



COMPANY UPDATE

# Q4FY23

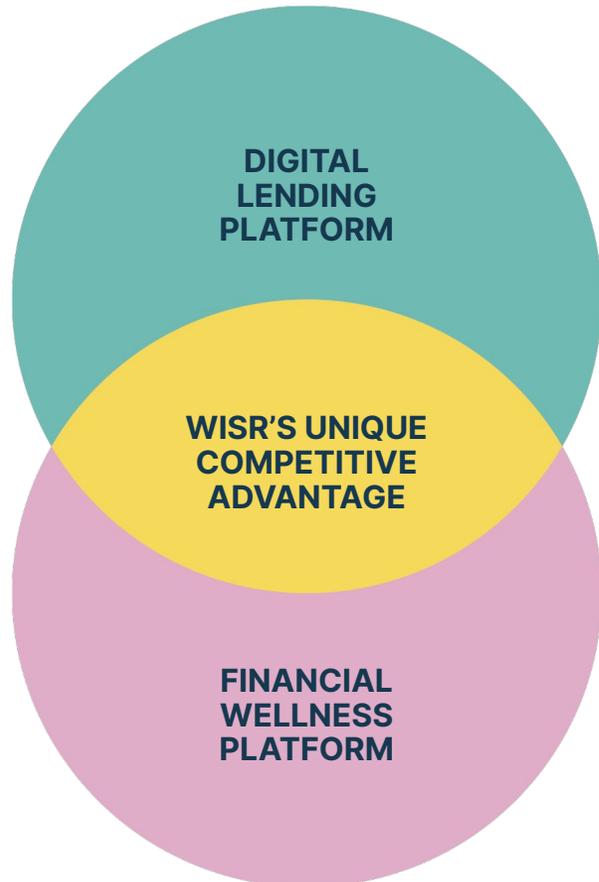


27 July 2023



# WISR HAS A UNIQUE AND DIFFERENTIATED STRATEGY

Our tech, data, analytics and purpose are genuine competitive advantages



## Loan Origination of \$53M in Q4FY23:

- Down 71% on Q4FY22 following deliberate moderating of growth and focus on profitability
- \$1.6B loans written since inception (Q1FY17)
- Operating revenue of \$24.6M<sup>1</sup> (up 39% pcp)
- Loan book of \$931M (up 19% pcp)
- 90+ day arrears of 1.25% (pcp: 0.98%)

## 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, without compromising our drive to profitability:

- The data is highly valuable
- It is delivering tangible benefits for customers that engage with it
- Demonstrated effectiveness of the Wizr Financial Wellness Platform as our most cost effective channel



# Q4FY23 UPDATE

Moderated growth and  
opex reduction  
delivering profitability

**\$53M<sup>1</sup>**

in new loan  
originations

↓ **71%** on pcp

(\$186M in Q4FY22)

**\$1.6B**

Total loan  
originations

↑ **33%** on pcp

(\$1.2B as at 30 June 2022)

**\$24.6M<sup>2</sup>**

in operating  
revenue

↑ **39%** on pcp

(\$17.6M in Q4FY22)

**\$931M**

Wisr loan  
book

↑ **19%** on pcp

(\$780M as at 30 June 2022)

**758K+**

Wisr Financial  
Wellness Platform  
profiles

↑ **17%** on pcp

(647K as at 30 June 2022)

**1.25%**

On-balance sheet  
90+ day arrears  
as at 30 June 2023

(0.99% as at 30 June 2022)

Wisr well capitalised  
with cash balance of

**\$23.1M**

Includes \$21.7M unrestricted  
cash and \$1.4M loans for sale.  
Refer to slide 11 for full detail

**\$3.6M**

G1 Note sale,  
Wisr Freedom 2021-1

(Settled in June 2023)

<sup>1</sup>As previously advised in Q2FY23, Wisr has deliberately moderated loan origination growth to maintain a strong balance sheet and prioritise profitability.

<sup>2</sup>Revenue unaudited



## EXECUTIVE SUMMARY

# WISR DELIVERS PROFITABILITY

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### POSITIVE OPERATING CASH FLOW AND EBTDA

Q4FY23 operating cash flow of \$2.6M<sup>2</sup> and EBTDA of \$0.9M<sup>2</sup>.

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### DELIBERATE MODERATION OF GROWTH TO FOCUS ON PROFITABILITY<sup>1</sup>

Loan origination volume has been deliberately moderated with Q4FY23 new loan originations of \$53M (71% decrease on Q4FY22 \$186M), prime \$931M loan book and Q4FY23 operating revenue up 39%<sup>3</sup>. The moderation of loan origination volume was deemed prudent given ongoing monetary tightening, maintaining balance sheet strength and a focus on profitability.

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### COST REDUCTION INITIATIVES

With a focus on profitability, opex reduction activities (including headcount) undertaken in Q4FY23 delivered a 21% decrease versus Q3FY23.

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### CONTINUED NIM EXPANSION AFTER 12 MONTHS OF CONTRACTION

Positioned for medium-term delivery of c. 6%<sup>4</sup> Net Interest Margin (NIM) to deliver a highly profitable Company at scale.

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### UNIQUE STRATEGY

Over 758K 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>1</sup> Profitability is on a run-rate 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.

<sup>2</sup> 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)

<sup>3</sup> Revenue unaudited and percentage increase is on previous corresponding period (PCP)

<sup>4</sup> Subject to a relatively stable cost of funds over the same period. Rapid changes in cost of funds would alter this materially



# FOCUSSED ON SUSTAINABLE LONG-TERM GROWTH

\$2.6M of operating cash flow (excluding \$0.8M) one-off restructuring costs) delivered in Q4FY23.

The Q4FY23 operating cash flow decrease was driven by a \$1.8M deferred distribution payment for Independence 2023 which was accrued in March and paid in April.

We responded to changing macroeconomic conditions in H1FY23 with a series of material reductions in operating costs in Q1FY23 and again in Q3FY23.

Operating cash flow<sup>1</sup>



<sup>1</sup> 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)

<sup>2</sup> Includes one-off Olympics & Brand campaign spend



# WISR LOAN UNIT ECONOMICS AND NIM EXPANSION

WISR is well positioned in the medium-term to deliver a business with a NIM of c. 6%<sup>1</sup>, which would deliver strong profitability at scale.

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

<sup>1</sup> Subject to a relatively stable cost of funds over the same period. Rapid changes in cost of funds would alter this materially

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.



# NET WRITE-OFFS

- Q4FY23 net write-offs remains in line with Q3 at 0.48%. The increase in net loan write-offs in FY23 was driven by a larger loan book and H2 (Q3 & Q4FY23) seasonality, with a similar trend also observed in H2FY22 (Q3 & Q4FY22).
- The FY23 total net write-off figure is 1.58%, which is slightly over our target of 1.50% per annum. The lower relative loan book growth influences this, e.g. when applying loan book growth consistent with pcp (which was higher versus current moderated growth settings), net write-offs would be 1.27% for FY23.

### Annualised rolling net write-offs

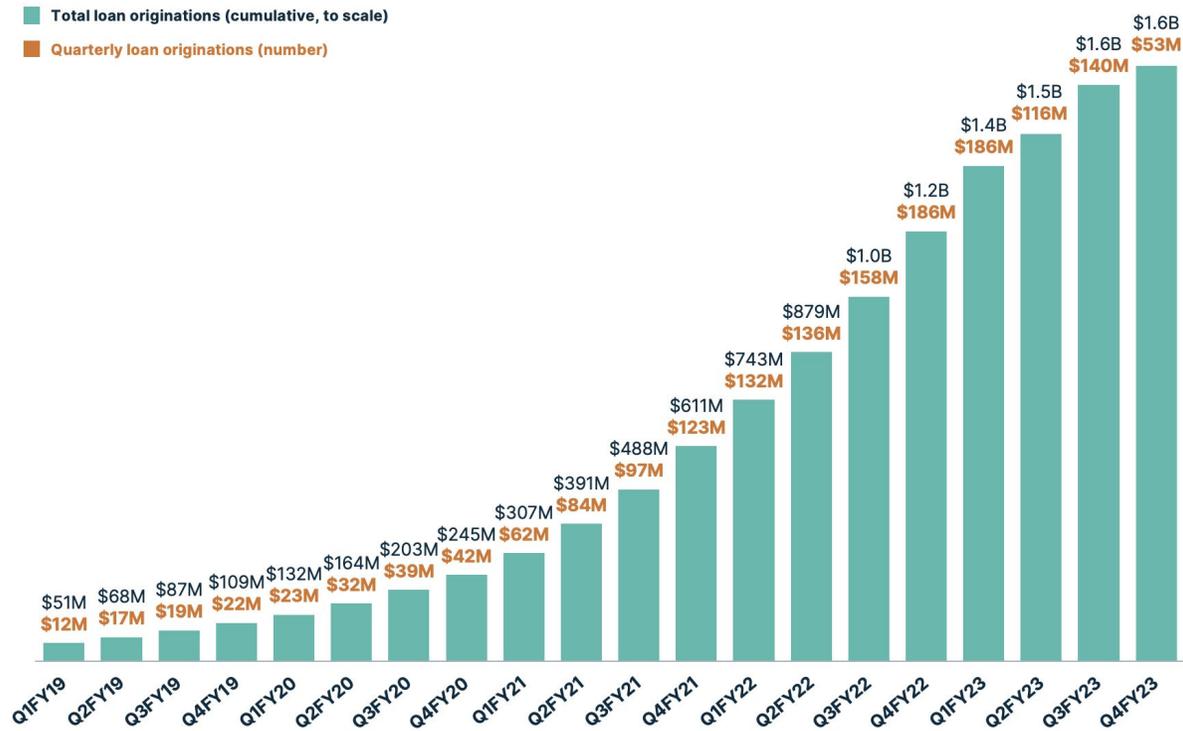


Quarter	Average Outstanding Balances	Net Write-offs	Quarterly Net Write-offs %	Annualised Rolling Net Write-offs %	QoQ Book Growth
Q1FY22	\$442.7M	\$0.9M	0.22%	0.87%	
Q2FY22	\$535.6M	\$0.7M	0.13%	0.70%	20.99%
Q3FY22	\$622.7M	\$2.6M	0.43%	1.04%	16.25%
Q4FY22	\$735.9M	\$2.4M	0.34%	1.12%	18.19%
Q1FY23	\$857.4M	\$2.6M	0.30%	1.22%	16.51%
Q2FY23	\$907.7M	\$2.8M	0.31%	1.24%	5.75%
Q3FY23	\$949.0M	\$4.5M	0.48%	1.46%	4.66%
Q4FY23	\$947.0M	\$4.5M	0.48%	1.58%	-0.16%

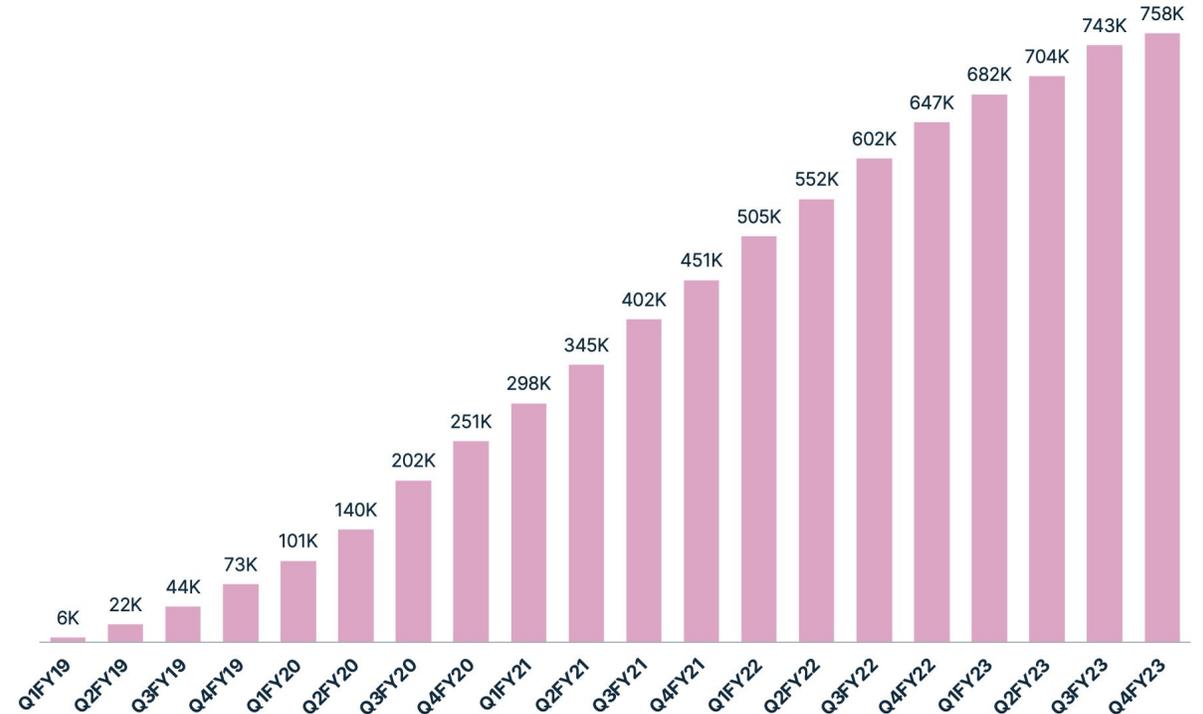


# DUAL PLATFORM STRATEGY HAS DELIVERED CONSISTENT GROWTH

## Lending platform growth^



## Financial Wellness Platform profile balance



^As previously advised in Q2FY23, Wisr has deliberately moderated loan origination growth to maintain balance sheet strength and prioritise profitability.



# WISR'S LENDING PLATFORM IS DELIVERING SCALE

Wisr quarterly loan book balance<sup>1</sup>



Wisr quarterly revenue growth<sup>2</sup>



<sup>1</sup> 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

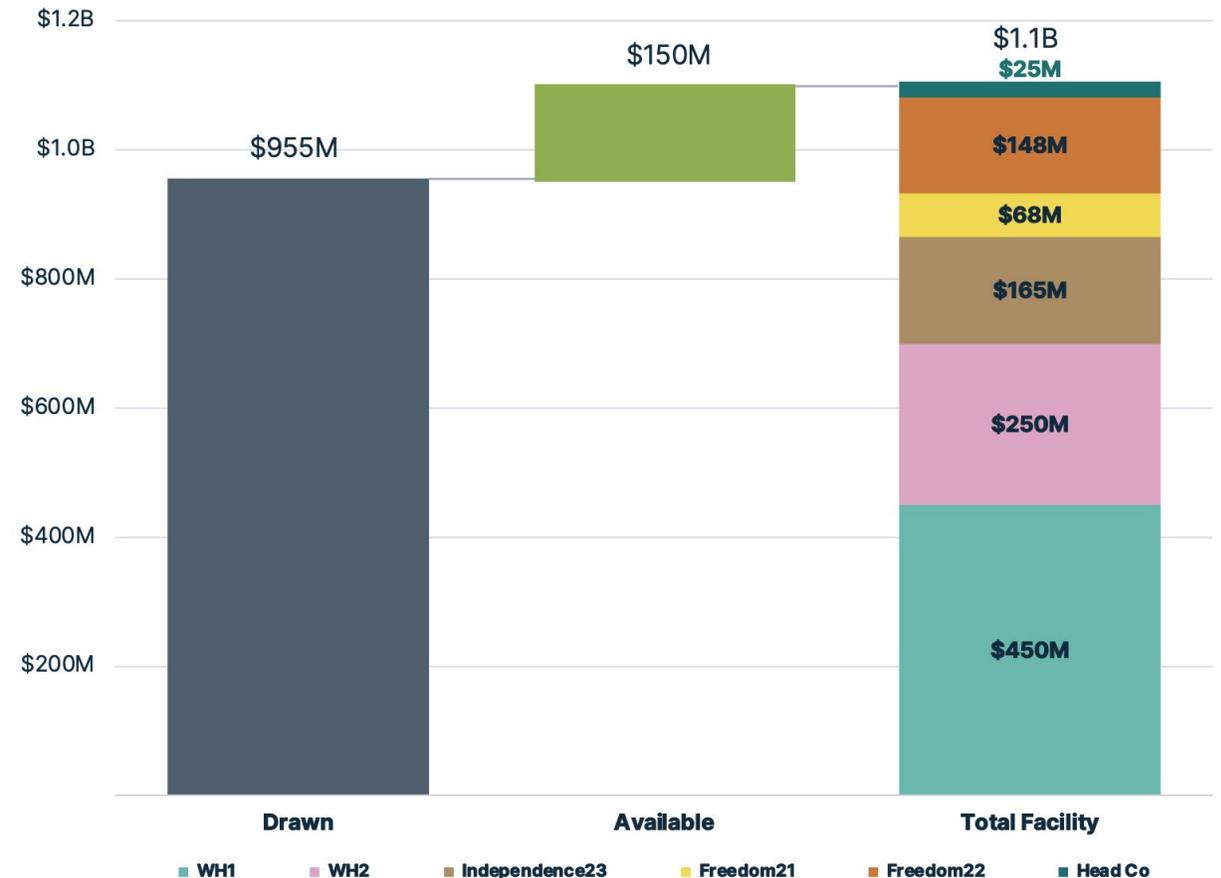
<sup>2</sup> Revenue unaudited



# STRONG FUNDING PLATFORM

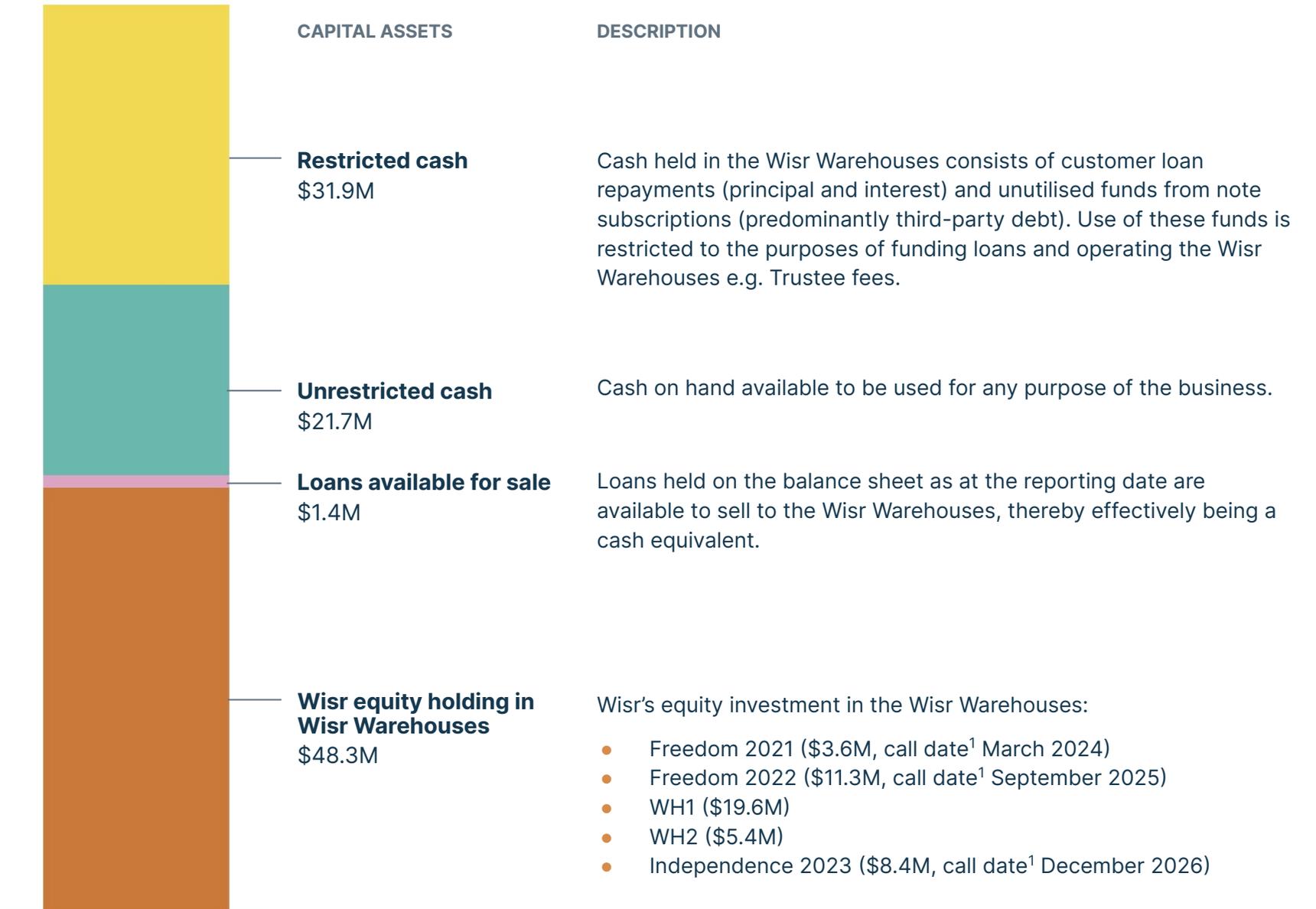
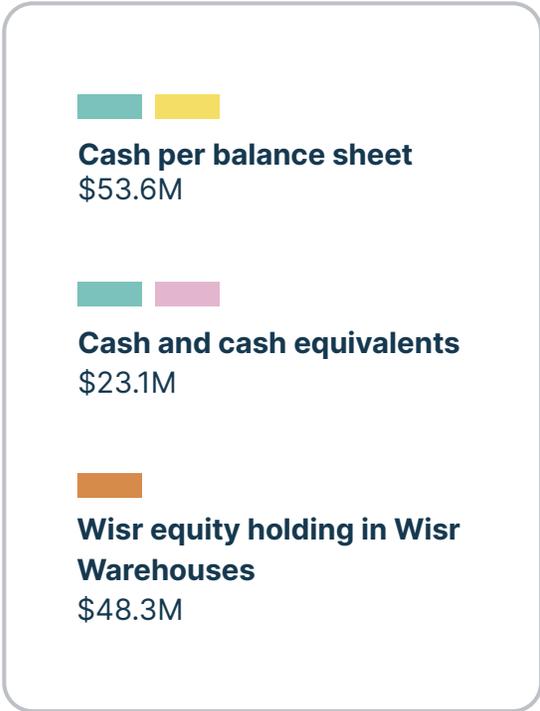
- WH1 has \$450M of committed funding and an undrawn capacity of \$75M, while WH2 has committed funding of \$250M and an undrawn capacity of \$75M (total \$150M available)
- Wisr has now delivered three ABS transactions - Freedom 2021, Freedom 2022 and Independence 2023
- In June 2023, Wisr released term deal capital with the sale of the \$3.6M Freedom 21 G1 notes
- A debt facility (Head Co) is in place which is fully drawn to \$25M. The facility is due to mature in July 2025
- Work is continuing on a third warehouse with a new senior funder and ability to fund both PL and SVL (senior funder credit approval received)
- Credit approval was received for an intraday overdraft facility for working capital requirements and is currently going through implementation

Funding as at 30 June 2023





# CAPITAL POSITION

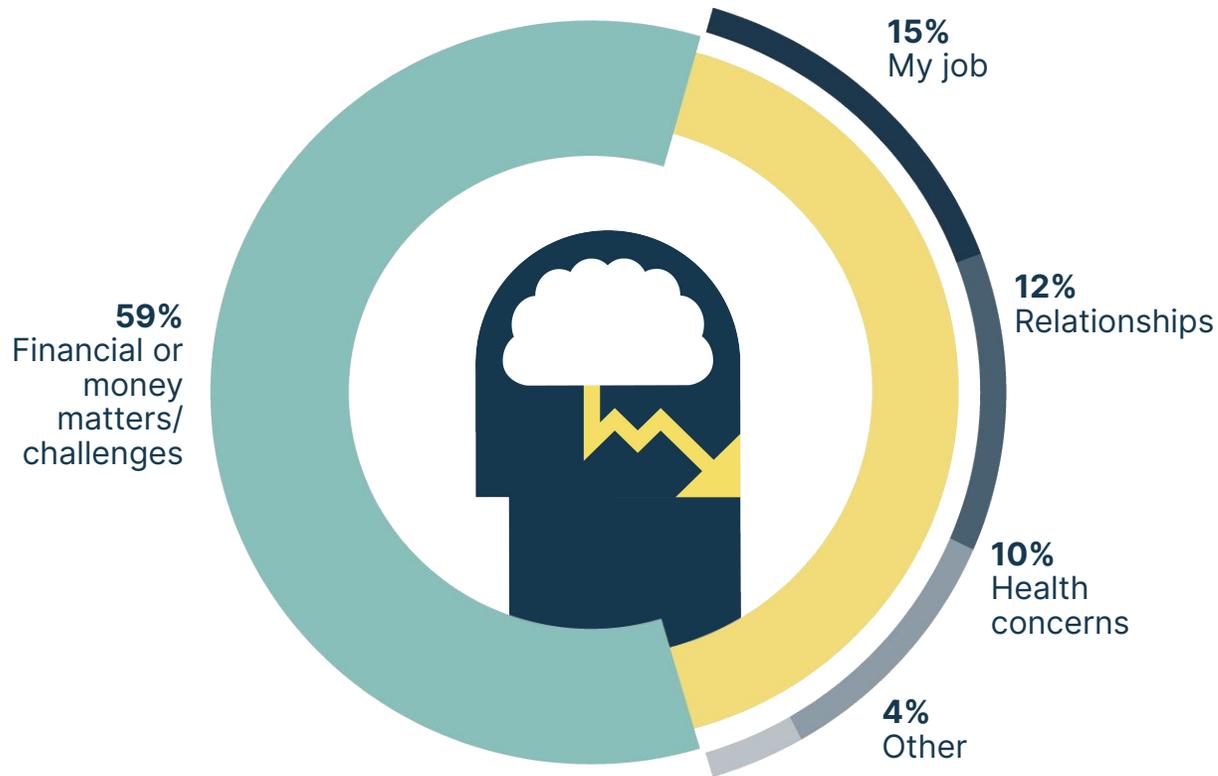


<sup>1</sup>Call dates are forecasted based on expected prepayment rates and actual dates may vary.



MONEY IS STILL THE TOP CAUSE OF STRESS FOR AUSTRALIANS

# FINANCIAL WELLNESS IS MORE IMPORTANT THAN EVER



**Wisr is a purpose-led company committed to a strategy of improving our customers' financial health and wellbeing.**

In the current cost-of-living climate, the purpose and product suite of Wisr is more relevant than ever.

Through strategic investment, Wisr continues to build a financial wellness platform experienced by over 758,000 Australians.

- Over \$1.6B in fairly priced and responsibly lent credit
- Credit scores and insights accessed by hundreds of thousands of Australians
- Over \$6.3M transferred through round-ups (paying off debt faster and saving)

Wisr continues its commitment to improving the financial health of Australians. Building data-driven relationships to help customers make smarter financial decisions while providing a unique competitive advantage when attracting customers to Wisr.

THANK  
YOU



ASX: WZR  
ABN 80 004 661 205

Level 4, 55 Harrington St, The Rocks, NSW 2000  
1300 992 007



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## **Dollar estimates**

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