

ASX RELEASE

## WZR Delivers \$24.1M Revenue, \$3.9M Operating Cash Flow

*Net Interest Margin Expansion underway coupled with Revenue Growth of 55% on pcp*

Sydney, 28 April 2023 - Wisr Limited (ASX: WZR) (“Wisr”, or the “Company”) is pleased to provide the Quarterly Activities Report for the quarter ending 31 March 2023 (Q3FY23).

### Q3FY23 Highlights:

- After 2022 saw Net Interest Margin (NIM) compression, the Company has returned to NIM expansion. From a low of 3.5% NIM through the rapid rate rise cycle, Wisr is now delivering a NIM run rate of 5% on new business written and expects a return to a NIM of over 6% in the medium-term<sup>1</sup>
- Material opex reduction in April 2023 with a 30% headcount reduction and significant additional cost reduction initiatives, with a laser focus on delivering near-term profitability
- Q3FY23 loan originations of \$140M, \$1.6B in total loan originations to date
- Positive operating cash flow of \$3.9M and Quarterly Revenue of \$24.1M<sup>2</sup>, a 55% increase on Q3FY22 (\$15.5M)
- Prime \$968M loan book, an increase of 46% on pcp (Q3FY22 \$663M), with 90+ Day arrears of 1.16% and average credit score of 765
- Successful completion of \$200M inaugural asset-backed securities deal for the secured vehicle loan product, reducing the cost of funds and increasing funding capacity
- The Company is progressing with its plan to implement an additional warehouse facility and has sufficient warehouse capacity to meet planned and projected loan originations
- Cash balance of \$21.8M at 31 March 2023, consisting of \$18.3M unrestricted cash and \$3.5M loans available for sale
- Wisr holds \$51.8M of equity note investments within Wisr Warehouses, an increase of \$7.4M in Q3FY23
- Wisr Financial Wellness Platform passed 743K profiles, and Wisr Today product continues growth

### WISR QUARTERLY REVENUE GROWTH



<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

<sup>2</sup> Revenue unaudited

## Return to NIM expansion

Over the last 12 months, the rapid rise in Cost of Funds has materially impacted Wisr's Loan Unit Economics. The Company has responded to restore NIM by adjusting pricing on loan originations and reducing operating expenses and is currently generating a NIM run rate of around 5% for loans originated in March 2023. Wisr is well positioned in the medium term to deliver a business with a NIM of over 6%<sup>3</sup>, which would deliver a highly profitable Company at scale.

The Table below outlines various potential scenarios for Wisr's business economics and resulting impacts based on the current loan book unit economics in the business:

	PRE NIM COMPRESSION (2021)  (Example for \$1B loan Book)	WISR CURRENT BUSINESS  (Example for \$1B loan Book)	WISR MARCH 2023 RUN-RATE  (Example for \$1B loan Book)	SHORT TERM TARGET RUN-RATE  (Example for \$1B loan Book)	MEDIUM TERM TARGET  (Example for a \$2B loan Book)
Yield	10%	10%	12%	13%	13.5%
- Annualised net losses	1.25%	1.5%	1.5%	1.75%	2%
- Cost of Funds	2.5%	5%	5.5%	5.5%	5.5%
= NIM	6.25%	3.5%	5%	5.75%	6%
Example NIM =	\$62.5M	\$35M	\$50M	\$57.5M	\$120M
- Opex	\$40M	\$35M	\$35M	\$37.5M	\$55M
Example EBTDA	\$22.5M	0	\$15M	\$20M	\$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.

## CEO COMMENTARY:

Mr Anthony Nantes, Chief Executive Officer, Wisr, said, *"This quarter, we delivered positive operating cash flow of \$3.9M, protected our margins by lifting yield and returned to NIM expansion after 12 months of NIM compression. We've grown our loan book by 46% on pcp and increased revenue by 55% on pcp, all while tempering our loan origination growth reflecting macroeconomic conditions."*

*"With a laser focus on delivering near-term profitability, we made the prudent and proactive decision to make further material reductions in operating costs in April, including a 30% reduction in headcount. This cost reduction, combined with strong NIM expansion, and a clear pathway to deliver circa 6% NIM in the medium term, the Company is strongly positioned to deliver sustained, profitable growth as it continues to scale."*

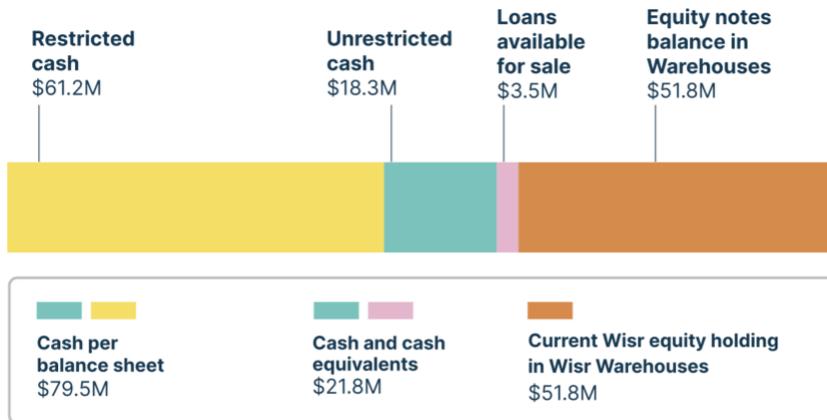
*"We have the resources and capability to safeguard the business from a sustained economic downturn whilst taking advantage of the significant opportunity to continue to build a company of meaningful size and scale with sustainable revenue from a prime \$968M loan book."* finished Mr Nantes.

<sup>3</sup> 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<sup>^</sup>



<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 \$11.5M as at 31 March 2023



Cash and cash equivalent balance of \$21.8M at 31 March 2023, consisting of \$18.3M unrestricted cash and \$3.5M loans available for sale. Wisr also holds \$51.8M of equity note investments within the Wisr Warehouses (Q2FY23 \$44.4M).

### WISR LOAN CUSTOMER AVERAGE CREDIT SCORE & 90+ DAY ARREARS<sup>^</sup>



Q3FY23 average credit score is broadly steady at 765, and on-balance sheet 90+ Day arrears of 1.16% remains within risk appetite.

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

## APPENDIX 4C QUARTERLY ACTIVITY REPORT COMMENTARY:

Wisr delivered \$24.1M in operating revenue, a 55% increase on Q3FY22 (\$15.5M) and a 9% increase on Q2FY23 (\$22.0M).

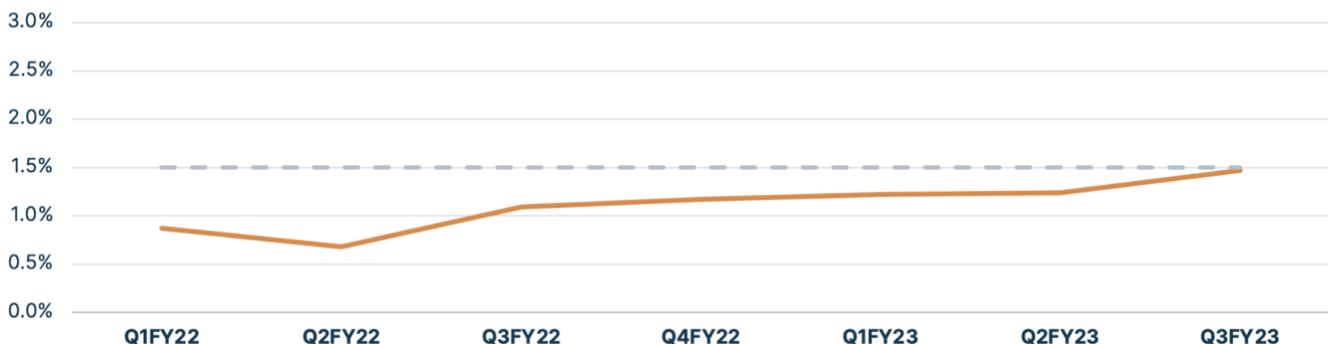
Cash EBTDA of \$(1.5)M for Q3FY23 consisting of:

- Increase in revenue driven by growth in loan book and higher new loan origination yield;
- Increase in opex driven by higher quarterly loan originations. In April 2023, the Company made a material opex reduction, including headcount and external spend, with the cost-benefit to flow through in Q4FY23 (post-one-off restructuring costs);
- Increase in net loan write-offs driven by a larger loan book, H2 seasonality with a similar trend observed in H2FY22 and maturing loan cohort vintages (refer below);
- Increase in finance costs due to loan book growth, higher funding costs (mitigated through ongoing increases in new loan origination yield) and inclusion of new debt facility (head company) interest expense. The Q3FY23 finance expense figure represents 5.3% annualised of the average Q3FY23 loan book; and
- Wisr incurred circa \$4M of cash outflows during the quarter related to the successful secured vehicle securitisation (\$2.8M of which is reflected in higher equity note investment).

Cash EBTDA	Q3FY23	Q2FY23	Q1FY23	Q4FY22
<b>Revenue</b>	\$24.1M	\$22.0M	\$21.2M	\$17.6M
<b>Opex</b>	\$(8.5)M	\$(7.5)M	\$(10.0)M <sup>1</sup>	\$(11.0)M
<b>Net loan write-offs</b>	\$(4.5)M	\$(2.8)M	\$(2.8)M	\$(2.6)M
<b>Finance costs</b>	\$(12.6)M	\$(11.1)M	\$(9.9)M	\$(6.3)M
<b>Cash EBTDA</b>	<b>\$(1.5)M</b>	<b>\$0.5M</b>	<b>\$(1.5)M</b>	<b>\$(2.3)M</b>

<sup>1</sup>Excludes \$0.4M relating to one-off restructuring costs.

## ANNUALISED ROLLING NET WRITE-OFFS



The Q3FY23 write-off figure represents 1.47% on an annualised basis. The increase from 1.24% last quarter is in line with expected seasonality, which was also evident last year in Q3FY22 per the graph above. Q4FY23 is expected to be broadly in line with Q3FY23.

Per item 1.10, net cash from operating activities for Q3FY23 was \$3.9M (Q2FY23: \$1.5M). Item 6.1 relates to salary payments to the Board of Directors.



-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:**

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Company Secretary  
E: [investor@wizr.com.au](mailto:investor@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](http://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")**
31<sup>st</sup> March 2023

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	23,544	65,443
1.2	Management fee income	63	241
1.3	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(2,224)	(8,221)
	(c) advertising and marketing	(706)	(3,100)
	(d) leased assets	-	-
	(e) staff costs	(4,595)	(15,753)
	(f) administration and corporate costs	(1,041)	(3,280)
1.4	Dividends received (see note 3)	-	-
1.5	Interest received	272	374
1.6	Interest and other costs of finance paid	(11,333)	(31,220)
1.7	Income taxes paid	-	-
1.8	Government grants and tax incentives	-	-
1.9	Other (provide details if material)	-	-
<b>1.10</b>	<b>Net cash from / (used in) operating activities</b>	<b>3,980</b>	<b>4,484</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(13)	(51)
	(d) investments	-	-
	(e) intellectual property	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
	(f) other non-current assets – technology assets	(1,026)	(3,876)
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	(55,627)	(196,231)
	(b) Transfer for term deposit	-	-
	(c) Other	(220)	(220)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(56,886)</b>	<b>(200,379)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	75,646	213,298
3.6	Repayment of borrowings	-	(6,500)
3.7	Transaction costs related to loans and borrowings	(1,083)	(2,372)
3.8	Dividends paid	-	-
3.9	Other (provide details if material) Payments for right of use asset	(196)	(564)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>74,367</b>	<b>203,862</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	57,995	71,489
4.2	Net cash from / (used in) operating activities (item 1.10 above)	3,980	4,484
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(56,886)	(200,379)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	74,367	203,862
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>79,456</b>	<b>79,456</b>

<b>5. Reconciliation of cash and cash equivalents</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	18,267	24,528
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (restricted cash)	61,189	33,467
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>79,456</b>	<b>57,995</b>

<b>6. Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to related parties and their associates included in item 1	138
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>	

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	1,199,836	988,765
7.2 Credit standby arrangements	-	-
7.3 Other (corporate card)	235	12
<b>7.4 Total financing facilities</b>	<b>1,200,071</b>	<b>988,777</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>211,295</b>
7.6 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>The facilities in 7.1 are as follows:</p> <ul style="list-style-type: none"> <li>- 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;</li> <li>- Wisr Freedom Trust 2021-1 securitisation with a current balance of \$79.3m (amortising loan book) and weighted average margin of circa 1.5% over BBSW;</li> <li>- Wisr Secured Vehicle Warehouse of \$300m 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.</li> <li>- Wisr Freedom Trust 2022-1 securitisation with a current balance of \$165.7m (amortising loan book) and weighted average margin of circa 2.25% over BBSW;</li> <li>- Wisr Independence Trust 2023-1 securitisation with a current balance of \$179.9m (amortising loan book) and weighted average margin of circa 2.60% over one-month BBSW; and</li> <li>- Unsecured Head Co loan facility of \$25m, with \$25m drawn, a high single digit margin over BBSW, and maturity in July 2025.</li> </ul> <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 31 March 2023 was circa \$11.6m. Wisr continues to service this loan book but is not using the facility to fund loans at present.</p>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.10)	3,980
8.2 Cash and cash equivalents at quarter end (item 4.6)	79,456
8.3 Unused finance facilities available at quarter end (item 7.5)	211,295
8.4 Total available funding (item 8.2 + item 8.3)	290,750
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>N/A</b>
<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>	
Wisr notes Item 8.3 above is utilised for loan funding as opposed to operating expenses	

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: 28 April 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.