,501	94,038	-	-
Issue of shares on exercise of options	200,000	22,191	2,581,035	51,841
Closing Balance as at 31 December	826,535,852	51,013,070	541,896,458	33,376,820

Note 10. Share based payments

The share-based payment expense of $4,955,997 (2019: $403,038) consists of:

- KMP LTIs of $1,318,542 relating to the period FY17, FY18 and FY19
- Board/KMP performance rights of $3,384,222 previously announced to market, accrued up to 31 December 2019 and relating to FY20, FY21 and FY22
- Staff LTI scheme of $253,233, accrued up to 31 December 2019 and relating to FY18, FY19 and FY20

The fair value of the Board/KMP performance rights and staff LTI scheme has been calculated in accordance with AASB 2 Share-based Payment using a Hoadley Barrier model which included the below inputs.

Board/KMP performance rights:
Assumptions - Grant date 1 September 2019, Volatility 40%, Risk-free rate 1%, Spot price $0.1265. Note that Tranche 3 is calculated using a Hoadley Probability model given the relevant dates.

Tranche	Determination date	Expiry date	Barrier price	Fair value
1	1 Sep 19	30 Jun 20	$0.1450	$0.1134
2	1 Jul 20	30 Jun 21	$0.1673	$0.0903
3	1 Jul 21	30 Jun 22	$0.1924	$0.0207
4	1 Sep 19	30 Jun 22	$0.2400	$0.0597
5	1 Sep 19	30 Jun 22	$0.3000	$0.0393
6	1 Sep 19	30 Jun 22	$0.3800	$0.0229

FY20 Staff LTI scheme:
Assumptions - Grant date 1 September 2019, Volatility 40%, Risk-free rate 1%, Spot price $0.1265.

Tranche	Expiry date	Barrier price	Fair value
1	31 Jul 21	$0.1450	$0.0956
2	31 Jul 22	$0.1450	$0.1097

Performance rights

	31 December 2019		31 December 2018	
	Number of performance rights	**Exercise price**	**Number of performance rights**	**Exercise price**
Opening balance as at 1 July	38,966,725	Nil	37,082,562	Nil
- Granted	91,017,549	Nil	-	Nil
- Forfeited	(5,322,551)	Nil	(13,595,168)	Nil
- Exercised	(2,503,501)	Nil	-	Nil
Closing balance as at 31 December	122,158,222	Nil	23,487,394	Nil

Note 11. Transfer of reserve to accumulated losses

An amount of $31,581 (2018: $432,544) was transferred out of employee benefits reserve to accumulated losses due to the expiration of staff performance rights.

Note 12. Cash and cash equivalents

At 31 December 2019, the Group had cash at bank of $10,193,413 of which $1,896,812 is in restricted cash (30 June 2019: Cash at bank of $11,993,165, nil restricted cash). Restricted cash is held by Wisr Warehouse Trust No.1 and is not available to pay creditors of the Group.

Note 13. Events after the reporting period

The Group undertook a $36.5m capital raise in January 2020 which consisted of the following:

- Tranche 1 $17.05m
- Share Purchase Plan $3.0m
- Tranche 2 $16.45m (pending shareholder approval at EGM on 13 March 2020)

Wisr Limited
Directors' declaration
For the half-year ended 31 December 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

John Nantes
Director

27 February 2020
Sydney

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Wisr Limited

Report on the Half-Year Financial Report

Conclusion

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

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

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

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

BDO East Coast Partnership

BDO

Tim Aman
Partner

Sydney, 27 February 2020