



# FY20 Half Year Results Presentation.

FEBRUARY • 2020



# Table of Contents.

**1** VISION, OPPORTUNITY AND KEY NUMBERS

**2** BUSINESS UPDATE AND FINANCIAL PERFORMANCE

**3** H1FY20 FINANCIALS

**4** GROWTH AND OUTLOOK

**5** APPENDIX





1.

# Vision, Opportunity and Key Numbers.

# Note from the CEO.

H1FY20 has been the **most impactful and pivotal half** of the Company's history. With previous years spent building a strong foundation of market-leading technology and proving our innovative lending model, in this half we reached a turning point in the Company's strategic plan with our "mature stage" debt funding facility becoming operational in November.

This facility has approximately **tripled the average margin** on each loan written compared to previous loan unit economics and provides a clear scope to rapidly accelerate our growth. We continue to maintain high credit standards while growing our customer base, and this half the Company delivered significant loan origination growth combined with key lead and lag indicators of a quality loan book.

Our management team has **delivered on all strategic goals for H1FY20**, and the team remains energised and committed to strive for ongoing success throughout the remainder of the year and beyond.

The financial services space is due for substantial change in 2020 and to ensure Wisr is primed to take advantage, we have subsequently raised more capital to extend Wisr's competitive profile and ensure we are **capturing more market share in line with our risk appetite**.

There is an **opportunity for Wisr to build a company of significant scale, purpose and profitability** in a way that hasn't been done before, and we are excited about the path ahead of us – especially on the back of what we delivered in this most recent half.

**ANTHONY NANTES**  
Chief Executive Officer

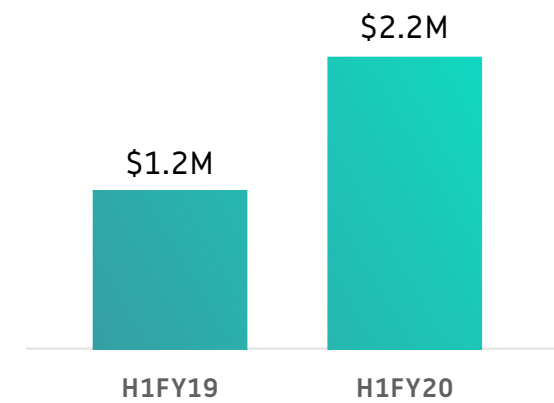


# Key numbers.

Delivering on milestones, keeping promises.

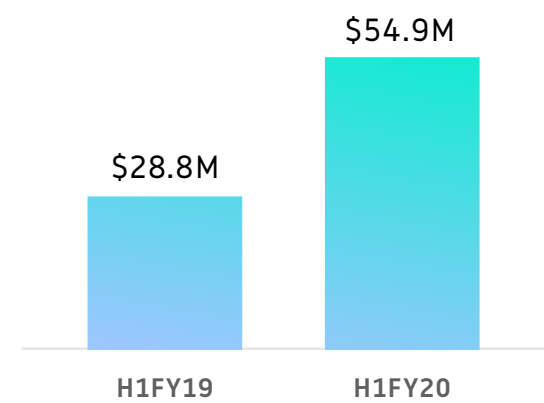
## REVENUE GROWTH

↑ UP 83%



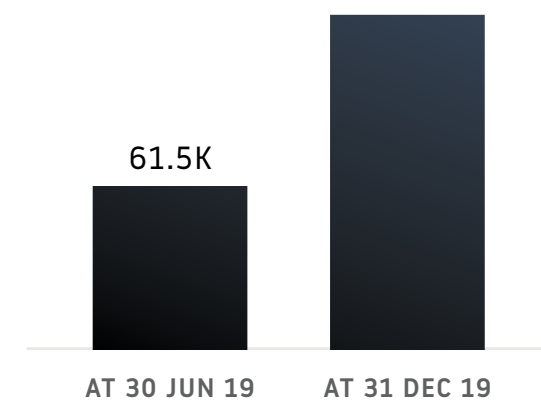
## LOAN ORIGINATIONS

↑ UP 90%



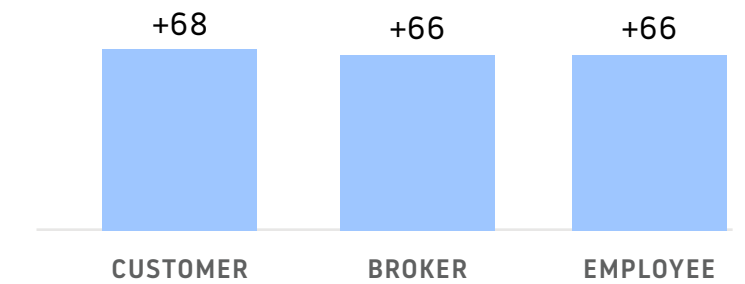
## WISR ECOSYSTEM

↑ UP 104%



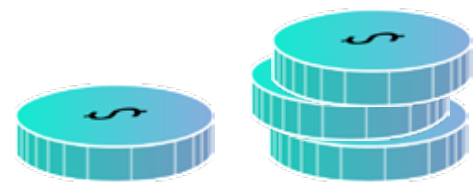
## NET PROMOTER SCORES

✓ +66 OVERALL



## LOAN FUNDING

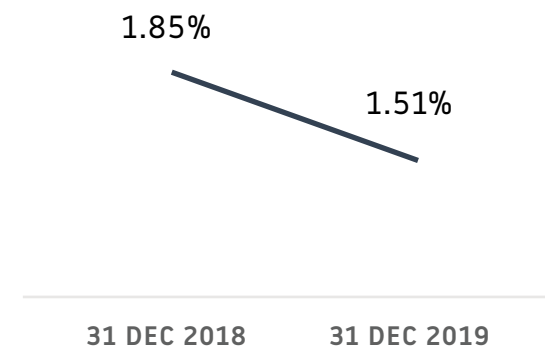
✓ TRIPLED MARGIN



New loan funding – approximate tripling of average loan unit economics.

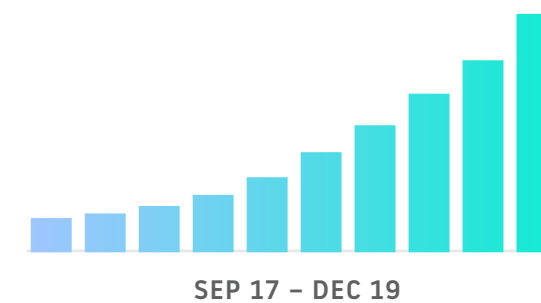
## 90+ DAY ARREARS

↓ DOWN 0.34%



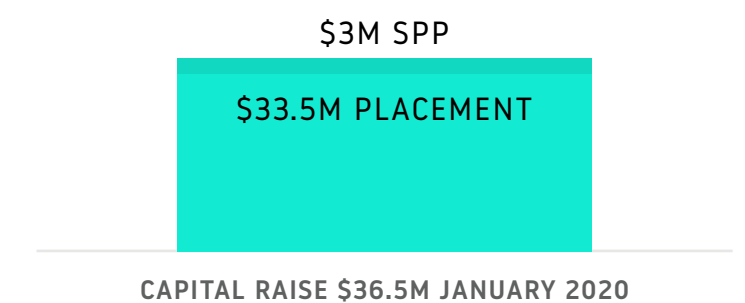
## LOAN VOLUME GROWTH

✓ OVER \$160M IN LOANS WRITTEN TO DATE



## WELL CAPITALISED

✓ \$10.2M CASH AT 31 DEC 2019



# Business evolution.

Model proven - now scaling.



## PHASE 1: FY17-18 “FOUNDATIONS”

- Build market leading proprietary technology to manage end-to-end customer experience
- Build the right team to deliver the 5 year vision
- Utilise a low margin, capital light off balance sheet funding model to scale
- Demonstrate we can write \$100M+ in personal loans, with strong credit performance

## PHASE 2: FY19 “CREATING THE NEO-LENDER MODEL”

- Create a strong brand that resonates in market
- Create building blocks of the Wizr Financial Wellness Ecosystem (Wizr Ecosystem)
- Demonstrate we can attract tens of thousands of Australians into the Wizr Ecosystem at effective acquisition cost levels
- Demonstrate we can scale the Company effectively and efficiently
- Expand the team and culture to build the high performance outcomes required

## PHASE 3: FY20+ “SCALING THE COMPANY”

- Diversified funding structure that will significantly increase margin
- Activate B2B2C channels with strategic partners to reach millions of Australians
- Aggressively build the Wizr Ecosystem platforms to scale
- Continue to deliver innovative features and products to remain market leading
- Launch the Wizr secured vehicle finance product to increase total addressable market

# Industry recognition for reinventing consumer lending.



**500** | Technology **Fast 500**  
2019 APAC **WINNER**

AUSTRALIAN LENDING AWARDS AUSTRALIAN LENDING AWARDS

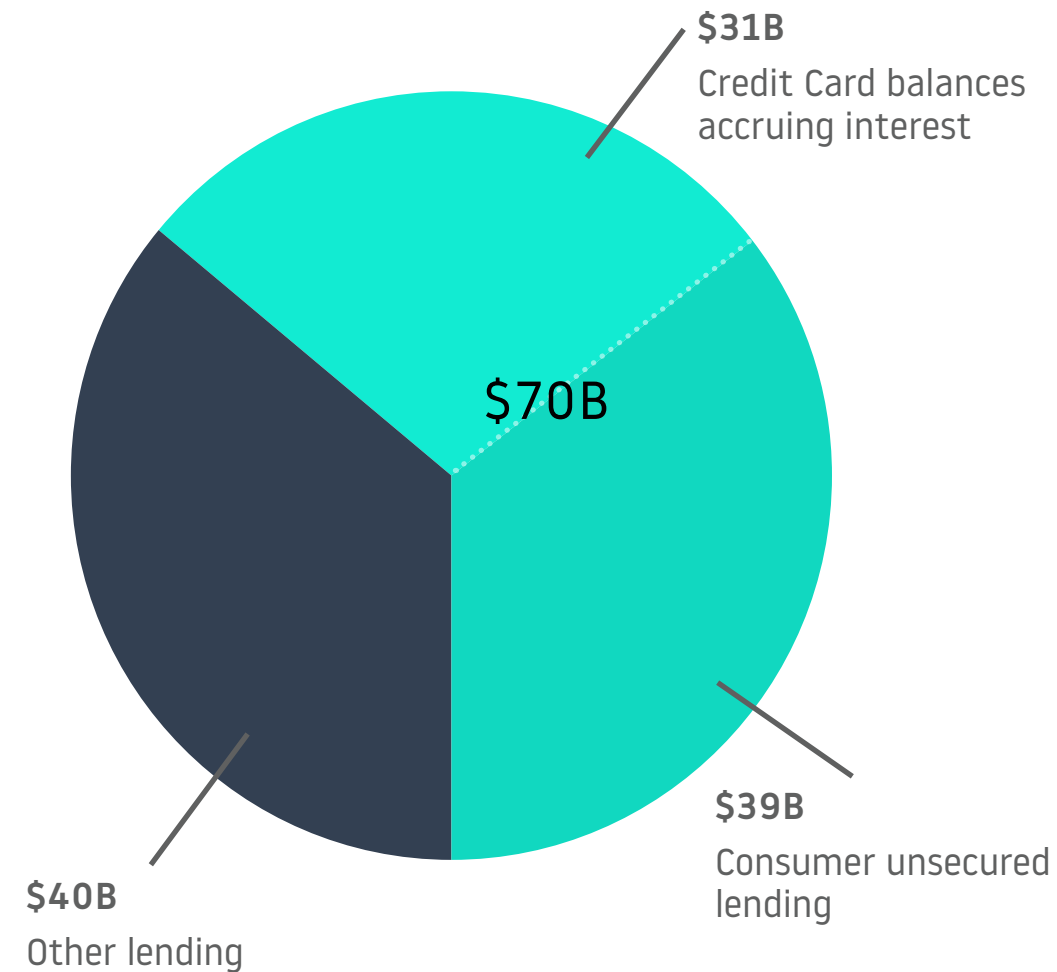


AUSTRALIAN LENDING AWARDS AUSTRALIAN LENDING AWARDS AUSTRALIAN LENDING AWARDS AUSTRALIAN LENDING AWARDS

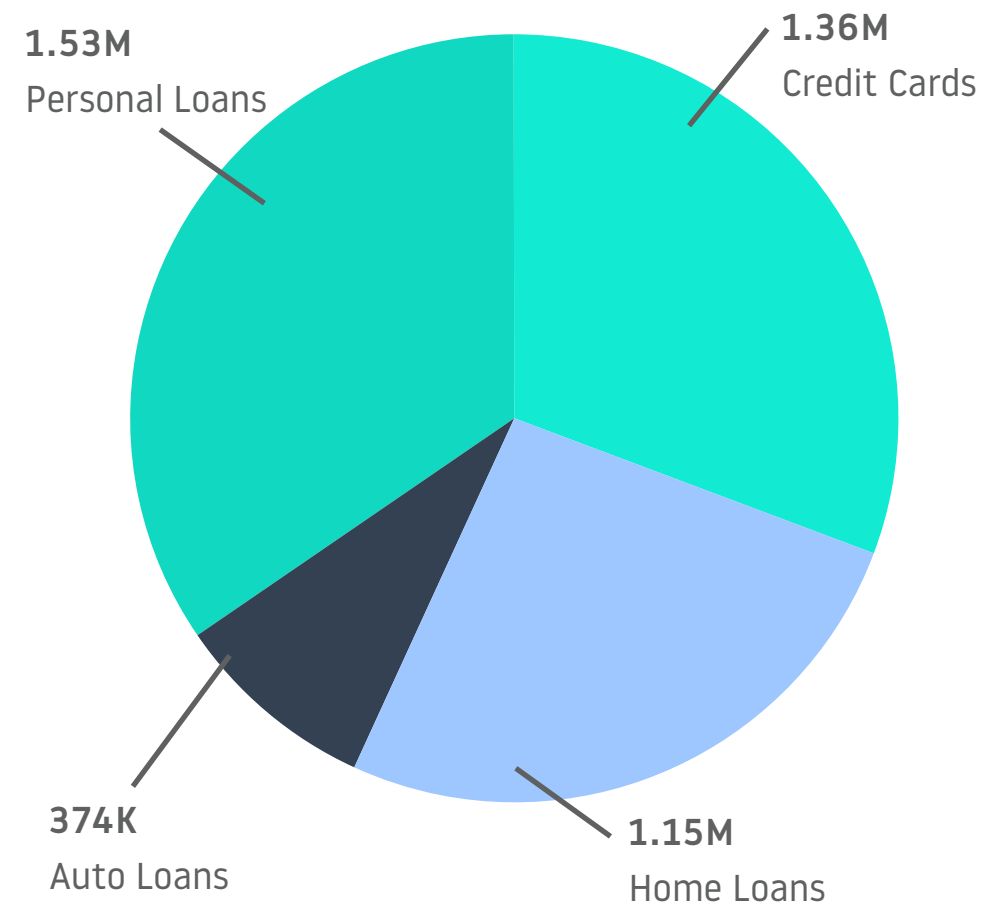
# Total addressable markets.

Wisr has a long runway of future growth in large & rapidly transforming markets.

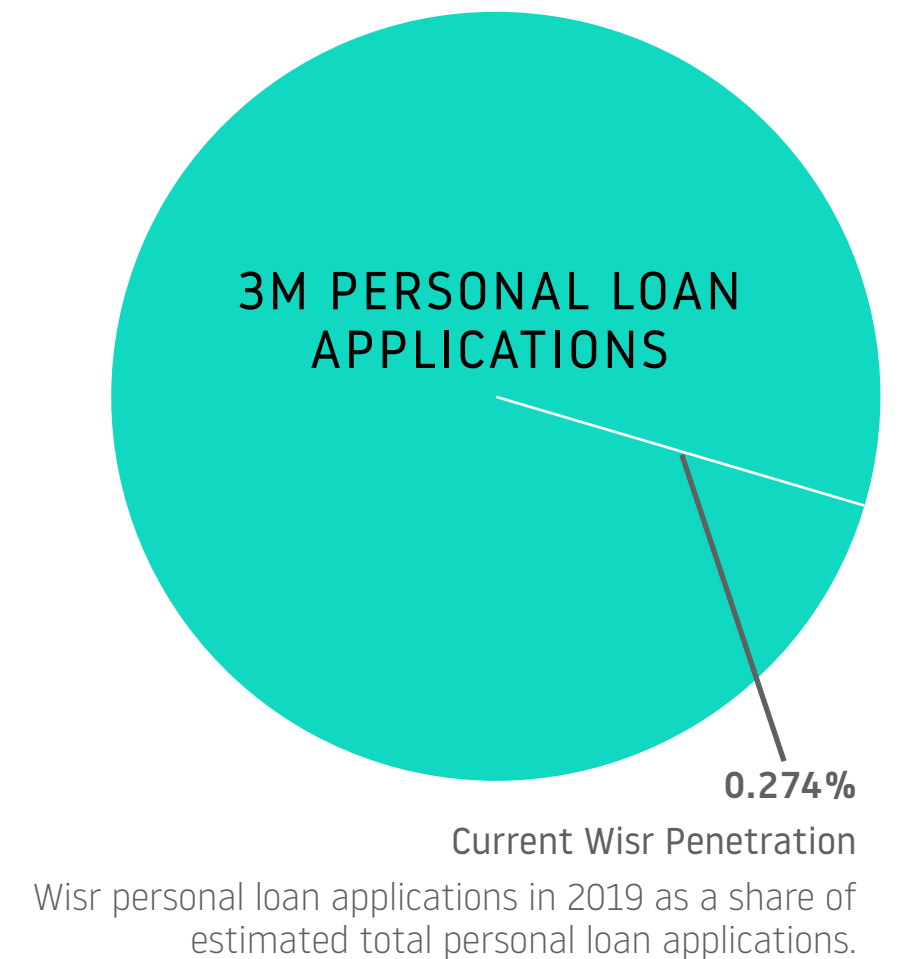
The consumer lending market size is \$110 billion.



4.4 million applications for consumer credit expected in the next six months.



Over 3 million personal loan applications expected per annum.





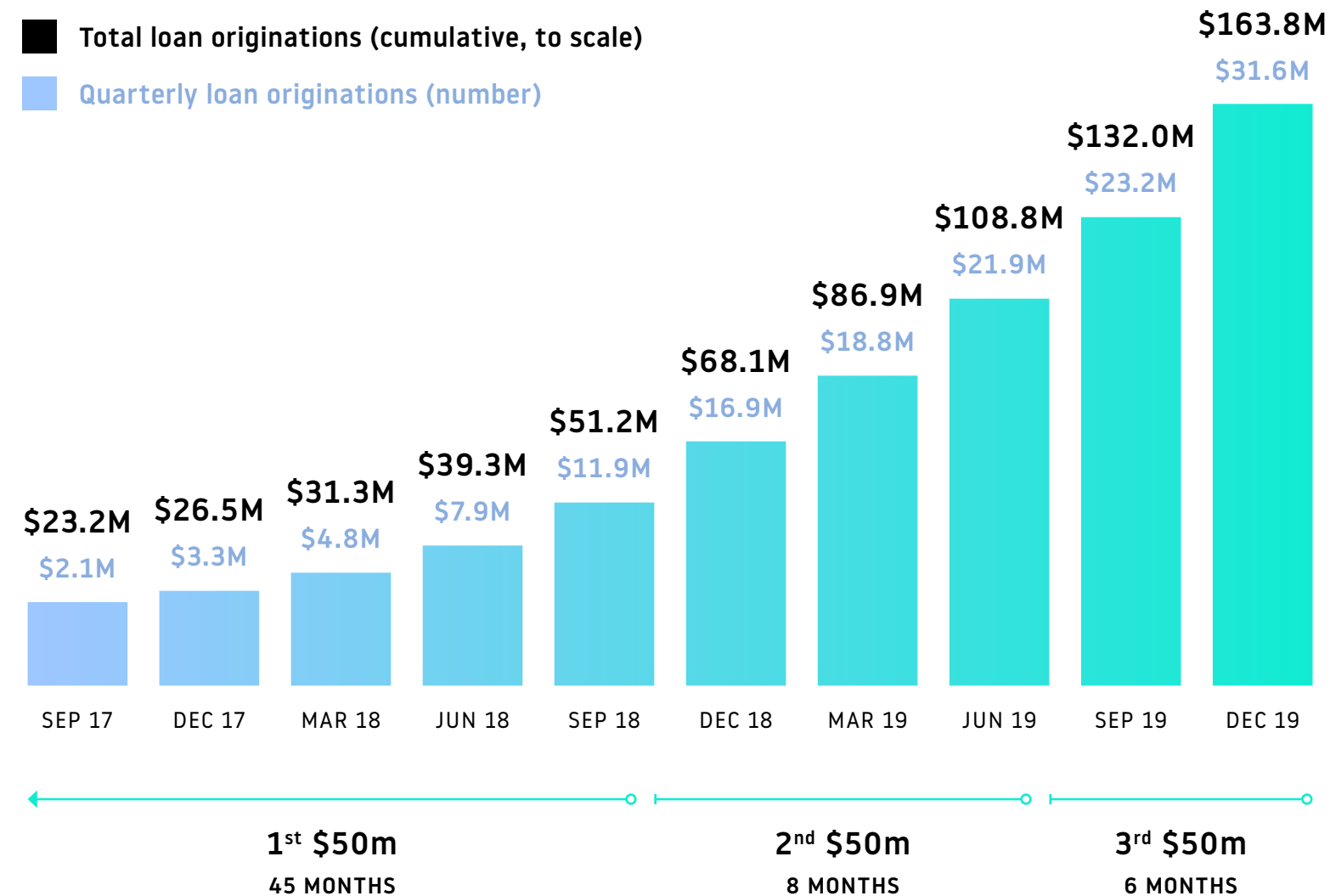


**2.**

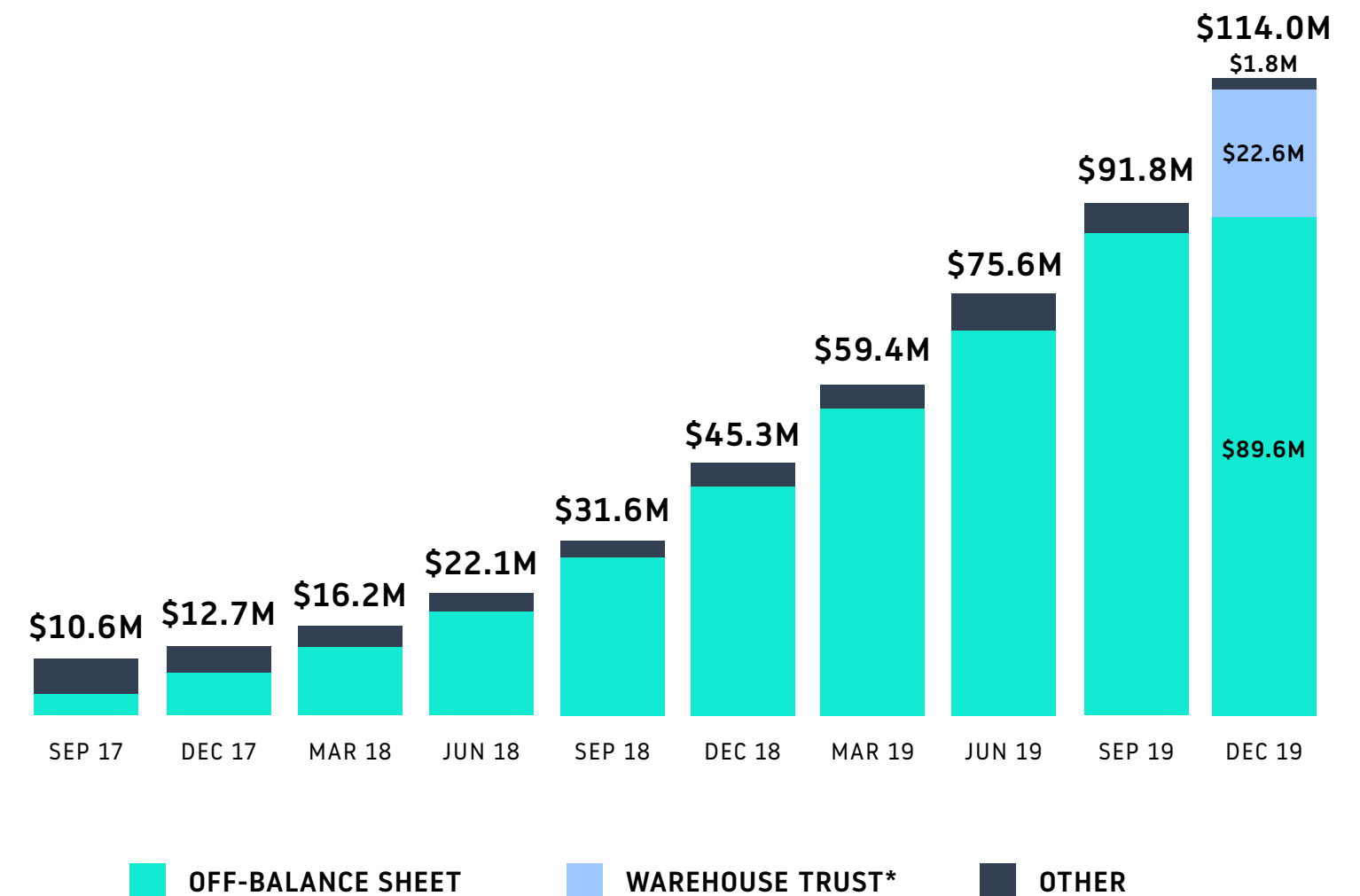
# **Business Update and Financial Performance.**

# Accelerating, high-quality loan book.

## Loan originations (\$M).



## Loan book (\$M).

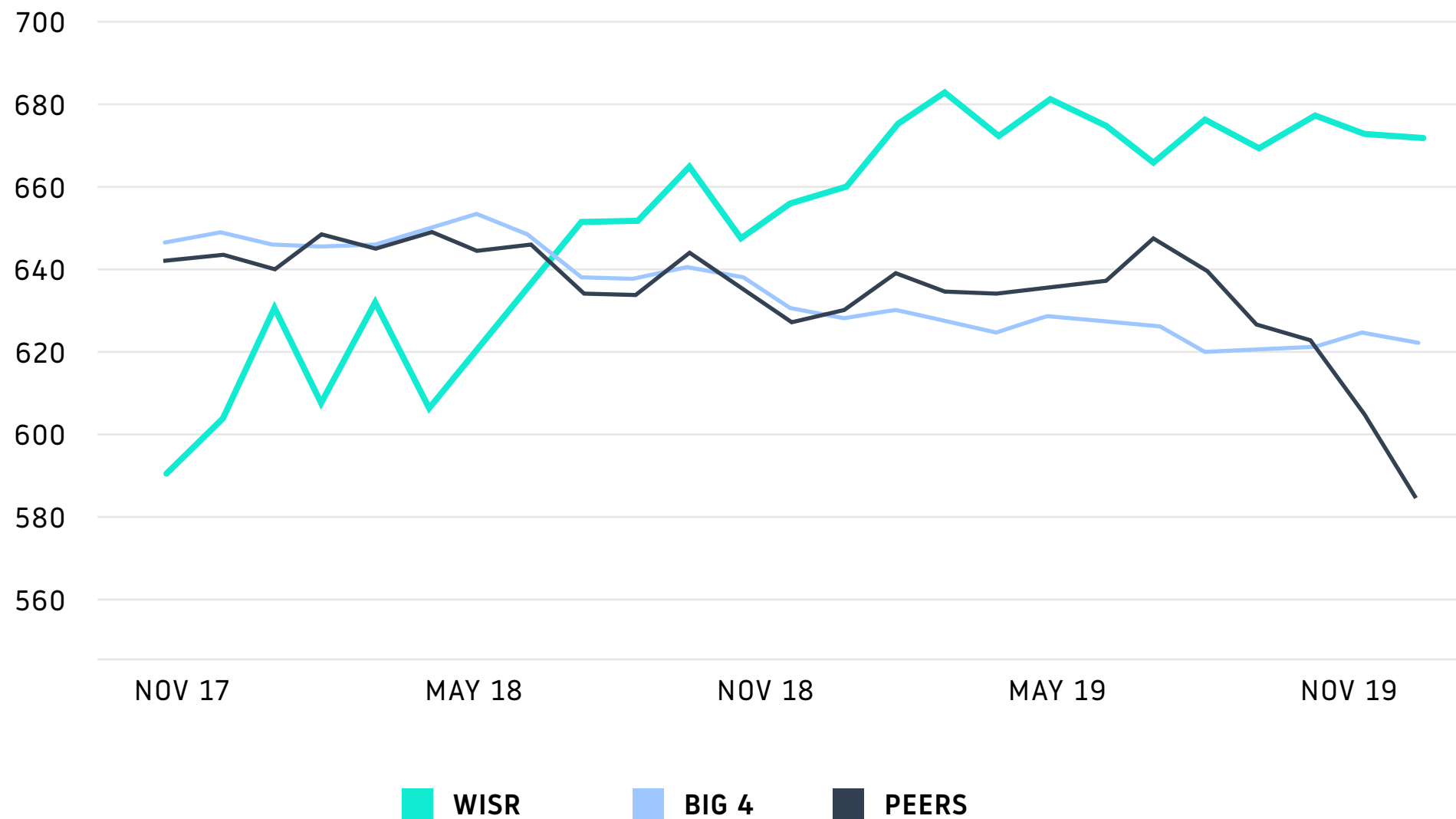


\*NAB are senior funder

# Winning Australia's best customers.

Market leading, consistent credit quality lead indicators.

AVERAGE EQUIFAX 1.1 CREDIT SCORES

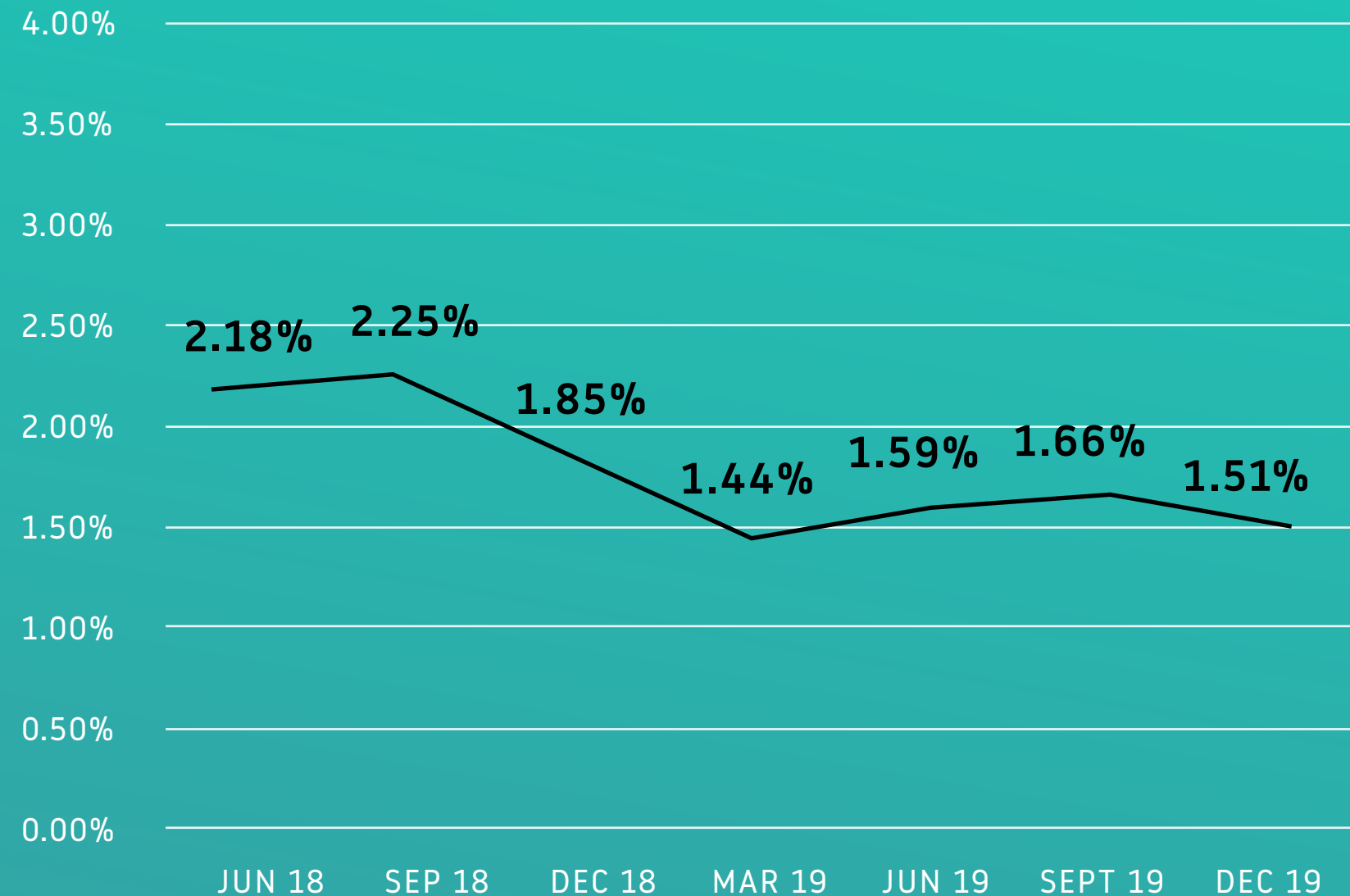


## PERSONAL LOAN ENQUIRIES – CUSTOMER SCORE COMPARISON

Based on Equifax credit score comparisons for personal loan enquiries, Wisr continues to attract consumers with higher credit scores across the industry, including the Big 4 Banks and category peers.

# Improving credit quality.

Credit quality of Wisr's loan book remains strong.



90+ DAY ARREARS

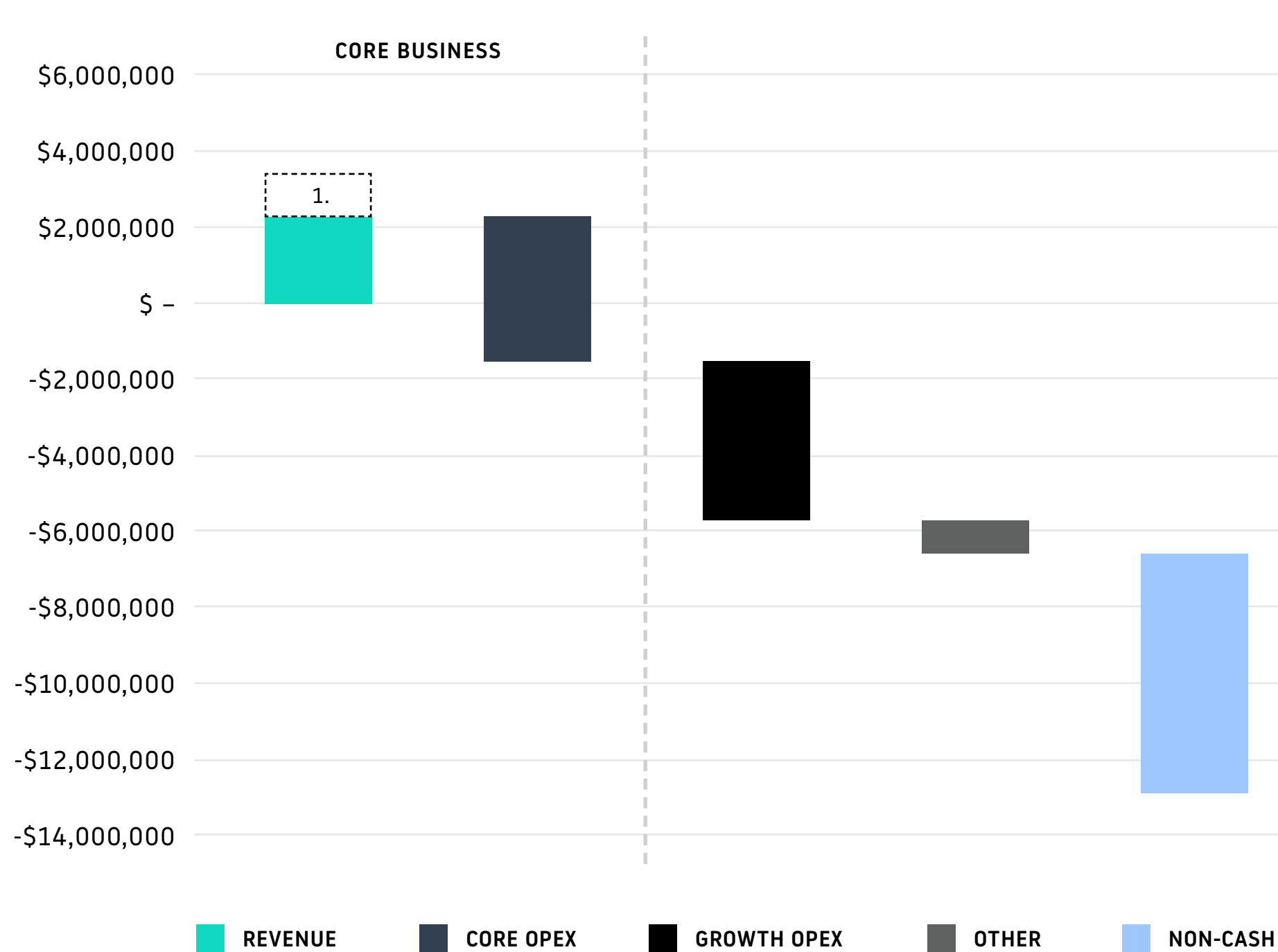
## PRIME CUSTOMER BASE

Wisr is continuing to automate, simplify and optimise its credit policy and underwriting process. Opportunities have been identified to drive growth while maintaining our strong credit performance.

## AASB 9: EXPECTED CREDIT LOSSES

With consolidation of the warehouse trust, loans held on balance sheet have grown significantly. AASB 9 requires the forecasting of expected credit losses over a 12-month and lifetime basis using a three staged approach based on the credit profile of the receivable. This leads to non-cash provisions for future expected credit losses being recognised upfront in the P&L.

# Core profitability & investing for growth.



## H1FY20 P&L WATERFALL

### <sup>1</sup> Additional Net Revenue

If new model in operation for whole of H1FY20. Assumptions: \$95m average loan book and 7.0%+ p.a. net interest margin

### Core Opex

Opex related directly to the core personal loan business

### Growth Opex

Predominantly consists of investment into the Wisr Ecosystem (WisrCredit, Wisr App & Strategic Partnerships) along with preliminary roll-out of the secured vehicle loan product. These investments are expected to drive long-term material revenue/loan volumes

### Other

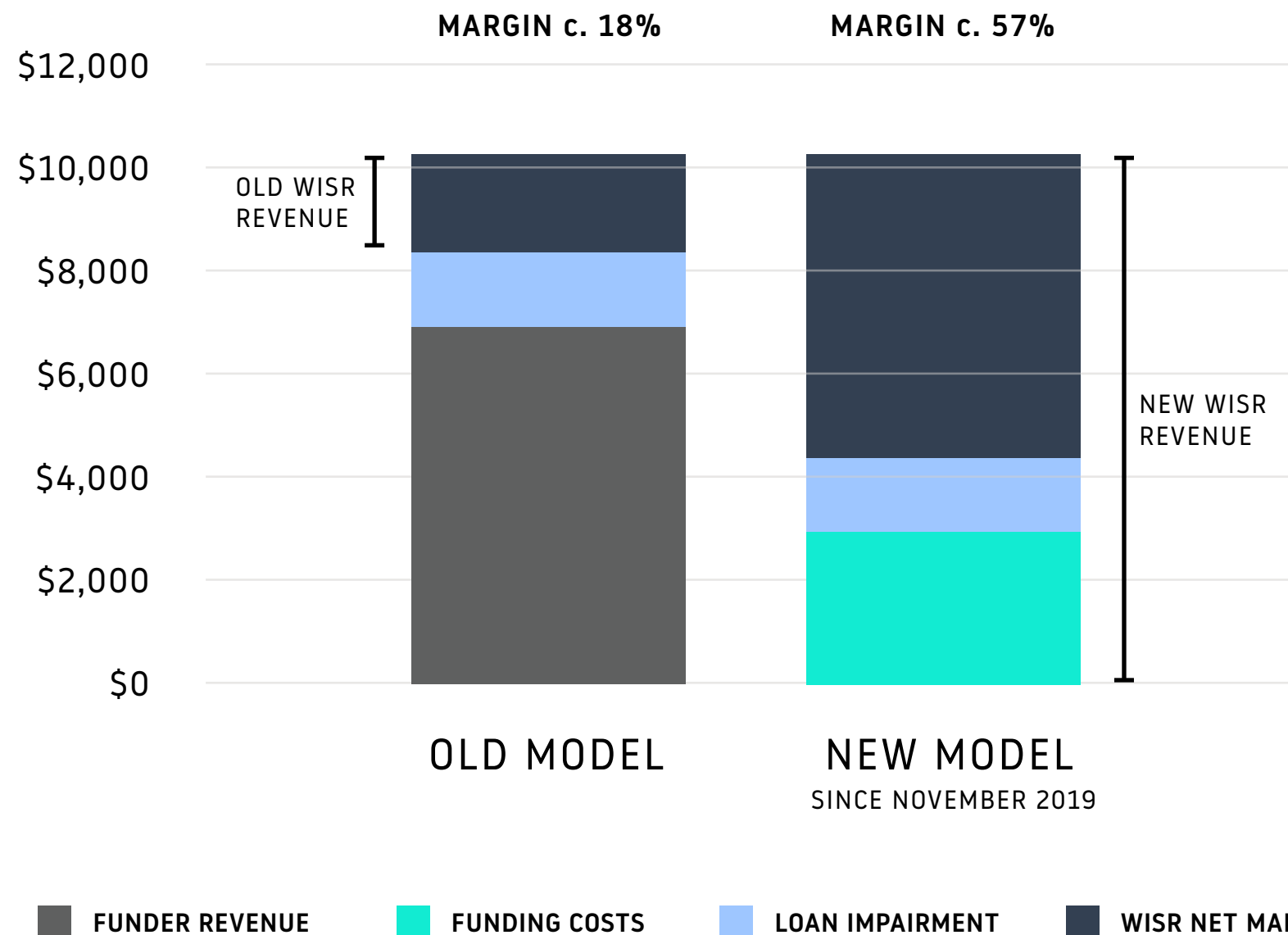
Includes Public Company costs and one-off items

### Non-cash

Share based payments: \$5.0M (upfront recognition and relating to FY20, FY21 & FY22)  
 Expected credit loss provision: \$1.1M (upfront recognition for future expected credit losses)

# Significantly improved unit economics.

## Illustrative customer value and revenue model.

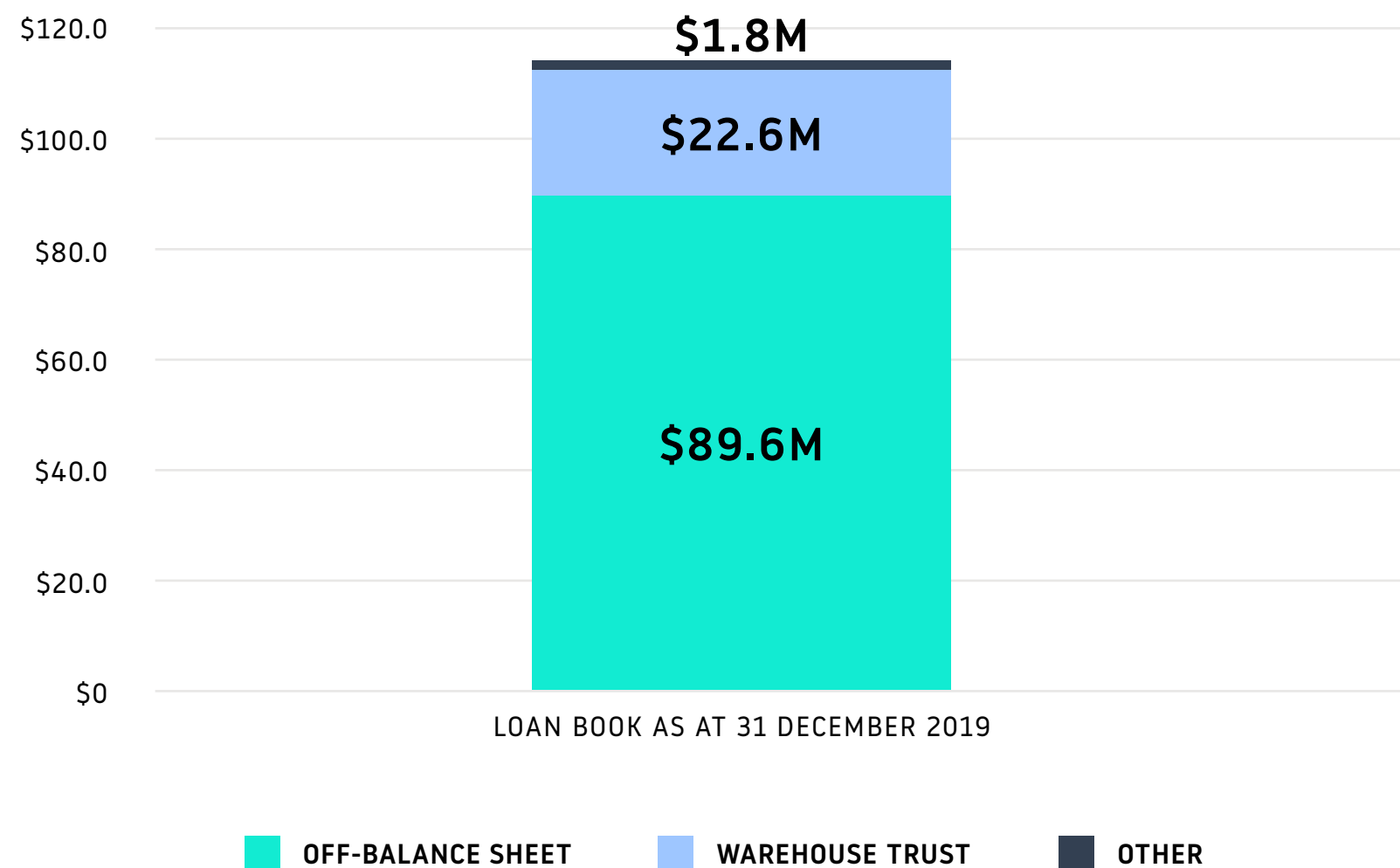


### NEW MODEL ASSUMPTIONS (EXAMPLE)

- Total loan revenue: \$10.2K
- Loan size: \$30,000
- Tenor: 60 months
- Gross yield: 12.5% p.a. (recognised in P&L)
- Loan impairment: 1.75% p.a.
- Funding costs: 3.5% p.a.

# Scalable, profitable model live.

Significantly improved margin in place for last six weeks of HIFY20.



## LOAN FUNDING COMMENTARY

- \$114.0M total loan book as at 31 December 2019
- The off-balance sheet facility will continue to generate revenue as the book runs off
- The warehouse trust is the go forward funding source with vastly improved loan unit economics
- Warehouse trust – 4 classes of notes:
  - Class 1 NAB
  - Class 2 & 3 Blue Chip Australian Financial Institution
  - Class 4 Wisr (5% of capital structure)
- \$50m committed funding for warehouse trust, expandable to \$200m
- Secured vehicle loans to be funded via existing warehouse trust with potential for dedicated facility at scale



**3.**

# H1FY20 Financials.





# Profit & loss.

- Operating income increase of 83% on H1FY19 driven by 90% growth in loan origination volume.
- From mid-November 2019 the gross yield on the warehouse trust loan receivables is recognised in the P&L.
- Increase in employee benefits and marketing expense driven by scaling of the Company through growth investment into the Wisr Ecosystem (refer to slide 13 - Core profitability & investing for growth).
- Other expenses include Public Company costs, accounting/legal fees and administration items.
- Provision for expected credit loss expense of \$1.1M (non-cash) is driven by growth in the warehouse trust loan book.
- Share based payment expense of \$5.0M (non-cash), the majority of which relates to the reset during the half of the Board/Staff incentive plan for FY20-FY22.

	31-Dec-19	31-Dec-18	Difference	Variance
	\$	\$	\$	%
<b>Revenue</b>				
Operating income	2,201,936	1,206,522	995,414	83%
Other income	74,626	10,762	63,864	593%
<b>Expenses</b>				
Employee benefits expense	(4,259,044)	(2,126,403)	(2,132,641)	100%
Marketing expense	(1,653,415)	(398,582)	(1,254,833)	315%
Customer processing costs	(753,143)	(454,069)	(299,073)	66%
Property lease costs	(103,879)	(82,680)	(21,199)	26%
Other expenses	(1,996,406)	(854,508)	(1,141,898)	134%
Finance costs	(219,665)	(63,585)	(156,080)	245%
Depreciation and amortisation expense	(61,924)	(30,716)	(31,208)	102%
Provision for expected credit loss expense	(1,127,481)	(257,608)	(869,872)	338%
Share based payment expense	(4,955,997)	(403,038)	(4,552,959)	1130%
<b>Loss before income tax</b>	<b>(12,854,391)</b>	<b>(3,453,905)</b>	<b>(9,400,486)</b>	<b>272%</b>
Income tax expense	-	-	-	
<b>Loss after income tax for the year</b>	<b>(12,854,391)</b>	<b>(3,453,905)</b>	<b>(9,400,486)</b>	<b>272%</b>

# Balance sheet.

- Cash of \$10.2M at 31 December 2019 sees the Company well capitalised. The Company subsequently undertook a \$33.5M Placement and \$3M SPP in January 2020.
- Strong growth in loan receivables to \$23.1M at 31 December 2019 predominantly driven by the go-live of the warehouse trust in mid-November 2019. The warehouse trust is consolidated and hence loans within it are recognised on balance sheet (refer to slide 15 - Scalable, profitable model live).
- Borrowings of \$23.8M predominantly relate to the warehouse trust and are effectively offset by the loan receivables.

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

# Cash flow.

- Cash flows from operating activities highlight the off-balance sheet loan funding model in place until mid-November 2019 i.e. in H1FY20 \$(28.3)M Net of lending and repayments represents loan origination and \$34.0M Net proceeds from sale of loans represents subsequent loan sales.
- Net cash used in investing activities of \$(22.2)M in H1FY20 represents the net balance of loan receivables held in the warehouse trust.
- Net cash from financing activities of \$22.2M in H1FY20 is driven by the Proceeds from borrowings of \$22.6M which predominantly relates to the warehouse trust.

	31 Dec 2019 \$	31 Dec 2018 \$
<b>Cash flows from operating activities</b>		
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)
	<u>(2,598,728)</u>	<u>(3,484,528)</u>
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
	<u>(1,816,309)</u>	<u>(3,052,400)</u>
<b>Cash flows from investing activities</b>		
Payments for technology assets	-	(432,346)
Net movement in customer loans	(22,173,183)	-
	<u>(22,173,183)</u>	<u>(432,346)</u>
<b>Cash flows from financing activities</b>		
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)
	<u>22,189,740</u>	<u>5,754,424</u>
Net cash from / (used in) financing activities	<u>22,189,740</u>	<u>5,754,424</u>
Net increase / (decrease) 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	<u>10,193,413</u>	<u>3,818,566</u>



4.

# Growth & Outlook.

# Delivered on key objectives.

## The Wisr flywheel.



### GROWTH

- ✓ Delivered 90% (\$54.9M) growth H1FY20 v H1FY19 in loan originations
- ✓ Surpassed \$163M in total originations
- ✓ Revenue growth 83%
- ✓ Grew number of customers entering the Wisr Ecosystem to over 120,000 (adding 64,200 in H1FY20)

### PEOPLE

- ✓ Employee NPS of +66, confirming Wisr is an amazing place to work
- ✓ New Chief Data and Risk Officer appointed
- ✓ Industry recognition with awards across leadership, innovation and tech

### PRODUCTIVITY

- ✓ Executed the NAB deal, tripling loan book margin
- ✓ Strong credit book performance



### INNOVATION

- ✓ Launched Wisr App on Android
- ✓ Launched first partnerships and already delivering revenue
- ✓ Launched new WisrCredit platform, including insights and features to leverage CCR data
- ✓ Launched successful secured vehicle loan pilot

### CUSTOMER

- ✓ NPS of +66 overall
- ✓ TrustPilot rating of 4.6/5 (84 reviews)
- ✓ App Store rating 4.4/5 (231 reviews)
- ✓ Wisr App on track to pay down more than \$1M of debt in 2020

# Execution priorities: 2020

## The Wisr flywheel.



### GROWTH

- Efficiently scale the core lending business and grow originations
- Launch Wisr Secured Vehicle product to market
- Expand partnerships model
- Grow the customer base within the Wisr Ecosystem

### PEOPLE

- Hire more superstar talent to help deliver on our vision
- Continue to bring diversity and inclusion throughout all hiring areas
- Extend on the existing high performance culture



### PRODUCTIVITY

- Maintain high credit quality and our share of revenue per loan for Wisr
- Deliver further advancement in our proprietary Intelligent Credit Engine (ICE) to maintain competitive advantage

### INNOVATION

- Deliver new features and customer outcomes within the Wisr Ecosystem
- Enhance the use of customer data for the benefit of customers within the Wisr Ecosystem

### CUSTOMER

- Maintain key metrics demonstrating outstanding customer experience across all products
- Grow the number of customer touch-points across the Wisr Ecosystem

# Secured Vehicle drives 2020 growth.

**(Pun intended.)**

With a significant opportunity emerging, Wisr is transforming customers' ability to own and maintain their own vehicle.

- After a successful pilot, Wisr is launching a new super competitive secured lending product with market leading flexibility
- \$80B+<sup>1</sup> of annual vehicle sales and \$20B+<sup>2</sup> annual market for consumer vehicle financing
- The major lenders are retreating, creating opportunity for Wisr to leverage its market leading technology, brand, consumer reach as a disruptive new entrant
- Wisr is already setup for long term growth and scale. Wisr has secured use of its warehouse trust to support the funding and growth of this product

Source: <sup>1</sup> Roy Morgan: Report - State of the Nation 27: Australian Automotive Industry accelerates towards 'Decade of Upheaval' - March 2017 <sup>2</sup> Royal commission into misconduct in the banking, superannuation and financial services industry: Report - Some Features of Car Financing in Australia



**Secured vehicle loan product already awarded Gold in the Rate City new car lender category in February 2020.**

# Growth via the Wisr Ecosystem.

Wisr delivered on the preliminary roll-out of the Wisr Ecosystem, acquiring over 120,000 Australians to 31 Dec 2019.

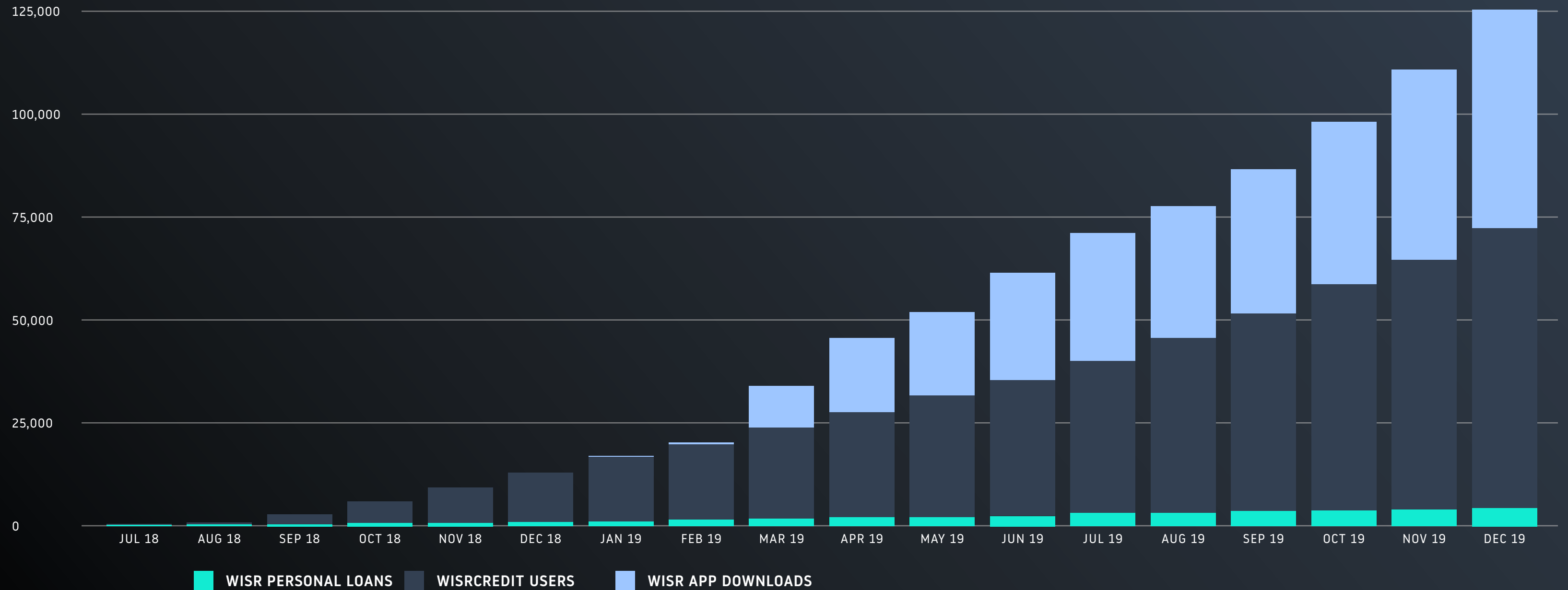
The Wisr Ecosystem includes the launch of a number of individually powerful, and collectively unique products aligned to financial wellness.





# The Wisr Ecosystem.

Over 120,000 Australians entered the Wisr Ecosystem.



# A compelling investment case.

## **READY TO SCALE**

Phase 1 and 2 of the business delivered on plan, with market leading technology built and a proven business model.

## **COMPELLING UNDERLYING METRICS**

All key numbers trending strongly for growth.

## **SIGNIFICANTLY IMPROVED UNIT ECONOMICS IN PLACE**

Mature model debt warehouse now live, driving significant revenue growth over the coming periods.

## **OPERATIONALLY STRONG**

Our underlying core operations are profitable and we are investing in growth.

## **WELL CAPITALISED**

With the \$10.2M in cash as at 31 December 2019 and \$36.5m raised in January 2020, we have significant capability to pursue the market opportunity.

## **DIFFERENTIATED STRATEGY PRIMED FOR GROWTH**

The unique Wisr Ecosystem (and more innovation in the pipeline), allows us to attract more customers, with more credit products, and grow faster.

## **TRACK RECORD**

Delivering to or exceeding our plan, and keeping our commitments. With new senior hires recently joining, improving an already highly capable team.



**5.**

# **Appendix.**



# Ahead of the compliance curve.

New regulation is supporting profitable Wisr growth.



## RG209 CLARIFICATION AND PRINCIPLE

RG209 works in Wisr's favour, bringing the competition to the compliance curve where Wisr is already. We welcome the RG209 changes and are fully compliant.



## BEST INTEREST DUTY FOR BROKER

We don't expect any material impact to Wisr's growth. In fact it helps position Wisr to be front-of-mind for brokers, with our competitively priced and personalised rates for risk, no early repayment or on-going fees; helping brokers make the decision to direct business to Wisr.



## OPEN BANKING

Wisr will fully embrace open banking and through currently available technologies will continue to utilise customer owned information to make faster and better credit risk based decisions.



## COMPREHENSIVE CREDIT REPORTING (CCR)

Wisr has long been a full participant of CCR. We incorporate this information into our credit decisions and as the big incumbents are forced to disclose, this will only benefit us further.



## WISRCREDIT

Wisr is doing its part to raise financial literacy in Australia by helping more Australians understand their creditworthiness through the provision of free credit scores. WisrCredit is the only provider in Australia to offer multiple scores in one place, 100% free.

# Prime quality customer base.

## Loan amount.

AVERAGE  
**\$26,447**

## Interest rate.

AVERAGE  
**12.76%**

## NPS scores.

OVERALL BROKER CUSTOMER  
**+66 +66 +68**

## TrustPilot rating.

RATING REVIEWS  
**4.6/5 84**

## Credit score.

AVERAGE  
**710.1**

**18 – 80**  
YEARS OF AGE

**78%**  
WORK FULL TIME

**\$74,999**  
MEDIAN INCOME

**37%**  
SINGLE

**57%**  
MARRIED OR DE FACTO

**39.3 YEARS**  
AVERAGE AGE

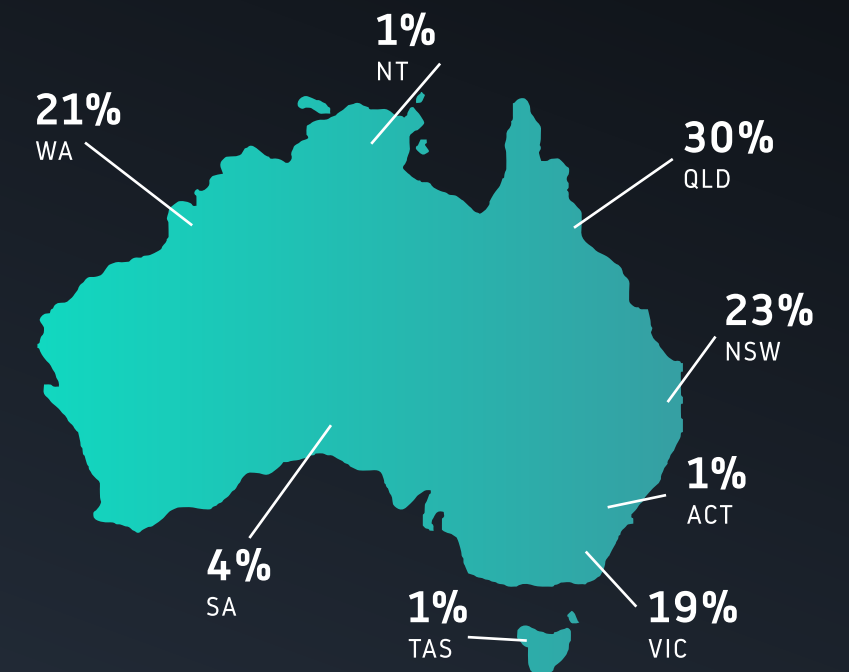
**37% FEMALE**

**\$72,242**  
AVERAGE INCOME

**63% MALE**

**38.9 YEARS**  
AVERAGE AGE

**\$95,246**  
AVERAGE INCOME



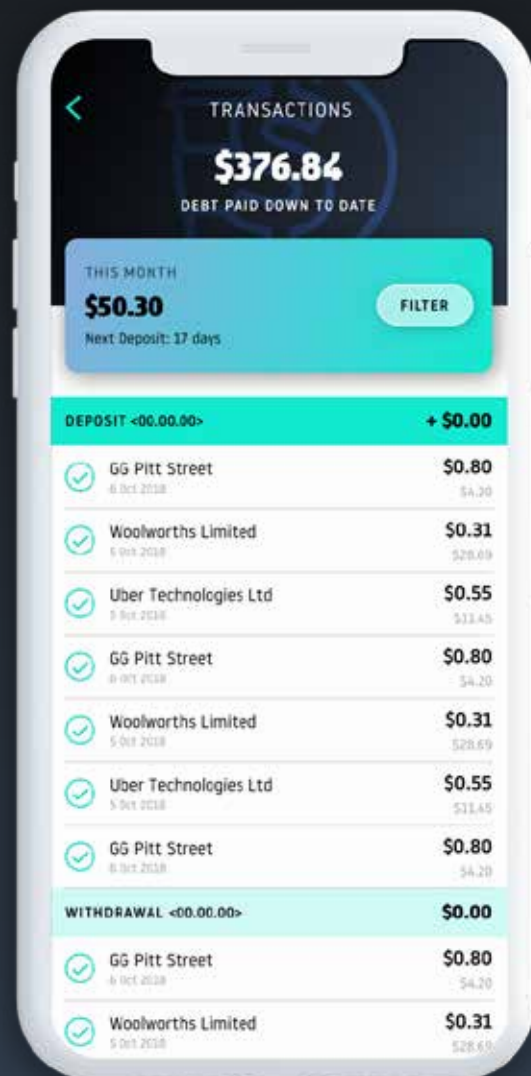
I found the process really easy, the staff are very helpful, and they replied to me really quickly. This is my second loan with Wisr and I would recommend it to anyone.  
- LYNETTE



Excellent service, keep up the great work. My experience has been stress free and you guys have helped me realise a long life dream helping me with my personal loan.  
- BEAU

# Proprietary tech supports scale.

Using customer data to drive better outcomes.

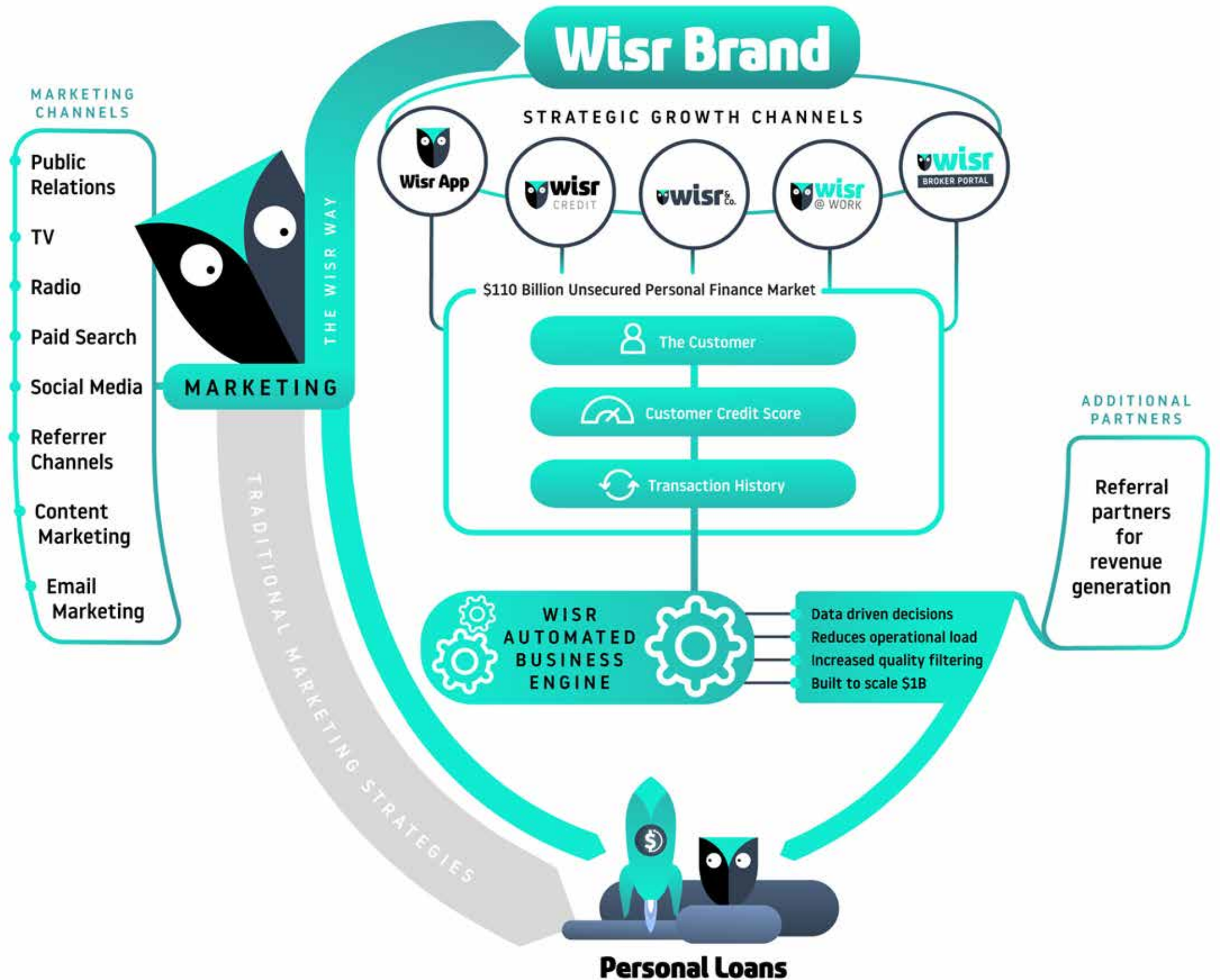


WISR INTELLIGENT CREDIT ENGINE  
(ICE)

- Keeps us ahead of and prepared for, regulatory changes.
- Reinforces Wisr commitment to responsible lending.
- Creates operational efficiency and faster verifications.
- Identify undisclosed liabilities and mitigates risk.
- Drives Wisr Ecosystem execution, delivering rich customer data insights.
- Enables scalability and long runway of growth.

# The Wisr owned Ecosystem.

Unique model drives lower customer acquisition costs and increases customer lifetime value.



# Wisr, a great place to work.

At Wisr, we strive to be one of Australia's best workplaces. We are big believers in high performance while still promoting a healthy work life balance.

We have a number of key initiatives in place to execute on our vision to be renowned as a great place to work and maintain our impressive employee NPS score.

**Employee NPS score.**

**+66**

WE HELP EACH OTHER TO BE GREAT  
WE TAKE RESPONSIBILITY  
WE SEEK EXCELLENCE





# Disclaimer.

## **NO INVESTMENT ADVICE OR OFFER OF SHARES**

This presentation does not constitute investment advice, or an inducement or recommendation to acquire or dispose in any shares of Wisr, in any jurisdiction.

## **RISKS AND ASSUMPTIONS**

This presentation contains statements (including forward-looking statements), opinions, projections, forecasts and other material, based on various assumptions. Whilst this presentation was prepared with care and attention, those assumptions may or may not prove to be correct. All forward-looking statements, whilst considered reasonable by Wisr at the date of this presentation, involve known and unknown risks, assumptions and uncertainties, many of which are beyond Wisr's control. There can be no assurance that actual outcomes will not differ materially from those stated or implied by these forward-looking statements, and readers are cautioned not to place undue weight on such forward-looking statements. To understand more about the risks and uncertainties faced by Wisr refer to the 2018 Annual Report.

Statements about past performance are not necessarily indicative of future performance. To the extent required by law, neither Wisr or any of its directors, officers, employees and agents give any warranty, representation

or guarantee as to the accuracy or likelihood of fulfillment of any forward-looking statement in this presentation or assumption upon which any part of this presentation is based or the accuracy, completeness or reliability of the information contained in this presentation.

## **NON-GAAP FINANCIAL MEASURES**

A number of non-GAAP financial measures are used in this presentation. You should not consider any of these in isolation from, or as a substitute for, the information provided in the audited consolidated financial statements, which are available at: [www.wisr.com.au](http://www.wisr.com.au)

## **DOLLAR ESTIMATES**

All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.

