

ASX RELEASE

WZR Delivers Maiden Cash EBTDA Profit

Strong cost control and other strategic decisions have delivered a Cash EBDTA profit and strong positive operating cash flow quarter

Sydney, 31 January 2023 - Wisr Limited (ASX: WZR) (“Wisr”, or the “Company”) is pleased to provide the Quarterly Activities Report for the quarter ending 31 December 2022 (Q2FY23).

The material cost reductions and strategic decisions made by management in Q1FY23 have had an immediate impact, with the Company delivering its first Cash EBTDA Profit in Q2FY23. In addition, the Company has achieved significant milestones that have shored up its position as it continues to navigate an uncertain short-term environment. Wisr has strengthened its balance sheet with an additional \$25M¹ debt facility, rolled forward Wisr Warehouse (WH1) and Wisr Secured Vehicle Warehouse (WH2) for another 12 months, received credit approval from another Big Four bank for a third warehouse facility, and received credit approval from a Big Four bank for an intraday credit facility (at 0% interest rate) to alleviate balance sheet pressure and remains committed to strong cost control in the near term.

Q2FY23 Highlights:

- **Maiden Positive Cash EBTDA of \$0.5M and positive operating cash flow of \$1.5M for the quarter**
- **Quarterly Revenue up to \$22.0M², a 56% increase on pcp Q2FY22 (\$14.1M)**
- **Strengthened the balance sheet by securing an additional \$25M¹ debt facility**
- Material progress made towards securing a new warehouse facility with another Big Four bank, with credit approval received
- Prime loan book (warehouse, securitised and balance sheet) now at \$916M, an increase of 62% on pcp (Q2FY22 \$565M), with 90+ Day arrears of 1.07% and average credit score of 772
- Q2FY23 loan originations of \$116M in the seasonally weaker December quarter, \$1.5B in total loan originations as at 31 December 2022
- Well capitalised with a cash balance of \$58.0M, including unrestricted cash and cash equivalents of \$27.0M as at 31 December 2022
- Wisr Financial Wellness Platform passed 704K profiles, well on track to reach our 1M profile goal

WISR QUARTERLY REVENUE GROWTH



¹ \$20M drawn initially, with a further \$5M available subject to certain milestones being achieved

² Revenue unaudited

CEO COMMENTARY:

Mr Anthony Nantes, Chief Executive Officer, Wisr, said, "This quarter is a significant milestone in the Company's progression as we deliver our first profitable quarter. We've delivered both positive Cash EBTDA and strong operating cash flow through a range of management decisions focussing on near-term, sustainable profitability. We have demonstrated a material reduction in operating expenditure while still growing our loan book 62% on pcp and revenue 56% on pcp. We've prudently moderated our growth to navigate these uncertain economic conditions and protected our margins by lifting yield."

"Towards the quarter's end, we strengthened the balance sheet with an additional \$25M debt facility. We've also secured credit approval from another Big Four bank for a warehouse facility, demonstrating the continued strong performance of our prime loan book and third-party validation of the forward-looking view on both the loan book performance and our operational controls."

"Through our proprietary Financial Wellness Platform, we're more than just a lender and know that financial health is a top stressor for many Australians. Financial health tools have become even more important for everyday consumers who are experiencing heightened inflation and cost of living pressures. In this last quarter, we launched a new product into our Financial Wellness Platform and ecosystem with the world-first psychology-led money coaching app, "Wisr Today", which applies research-proven, science-based interventions to help everyday Australians change their money habits. While only a soft launch, demand has been strong with over 19K downloads since launch at the start of Q2, and we're excited about the optionality this incredibly innovative and groundbreaking app provides for us as it scales."

"Now that we have delivered our profitable maiden quarter, our focus is on sustainable long-term profitability. In this quarter, we have demonstrated that not only can we deliver a profitable business but also innovate with global-level quality at rapid speed with a new product, "Wisr Today" (now available in the app store) has enormous potential. We have the resources and capability to safeguard the business and a strategy and platform that is setting us up to be a company of significant size and scale, with a genuine competitive advantage in the years to come." finished Mr Nantes.

WISR LOAN ORIGINATION GROWTH



Funding, Capital and Credit

- **\$25M¹** debt facility secured (\$20M drawn), with a scheduled maturity date of 1 July 2025
- **Credit approval received** from a **Big Four bank** for a **new warehouse facility**, supporting both personal and secured vehicle loan growth
- **Well capitalised** with **\$27.0M** in **unrestricted cash and cash equivalents** as at **31 December 2022**
- Wisr's loan book is now **\$916M**, an **increase of 62% on pcp**
- **On-balance sheet portfolio 90+ Day arrears 1.07%** as at 31 December 2022 and average credit score of **772**

WISR LOAN BOOK GROWTH[^]



[^]Loan Book includes all loans in WH1, WH2, Freedom Trust 2021-1, Freedom Trust 2022-1 and balance sheet, excludes off-balance sheet of \$14.7M as at 31 December 2022

Debt Facility

Wisr has executed an agreement for an institutionally-backed debt facility to support the Company's ongoing growth and its path to profitability. \$20M was drawn initially, with a further \$5M available subject to certain milestones being achieved. The facility is drawn at the head company (Wisr Limited) level, and the scheduled maturity date is 1 July 2025. Wisr used part of the proceeds to repay its existing \$6.5M debt facility, which matures in May 2023.

Warehouse Funding

Wisr has rolled forward WH1 and WH2 for another 12 months. Wisr has also received credit approval from a Big Four bank for a new warehouse facility, supporting both personal and secured vehicle loan growth. This new facility will further diversify Wisr's funding sources, enhance growth through funding capacity and add further balance sheet robustness. The market will be updated on further developments as they become available. The Company is on track to meet its guidance to the market of an additional warehouse facility being operational in FY23.

¹ \$20M drawn initially, with a further \$5M available subject to certain milestones being achieved

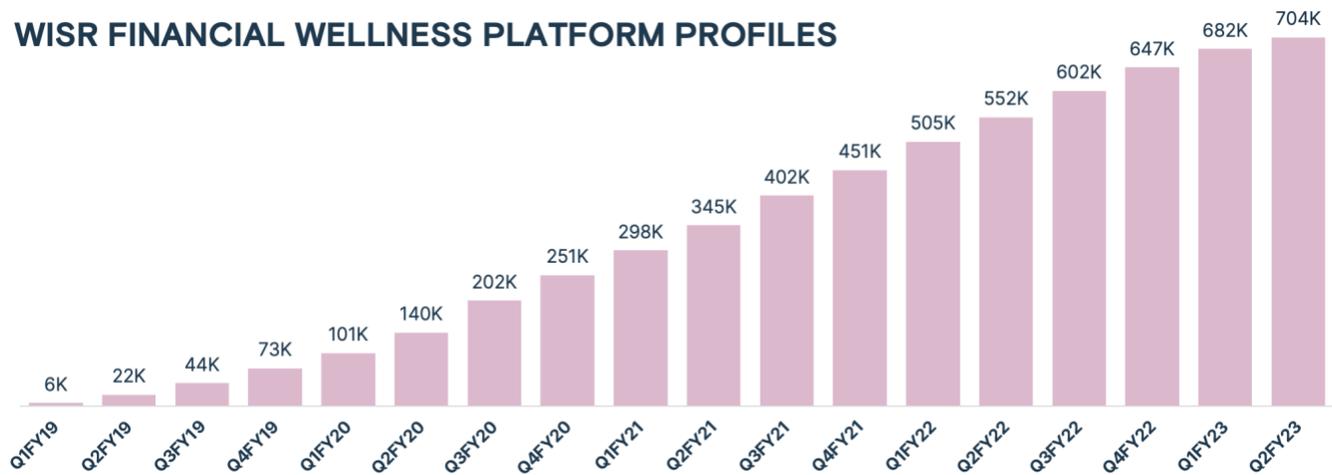
WISR 90+ DAY ARREARS[^]



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

Reflecting the seasonal trend and ongoing maturing of the loan book, as at 31 December 2022, on-balance sheet 90+ Day arrears are 1.07% (Q1FY23 0.89%), well within risk appetite. Revenue and profitability have been enhanced by the robust framework that manages the credit quality of its loan book through the cycle. This includes the bespoke Wisr Score, early warning account data indicators and continued collection process investment.

WISR FINANCIAL WELLNESS PLATFORM PROFILES



The Wisr Financial Wellness Platform continued to grow, taking the total number of profiles to over 704K as at 31 December 2022. This has put the Company well on track to reach its goal of 1M profiles. In October, the Wisr Financial Wellness Platform suite of products was bolstered by the launch of the Company’s new technology product, Wisr Today, a psychology-led money coaching app that helps users build smarter habits and improve holistic financial health.

Wisr Today has been developed with clinical psychology advisors and behaviour science consultants, including organisational psychologist and founder of behavioural science consultancy Inventium, Dr Amantha Imber. The Wisr Today app applies research-proven, science-based interventions, such as Cognitive Behavioural Therapy (CBT) and Acceptance and Commitment Therapy (ACT), to inform behaviour change. Wisr Finance Pty Ltd³ holds a financial services licence (AFSL 458572) to provide general financial product advice via the Wisr Today app.

Since launch, there have been over 19K downloads, and the app is available Australia-wide via Google Play and the Apple App Store with one-year, six-month and one-month subscriptions creating a brand-new revenue stream for the Company.

³ A 100% subsidiary of Wisr Limited

**APPENDIX 4C QUARTERLY ACTIVITY REPORT
COMMENTARY:**

Wisr continues its path to sustainable profitability, with **\$22.0M** in operating revenue, a 56% increase on Q2FY22 (**\$14.1M**) and a 4% increase on Q1FY23 (**\$21.2M**).

The Company delivered a positive Cash EBTDA of **\$0.5M** for Q2FY23, a 135% improvement on Q1FY23 (**\$(1.5)M**) consisting of:

- 4% increase in revenue while still delivering higher new loan origination yield;
- 25% decrease in opex driven by the significant cost reduction exercise at the end of Q1FY23;
- Loan write-offs continue to perform well given the prime loan book and are now presented on a net of recoveries basis. The Q2FY23 write-off figure represents 1.2% of the average Q2FY23 loan book; and
- 12% increase in finance costs, driven by increased loan book size and the continued increase in funding costs for new loans during the quarter resulting from cash rate increases, along with excess WH1 capacity and corresponding cost given the ABS transaction in June 2022.

Cash EBTDA	Q2FY23	Q1FY23	Q4FY22	Q3FY22
Revenue	\$22.0M	\$21.2M	\$17.6M	\$15.5M
Opex	\$(7.5)M	\$(10.0)M ¹	\$(11.0)M	\$(9.1)M
Loan write-offs (Gross)	\$(2.8)M ²	\$(2.8)M	\$(2.6)M	\$(2.4)M
Finance costs	\$(11.1)M	\$(9.9)M	\$(6.3)M	\$(4.9)M
Cash EBTDA	\$0.5M	\$(1.5)M	\$(2.3)M	\$(0.9)M

¹ Excludes \$0.4M relating to one-off restructuring costs.

² Loan write-offs are net of recoveries (and will be going forward)

Per item 1.10, net cash from operating activities for Q2FY23 was \$1.5M (Q1FY23: \$(1.8)M), driven predominantly by reductions in opex.

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:

Vanessa Chidrawi
Company Secretary
E: investor@wisr.com.au

About Wisr Limited

Wisr (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. Wisr provides a unique Financial Wellness Platform underpinned by consumer finance products, the Wisr App to help Australians pay down debt, multiple credit score comparison service, combined with content and other products that use technology to provide better outcomes for borrowers, investors, and everyday Australians. For more information, visit www.wisr.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")

 31st December 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	21,528	41,893
1.2	Management fee income	79	178
1.3	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(2,402)	(5,997)
	(c) advertising and marketing	(890)	(2,394)
	(d) leased assets	-	-
	(e) staff costs	(4,871)	(11,158)
	(f) administration and corporate costs	(1,103)	(2,239)
1.4	Dividends received (see note 3)	-	-
1.5	Interest received	68	102
1.6	Interest and other costs of finance paid	(10,889)	(19,887)
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	1,520	498
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(4)	(38)
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(f) other non-current assets – technology assets	(1,229)	(2,850)
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	(33,427)	(140,598)
(b) Transfer for term deposit	-	-
2.6 Net cash from / (used in) investing activities	(34,660)	(143,487)

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	23,780	137,652
3.6 Repayment of borrowings	(6,500)	(6,500)
3.7 Transaction costs related to loans and borrowings	(792)	(1,289)
3.8 Dividends paid	-	-
3.9 Other (provide details if material) Payments for right of use asset	(187)	(368)
3.10 Net cash from / (used in) financing activities	16,301	129,495

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	74,834	71,489
4.2	Net cash from / (used in) operating activities (item 1.10 above)	1,520	498
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(34,660)	(143,487)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	16,301	129,495
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	57,995	57,995

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	24,528	15,079
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (restricted cash)	33,467	59,755
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	57,995	74,834

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	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>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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	1,146,343	932,857
7.2	-	-
7.3	235	6
7.4	Total financing facilities	932,863
7.5	Unused financing facilities available at quarter end	213,715
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"> - Wisr Warehouse of \$450m with NAB as senior funder, a cost of funds of circa 3.0% (on a drawn basis) over BBSW, senior maturity in October 2023 and secured against the loan receivables it funds; - Wisr Freedom Trust 2021-1 securitisation with a current balance of \$91.7m (amortising loan book) and day one weighted average margin of circa 1.5% over BBSW; - Wisr Secured Vehicle Warehouse of \$400m with NAB as senior funder, Revolution as mezzanine funder, a drawn cost of funds of circa 3.0% (on a drawn basis) over BBSW, maturity in October 2023 and secured against the receivables it funds. - Wisr Freedom Trust 2022-1 securitisation with a current balance of \$184.7m (amortising loan book) with day one weighted average margin of circa 2.25% over BBSW; and - Unsecured Head Co loan facility of \$20m, with \$20m 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 31 December 2022 was circa \$14.8m. 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	1,520
8.2	57,995
8.3	213,715
8.4	Total available funding (item 8.2 + item 8.3)
	271,710
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)
	N/A
<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: 31 January 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.