

ASX RELEASE

WISR Delivers Profitability

Moderated growth and opex reduction deliver positive EBTDA

Sydney, 27 July 2023 - WISR Limited (ASX: WZR) (“WISR”, or the “Company”) is pleased to provide the Quarterly Activities Report for the quarter ending 30 June 2023 (Q4FY23).

Q4FY23 Highlights:

- Operating cash flow of \$2.6M¹ and EBTDA of \$0.9M¹ (both excluding \$0.8M one-off restructuring costs)
- Opex decrease of 21% (versus Q3FY23)
- Quarterly Revenue of \$24.6M², a 39% increase on Q4FY22 (\$17.6M)
- Loan originations of \$53M following deliberate moderation of loan origination volume (as previously advised) in order to maintain a strong balance sheet and prioritise profitability; \$1.6B in total loan originations to date
- Loan book of \$931M, an increase of 19% on Q4FY22 (\$780M), 90+ Day arrears of 1.25% and average credit score of 767
- Continued Net Interest Margin (NIM) expansion, now delivering a NIM run rate of c. 5%³ on new business written
- Cash balance (excluding restricted cash) increased to \$23.1M at 30 June 2023 (\$21.8M at 31 March 2023), consisting of \$21.7M unrestricted cash and \$1.4M loans available for sale
- Equity note investments within WISR Warehouses of \$48.3M
- Sale of Freedom 2021 G1 notes, releasing additional capital of \$3.6M into the business
- WISR Financial Wellness Platform passed 758K profiles, WISR App paid \$6.3M in round-ups on customer debt (as at 30 June 2023)

WISR QUARTERLY REVENUE GROWTH



¹ Operating cash flow is unaudited and on a cash basis per the 4C versus EBTDA (unaudited) which is a profit and loss statement metric. Source: Q4FY23 (Appendix and Financials)

² Revenue unaudited

³ Subject to a relatively stable cost of funds over the same period. Rapid changes in cost of funds would alter this materially

LEADERSHIP COMMENTARY:

Mr Andrew Goodwin, Chief Financial Officer, WISR, said, "At the beginning of the quarter, we made the prudent decision to further reduce operating costs while continuing to focus on profitability. This included deliberate moderation of loan origination volume along with additional headcount reductions. These temporary settings are considered appropriate to maintain a strong balance sheet amidst the backdrop of continued monetary tightening and broader economic uncertainty. In Q4FY23, we delivered operating cash flow of \$2.6M⁴ and EBTDA of \$0.9M⁴ while increasing revenue on a broadly flat loan book and reducing opex by 21%."

"The business has continued to focus on NIM expansion through lifting front book yield in response to the higher cash rate. Combined with a clear capital management strategy, WISR is in a strong position to safeguard against the current macroeconomic climate and deliver a profitable company. When the conditions are deemed appropriate, the business has measures in place to pivot quickly and recommence scaling." finished Mr Goodwin.

NIM expansion continues

In response to the rapid rise in funding costs, WISR has increased the yield on new loan originations. This has resulted in the Company now generating a NIM run rate of c. 5%⁵ for loans originated in June 2023. The current settings see WISR well-positioned in the medium-term to deliver a highly profitable Company at scale.

The table below outlines various illustrative scenarios for WISR's business economics and the resulting impact on profitability:

	PRE NIM COMPRESSION (2021) (Example for \$1B loan Book)	WISR CURRENT BUSINESS (Example for \$1B loan Book)	WISR JUNE 2023 RUN-RATE (Example for \$1B loan Book)	SHORT TERM TARGET RUN-RATE (Example for \$1B loan Book)	MEDIUM TERM TARGET (Example for \$2B loan Book)
Yield	10%	10.25%	13%	13.25%	13.5%
- Annualised net losses	1.25%	1.5%	1.5%	1.75%	2%
- Cost of funds	2.5%	5%	6.5%	5.75%	5.5%
= NIM	6.25%	3.75%	5%	5.75%	6%
Example NIM =	\$62.5M	\$37.5M	\$50M	\$57.5M	\$120M
- Opex	\$40M	\$30M	\$30M	\$35M	\$55M
Example EBTDA	\$22.5M	\$7.5M	\$20M	\$22.5M	\$65M

Disclaimer: This is not a forecast. The data represents an indicative scenario of the economics of the WISR Loan Book. Indicative economics are illustrative only and may vary due to a range of assumptions and variables. Data is subject to broader market conditions, including (but not limited to) movement in interest rates, macroeconomic conditions, and/or significant market volatility events.

⁴ Operating cash flow is unaudited and on a cash basis per the 4C versus EBTDA (unaudited) which is a profit and loss statement metric. Both operating cash flow and EBTDA exclude \$0.8M one-off restructuring costs. Source: Q4FY23 (Appendix and Financials)

⁵ Subject to a relatively stable cost of funds over the same period. Rapid changes in cost of funds would alter this materially

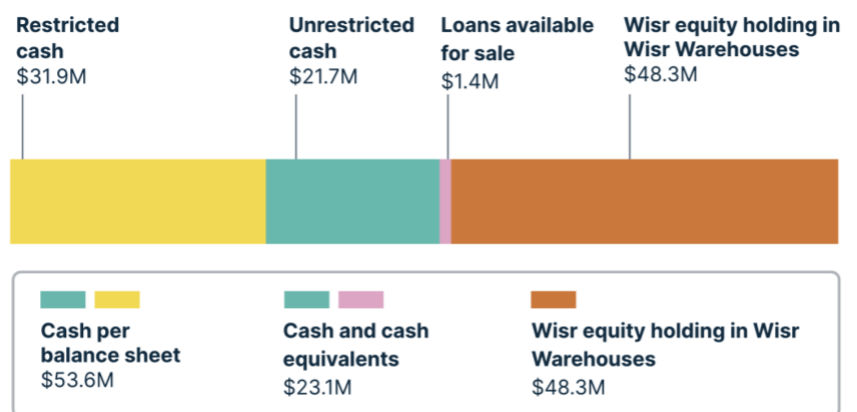
WISR LOAN BOOK GROWTH[^]



[^]Loan Book includes all loans in WH1, WH2, Freedom Trust 2021-1, Freedom Trust 2022-1, Independence 2023-1, and balance sheet, excludes off-balance sheet of \$8.8M as at 30 June 2023

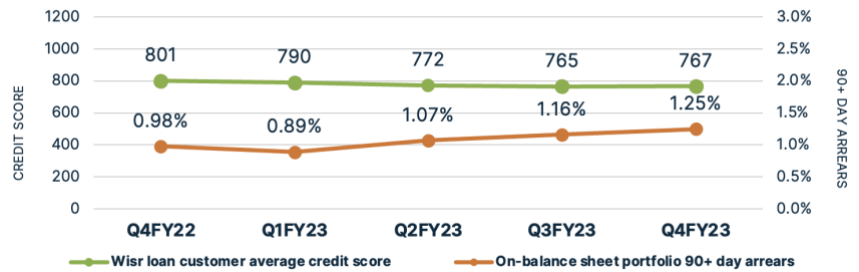
The 4% decrease in loan book for Q4FY23 versus Q3FY23 was driven by the deliberate moderation of loan origination volume with Q4FY23 new loan originations of \$53M (62% decrease on Q3FY23). The moderation of loan origination volume (as previously advised) was deemed prudent given ongoing monetary tightening (RBA Cash Rate increases in May and June), to maintain balance sheet strength through a clear capital management strategy, a focus on profitability and the adoption of a broadly conservative stance until market conditions stabilise in which case WISR is well placed to recommence scaling.

WISR's cash and cash equivalents balance increased to \$23.1M at 30 June 2023 (\$21.8M at 31 March 2023), consisting of \$21.7M unrestricted cash and \$1.4M loans available for sale. WISR also holds \$48.3M of equity note investments within the WISR Warehouses (Q3FY23 \$51.8M). In June 2023, WISR sold the Freedom 2021 G1 notes, releasing additional capital of \$3.6M into the business. Transactions of this nature may be considered in the future in order to release further capital.



The high quality of WISR's prime loan portfolio continued to be demonstrated with on-balance sheet 90+ Day arrears increasing only slightly to 1.25% (partly driven by the small loan book decrease), which is within risk appetite and reflective of broader macroeconomic conditions. The Q4FY23 average credit score is broadly steady at 767.

WISR LOAN CUSTOMER AVERAGE CREDIT SCORE & 90+ DAY ARREARS[^]



[^]On-balance sheet portfolio arrears, excludes off-balance sheet.

APPENDIX 4C QUARTERLY ACTIVITY REPORT COMMENTARY:

WISR delivered \$24.6M in operating revenue, a 39% increase on Q4FY22 (\$17.6M) and a 2% increase on Q3FY23 (\$24.1M).

EBTDA of \$0.9M⁵ for Q4FY23 consisting of:

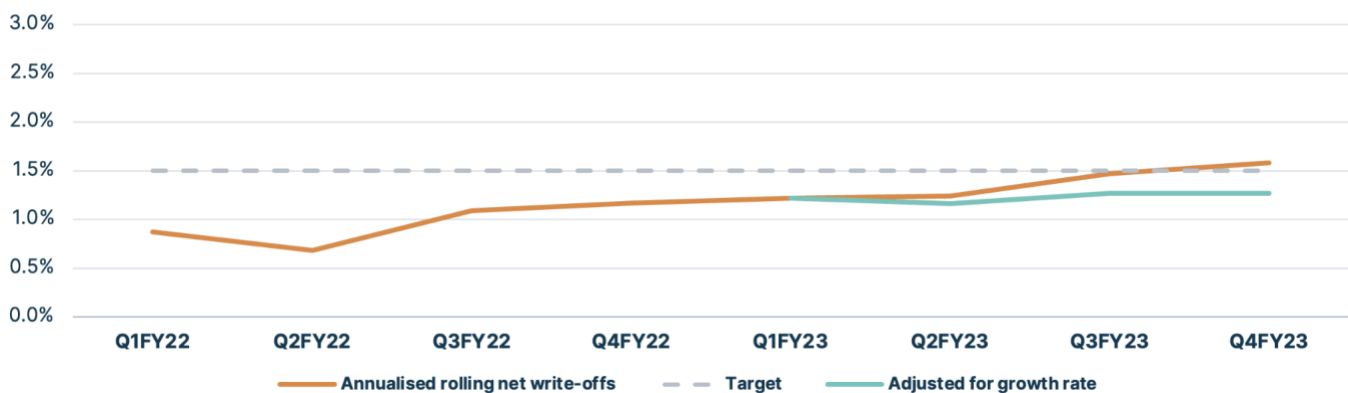
- Increase in revenue driven by higher yield on new loan origination notwithstanding a broadly flat loan book;
- Opex decrease of 21% driven by moderated loan origination volume and headcount reduction;
- Net loan write-offs in-line with Q3FY23 following seasonal uptick (refer below); and
- Finance costs in-line with Q3FY23, given the broadly flat loan book and including debt facility (head company) interest expense.

EBTDA	Q4FY23	Q3FY23	Q2FY23	Q1FY23
Revenue	\$24.6M	\$24.1M	\$22.0M	\$21.2M
Opex	\$(6.7)M*	\$(8.5)M	\$(7.5)M	\$(10.0)M [^]
Net loan write-offs	\$(4.5)M	\$(4.5)M	\$(2.8)M	\$(2.8)M
Finance costs	\$(12.5)M	\$(12.6)M	\$(11.1)M	\$(9.9)M
EBTDA	\$0.9M	\$(1.5)M	\$0.5M	\$(1.5)M

*Excludes \$0.8M relating to one-off restructuring costs.

[^]Excludes \$0.4M relating to one-off restructuring costs.

ANNUALISED ROLLING NET WRITE-OFFS



⁵ EBTDA (unaudited) is a profit and loss statement metric and excludes \$0.8M one-off restructuring costs. Source: Q4FY23 (Appendix and Financials)

The Q4FY23 net write-off figure represents 0.48% of the loan book, which is the same as the previous quarter and totals 1.58% for FY23. The higher loss rate for H2 (Q3 & Q4FY23) is in-line with expected seasonality, which was also evident last year in Q3 & Q4FY22. The lower relative loan book growth influences this, i.e., when applying loan book growth consistent with pcg (which was higher versus current moderated growth settings), net write-offs would be 1.27% for FY23.

Per item 1.10, net cash from operating activities for Q4FY23 was \$1.8M (\$2.6M excluding one-off restructuring costs) (Q3FY23: \$3.9M). The Q4FY23 decrease was driven by a \$1.8M deferred distribution payment for Independence 2023, which was accrued in March and paid in April.

Per item 5.4, the decrease in restricted cash related to the release of funds from the Independence 2023 term deal accounts connected to principal payments due to noteholders.

Item 6.1 relates to salary payments to the Board of Directors.

Governance and new Investor Hub

After the quarter's end, effective 10 July 2023, the Company's share registry services provider changed from Computershare Investor Services Pty Limited to Link Market Services Limited (**Link**).

Wizr has also launched a new Investor Hub, accessible via the Wizr Shareholder website page or through the link <https://investorhub.wizr.com.au/>. The Wizr Investor Hub is a dedicated platform for investors to learn more about Wizr and its latest activities. Wizr encourages investors to post questions/feedback through the Q&A function accompanying each piece of content.

How to join the [Wizr Investor Hub](https://investorhub.wizr.com.au/):

- Sign up [here](#)
- Follow the prompts to sign up for an Investor Hub account
- Complete your account profile

-ends-

This announcement has been approved in accordance with the Company's Continuous Disclosure Policy and authorised for release by the Board of Directors.

For further investor enquiries, please contact:

Vanessa Chidrawi

Company Secretary

E: investor@wizr.com.au

W: <https://investorhub.wizr.com.au/>

**About Wizr Limited**

Wizr (ASX: WZR) is Australia's first neo-lender with a commitment to the financial wellness of all Australians through providing a smarter, fairer and wiser collection of financial products and services. Wizr provides a unique Financial Wellness Platform underpinned by consumer finance products, the Wizr App to help Australians pay down debt, multiple credit score comparison service and Australia's first money-coaching app Wizr Today. Combined with content and other products that use technology to provide better outcomes for borrowers, investors, and everyday Australians. For more information, visit www.wizr.com.au

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Wisr Limited

ABN

80 004 661 205

Quarter ended ("current quarter")

 30th June 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	23,487	88,930
1.2	Management fee income	50	291
1.3	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(1,954)	(10,175)
	(c) advertising and marketing	(353)	(3,453)
	(d) leased assets	-	-
	(e) staff costs	(5,097)	(20,850)
	(f) administration and corporate costs	(1,023)	(4,303)
1.4	Dividends received (see note 3)	-	-
1.5	Interest received	293	667
1.6	Interest and other costs of finance paid	(13,636)	(44,856)
1.7	Income taxes paid	-	-
1.8	Government grants and tax incentives	-	-
1.9	Other (provide details if material)	-	-
1.10	Net cash from / (used in) operating activities	1,767	6,251

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	(51)
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets – technology assets	(378)	(4,254)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)		
	(a) Net movement in customer loans	32,085	(164,146)
	(b) Transfer for term deposit	-	-
	(c) Other	-	(220)
2.6	Net cash from / (used in) investing activities	31,707	(168,672)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	(58,969)	154,329
3.6	Repayment of borrowings	-	(6,500)
3.7	Transaction costs related to loans and borrowings	(186)	(2,558)
3.8	Dividends paid	-	-
3.9	Other (provide details if material) Payments for right of use asset	(198)	(762)
3.10	Net cash from / (used in) financing activities	(59,353)	144,509

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	79,456	71,489
4.2	Net cash from / (used in) operating activities (item 1.10 above)	1,767	6,251
4.3	Net cash from / (used in) investing activities (item 2.6 above)	31,707	(168,672)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(59,353)	144,509
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	53,577	53,577

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	21,704	18,267
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (restricted cash)	31,873	61,189
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	53,577	79,456

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	179
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	1,105,762	955,679
7.2	Credit standby arrangements	-	-
7.3	Other (corporate card)	235	9
7.4	Total financing facilities	1,105,997	955,688
7.5	Unused financing facilities available at quarter end		150,309
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>The facilities in 7.1 are as follows:</p> <ul style="list-style-type: none"> - Wisr Warehouse of \$450m with NAB as senior funder, a cost of funds of circa 3.0% (on a drawn basis) over BBSW, maturity in October 2023 and secured against the loan receivables it funds; - Wisr Freedom Trust 2021-1 securitisation with a current balance of \$68.1m (amortising loan book) and weighted average margin of circa 1.5% over BBSW; - Wisr Secured Vehicle Warehouse of \$250m with NAB as senior funder, a cost of funds of circa 3.0% (on a drawn basis) over BBSW, maturity in October 2023 and secured against the loan receivables it funds. - Wisr Freedom Trust 2022-1 securitisation with a current balance of \$147.7m (amortising loan book) and weighted average margin of circa 2.25% over BBSW; - Wisr Independence Trust 2023-1 securitisation with a current balance of \$168.9m (amortising loan book) and weighted average margin of circa 2.60% over one-month BBSW; and - Unsecured Head Co loan facility of \$25m, with \$25m drawn, a high single digit margin over BBSW, and maturity in July 2025. <p>In Q1FY18, an off-balance sheet wholesale funding agreement was entered into structured around the whole loan purchase of Wisr originated assets. The balance as at 30 June 2023 was circa \$8.8m. Wisr continues to service this loan book but is not using the facility to fund loans at present.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.10)	1,767
8.2	Cash and cash equivalents at quarter end (item 4.6)	53,577
8.3	Unused finance facilities available at quarter end (item 7.5)	150,309
8.4	Total available funding (item 8.2 + item 8.3)	203,886
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<p><i>Note: if the entity has reported positive net operating cash flows in item 1.10, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p> <p>Wisr notes Item 8.3 above is utilised for loan funding as opposed to operating expenses</p>	

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 July 2023

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.