



ASX: WZR

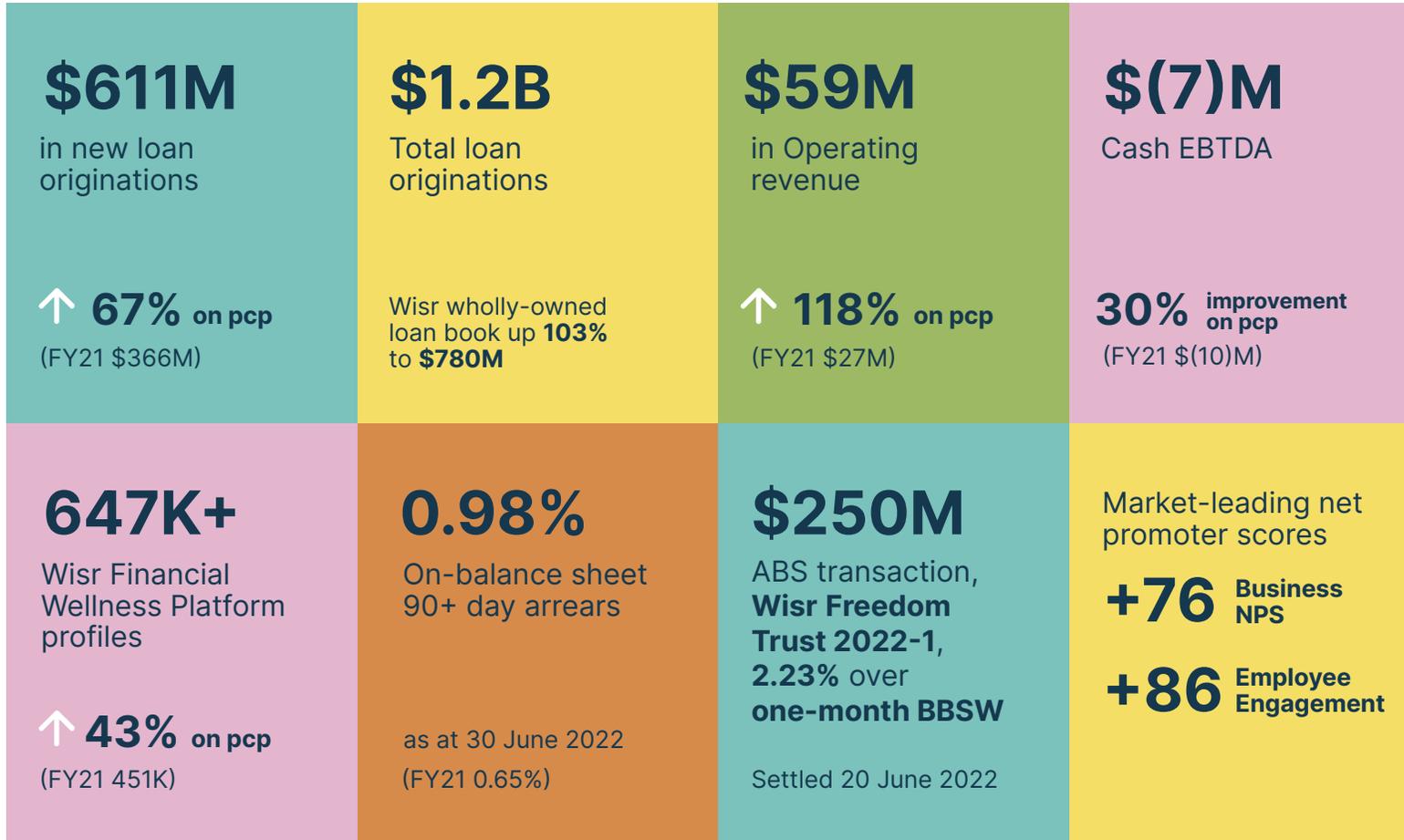
# FY22 RESULTS

30 August 2022





# FY22 HIGHLIGHTS: SET UP FOR PROFITABILITY



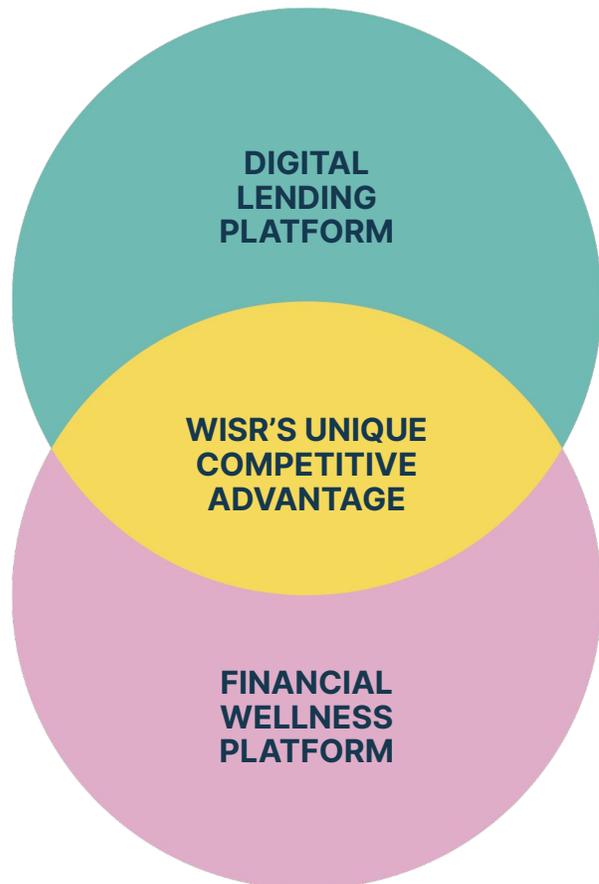
- ✓ FY22 results and subsequent Q1FY23 decisions, sets the Company on a path to be profitable within 12 months^
- ✓ Delivered two positive operating cash flow quarters in Q2FY22 and Q3FY22 (before the rapid change in market conditions)
- ✓ Strong growth backending the year, with loan originations of \$344M in H2; 28% growth on H1 \$267M
- ✓ \$250M ABS transaction, Wizr Freedom Trust 2022-1, and AAA rating from Moody's
- ✓ Wizr well capitalised with \$71.5M cash balance includes \$23.3M unrestricted cash at 30 June 2022
- ✓ Recognition by AFR Best Places to Work (#2 for category) and overall #1 for Diversity & Inclusion
- ✓ No gender pay gap and 40% female Board representation achieved

^Profitability is on a run-rate Cash EBTDA basis and is subject to broader market conditions, including any significant volatility events, the level of global inflation and interest rates, and the impact of any geopolitical events.



# WISR HAS A UNIQUE AND DIFFERENTIATED STRATEGY

Our tech, data, analytics and high-performance culture are genuine competitive advantages



**Loan Origination in FY22 was a record \$611M (up 67% pcp), delivering:**

- **\$1.2B loans written** since inception (Q1FY17)
- **24** consecutive quarters of new loan origination growth
- Revenue of **\$59M** (up **118%** pcp)
- **103%** pcp loan book growth (now **\$780M**)
- Loan originations exit run rate of **\$744M** per annum

**Significant room for growth is evident in the current business:**

- With more room to win in competitive channels
- Our ability to further optimise risk for more growth and profitability

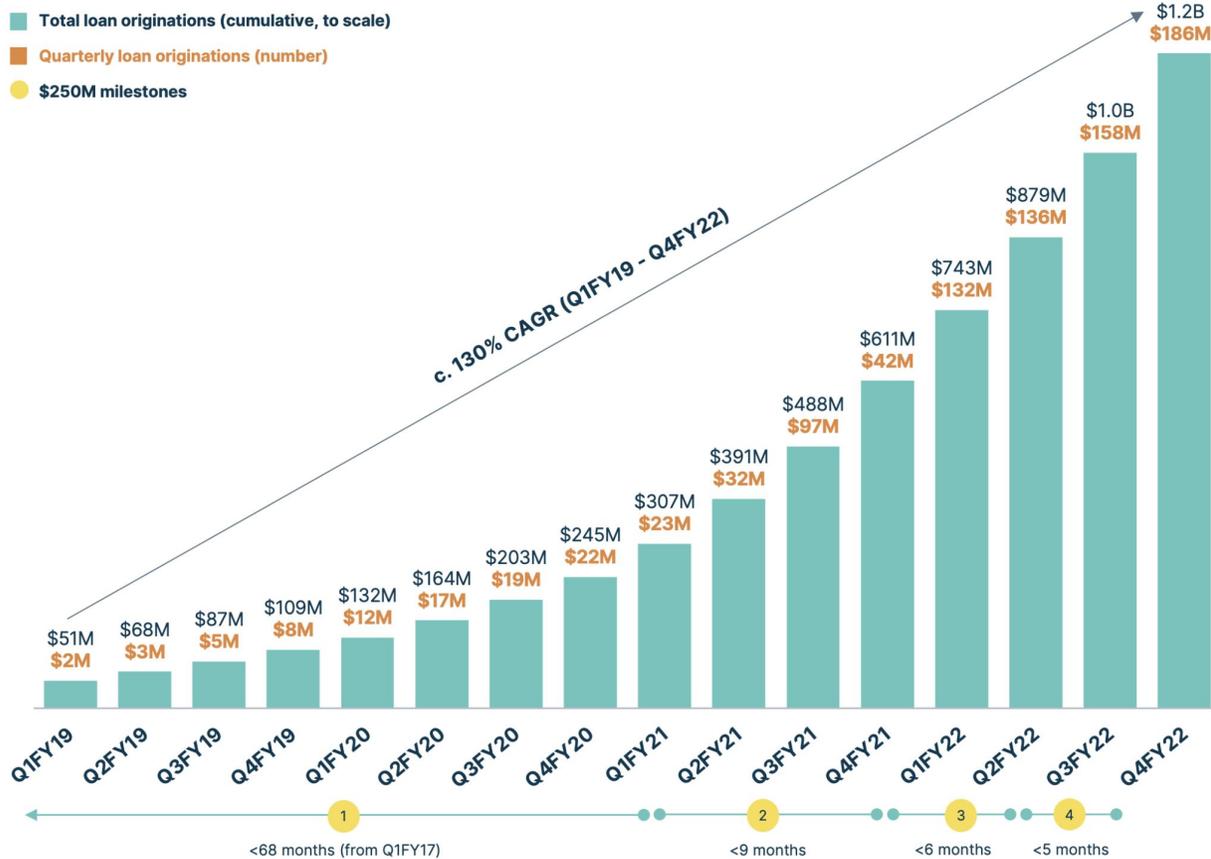
**The success of the Financial Wellness Platform can be leveraged, in-line with our existing budget for this strategy:**

- The data is highly valuable
- It is delivering tangible benefits for customers that engage with it
- It is already providing a significant ROI for us and setting us up for larger opportunities
- Demonstrated effectiveness of the Wizr Financial Wellness Platform as our most cost effective channel

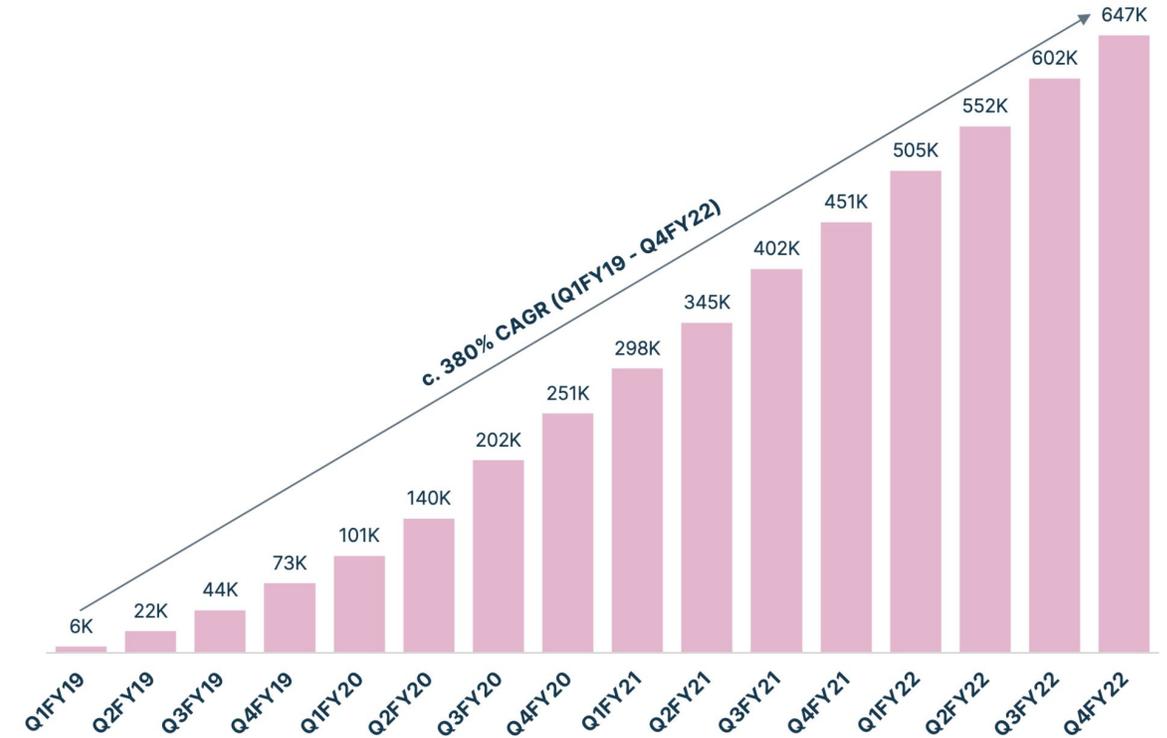


# DUAL PLATFORM STRATEGY HAS DELIVERED EXCEPTIONAL GROWTH

## Lending platform



## Financial Wellness Platform (Profiles<sup>^</sup>)

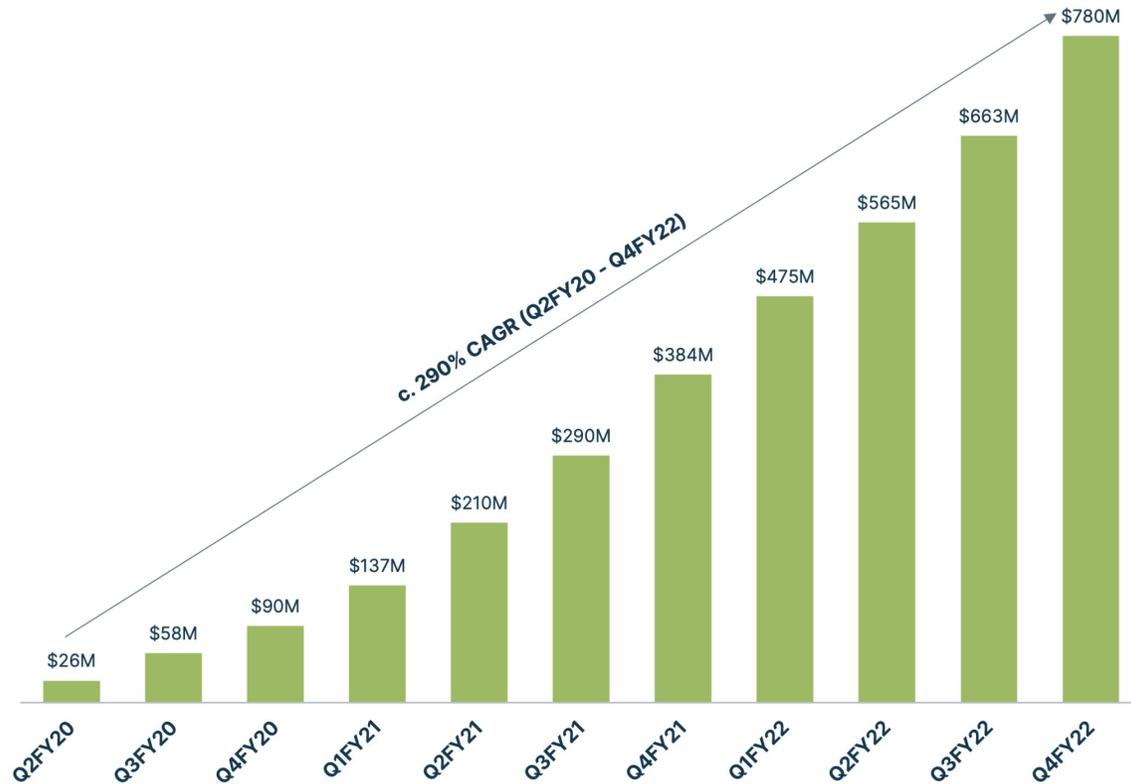


<sup>^</sup>Financial Wellness Platform has grown to over 647K users and will continue to grow as Company approaches target of 1 million profiles

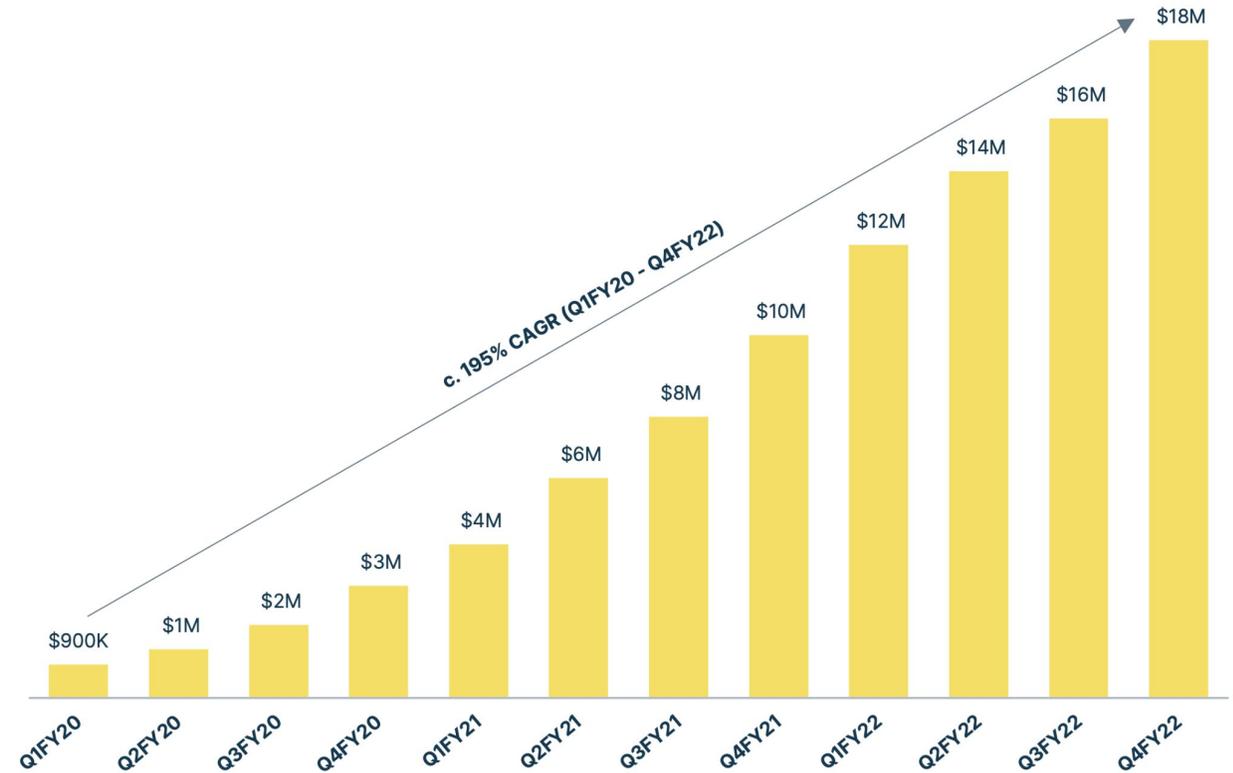


# WISR'S LENDING PLATFORM IS DELIVERING SCALE

Wisr quarterly loan book growth<sup>^</sup>



Wisr quarterly revenue growth



<sup>^</sup>Loan Book includes all loans in WH1, WH2, Freedom Trust 2021-1, Freedom Trust 2022-1 and balance sheet, excludes off-balance sheet of \$22.7M as at 30 June 2022



# OUR GROWTH IS BUILT ON CONSISTENT HIGH CREDIT QUALITY

Strong credit quality achieved with prime<sup>1</sup> average credit scores and less than 1% on-balance sheet 90+ day arrears.

With 24 consecutive quarters of best-in-class responsible lending compliance, focus on prime and super prime credit, maintaining a tight credit policy, delivering a decrease in providing over time and arrears and credit loss levels being well inside internal targets, Wizr is prepared to navigate market conditions.

The framework is already in place to manage credit quality through the cycle, including controls such as:

- Early warning indicators
- Bespoke Wizr Score, which provides a more accurate view of a customer's financial standing and optimises risk-adjusted return
- Increased use of digital data with automated rules around account conduct
- Adoption of Fortiro to identify potential fraud and limit early default receivables
- Credit policy changes with a greater hindsight review of historical arrears tightening credit in line with risk appetite
- Ongoing investment in our collection processes

**Wizr Loan Customer Average Credit Score**



**On-balance sheet portfolio 90+ day arrears<sup>2</sup>**

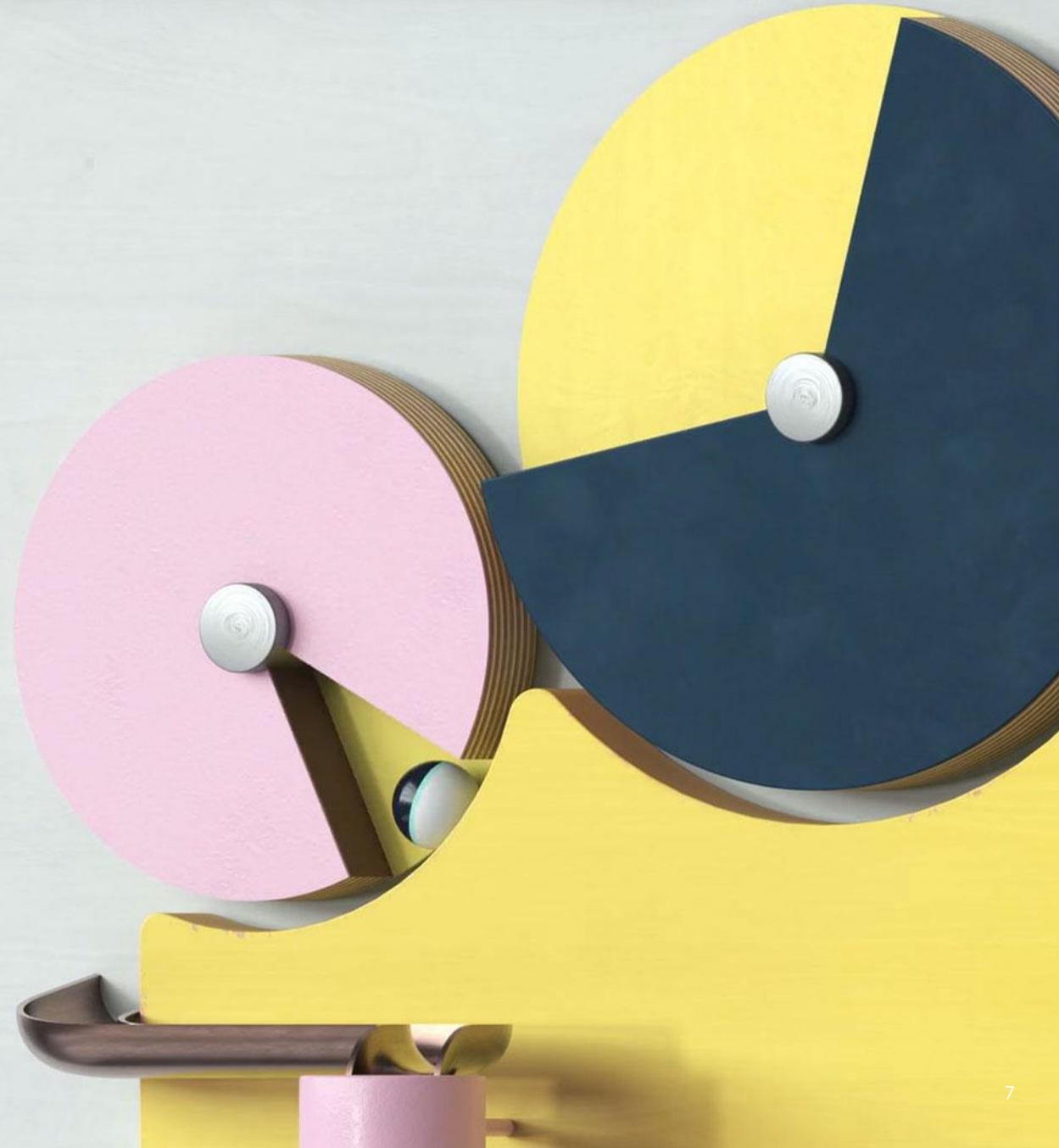


<sup>1</sup>Prime credit score = 726-832 and Superprime credit score = 833-1200; source Equifax <https://www.equifax.com.au/personal/what-good-credit-score>

<sup>2</sup>On-balance sheet portfolio arrears, excludes off-balance sheet.



# MANAGING A CHANGING ECONOMIC ENVIRONMENT





# PROTECTING NIM AND YIELD TO DELIVER PROFIT

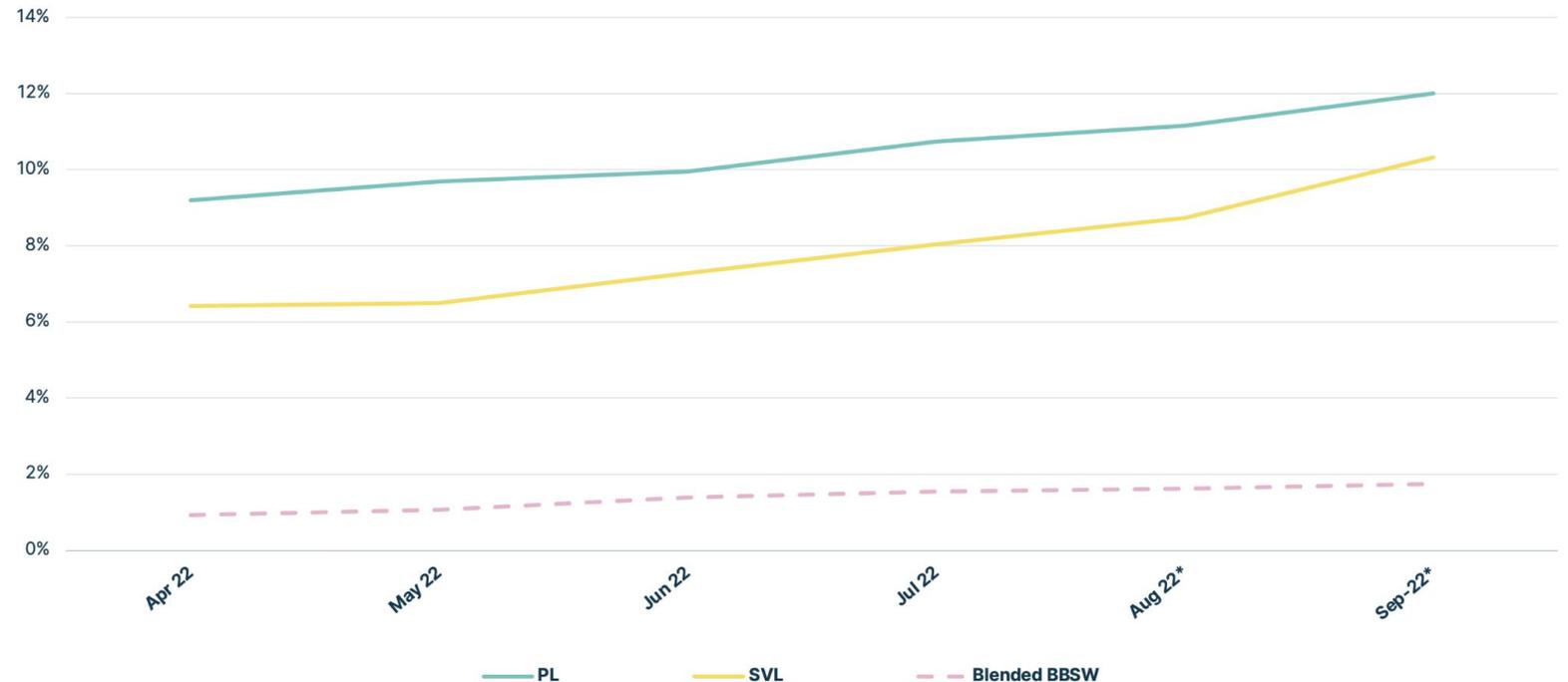
Between April and September 2022, the blended hedged BBSW cost increased by c. 80 bps. In response, **Wisr has increased the front book weighted average yield by c. 340 bps between April and September 2022<sup>^</sup>.**

Wisr is well prepared to mitigate current market conditions and absorb BBSW increases while still earning a very healthy Net Interest Margin (NIM) with multiple levers, including raising interest rates on new loans.

Since the inception of warehouse funding facilities in November 2019, Wisr has hedged the floating component of its cost of funds - the BBSW

Wisr will continue to lift yield and pricing in the market to protect profitability and NIM

## Loan origination yield and BBSW



<sup>^</sup>August and September are forecast based on anticipated loan volume, corresponding yield and BBSW



# FOCUSSING ON ACHIEVING PROFITABILITY WITHIN 12 MONTHS

**FY22 results and subsequent FY23 decisions, sets the Company on a path to be profitable within 12 months<sup>^</sup>.**

Wisr is a growth Company and will remain a growth Company for the next decade or more. However, prudent fiscal management is required at this time, and the Company will be right-sized and fully focussed on achieving profitability in the shortest path possible.

Recognising current market conditions, Wisr is focused on delivering both profitability in the short-term and sustainable long-term profitability. To maintain a strong balance sheet and deliver a highly profitable business, we must navigate market conditions in the best position possible. As such we have prudently and proactively adjusted our strategy and cost base to position the Company for long-term sustainable growth.

## **Focus on near-term profitability**

- Significant reduction in short-term growth aspirations in lending in response to the macro environment
- Switching from high to moderate growth will positively impact Cash EBTDA
- Front book yield will continue to lift to ensure the Company achieves strong NIM and profitability

## **Cost management**

- A material reduction in employee expenses and headcount
- A material reduction in external spend

## **Strategic adjustments**

- Pausing all new credit product expansion and/or go-to-market expenditure
- Exited any continued support for Arbor in the EU market, and any short-term growth ambitions for geographical expansion
- Material overall reduction in investment in the Wisr Financial Wellness Platform

<sup>^</sup>Profitability is on a run-rate Cash EBTDA basis and is subject to broader market conditions, including any significant volatility events, the level of global inflation and interest rates, and the impact of any geopolitical events.



# OPERATIONAL LEVERAGE EXPANSION

## FY22 P&L Waterfall

The operational leverage of the core Wisr lending platform continues to expand while the Company continues to invest in the Financial Wellness Platform, further innovation and the build and launch of more products.

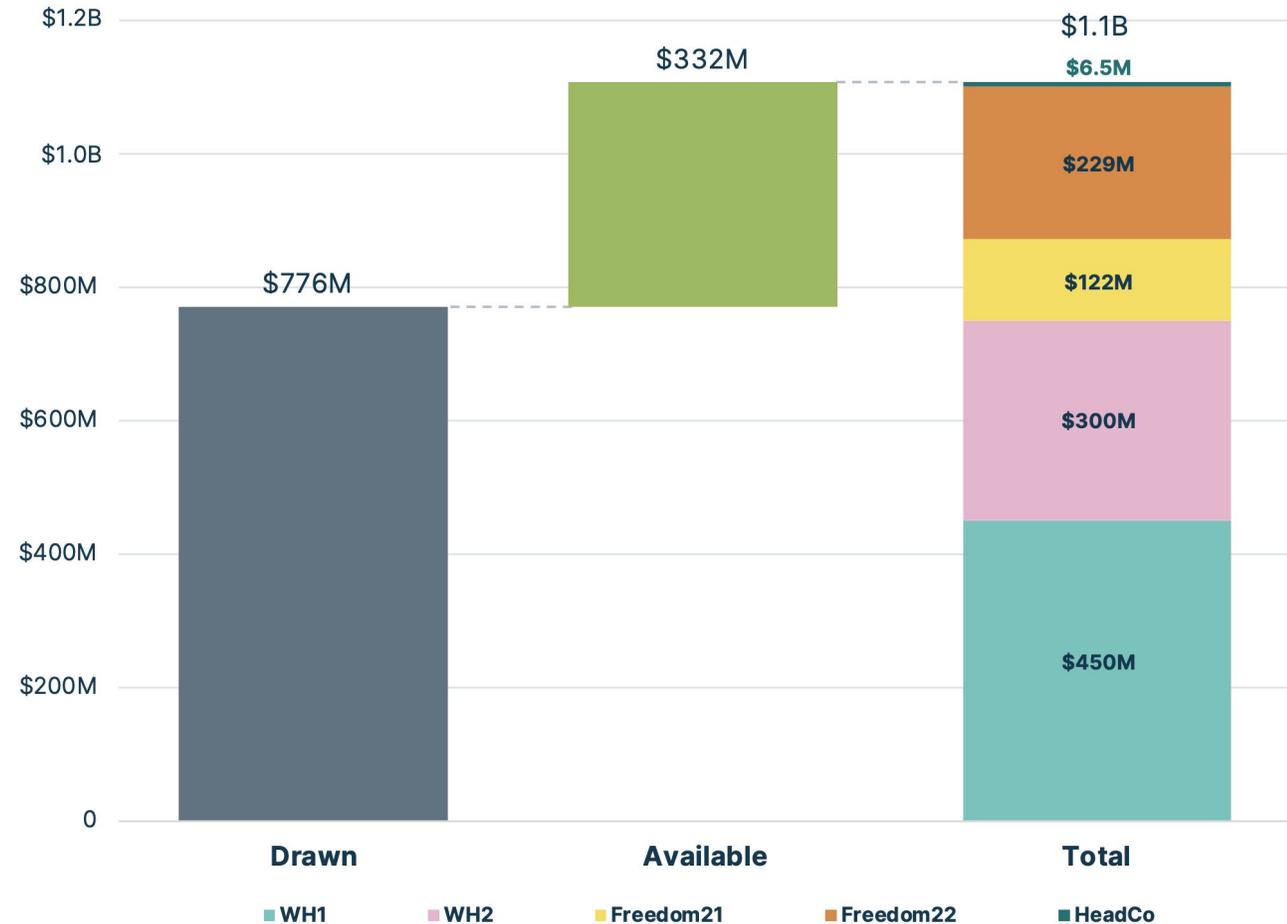


- Revenue**  
118% Operating revenue growth in FY22 vs FY21 under the Wisr Warehouse funding model and on the back of 24 consecutive quarters of loan origination growth
- Core opex**  
Opex related directly to the core personal and secured vehicle loan business from application to settlement
- Growth Opex**  
Predominantly consists of investment into the Wisr Financial Wellness Platform and investment into the build and preparation to launch new products
- Other**  
Includes Public Company costs and one-off items including the Tokyo Olympics brand campaign
- Non-cash**  
Includes ECL provision, share based payments and depreciation



# STRONG FUNDING PLATFORM

- WH1 has \$450.0M of committed funding and an undrawn capacity of \$307M
- Wisr has now delivered two personal loan ABS transactions - Freedom21 and Freedom22
- WH2 has \$300M of committed funding, increased to \$400M in July 2022 and an undrawn capacity of \$125M (post increase)
- The Head Co Loan commitment has reduced from \$21.5M to \$6.5M given the strong balance sheet position. \$6.5M was drawn upon inception
- Second ABS transaction (Freedom Trust 2022-1) settled for \$250M in June 2022, creating additional funding capacity within WH1. The year-end balance was \$229M
- Inaugural SVL ABS transaction to be undertaken in FY23, creating additional funding capacity within WH2
- Third warehouse of c. \$200M to be originated in FY23 with new senior funder and ability to fund both PL and SVL
- For both WH1 and WH2, the senior funder is National Australia Bank (**NAB**). In WH1, IFM sits alongside the existing mezzanine funder MA Financial Group. In WH2, Revolution Asset Management is the mezzanine funder





# CASH EBTDA

- In FY22 the Company continued on the path to profitability with a Cash EBTDA of \$(7.2)M, which is a 30% improvement on \$(10.2)M in FY21
- The continued operational leverage in the business is evidenced through **118% operating revenue growth compared to 47% for operating expenses**
- Net loan write offs represent 1.2% of the average loan book balance for FY22 which is well within management expectations - also refer to slide 18
- Interest expense increased 146%, driven by 67% loan origination growth and 103% loan book growth, along with higher funding costs
  - The interest expense represents c. 3.2% of the average loan book balance for FY22

	FY22 (\$'000)	FY21 (\$'000)	Variance
Revenue	59,392	27,575	118%
Operating expenses	(40,972)	(27,943)	47%
Net loan write offs	(6,852)	(2,227)	208%
Interest expense	(18,754)	(7,614)	146%
<b>Cash EBTDA</b>	<b>(7,186)</b>	<b>(10,209)</b>	<b>30%</b>



# SUMMARY





## MODERATE GROWTH

# PROFITABILITY TO BE ACHIEVED WITHIN 12 MONTHS<sup>^</sup>

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### **STRONG AND PRUDENT GROWTH DELIVERED**

Prime \$780M Loan Book heading to \$1B, FY22 operating revenue up 118% on the back of 24 consecutive quarters of loan growth. Growth rate to be tempered to achieve profitability within 12 months<sup>^</sup>.

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### **ON TRACK TO BE PROFITABLE WITHIN 12 MONTHS**

On-balance sheet arrears less than 1% (0.98%), decrease in provisioning over time, with last 7 year focus on PRIME and SUPER PRIME credit ONLY, setting the Company up well to thrive through a change in domestic economic conditions.

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### **SIGNIFICANT OPEX REDUCTION DELIVERED**

Material reductions in opex, headcount, internal and external spend, and pausing or exiting fully growth spend initiatives.

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### **FAST LEVERS PULLED TO PROTECT MARGIN/NIM**

In response to rising cost of funds, Wisr has increased the front book weighted average yield by c. 340 bps between April and September 2022\*. Loan unit economics managed and protected through increased front book rates, back book hedging, and maintaining prime credit quality and loss metrics.

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### **UNIQUE STRATEGY TO DELIVER REWARDS IN CHALLENGING TIMES**

Over 647K Australians in proprietary Financial Wellness Platform, reduces customer acquisition cost, drives loan conversion, improves customer financial wellbeing and opens up new revenue models.

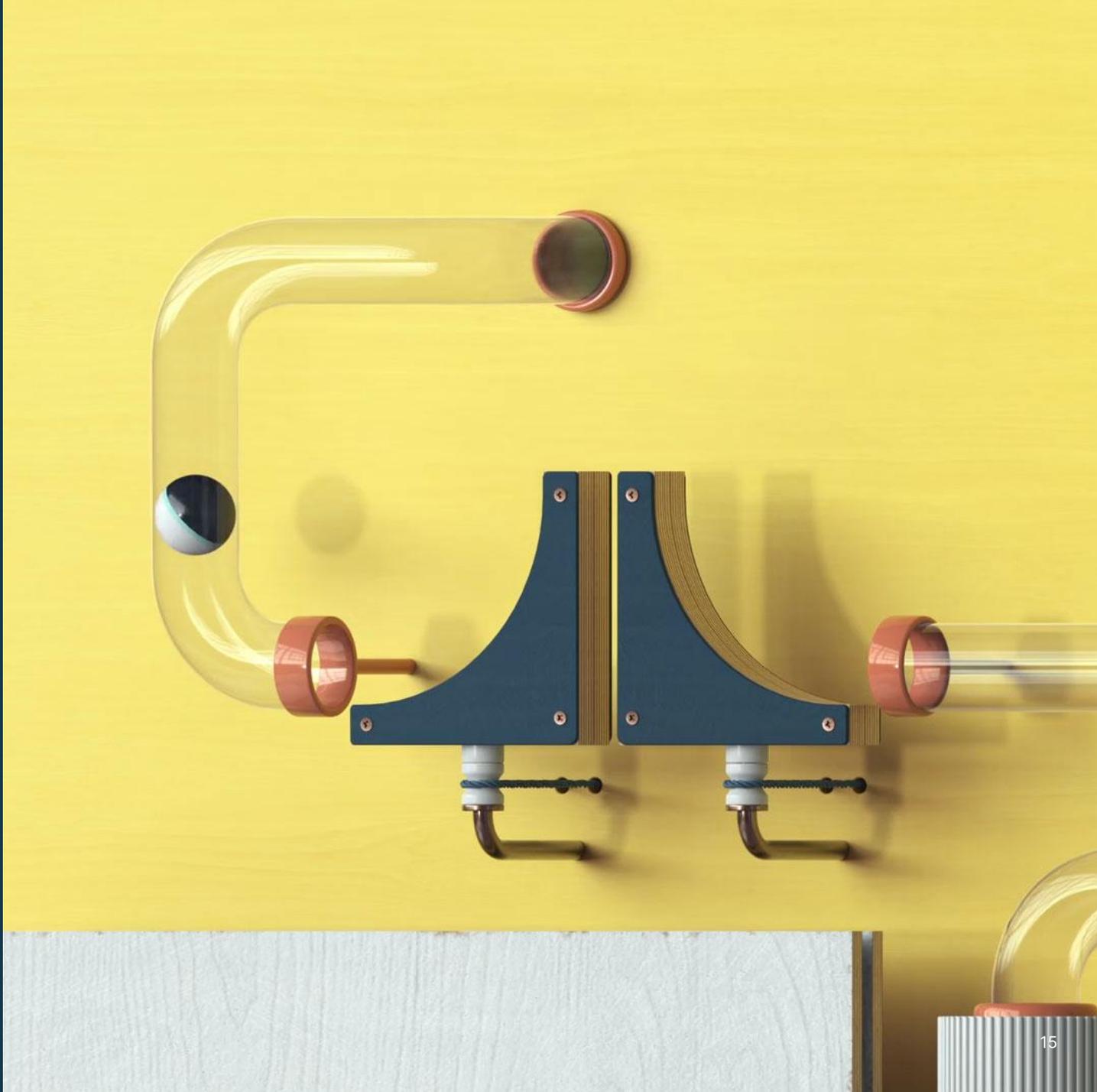
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<sup>^</sup>Profitability is on a run-rate Cash EBTDA basis and is subject to broader market conditions, including any significant volatility events, the level of global inflation and interest rates, and the impact of any geopolitical events.

\* August and September are forecast based on anticipated loan volume, corresponding yield and BBSW

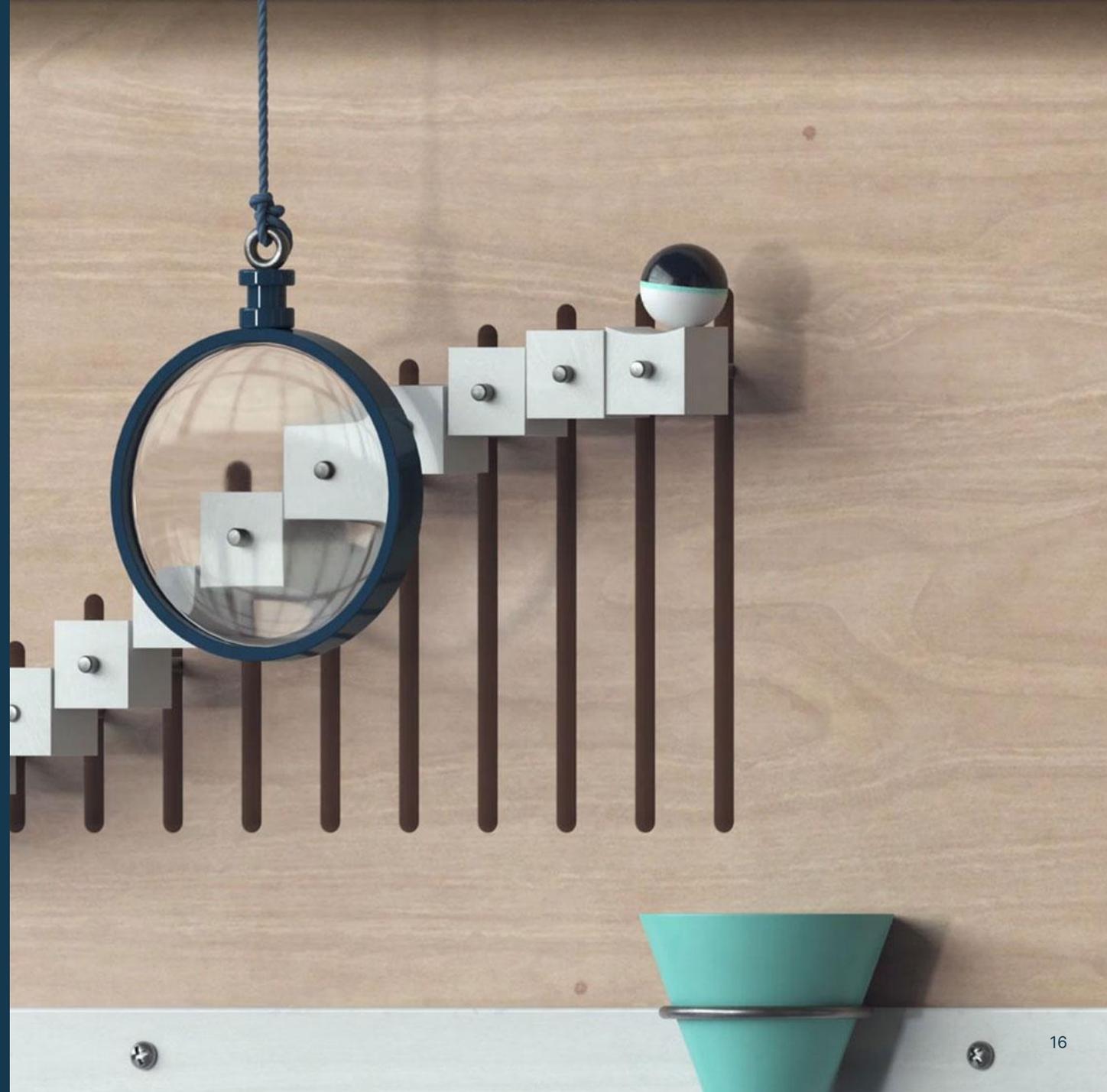


# QUESTIONS





# FY22 AUDITED FINANCIAL RESULTS AND APPENDIX





# PROFIT AND LOSS

- Operating revenue of \$59.4M (FY21: \$27.2M), a 118% increase driven by loan origination growth of 67%
- Employment benefits expense increased 33% due to the scaling of the business and resulting increase in headcount
- Marketing expense increased 93%, predominantly due to the one off material investment into the Tokyo Olympics brand campaign
- Finance costs increased 146% driven by loan origination growth of 67% and loan book growth of 103% along with higher funding costs
- Provision for expected credit loss expense - refer to slide 18
- Loss before income tax increased 13% predominantly due to a higher expected credit loss provision which in turn is due to the loan book growth of 103%

	30-JUN-22 \$	30-JUN-21 \$	% VARIANCE
<b>REVENUE</b>			
Operating income	59,392,199	27,230,985	118%
Other income	31	344,188	-100%
<b>EXPENSES</b>			
Employee benefits expense	(18,926,195)	(14,191,169)	33%
Marketing expense	(12,089,987)	(6,264,211)	93%
Customer processing costs	(3,688,843)	(3,067,701)	20%
Property lease costs	(69,473)	(187,949)	-63%
Other expenses	(6,197,511)	(4,232,284)	46%
Finance costs	(18,753,814)	(7,614,021)	146%
Depreciation and amortisation expense	(931,461)	(541,922)	72%
Loss on investments	(1,168,695)	-	
Provision for expected credit loss expense	(16,352,472)	(7,934,680)	106%
Share based payment expense	(1,118,686)	(1,180,559)	-5%
<b>Loss before income tax</b>	<b>(19,904,907)</b>	<b>(17,639,323)</b>	<b>13%</b>



# EXPECTED CREDIT LOSS PROVISION

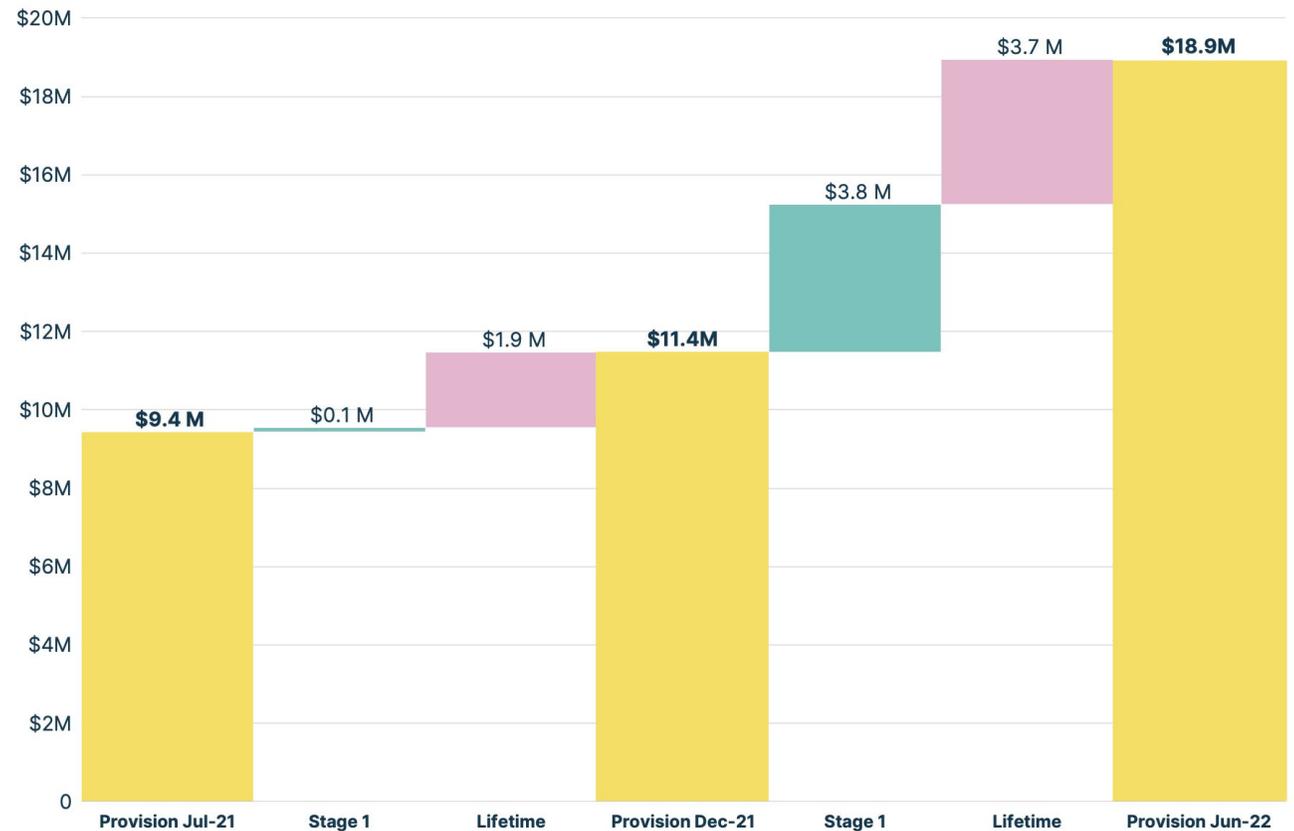
Total loan impairment expense for FY22 was \$16.3M, this represents \$9.5M of incremental provisions, \$6.8M of net losses (\$8.0M gross losses net of \$1.2M recoveries).

This loan impairment expense represents 2.1% charge compared to portfolio balances as at 30 June 2022.

## RECONCILIATION OF TOTAL PROVISION OF EXPECTED CREDIT LOSS

	\$	
<b>Opening balance at 1 July 21</b>	<b>9.4M</b>	<b>2.5%</b>
Expected credit loss expense recognised during the year	16.3M	2.1%
Receivables written off	8.0M	
Recoveries	(1.2)M	
<b>Closing balance at 30 June 22</b>	<b>18.9M</b>	<b>2.4%</b>

## Provision movement Jul 2021 - Jun 2022



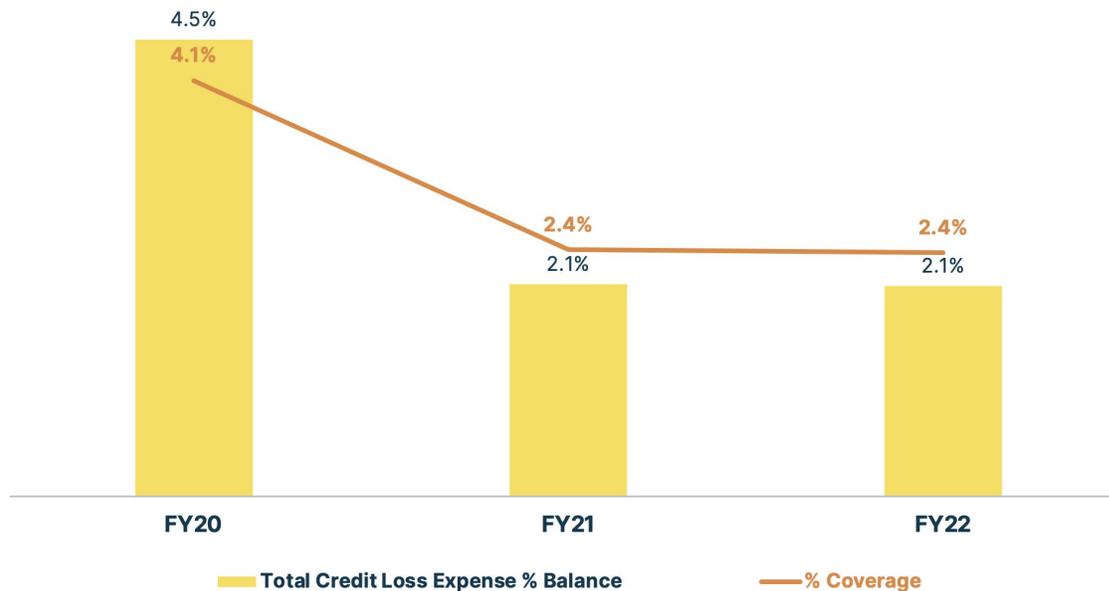


# PROVISIONING ANALYSIS

At 30 June 2022, Wisr had a total ECL provision of 2.4% of loan book and total credit loss expense (Profit and Loss) of 2.1% of loan book.

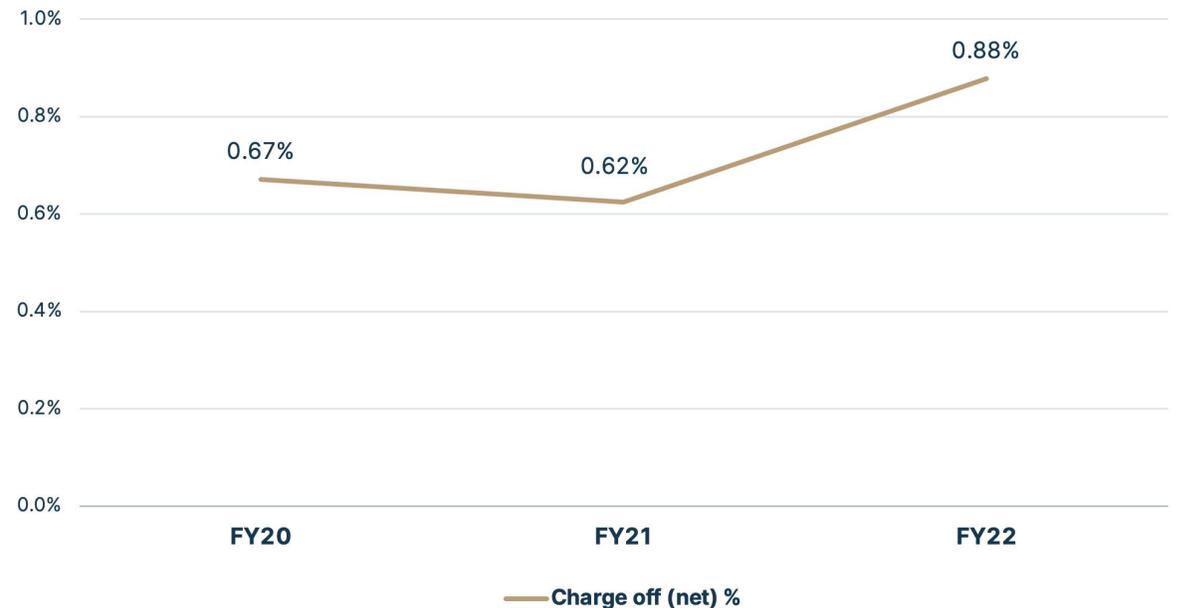
Provision coverage rates were flat in FY22.

## Provision coverage %



Net losses have increased in FY22 inline with book maturity.

## Net losses as % of balance





# BALANCE SHEET

- Well capitalised with cash of \$71.5M (\$23.3M unrestricted cash and \$8.2M loans available for sale)
- Loan receivables of \$764.8M (30 June 2021: \$374.7M), a 104% increase driven by growth in loan originations of 67% in FY22
- Derivative financial instruments of \$24.9M (30 June 2021: \$0.3M) represents the interest rate swap fair value as forecast market interest rates at 30 June 2022 have increased compared to the fixed rate Wisr pays on these contracts
- Borrowings of \$782.3M (30 June 2021: \$392.5M), a 99% increase driven predominantly by growth in loan originations of 67% in FY22 and relating to the warehouse trusts

	30-Jun-22 \$	30-Jun-21 \$
<b>ASSETS</b>		
Cash and cash equivalents	71,489,070	92,409,558
Trade and other receivables	1,065,176	1,208,633
Loan receivables	764,838,727	374,651,379
Property, plant and equipment	487,866	263,471
Other assets	1,562,249	521,759
Right of use assets	1,037,746	1,729,578
Derivative financial instruments	24,856,717	264,050
Intangible assets	2,736,735	384,544
<b>Total assets</b>	<b>868,074,286</b>	<b>471,432,972</b>
<b>LIABILITIES</b>		
Trade and other payables	5,435,693	3,945,333
Provision for employee benefits	1,307,554	872,215
Lease liability	1,203,052	1,886,648
Borrowings	782,282,354	392,472,477
<b>Total liabilities</b>	<b>790,228,653</b>	<b>399,176,673</b>
<b>NET (LIABILITIES) / ASSETS</b>	<b>77,845,633</b>	<b>72,256,299</b>
<b>EQUITY</b>		
Issued capital	144,477,325	143,678,390
Reserves	27,906,702	3,250,454
Accumulated losses	(94,538,394)	(74,672,545)
<b>TOTAL (DEFICIENCY IN EQUITY) / EQUITY</b>	<b>77,845,633</b>	<b>72,256,299</b>



# CASH FLOW

- Net cash used in operating activities improved significantly, driven by improvements in operational leverage through operating revenue growth of 118% in FY22 and expense management
- Net cash used in investing activities increase driven by loan origination growth of 67% in FY22 and loan book growth of 103%
- Net cash from financing activities increase driven by warehouse trust borrowings for loan origination growth of 67% in FY22 and subsequent loan book growth of 103%

	30-Jun-22 \$	30-Jun-21 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	56,963,941	24,305,699
Payments to suppliers and employees (inclusive of GST)	(43,012,102)	(27,595,351)
	<b>13,951,839</b>	<b>(3,289,652)</b>
Interest received	19,473	11,285
Management fees received	643,750	1,176,790
Interest and other finance costs paid	(17,473,304)	(6,261,893)
Proceeds from R&D	280,164	380,874
<b>Net cash used in operating activities</b>	<b>(2,578,078)</b>	<b>(7,982,596)</b>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(371,751)	(308,875)
Payment for investments	(1,168,695)	
Transfer for term deposit	(561,629)	
Payments for technology assets	(2,297,136)	
Net movement in customer loans	(401,956,547)	(294,052,383)
<b>Net cash used in investing activities</b>	<b>(406,355,758)</b>	<b>(294,361,258)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	54,999,914
Proceeds from exercise of share options	-	108,091
Costs of raising capital paid	(148,183)	(3,076,009)
Repayment of borrowings	-	(1,675,000)
Proceeds from borrowings	390,614,465	309,325,000
Transaction costs related to loans and borrowings	(1,769,338)	(2,552,511)
Payments for right of use asset	(683,596)	(349,339)
<b>Net cash from financing activities</b>	<b>388,013,348</b>	<b>356,780,146</b>
Net increase in cash and cash equivalents	(20,920,488)	54,436,292
Cash and cash equivalents at the beginning of the financial half-year	92,409,558	37,973,266
<b>Cash and cash equivalents at the end of the financial half-year</b>	<b>71,489,070</b>	<b>92,409,558</b>



# ENVIRONMENT, SOCIAL, GOVERNANCE (ESG)

Purpose-led companies outperform in long-term value creation (TSR) because purpose unites employees and customers – profits and purpose are inextricably linked<sup>1</sup>.

Wisr's purpose guides everything from our business model, strategy and products to our culture and behaviours. We exist to improve the financial wellness of all Australians.

Wisr is proud to have ESG in our DNA and at the centre of everything we do.

## CARBON NEUTRAL

- Climate-positive and carbon-neutral workforce
- Offset 1,517.4 tonnes (including staff WFH footprint) through projects that deliver measurable benefits aligned with the aims of the Paris Agreement and the UN Sustainable Development Goals
- PL and SVL products used for purchase of EVs and second-hand vehicles. PL purpose includes solar infrastructures (e.g. panels and batteries), and sustainable home renovation products (e.g. insulation, building materials, appliances, water tanks)

## SOCIAL OPPORTUNITY

- Wisr does not have a gender pay gap<sup>2</sup>
- In April 2020, the Company's Board set a target to achieve a minimum of 30% female representation on the Board. The Board's target was exceeded in March 2022, with 40% female representation. The Company is above the ASX200 average of 34.6% female directorships<sup>3</sup>
- Awarded AFR Best Places to Work 2022 overall, Most Outstanding Practice for Diversity & Inclusion Award and Winner of the 2022 Fintech Awards, Diversity & Inclusion

## GOVERNANCE

Wisr is held to account through:

- ASX compliance, strong corporate governance and reporting, and risk management framework
- Senior corporate governance advisor to the Board
- Board annually considers governance initiatives to bring the company further into compliance
- Wisr is in compliance with recommendations but one of the ASX Corporate Governance Council's Recommendations as detailed in its "Principles and Recommendations" (4th Edition)

<sup>1</sup> Blackrock's Larry Fink: "Profits," <https://www.linkedin.com/pulse/my-2019-letter-ceos-inextricable-link-between-purpose-larry-fink/>

<sup>2</sup> Like-for-like analysis was undertaken on 31 March 2022 WEGA report March 2022

<sup>3</sup> <https://www.moneymanagement.com.au/news/financial-planning/gender-diversity-lagging-asx-boards#:~:text=The%20ASX%20200%20in%202015,it%20was%20now%20at%2033.1%25.>



# AWARD-WINNING MOMENTUM

Wisr recognised for great lending, product and employee experience throughout FY22



Best Design Awards Finalist 2021





# 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 2021 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

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## **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.