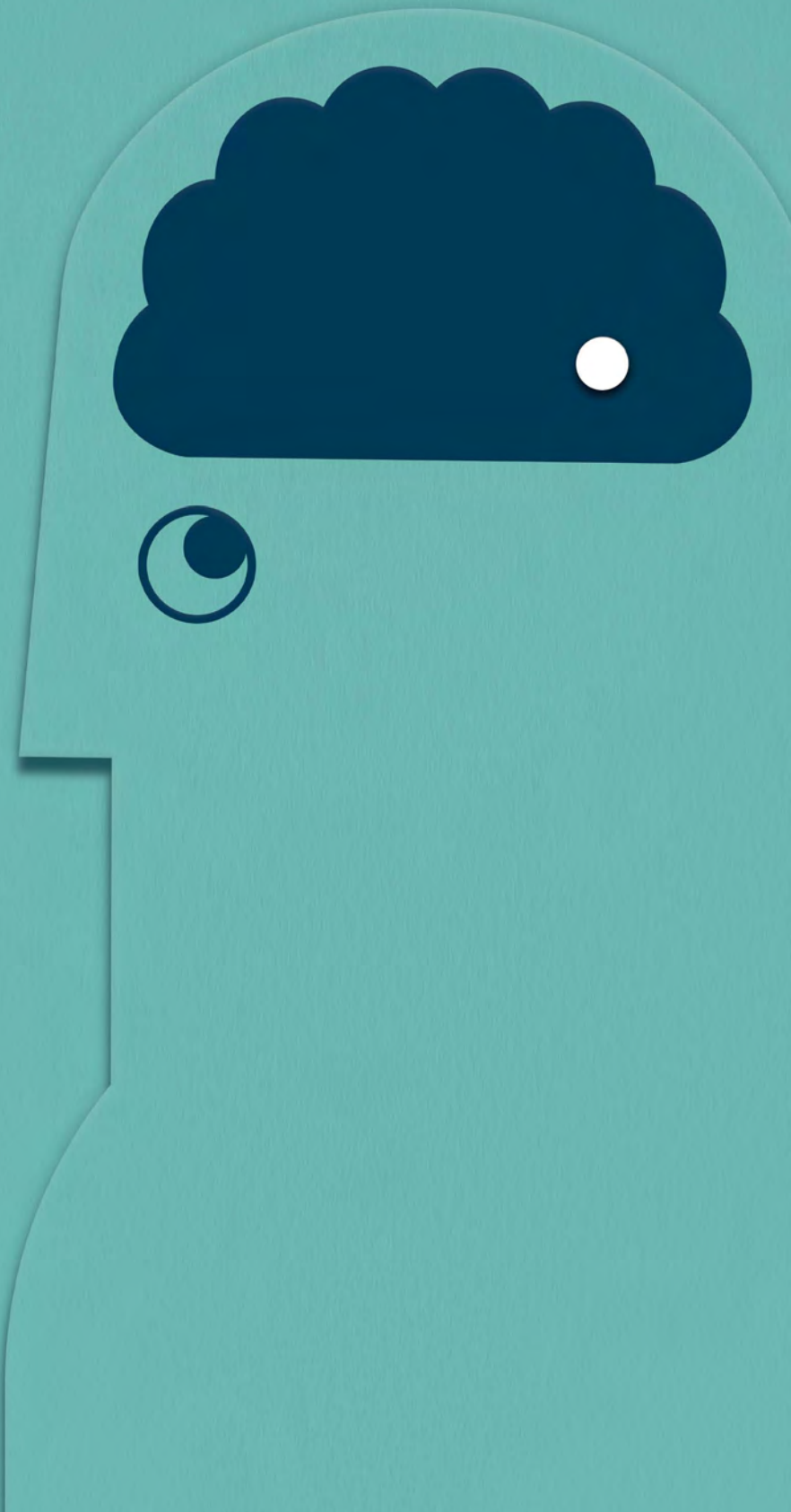




ANNUAL  
REPORT  
2022







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OUR VISION  
IS TO BRING  
FINANCIAL  
WELLNESS  
TO ALL  
AUSTRALIANS

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# CHAIRMAN'S REVIEW

John Nantes  
EXECUTIVE CHAIRMAN



Dear Shareholders,

On behalf of the Wisr Board of Directors, it's my pleasure to present the Wisr Annual Report for FY22.

I'm immensely proud of the prime, low-risk, profitable and growing loan book that Wisr's business model has delivered in FY22, including the following key achievements:

- 24 consecutive quarters of prime-credit growth, surpassing \$1.2B in total loan originations
- Two consecutive positive operating cash-flow quarters (Q2FY22 and Q3FY22)
- Operating revenue of \$59M, a 118% increase on FY21 (\$27M)
- Priced our second ABS deal receiving significant support from the debt market; and
- Maintained a strong balance sheet with \$71.5M cash (including \$23.3M unrestricted cash).

Wisr's robust funding strategy enabled the Company to respond quickly to the rapidly changing debt market conditions in H2FY22. With multiple levers to pull, including raising interest rates on new loans to increase the average yield of our loan book, we are well placed to navigate against a rising interest rate and inflation environment.

FY22 has also seen rapid change in societal expectations of businesses in serving the public good.

Since inception, Wisr has been a purpose-driven company built around creating a positive impact for Australian consumers. Our purpose guides everything from our business model, strategy and products to our culture and behaviours.

Notably, our lending products have no ongoing or early repayment fees, we offer loan terms of 3, 5 or 7 years, and our platform helps customers understand



and improve their credit health. We want to support customers to reduce debt faster and improve their financial position.

We are proud that Wisr is leading from the front on the key issues shaping today's society. We are a climate-positive and carbon-neutral workforce that has offset 1,517 tonnes (including the working from home footprint of our staff) through projects that deliver measurable benefits aligned with the aims of the Paris Agreement and the UN Sustainable Development Goals.<sup>1</sup>

Wisr does not have a gender pay gap. As part of the Workplace Gender Equality Agency (WGEA) reporting requirements, a like-for-like analysis was undertaken on 31 March 2022. The Company found roles were adhering to the published bands per role, regardless of gender and identified no gender pay gaps.

In April 2020, the Board set a target to achieve a minimum of 30% female representation on the Board whilst also adding further depth to Wisr's governance capability. In January 2022, we took the first step by appointing former Deutsche Bank UK Director Cathryn Lyall to the position of Non-Executive Director. The Board's target was exceeded in March 2022, following the appointment of Kate Whitney, Chief Marketing and Growth Officer, Marley Spoon Australia, to the position of Non-Executive Director. With a female board representation of 40%, the Company is now above the ASX200 average of 34.6%.<sup>2</sup>

The appointment of Kate and Cathryn is an exciting opportunity for the Company, our stakeholders and customers. Both are highly qualified with diverse experience and are first-time ASX-board appointees. Wisr is very proud to support greater gender diversity on the ASX. A depth of research from Australia and across the globe clearly shows the positive impact of female board membership on a company's growth and profitability.<sup>3</sup>

Our high-performance culture at Wisr continued to

receive recognition internally and externally. In addition to delivering an average +86 Employee Engagement score for FY22, the Company was awarded two prestigious awards in the 2022 AFR Best Places to Work Awards - rising to #2 in the Banking, Superannuation & Financial Services category and taking out the Most Outstanding Practice for the Diversity & Inclusion Award.

## **BUILDING FINANCIAL STRENGTH**

Throughout FY22, Wisr continually reviewed the Company's credit decisions to drive strong organic growth while optimising the profitability of the loan book.

At 30 June 2022, Wisr had a total loan book of \$803M (FY21: \$432M). Operating revenue grew to \$59M, a 118% increase on FY21 (\$27M), while operating expenses increased by 47%, demonstrating continued operational leverage. This also drove Wisr's maiden positive operating cash flow and Cash EBTDA quarter (Q2FY22). Revenue growth and continued scaling delivered a second consecutive positive operating cash-flow quarter (Q3FY22).

The Company generated Cash EBTDA of \$(7.2)M in FY22, a 30% improvement on FY21 (\$(10.2)M) and an increase in loss before tax of 13% to \$(19.9)M (FY21 \$(17.6)M), predominantly driven by the material non-cash provision for expected credit loss expense of \$16.4M (FY21 \$7.9M) due to the significant growth in the loan book.

Wisr wrote a record level of prime quality credit during FY22 while achieving 90+ day arrears of 0.98% as at 30 June 2022 (Q4FY21: 0.65%).

The Company is well capitalised with \$71.5M cash (\$23.3M unrestricted cash) and \$8.2M liquid loan assets as at 30 June 2022. The liquid loan assets are sold into the warehouse trusts at regular intervals and are relevant to the Company's capital position.

<sup>1</sup> Through partnership with trace <https://www.our-trace.com/our-projects>

<sup>2</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.>

<sup>3</sup> In October 2011, the non-profit research organisation, Reibey Institute, reported that over three- and five-year periods, ASX500 companies with women directors delivered significantly higher return on equity (ROE) than those companies without any women on their boards (6.7% higher over three years and 8.7% higher over five years) respectively.

## LOOKING FORWARD TO THE YEAR AHEAD

To maintain a strong balance sheet and be set on a path to being profitable within 12 months<sup>1</sup>, the Company has increased loan pricing and reduced operating costs. Whilst we expect these operational initiatives will see the Company's growth moderate in FY23, we believe this is a prudent path for the business given the macroeconomic backdrop.

We are confident that Wisr's prime loan book, our differentiated purpose-built business model and the high-performance culture of the entire Wisr team, positions the Company to deliver strong financial performance through the cycle.

To our shareholders, on behalf of the Wisr Board, we sincerely thank you for your ongoing support.

Lastly, I would like to thank the Board, Executive Management and all of Wisr's staff for their continued support, vision and expertise as we continue improving Australia's consumer credit experience.

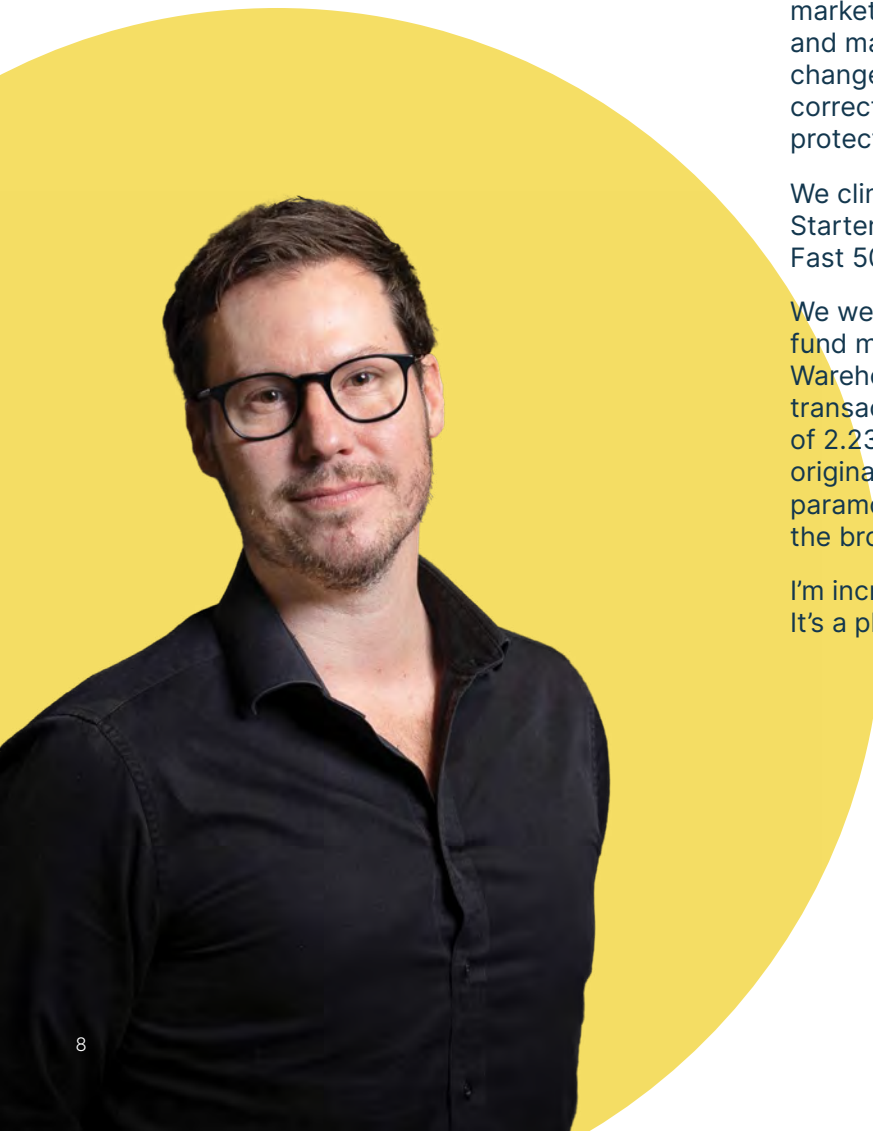
<sup>1</sup> Profitability is on a run-rate Cash EBTDA basis and is subject to broader market conditions, including any significant volatility events, the level of global inflation and interest rates, and the impact of any geopolitical events.





# CEO'S REVIEW

Anthony Nantes  
CHIEF EXECUTIVE OFFICER



In FY22, despite the macroeconomic challenges of inflation and subsequent interest rate rises, we reaffirmed Wisr's place as one of Australia's fastest-growing and most innovative companies. We are a growth Company and will be a growth Company for the next decade or more as we seek to materially increase our share of the c. \$150B consumer finance market in Australia.

We delivered \$611M in newly originated prime-credit loans at an annual growth rate of 67%, and all built on a foundation of high credit quality, which sets us up well as we head into a period of economic uncertainty. We extended our safe, consistent loan growth to 24 consecutive quarters, surpassing \$1.2B in total loan originations; grew operating revenue by 118% to \$59M and increased our loan book by 103% to \$780M.

These results and how we have managed the Company allowed us to deliver two positive operating cash-flow quarters, clearly demonstrating we were well on the way to profitability before the change in market conditions dramatically affected our cost base and margins. We have rapidly responded to these changed conditions, making several decisions to correct our course back through profitability and protect our margins as we go forward.

We climbed 66 places to #12 in the AFR Fastest Starters and placed #21 in the Deloitte Technology Fast 50 Awards.

We welcomed one of Australia's largest institutional fund managers as a mezzanine investor in the Wisr Warehouse (WH1) and priced our second ABS transaction (\$250M) with a weighted average margin of 2.23% over one-month BBSW. Continuing to originate credit assets of the highest quality is paramount within the current market uncertainty, as is the broad support of the debt market.

I'm incredibly proud of the results we have achieved. It's a phenomenal validation of our purpose-built



business model, prudent treasury and underwriting methodology and the capability of the widely recognised high-performing Wisr Team.

## FY22 PERFORMANCE HIGHLIGHTS

**Originations:** 24 quarters of growth with total new loan originations up 67% to \$611M as at 30 June 2022 (FY21: \$366M). Robust growth back-ended the year, with loan originations of \$344M in H2; 28% growth on H1 \$267M.

**Revenue:** The Company delivered operating revenue growth of 118% to \$59M for the year ending 30 June 2022 (FY21: \$27M).

**Funding:** The \$225M Wisr Secured Vehicle Warehouse (WH2), backed by National Australia Bank, launched in October 2021. In January 2022, the successful refinancing of WH1 mezzanine investor AOFM by IFM was finalised, and funding increased from \$350M to \$450M in April 2022. In March 2022, WH2 committed funding was raised from \$225M to \$300M and \$400M in July 2022.

**Wisr Freedom Trust securitisation:** The second ABS transaction for the Company, the \$250M Wisr Freedom Trust 2022-1 (made up of personal loans), received a AAA Moody's rating for the top two tranches and a weighted average margin of 2.23% over one-month BBSW, freeing up \$250M capacity in \$450M WH1.

**On-balance sheet loan book:** Growth of 103% to \$780M (FY21: \$384M) and on-balance sheet portfolio 90+ day arrears of 0.98% at 30 June 2022 (FY21: 0.65%).

**Innovation:** The proprietary credit score Wisr Score, built utilising advanced data analytics, was launched in February 2022, optimising Wisr's customer risk-adjusted return to deliver a more profitable business.

**Financial Wellness Platform:** Our proprietary channel passed 647,000 profiles (43% growth on pcp) and is well on the path to 1M customer profiles.

## ACCELERATING THE PATH TO PROFITABILITY

To navigate market conditions in the best position possible, we have prudently and proactively adjusted our strategy and cost base to position the Company for long-term sustainable growth.

The floating BBSW has been hedged since the inception of warehouse funding facilities in November 2019. To ensure we maintain and protect margin and profitability, in response to the realised and predicted increase in Cost of Funds (COF), we have been lifting loan rates consistently and, as a bank has been, passing on the rising interest rates on new loans to customers throughout Q4FY22 and into FY23.

We have made material reductions in operating costs and raised our yield by around 340bps to protect our Net Interest Margin (NIM) as we enter FY23 to deliver profitability in the short-term and moderate our growth ambitions to focus on the path to profitability.

By taking prudent steps, implementing rate and pricing levers, tightening credit in line with risk appetite and significant material reductions in operating costs, Wisr is in the strongest position to navigate market conditions and still deliver a strong revenue growth trajectory over the next 12 months and positively impact Cash EBTDA.

We have our sights set firmly on moving through breakeven and into sustainable profitability as our next goal. Our credit decisions and products are prime-skewed to bank-grade customers, and we're prepared to respond quickly and navigate changing market conditions.

## FY23 OUTLOOK

We are a growth Company and will be a growth Company for the next decade or more as we seek to materially increase our share of the c. \$150B consumer finance market in Australia. However, in the short term, we have prioritised achieving profitability within 12 months<sup>1</sup> over accelerating growth.

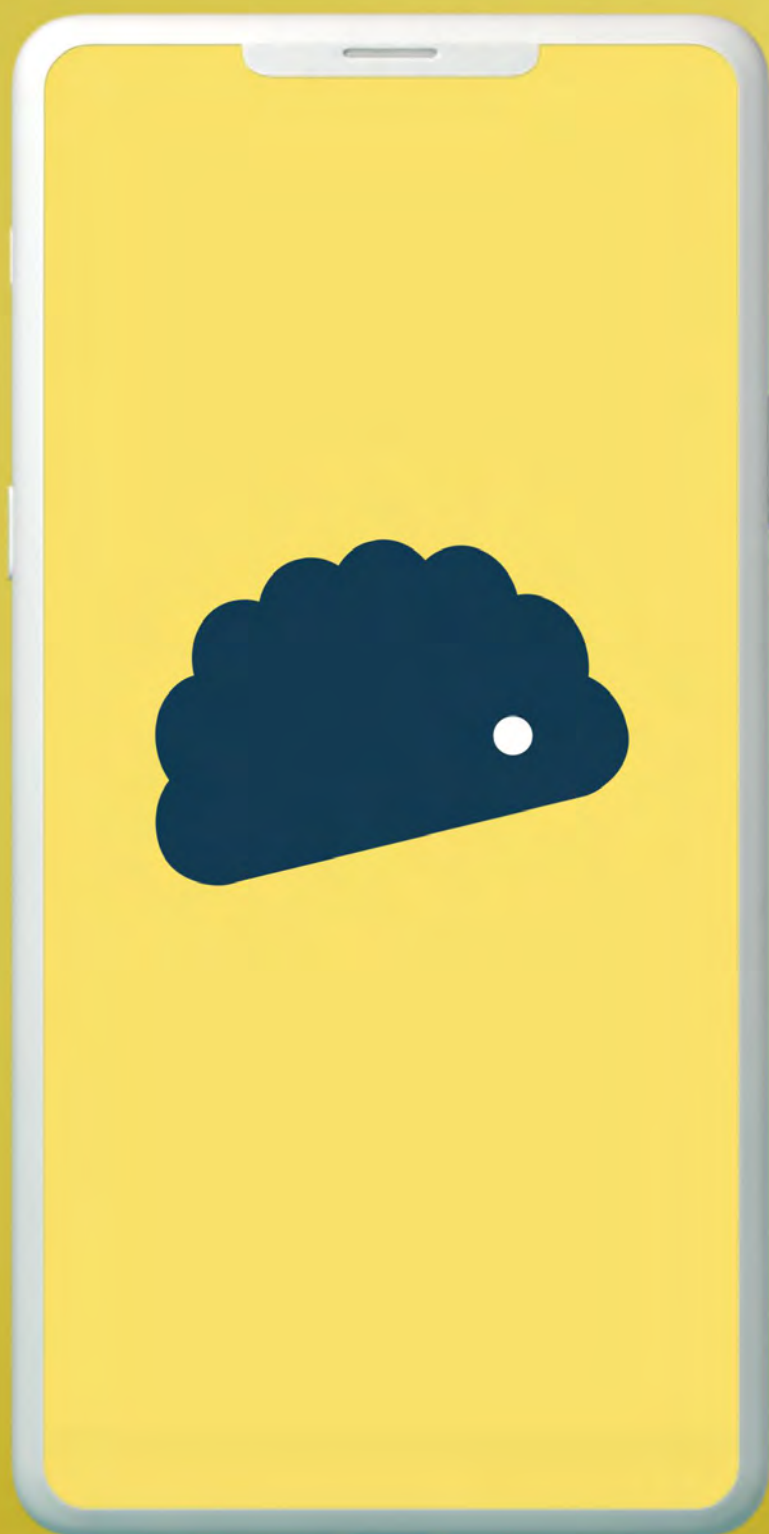
We are well-capitalised and building sustainable revenue. The strategic adjustments of pausing all new credit product expansion, innovation and go-to-market expenditure will drive the push to profitability further as we continue to demonstrate the strong and safe fiscal management we are known for.

Our competitive advantage, a purpose-led model that improves financial wellness and goes far beyond the traditional lending experience, attracting Australia's most creditworthy customers, has never been more relevant. As consumers demand fairer financial products and services due to cost-of-living pressures and rising rates, Wizr is well-placed and well-resourced to meet the demand.

To our Wizr shareholders, our funders and stakeholders, thank you for your continued support of our purpose-led business model and belief in our mission to improve the financial wellness of all Australians. To our amazing Wizr Team, thank you for delivering 24 consecutive quarters of growth, a world-class high-performance culture, and your resilience in rapidly changing conditions. I would also like to thank our Board, and my whole Executive Team, for your continued support and expertise.

Together, we will embrace the opportunities waiting for us in FY23, deliver a highly profitable business with a prime customer base and forever change how Australians experience consumer finance.

<sup>1</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.

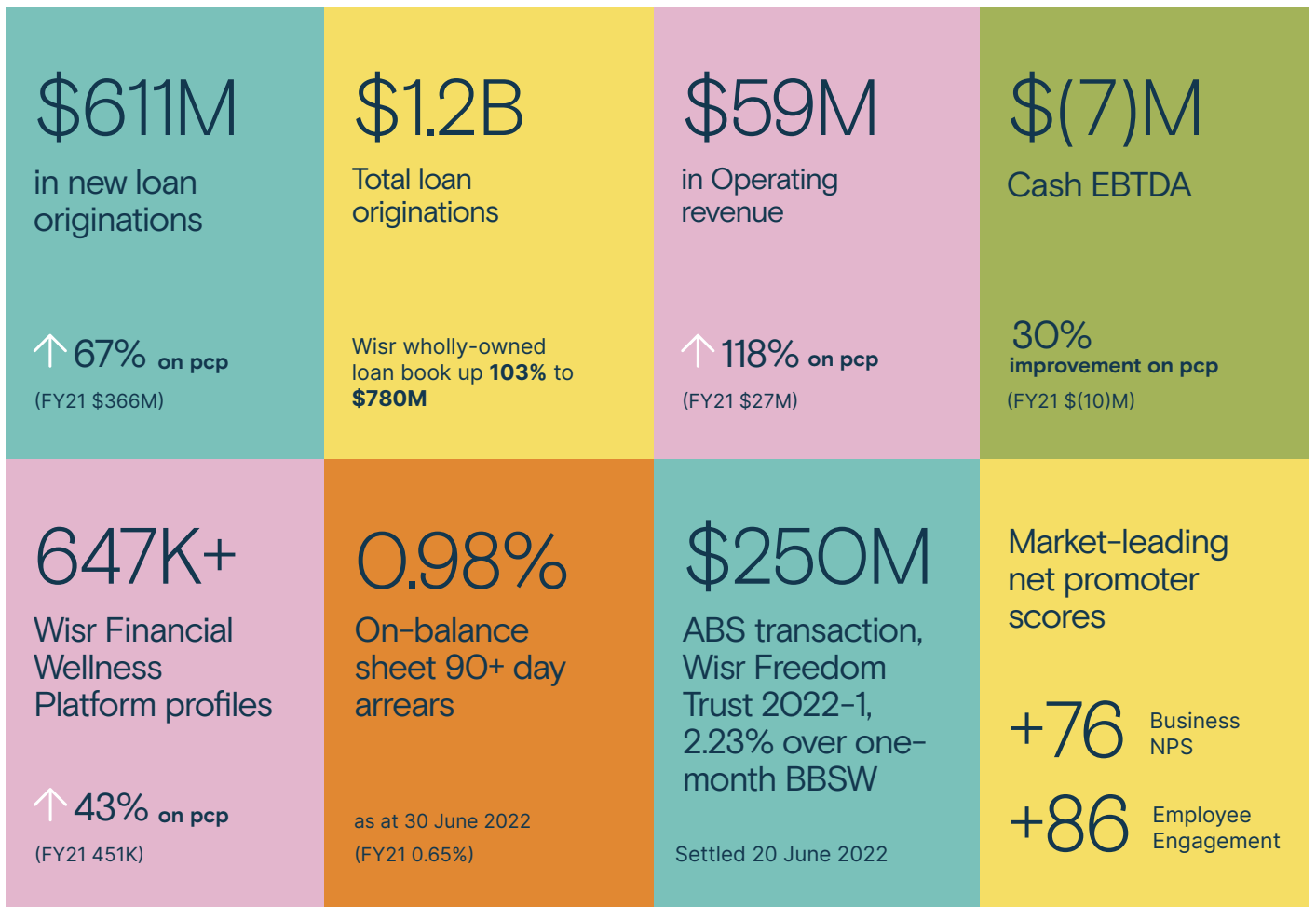


# SET UP FOR PROFITABILITY





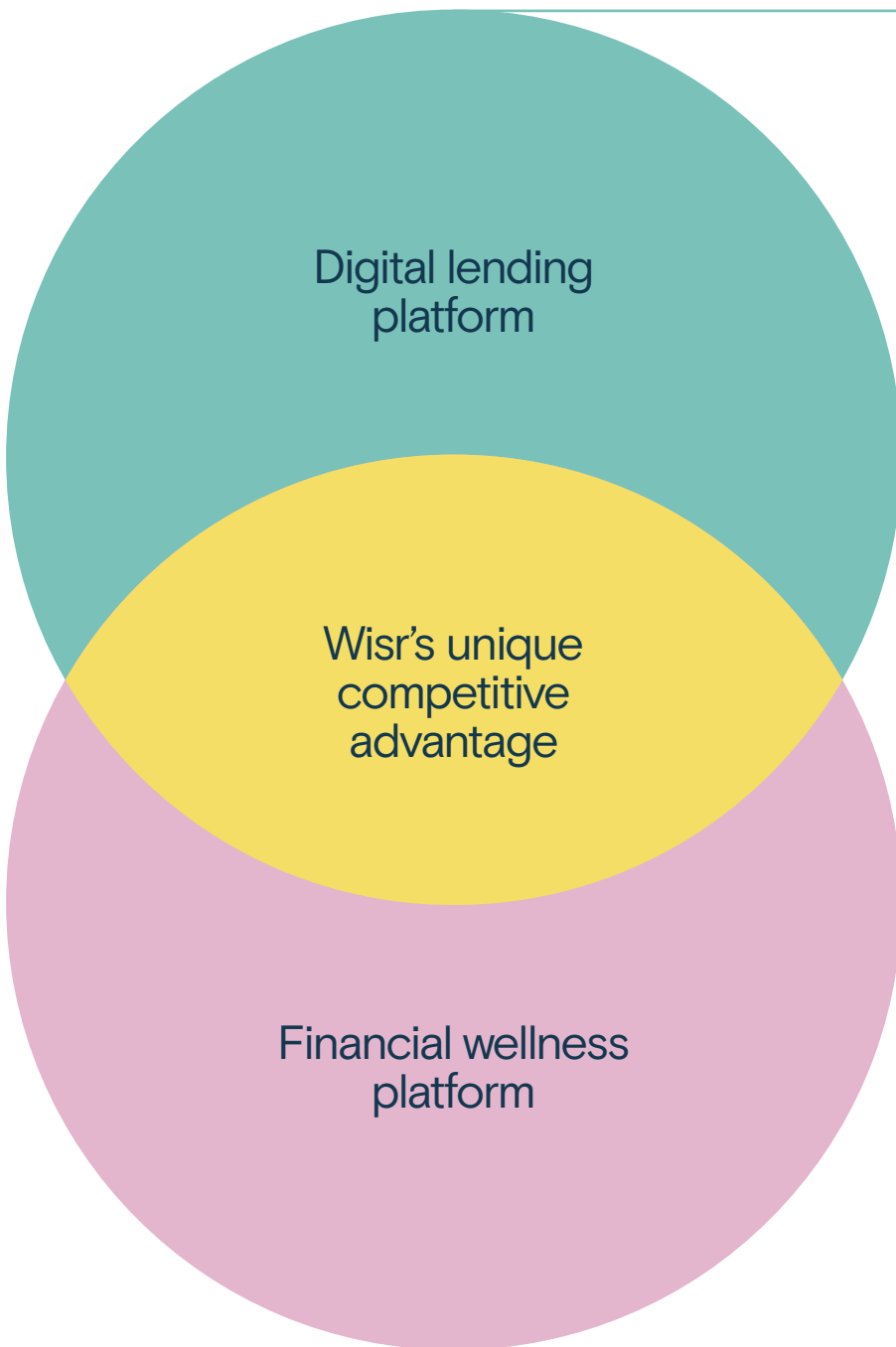
# FY22 HIGHLIGHTS



- ✓ FY22 results and subsequent Q1FY23 decisions, sets the Company on a path to be profitable within 12 months<sup>1</sup>
- ✓ 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, Wisr Freedom Trust 2022-1, and AAA rating from Moody's
- ✓ Wisr 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
- ✓ Wisr Secured Vehicle Warehouse (WH2) launched in October 2021

<sup>1</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.

# 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)

Significant room for growth is evident in the current business:

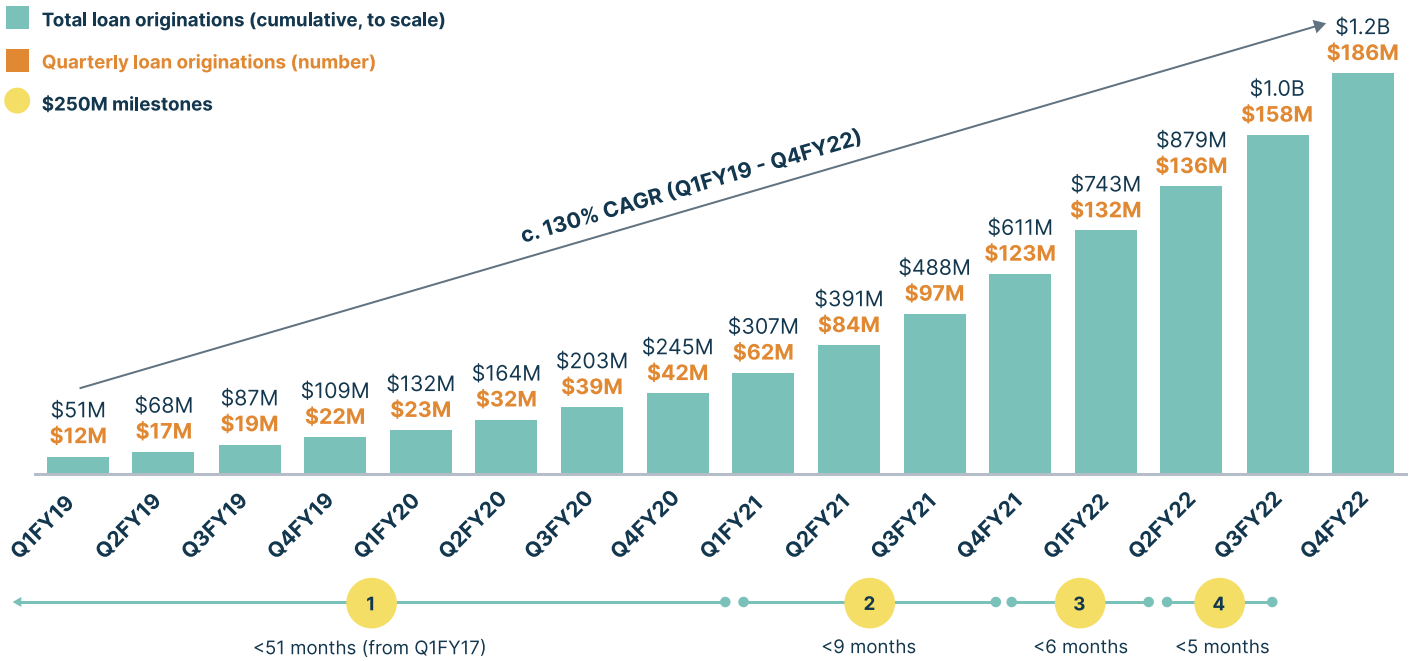
- With more room to win in competitive channels
- Our ability to further optimise risk for growth and profitability

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

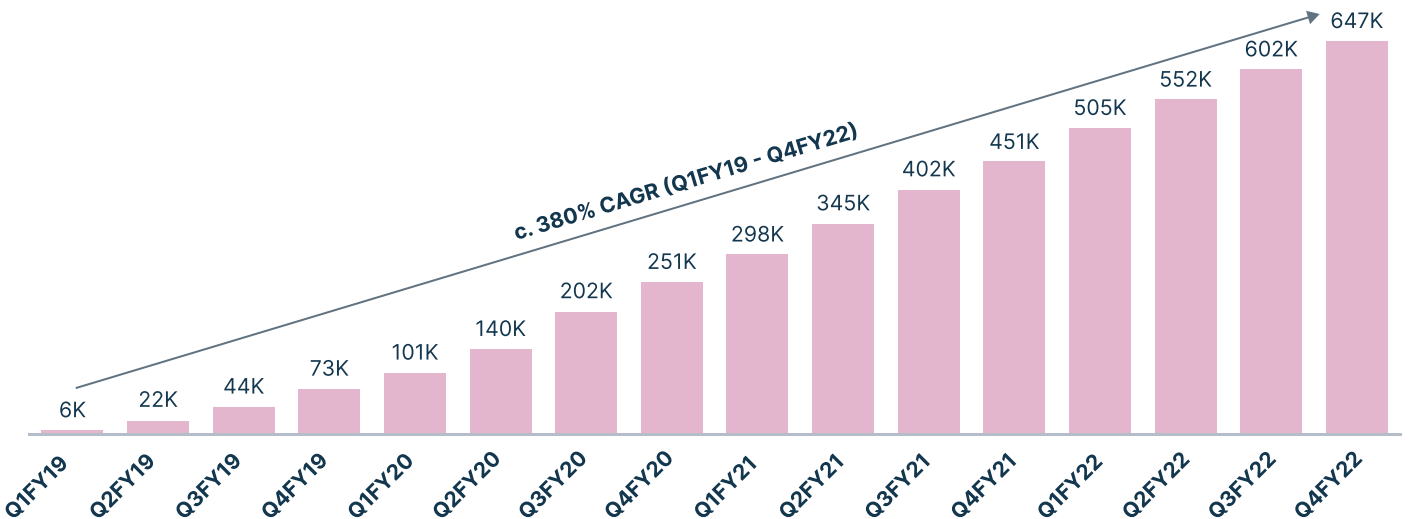
- The data is highly valuable
- It is delivering tangible benefits for customers that engage with it
- It is already providing a significant ROI for us and setting us up for larger opportunities
- Demonstrated effectiveness of the Wizr Financial Wellness Platform as our most cost-effective channel for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

# DUAL PLATFORM STRATEGY IS DELIVERING GROWTH AND SCALE

## Lending Platform



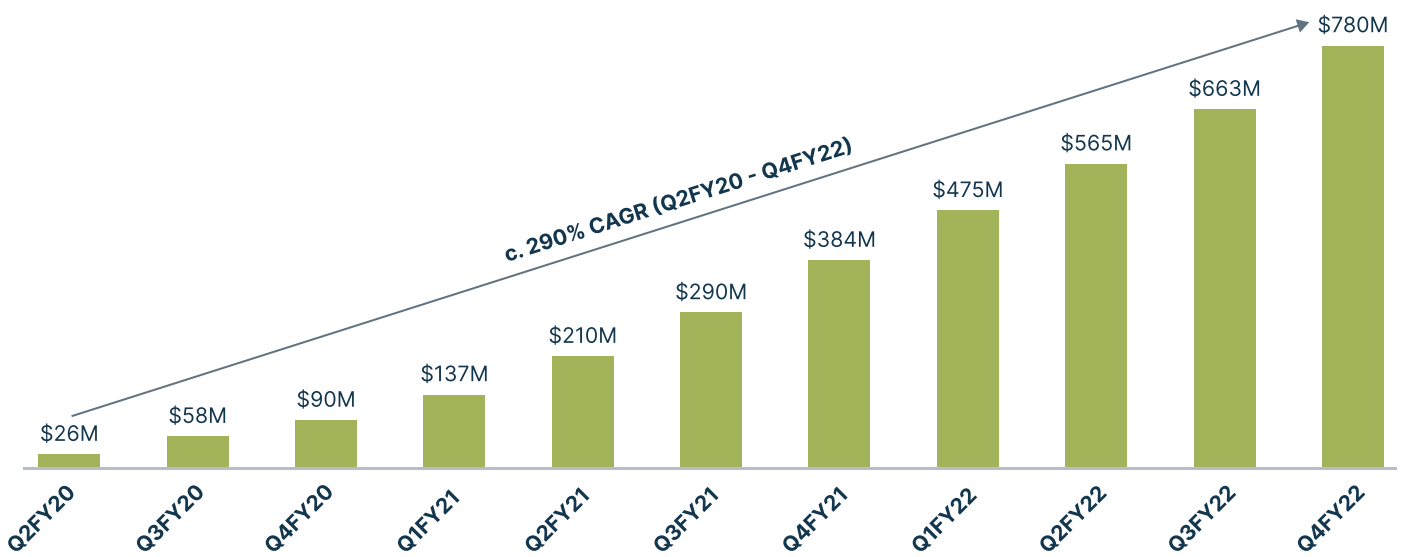
## Financial Wellness Platform (Profiles<sup>1</sup>)



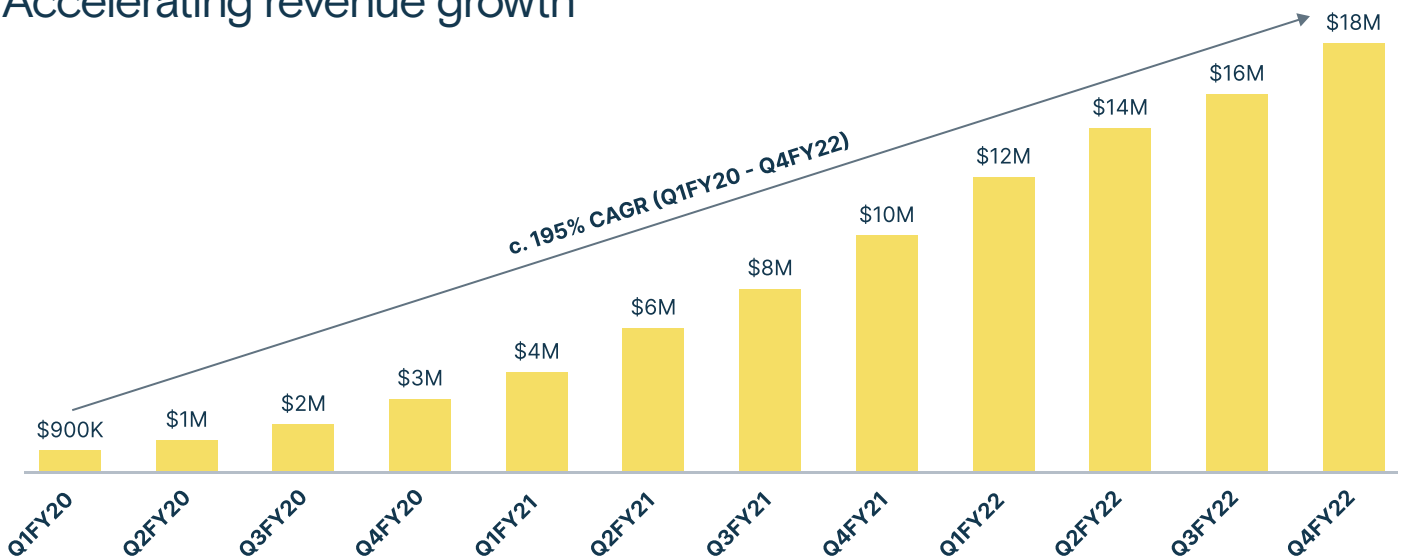
<sup>1</sup> Financial Wellness Platform has grown to over 647K users and will continue to grow as Company approaches target of 1 million profiles



## Wisr quarterly loan book growth<sup>1</sup>



## Accelerating revenue growth



<sup>1</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

# GROWTH BUILT ON CONSISTENT HIGH CREDIT QUALITY

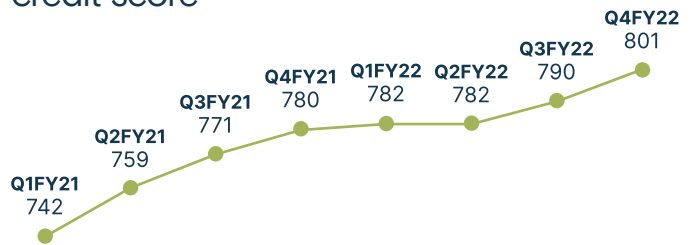
Strong credit quality has been achieved in FY22 with prime<sup>1</sup> average credit scores and less than 1% on-balance sheet 90+ day arrears.

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 provisioning over time and arrears and credit loss levels being well inside internal targets, Wizr is prepared to navigate market conditions.

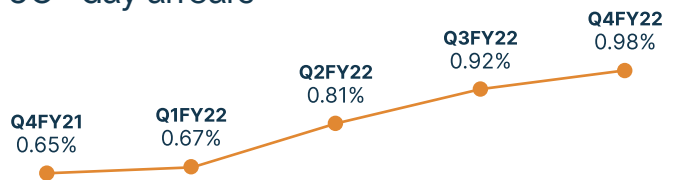
**The framework is already in place to manage credit quality through the cycle, including controls such as:**

- Early warning indicators
- Proprietary 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 and tightening credit in line with risk appetite
- Ongoing investment in 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.



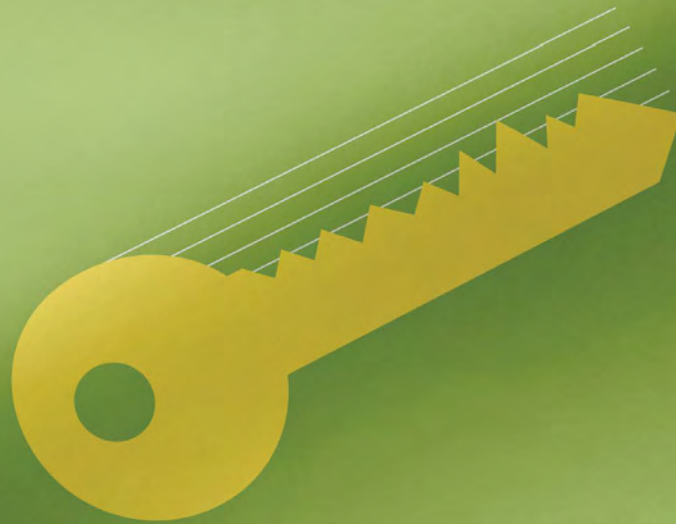
# PROPRIETARY DATA ALGORITHM WISR SCORE

With \$1.2B in loans written, Wisr has significant customer data to optimise and internalise our lending engine and risk-return profile. Through the February 2022 launch of our proprietary credit score platform and algorithm, the Wisr Score, we will be able to make smarter, faster and more profitable decisions.

Utilising advanced data analytics, the Wisr Score will drive significantly better outcomes for Wisr in the coming years as it delivers: faster decisions, a more scalable business, a better customer experience, a better risk-adjusted portfolio and a more profitable business.



# 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>1</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>1</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>1</sup>

Wizr 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, Wizr is focussed 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.

<sup>1</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.





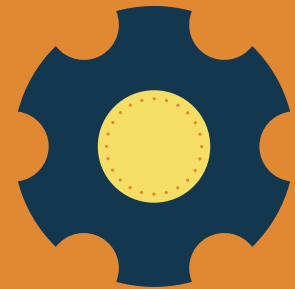
## Focus on near-term profitability

- Significant reduction in short-term lending growth aspirations 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



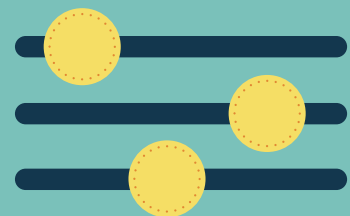
## Cost management

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



## Strategic adjustments

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



# OPERATIONAL LEVERAGE EXPANSION

## FY22 P&L Waterfall

The operational leverage of the core Wisr lending platform continued to expand while the Company invested 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

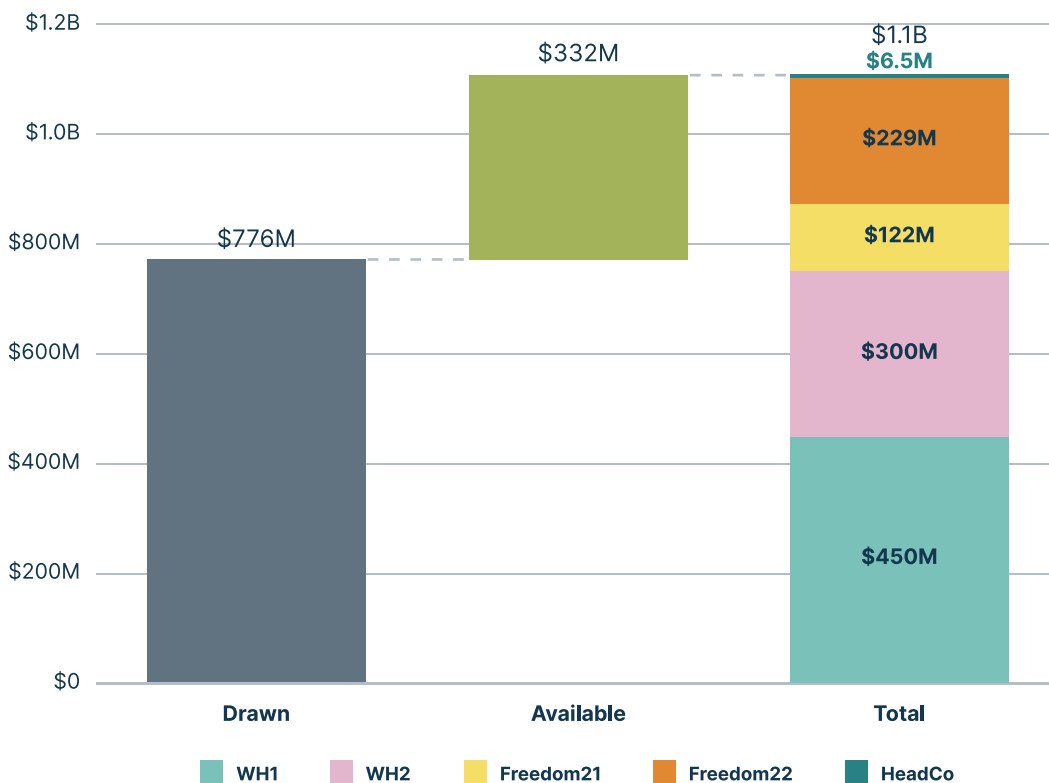
**Non-cash**

Includes ECL provision, share based payments and depreciation



# STRONG FUNDING PLATFORM

- WH1 has \$450M 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 (Freedom22) 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, a 30% improvement from \$(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
- 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>



## MODERATE GROWTH

# PROFITABILITY TO BE ACHIEVED WITHIN 12 MONTHS<sup>1</sup>

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>1</sup>.

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

Significant opex reduction delivered

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

Fast levers pulled to protect margin / NIM

In response to the rising cost of funds, Wisr has increased the front book weighted average yield by c. 340 bps between April and September 2022<sup>2</sup>. Loan unit economics managed and protected through increased front book rates, back book hedging, and maintaining prime credit quality and loss metrics.

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.

<sup>1</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.

<sup>2</sup> August and September are forecast based on anticipated loan volume, corresponding yield and BBSW



“We are a growth company and will continue to be a growth company for the next decade or more, but in the short term we’ve prioritised achieving profitability within 12 months over accelerating growth.”

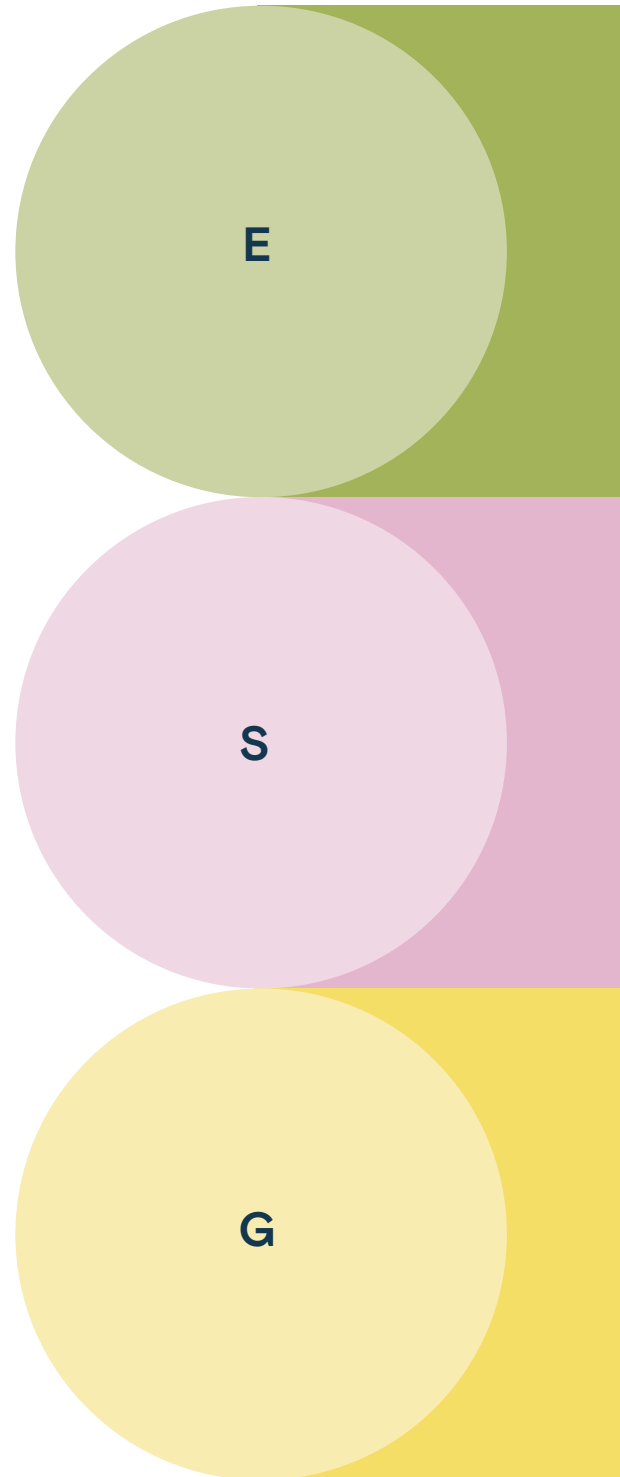
Anthony Nantes  
**CHIEF EXECUTIVE OFFICER**

# ENVIRONMENT, SOCIAL AND GOVERNANCE

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.



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





## 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<sup>1</sup>
- 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 all but one of the ASX Corporate Governance Council's Recommendations as detailed in its "Principles and Recommendations" (4th Edition)

<sup>1</sup> Through partnership with trace <https://www.our-trace.com/our-projects>

<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





# EXECUTIVE LEADERSHIP TEAM



**Anthony Nantes**  
**CHIEF EXECUTIVE OFFICER**

At Wisr, Anthony's proven track record in technology and business innovation has been recognised through multiple award accolades, including the 2018 Optus MyBusiness Awards, Business Leader of the Year; 2019 Executive of the Year Awards, Highly Commended - CEO of the Year; and the 2020 Finnies Awards, Outstanding Fintech Leader of the Year. In 2021, Wisr was recognised as one of the fastest-growing technology companies in Australia by the Deloitte Technology Fast 50 Awards, coming in at #21 and increasing 66 places to #12 in the 2021 AFR Fast 100 List. In 2021, Wisr was placed #8 in the AFR Best Places to Work as a first-time entrant and then rose to #2 in 2022 and took out the overall, Most Outstanding Practice for Diversity & Inclusion Award.



**Andrew Goodwin**  
**CHIEF FINANCIAL OFFICER**

Andrew has a traditional investment banking and private equity background combined with an entrepreneurial mindset. Andrew spent most of his career at Macquarie Capital, both in Australia and offshore, advising and participating in transactions totalling over \$20 billion across multiple sectors. Prior to this, Andrew commenced his career at KPMG within assurance and advisory while also attaining the Chartered Accountant qualification.



**Joanne Edwards**  
**CHIEF RISK AND DATA OFFICER**

Joanne is a respected leader of multiple disciplines within Banking, with 18+ years of experience ranging from credit risk, product management, pricing, analytics and strategic project delivery. Joanne is passionate about using data and analytics to solve business problems, drive profitable growth, streamline processes and improve customer experience. Before Wisr, Joanne was General Manager of Unsecured Risk at the Commonwealth Bank, where she led the integration project for the bank's Comprehensive Credit Reporting compliance.



**Dr Lili Sussman**  
**CHIEF STRATEGY OFFICER**

Lili has diverse international experience across the public, social purpose and corporate sectors. She has worked with the government, international development organisations, BCG, and the Commonwealth Bank. Before Wisr, Lili was the Chief Strategy Officer at Social Ventures. Lili holds a PhD in Political Science from Harvard University and has taught at Harvard and Yale.



**Ben Berger**  
**CHIEF PRODUCT OFFICER**

Ben's 20+ years of experience spans all product life cycle stages, from formulating market approaches to building and delivering innovative tech-driven solutions for amazing customer experiences and services. Before Wisr, Ben was Head of Product at THE ICONIC.



## Oliver Bladek

**CHIEF OPERATING OFFICER**

Oliver is passionate about how technology and high-performing teams can exceed customer expectations. Before Wisr, Oliver was the Deputy CEO at the National Disability Insurance Agency, building their digital and service design functions. He supported Westpac's agile transformation and spent 15 years at McKinsey and Company. He also led the firm's organisation practice in Australia and New Zealand.



## James Goodwin

**CHIEF MARKETING OFFICER**

James is a marketing and communications professional passionate about leading high-performance teams. At Wisr, he is responsible for delivering Wisr's purpose-led brand strategy and customer-first marketing approach. He has over 14 years of experience in advertising and marketing, with extensive experience in the financial services sector, working with brands including Bankwest, ING and American Express.



## Peter Beaumont

**CHIEF COMMERCIAL OFFICER**

Peter joined Wisr in 2015 and has led the growth of Wisr's broker channel. He is a senior business executive with over 25 years of global banking, finance and project delivery experience with leading international investment banks Citibank, UBS AG, Bank of America Merrill Lynch and ABN AMRO. Peter brings to Wisr a broad set of customer acquisition and sales leadership skills with deep experience operating high-volume, online financial product businesses.



## Kate Renner

**HEAD OF EMPLOYEE EXPERIENCE**

Kate has over 13 years of experience building people and recruitment programs in the People and Culture space. Formerly in Silicon Valley, Kate worked on building a global recruitment program at Salesforce and developed a rich end-to-end employee experience at tech start-up InKling. Kate moved to Sydney in 2016 and has built the Wisr Employee Experience, HR and Recruitment functions from the ground up.



## David King

**GENERAL COUNSEL**

David is a commercial lawyer with 13+ years of experience working in global law firms and as an in-house lawyer in Australia and London, UK. Before joining Wisr, David worked as Senior Legal Counsel (APAC) at Endeavor (NYSE: EDR) and advised on legal and business affairs across Asia-Pacific. David holds a Bachelor of Laws (LLB) and Bachelor of Commerce (BComm - Finance) from the University of Melbourne.

# BOARD OF DIRECTORS



**John Nantes**  
**EXECUTIVE CHAIRMAN**

LLB; B.Comm.; B.A., DFP

Mr Nantes has over 25 years of experience in Financial Services, Private Equity, Tax and Accounting, Corporate Finance, Capital Markets, and M&A. He is also the Executive Chairman of Income Asset Management, a leading fintech in Australia, as well as a non-executive director for Thinxtra, a public non-listed IOT technology company and advises Adcock Private Equity in a CEO capacity.

Mr Nantes has a strong reputation for building growth businesses especially those reliant on technology and innovation, having previously also held roles such as; Group Head of WHK/ Crowe Horwath Wealth Management, CEO Prescott Securities, and Executive roles at St George Bank/ Bank SA and advisory and leadership advisory roles at Colonial State Bank.



**Craig Swanger**  
**NON-EXECUTIVE DIRECTOR**

BCom (Hons); SIA GD

Mr Swanger has extensive board experience, including Macquarie Bank's major funds management entity, Macquarie Investment Management Limited and a total of 15 internal and external boards since 2003. Since Macquarie, Mr Swanger has invested in and advised a large portfolio of technology companies across finance, social impact, and health.

More specifically in areas related to Wisr, Mr Swanger was Chairman of 5 of the largest debt listed investment companies in Australia and New Zealand issued over the past decade, and more recently worked with Australia's largest corporate bond and securitisation distribution specialists and is on the Investment Committee of a large SME direct lending fund.



**Cathryn Lyall**  
**NON-EXECUTIVE DIRECTOR**

B.A.; M.A

Ms Lyall is a highly experienced senior executive, board member and strategic adviser with over 34 years of experience across finance, banking, government and fintech in Australia and the United Kingdom. She is a Partner at Seed Space Venture Capital, the Co-Founder of not-for-profit Seed Money Australia and of London-based SEIS and EIS discretionary fund, Seismic Foundry.

Ms Lyall's extensive experience in the Australian and British Financial Services sectors includes roles at the Chicago Mercantile Exchange, Nasdaq and the London Stock Exchange. Most notably, Non-Executive Director Deutsche Bank UK Bank, sitting on the Bank's Board Risk Committee (BRC), the Listed Derivatives Risk and Compliance Committee (LDRCC), and the Nomination Committee as Chair.



## Matt Brown

### NON-EXECUTIVE DIRECTOR

B.Comm; LLB

Mr Brown is a highly experienced senior executive, board member, adviser and investor with over 20 years of experience across investment banking and technology in Australia and the United States. He is the Founder and Managing Director of independent investment and corporate advisory firm, Alluvion Capital.

Prior to Alluvion Capital, Mr Brown was Chief Financial Officer and Executive Director of a high-growth, global enterprise SaaS business. Prior to that, Mr Brown was a Managing Director at Macquarie Capital, where he spent 12 years in Sydney and New York with a focus on M&A, capital markets and principal investing.

Mr Brown is also a non-executive director of EncompaaS Software Limited, Thinextra Limited, Learning Vault Pty Limited and Upwire Pty Ltd and an active investor in early-stage, high-growth technology businesses.



## Kate Whitney

### NON-EXECUTIVE DIRECTOR

B.A.

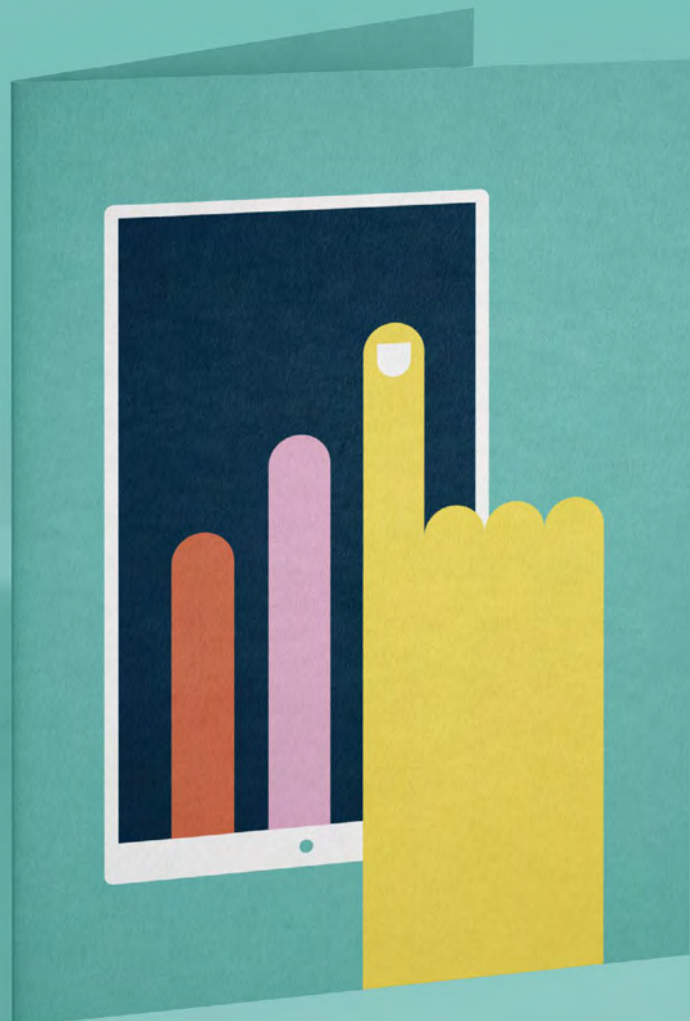
Ms Whitney is a highly experienced senior executive with over 24 years of experience in Australian Consumer Law, accelerating growth, product expansion and driving customer acquisition through data and analytics across advertising, subscription television, FMCG, financial services, telecommunication, luxury and retail. She is the Chief Marketing and Growth Officer for the innovative foodservice business, Marley Spoon Australia.

Prior to Marley Spoon, Whitney spent two-and-a-half years as the Director of Digital at Pernod Ricard in New York, and between 2011 and 2014, she was the General Manager of Marketing at David Jones. Her key achievements include driving \$250M in revenue growth for David Jones via the Amex Storecard deal and during her tenure at Marley Spoon, Whitney has seen the company's revenue more than double.

WISR LIMITED • ABN 80 004 661 205

# FINANCIAL REPORT

for the year ended  
30 June 2022







# DIRECTORS' REPORT

**For the year ended 30 June 2022**

The directors present their report, together with the financial statements, on the consolidated entity (also referred to hereafter as the Group) consisting of WISR Limited (referred to hereafter as the Company or Parent Entity) and the entities it controlled at the end of, or during, the year ended 30 June 2022.

## DIRECTORS

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

<b>Name</b>	<b>Position</b>
John Nantes	Chairman
Craig Swanger	Non-Executive Director
Matthew Brown	Non-Executive Director (appointed 13 Sep 2021)
Cathryn Lyall	Non-Executive Director (appointed 1 Jan 2022)
Kate Whitney	Non-Executive Director (appointed 1 April 2022)
Christopher Whitehead	Non-Executive Director (retired 24 Nov 2021)

Particulars of each director's experience and qualifications are set out later in this report.

## PRINCIPAL ACTIVITIES

During the financial year, the Group's primary activity was writing personal loans and secured vehicle loans for 3, 5 and 7-year maturities to Australian consumers, and funding these loans through the warehouse funding structures.

## REVIEW OF OPERATIONS

### **Key Group highlights include:**

- Operating revenue up 118% to \$59.4M (FY21: \$27.2M)
- Total new loan originations up 67% to \$611M (FY21: \$366M)
- Total loan originations \$1.2B as at 30 June 2022
- On-balance sheet portfolio arrears rate 90+ Day arrears of 0.98% at 30 June 2022 (FY21: 0.65%)
- Wholly-owned (on-balance sheet) loan book growth of 103% to \$780M (FY21: \$384M)

Review of operations (cont.)

- Delivered two consecutive positive operating cash flow quarters (Q2FY22 and Q3FY22)
- 43% increase in the Wisr Financial Wellness Platform (FY22 compared to FY21), with over 647,000 customer profiles as at 30 June 2022 (FY21: 450,000)
- The Company is well capitalised with \$71.5M cash balance (\$23.3M unrestricted cash) and \$8.2M liquid loan assets available for sale as at 30 June 2022 (FY21: \$92.4M cash balance)
- \$225M Wisr Secured Vehicle Warehouse (WH2), backed by National Bank Australia (NAB) and Revolution Asset Management (Revolution), launched in October 2021; increased to \$300M in March 2022 and \$400M in July 2022
- An increase in committed funding into the Wisr Warehouse (WH1) from \$350M to \$450M in April 2022
- The second ABS transaction for the Company, the \$250M Wisr Freedom Trust 2022-1 (made up of personal loans and), received a AAA Moody's rating for the top two tranches and a weighted average margin of 2.23% over one-month BBSW, freeing up \$250M capacity in \$450M WH1
- Successful refinancing of WH1 mezzanine investor AOFM by one of Australia's leading credit investors, IFM Investors ("IFM")
- Launch of proprietary credit score Wisr Score in February 2022, optimising Wisr's customer risk-adjusted return to enhance profitable market share growth
- Appointment of former Deutsche Bank UK Director Cathryn Lyall to the position of Non-Executive Director in January 2022
- Appointment of Kate Whitney, Chief Marketing and Growth Officer, Marley Spoon Australia, to the position of Non-Executive Director in April 2022
- Appointment of Oliver Bladek to Chief Operating Officer in January 2022

## **SCALING THROUGH A DIFFERENTIATED BUSINESS MODEL**

As at 30 June 2022, Wisr delivered an unbroken track record of 24 quarters of prime-credit loan origination growth, with \$1.2B in total loan originations since inception. The year delivered \$611M in new loan originations, a 67% increase on FY21 (\$366M).

By attracting high-quality borrowers as customers with an average credit score of 801 (as at 30 June 2022), Wisr's business model delivered prime, low-risk, profitable and safe growth against a rising interest rate and inflation environment.

The Company delivered operating revenue of \$59.4M, a 118% increase on FY21 (\$27.2M) and demonstrated continued operational leverage with operating expense increasing 47% in comparison. This also drove positive operating cash flow for Q2FY22 and Q3FY22.

Wisr's strong balance sheet was strengthened with the \$225M WH2 coming into effect in October 2021, supported by NAB as senior funder and Revolution as a mezzanine funder. As part of the deal, the existing Wisr secured vehicle loan book of circa \$127M (with an average yield in Wisr's target range of 8-9%) was transferred, creating circa \$127M of additional capacity in WH1 to fund future growth in the personal loan book.



Review of operations (cont.)

In January 2022, the tier-one global institutional fund manager IFM replaced AOFM as the mezzanine funder in WH1. IFM sits alongside existing mezzanine funder MA Financial Group. The deal provided significant external validation of Wisr's business operations, treasury and underwriting capability and loan book and asset quality.

Committed funding into WH1 increased to \$450M in April 2022 by existing senior and mezzanine investors, and WH2 committed funding increased to \$300M in March 2022 and \$400M post 30 June 2022 in July 2022.

As at 30 June 2022, Wisr's wholly-owned loan book (warehouse, securitised and balance sheet) had a combined loan book balance of \$780M, growth of 103% (Q4FY21 \$384M).

In June 2022, the Group announced Wisr's second ABS transaction, the \$250M Wisr Freedom Trust 2022-1 (made up of personal loans). The deal received significant support from the debt market and a AAA Moody's rating for the top two tranches, with a weighted average margin of 2.23% over one-month BBSW, freeing up \$250M capacity in \$450M WH1.

Since the inception of warehouse funding facilities in November 2019, Wisr has hedged the floating component of its cost of funds, the BBSW. Between April and September 2022, the blended hedged BBSW cost increased by c. 80 bps (forecast). In response, Wisr has increased the front book weighted average yield by c. 340 bps (forecast) between April and September 2022<sup>1</sup>. Wisr will continue to lift yield and pricing in the market to protect net interest margin and profitability.

In March 2021, the Group executed a term sheet for an investment in European fintech platform Arbor. On 5 August 2021, the Group completed its initial investment, consisting of EUR715,358 (\$1,168,695) in exchange for a 12.5% ownership stake. A fair value assessment was performed at 31 December 2021 with no change proposed. Subsequent to the fair value assessment, during H2FY22, Arbor planned a funding round for additional capital. The round was ultimately unsuccessful which included Wisr being unwilling to commit any further material capital, particularly given the current focus on core operations. Arbor is now in the process of wind down and Wisr has accordingly written down the original investment value to nil.

## **RISK AND ARREARS**

Wisr wrote prime quality credit during FY22 with on-balance sheet 90+ Day arrears of 0.98% as at 30 June 2022 (Q4FY21: 0.65%). Throughout FY22, Wisr continually reviewed the Company's credit decisions to drive organic growth while optimising profitability. With \$1.2B in loans now written since Q1FY17, Wisr has significant customer data to optimise and internalise the Company's lending engine and risk-return profile. In February 2022, Wisr launched the proprietary credit score platform and algorithm, the Wisr Score, to enhance profitable market share growth.

Wisr was well prepared to navigate the rising rate environment and market conditions with early warning indicators already in place to respond quickly and tighten credit while also investing in collection processes.

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<sup>1</sup>August and September are forecast based on anticipated loan volume, corresponding yield and BBSW

Review of operations (cont.)

## **FINANCIAL POSITION, REVENUE AND LOAN BOOK**

The Group is well capitalised with \$71.5M cash (\$23.3M unrestricted cash) and \$8.2M liquid loan assets as at 30 June 2022. The liquid loan assets are sold into the warehouse trusts at regular intervals and so are relevant to the capital position.

Wisr delivered \$59.4M in operating revenue, a 118% increase on FY21 (\$27.2M). This was driven by a 67% growth in loan originations to \$611M in FY22 (FY21: \$366M).

At 30 June 2022, Wisr had a total loan book of \$803M (FY21: \$432M) consisting of:

- \$780M on-balance sheet (WH1, WH2, Wisr Freedom Trust 2021-1 and Wisr Freedom Trust 2022-1) (FY21: \$384M)
- \$23M off-balance sheet (FY21: \$48M)

AASB 9 requires a forecast of lifetime expected credit losses that uses a three-staged approach based on the credit profile of the receivable. The total loan impairment expense in FY22 was \$16.4M or 2.1% of gross loan receivables (FY21: \$7.9M or 2.1%), representing \$6.8M of net losses and \$9.5M of incremental provisions for expected future credit loss.

## **EXPENSES**

The Group continues to experience improvement in operating leverage driven by revenue growth and expense management, resulting in Wisr's maiden positive operating cash flow and Cash EBTDA quarter (Q2FY22). Revenue growth and continued scaling delivered a second consecutive positive operating cash-flow quarter (Q3FY22).

For FY22, the Group had a Cash EBTDA of \$(7.2)M, a 30% improvement on FY21 (\$(10.2)M) and an increase in accounting loss before tax of 13% to \$(19.9)M (FY21 \$(17.6)M), predominantly driven by the material non-cash provision for expected credit loss expense of \$16.4M (FY21 \$7.9M) due to significant growth in loan origination volume and loan book.

Other expense items include:

- An increase in employee benefits and marketing expenses driven by the scaling of the Group, including through growth investment into the Wisr Financial Wellness Platform and Wisr brand including the Tokyo Olympics campaign
- An increase in finance costs due to loan origination and loan book growth along with higher funding costs

## **WISR FINANCIAL WELLNESS PLATFORM**

The Wisr Financial Wellness Platform introduced over 196,000 new customer profiles (43% increase on FY21), taking the total platform to over 647,000 as at 30 June 2022 and on the path to 1M customer profiles. Wisr App has now paid down over \$4M in mostly high-interest debt for customers.



Review of operations (cont.)

## STAFF AND CULTURE

The Group continues to innovate Wisr's high-performance culture, delivering an average +86 Employee Engagement score for FY22, and in the 2022 AFR Best Places to Work Awards, rose to #2 in the Banking, Superannuation & Financial Services category as well as taking out the overall, Most Outstanding Practice for Diversity & Inclusion Award. The Company was also recognised as one of the fastest-growing technology companies in Australia by the Deloitte Technology Fast 50 Awards, coming in at #21 and increasing 66 places to #12 in the 2021 AFR Fast 100 List.

## OUTLOOK

While remaining cognisant of current market conditions, the Group is focused on delivering both profitability in the short-term and sustainable long-term profitability. Wisr has the resources and capability in place to achieve this, including a strong cash-balance sheet, rate and pricing levers and reductions in operating costs being put in place over the next 12 months. 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.

To ensure Wisr protects margin and profitability in a rising rate cycle, the Company lifted front book yield consistently through Q4FY22 and beyond, and as Wisr predicts further increases in the cost of funds, the front book yield will continue to lift to protect net interest margin.

### **The key executive priorities for the next 12 months include:**

#### *The focus on near-term profitability*

- Significant reduction in short-term growth aspirations in lending in response to the macro environment
- Front book yield will continue to lift to ensure the Company delivers strong net interest margin and achieves profitability<sup>2</sup>
- Cost management with a material reduction in employee expenses and headcount and external spend
- 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

#### *Cost of funds management*

- Continue to utilise the multiple levers available to absorb funding cost increases while still protecting net interest margin, including increasing the front book yield

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<sup>2</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.

Review of operations (cont.)

#### *Loan origination growth*

- Switching from high to moderate growth and positively impacting Cash EBTDA; accelerated growth will occur as market conditions allow

#### *Continued focus on credit quality*

- The Company is well prepared to navigate market conditions with early warning indicators already in place to respond quickly and tighten credit while also investing in collection processes
- Proprietary credit score Wisr Score will optimise Wisr's customer risk-adjusted return to enhance profitable market share growth in the current rate environment

#### *Loan book and funding model expansion*

- The establishment of additional funding facilities and undertaking further ABS transactions (subject to market conditions), creating additional funding capacity in WH1 and WH2
- Maintain the Company's clear credit quality, margin focus and selective approval process to avoid targeting a higher credit score that can bias the risk of the book and result in lower margins
- Achieve the near-term target of a \$1B loan book, and continue moderate growth towards \$3B

#### *Technology investment and feature enhancement*

- Invest further in the technology stack to improve business processes and efficiencies
- Notwithstanding the materially reduced investment, continue Wisr's cultivation of a proprietary channel (the Financial Wellness Platform) for differentiation in the consumer finance space

#### *Operations and People*

- There are no changes to the Executive Leadership Team or Management following reduction in headcount, retaining key IP and talent to maintain culture, diversity and high-performance outcomes
- Continue to be one of Australia's best places to work

### **DIVIDENDS**

There were no dividends declared or paid in the financial year.

### **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Group during the financial year.



## EVENTS SINCE THE END OF THE FINANCIAL YEAR

There are no significant events to report since the end of the financial year.

## ENVIRONMENTAL MATTERS

The Group is not subject to any significant environmental regulations under Australian Commonwealth or State law.

## INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

## INFORMATION ON DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are presented below.

<b>John Nantes, Chairman</b>	
Qualifications	LLB; B.Comm.; B.A., DFP
Experience	<p>Mr Nantes has over 25 years of experience in Financial Services, Private Equity, Tax and Accounting, Corporate Finance, Capital Markets, and M&amp;A. He is also the Executive Chairman of Income Asset Management, a leading fintech in Australia, as well as a non-executive director for Thinextra, a public non-listed IOT technology company and advises Adcock Private Equity in a CEO capacity.</p> <p>Mr Nantes has a strong reputation for building growth businesses especially those reliant on technology and innovation, having previously also held roles such as; Group Head of WHK/Crowe Horwath Wealth Management, CEO Prescott Securities, and Executive roles at St George Bank/ Bank SA and advisory and leadership advisory roles at Colonial State Bank.</p>
Interest in shares and options as at 30 June 2022	<p>Ordinary shares held: 16,081,370</p> <p>Performance rights held: Nil</p>
Former directorships (last 3 years)	None
Other current directorships	<p>Income Asset Management Group Ltd (ASX: IAM)</p> <p>1st Group Ltd (ASX: 1ST)</p>

**Craig Swanger, Non-Executive Director**

Qualifications	BCom (Hons); SIA GD
Experience	<p>Mr Swanger has extensive board experience, including Macquarie Bank's major funds management entity, Macquarie Investment Management Limited and a total of 15 internal and external boards since 2003. Since Macquarie, Mr Swanger has invested in and advised a large portfolio of technology companies across finance, social impact, and health.</p> <p>More specifically in areas related to Wizr, Mr Swanger was Chairman of 5 of the largest debt listed investment companies in Australia and New Zealand issued over the past decade, and more recently worked with Australia's largest corporate bond and securitisation distribution specialists and is on the Investment Committee of a large SME direct lending fund.</p>
Interest in shares and options as at 30 June 2022	<p>Ordinary shares held: 5,866,666</p> <p>Performance rights held: Nil</p>
Former directorships (last 3 years)	None
Other current directorships	Income Asset Management Group Ltd (ASX: IAM)

**Matthew Brown, Non-Executive Director (appointed 13 Sep 2021)**

Qualifications	B.Comm; LLB
Experience	<p>Mr Brown is a highly experienced senior executive, board member, adviser and investor with over 20 years of experience across investment banking and technology in Australia and the United States. He is the Founder and Managing Director of independent investment and corporate advisory firm, Alluvion Capital.</p> <p>Prior to Alluvion Capital, Mr Brown was Chief Financial Officer and Executive Director of a high-growth, global enterprise SaaS business. Prior to that, Mr Brown was a Managing Director at Macquarie Capital, where he spent 12 years in Sydney and New York with a focus on M&amp;A, capital markets and principal investing.</p> <p>Mr Brown is also a non-executive director of EncompaaS Software Limited, Thinxtra Limited, Learning Vault Pty Limited and Upwire Pty Ltd and an active investor in early-stage, high-growth technology businesses.</p>
Interest in shares and options as at 30 June 2022	<p>Ordinary shares held: 475,000</p> <p>Performance rights held: 1,937,000</p>
Former directorships (last 3 years)	None
Other current directorships	None





**Cathryn Lyall, Non-Executive Director (appointed 1 Jan 2022)**

Qualifications	B.A.; M.A
Experience	<p>Ms Lyall is a highly experienced senior executive, board member and strategic adviser with over 34 years of experience across finance, banking, government and fintech in Australia and the United Kingdom. She is a Partner at Seed Space Venture Capital, the Co-Founder of not-for-profit Seed Money Australia and of London-based SEIS and EIS discretionary fund, Seismic Foundry.</p> <p>Ms Lyall's extensive experience in the Australian and British Financial Services sectors includes roles at the Chicago Mercantile Exchange, Nasdaq and the London Stock Exchange. Most notably, Non-Executive Director Deutsche Bank UK Bank, sitting on the Bank's Board Risk Committee (BRC), the Listed Derivatives Risk and Compliance Committee (LDRCC), and the Nomination Committee as Chair.</p>
Interest in shares and options as at 30 June 2022	<p>Ordinary shares held: Nil</p> <p>Performance rights held: Nil</p>
Former directorships (last 3 years)	None
Other current directorships	None

**Kate Whitney, Non-Executive Director (appointed 1 April 2022)**

Qualifications	B.A.
Experience	<p>Ms Whitney is a highly experienced senior executive with over 24 years of experience in Australian Consumer Law, accelerating growth, product expansion and driving customer acquisition through data and analytics across advertising, subscription television, FMCG, financial services, telecommunication, luxury and retail. She is the Chief Marketing and Growth Officer for the innovative foodservice business, Marley Spoon Australia.</p> <p>Prior to Marley Spoon, Whitney spent two-and-a-half years as the Director of Digital at Pernod Ricard in New York, and between 2011 and 2014, she was the General Manager of Marketing at David Jones. Her key achievements include driving \$250M in revenue growth for David Jones via the Amex Storecard deal and during her tenure at Marley Spoon, Whitney has seen the company's revenue more than double.</p>
Interest in shares and options as at 30 June 2022	<p>Ordinary shares held: Nil</p> <p>Performance rights held: Nil</p>
Former directorships (last 3 years)	None
Other current directorships	None

**Christopher Whitehead, Non-Executive Director (retired on 24 Nov 2021)**

Qualifications	Chartered Banker BSc, F FIN, FAICD
Experience	<p>Mr Whitehead has over 30 years' experience in financial services and technology, across a wide range of roles. He is currently the Managing Director and CEO of FINSIA, Australia's leading professional body in financial services. He was formally CEO of Credit Union Australia from 2009 to 2015, Regional Director at the Bank of Scotland from 2007 to 2008 and Chief Executive Retail Banking at BankWest from 2001 to 2007.</p> <p>Prior to this he was CIO at BankWest and Advance Bank. He worked in the IT sector for 15 years, including leading a successful start-up and in marketing and technical roles for a global technology provider.</p> <p>Mr Whitehead has previously served as non-executive director for Cuscal Limited, St Andrews Insurance Group and a number of other financial services, technology and community organisations.</p>
Interest in shares and options as at 30 June 2022	<p>Ordinary shares held: 7,430,000</p> <p>Performance rights held: Nil</p>
Former directorships (last 3 years)	None
Other current directorships	None

**INFORMATION ON COMPANY SECRETARIES**

**Vanessa Chidrawi**

Experience	<p>Vanessa is a highly experienced governance professional, having held leadership and executive management roles in companies listed on ASX, TSX, Nasdaq and JSE over the past fifteen years. She obtained degrees in law and commerce and then practised as an attorney for twelve years before entering the corporate world.</p> <p>Vanessa has acted as company secretary to a range of companies listed on ASX and TSX and brings with her a wealth of experience in governance management, board advisory, corporate structuring and capital raising in the listed company space. She currently acts as company secretary and governance advisor to four companies listed on ASX.</p>
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**May Ho**

Experience	<p>Miss Ho holds a Bachelor of Laws and Bachelor of Business (Accounting Major) degree and has completed a Graduate Diploma in Applied Corporate Governance.</p> <p>She is currently also Financial Controller of the Group.</p> <p>Miss Ho has also had over 3 years' experience practicing as a solicitor in a private law firm in Sydney.</p>
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## INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Group has entered into agreements with the following to indemnify them against liabilities incurred in their capacity as an officer/director of the Group to the extent permitted by law:

- John Nantes
- Vanessa Chidrawi
- Craig Swanger
- Peter Beaumont
- Matthew Brown
- Stephen Porges
- Cathryn Lyall
- Campbell McComb
- Kate Whitney
- Leanne Ralph
- Christopher Whitehead

During the financial year, the Group incurred a premium to insure the directors and officers of the Group. Disclosure of the nature of the liabilities covered and the amount of the premium payable is prohibited by the insurance contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law indemnified or agreed to indemnify an officer or auditor of the company or any of its controlled entities against a liability incurred as such an officer or auditor.

## MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Directors' Meetings		Risk Management Committee Meetings*		Remuneration and Nominations Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
John Nantes	12	12	2	2	-	-
Craig Swanger	12	12	-	-	6	6
Matthew Brown	10	10	-	-	3	3
Cathryn Lyall	6	6	-	-	-	-
Kate Whitney	3	3	-	-	1	1
Christopher Whitehead	4	4	2	2	4	4

\* Effective 1 July 2022, the Risk Management Committee is now the Audit and Risk Committee

## PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

## NON-AUDIT SERVICES

BDO Audit Pty Ltd were appointed Company auditor on 25 September 2020 and will continue in office in accordance with section 327 of the Corporations Act 2001. The Company may decide to engage the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The following fees were paid or payable to BDO for non-audit services provided during the year ended 30 June 2022:

Non-audit services	\$
Taxation services	34,102
Accounting advice	2,000
<b>Total</b>	<b>36,102</b>

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 19 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* For the year ended 30 June 2022 has been received and can be found within the financial report.



## PERFORMANCE RIGHTS

At the date of this report, the unissued ordinary shares of Wisr Limited under performance rights are as follows:

Effective Grant Date	Date of Expiry	Exercise Price	Number under Performance Rights
19 Feb 2019	31 Jul 2021	Nil	440,530
1 Sept 2019	31 Jul 2022	Nil	8,636,371
1 Sep 2019	30 Jun 2022	Nil	5,130,000
1 Jul 2020	31 Jul 2022	Nil	5,407,833
1 Jul 2020	31 Jul 2023	Nil	5,407,861
1 Jul 2021	31 Jul 2023	Nil	4,994,050
1 Jul 2021	31 Jul 2024	Nil	4,994,096
24 Nov 2021	30 Nov 2024	Nil	1,937,000
<b>Total</b>			<b>36,947,741</b>

Performance rights holders do not have any rights to participate in any issues of shares or other interests of the Company or any other entity.

There have been no performance rights granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

For details of performance rights issued to directors and executives as remuneration, refer to the remuneration report.

## CORPORATE GOVERNANCE STATEMENT

Our Corporate Governance Statement is available on our website at: [www.wisr.com.au/policies-and-governance](http://www.wisr.com.au/policies-and-governance)

# REMUNERATION REPORT

## LETTER FROM CHAIRPERSON OF THE REMUNERATION AND NOMINATIONS COMMITTEE

Dear Shareholders,

On behalf of the Board, I am pleased to present Wisr's Remuneration Report (Report) for the financial year ended 30 June 2022 (FY22).

This report outlines Wisr's remuneration strategy set by the Board in 2019 and executed over the past 36 months. Wisr's remuneration framework, as outlined in the accompanying Report, reflects our commitment to deliver competitive remuneration for outstanding performance in order to attract and retain talented individuals, while aligning the interests of executives and shareholders. Most importantly in FY20, FY21 and FY22 cash conservation was and continues to be the key to protect shareholder value and avoid unnecessary dilution.

As such, performance-based non-cash remuneration forms a significant portion of Wisr's remuneration strategy. This approach is used for KMPs, directors and senior management, and the KPIs and behaviours required to qualify for awards are linked all the way through the organisation, aligning values, behaviours and shareholder-interests.

When it comes to KMPs and directors in particular, Wisr's strategy involves recipients receiving significantly less fixed (cash) remuneration than their market value. The trade-off for them is that they receive equity-based incentives that could take their total remuneration to more than their market value.

This is an "executives win only if shareholders win" remuneration strategy targeted at entrepreneurial leaders that will back themselves to deliver for shareholders. If long-term shareholder returns don't perform at 15% p.a. at least, total remuneration will be well below market as it will be limited to fixed cash remuneration and potentially STI where applicable. If they exceed 15% p.a. but less than 30% p.a., total remuneration will be in line with market for the same individuals; and if returns reach 200% or more over the three year period, total remuneration will be above market.

Similarly, and unlike the remuneration approach of many ASX-listed companies, equity-based incentives also require minimum service and behaviour standards.

The total value of these packages has been benchmarked to relevant peers on the ASX in terms of fixed (cash) remuneration components and maximum remuneration. The share price triggers were set in consultation with KMPs, with the team collectively choosing shareholder return triggers well above those typically used by peers on the ASX, allowing us greater alignment of interests while managing the cost of the total packages.

Regarding STI, each year the Board will assess several factors including the quality of the results, adherence to risk management policies, achievement against individual objectives and the effectiveness of strategic initiatives implemented to determine the extent to which the overall outcomes adequately reflect actual performance and returns to shareholders.

This Report is structured to provide shareholders with insights into the remuneration governance, policies, procedures and practices being applied. Remuneration is a complex topic, particularly when equity-based incentives are included. We trust that should you have any questions about the rationale for our approach or any of the details, that you will let us know.



**CRAIG SWANGER**  
CHAIRPERSON, REMUNERATION AND NOMINATIONS COMMITTEE



## REMUNERATION REPORT (AUDITED)

WISR Limited's 2022 remuneration report sets out remuneration information for the Company's directors and other key management personnel.

The report contains the following sections:

1. Key management personnel disclosed in this report
2. Remuneration governance
3. Service agreements
4. Details of remuneration
5. Equity instruments held by key management personnel
6. Movement in performance rights
7. Fair value of performance rights

### 1. KEY MANAGEMENT PERSONNEL DISCLOSED IN THIS REPORT

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent Entity.

During the year ended 30 June 2022 and up to the date of this report, the following were classified as key management personnel:

Name	Position
John Nantes	Chairman
Craig Swanger	Non-Executive Director
Matthew Brown	Non-Executive Director (appointed 13 Sep 2021)
Cathryn Lyall	Non-Executive Director (appointed 1 Jan 2022)
Kate Whitney	Non-Executive Director (appointed 1 Apr 2022)
Chris Whitehead	Non-Executive Director (retired on 24 Nov 2021)
Anthony Nantes	Chief Executive Officer
Andrew Goodwin	Chief Financial Officer

### 2. REMUNERATION GOVERNANCE

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage and alignment of executive compensation;
- transparency; and
- capital management.

### a. Our remuneration framework

Wizr's remuneration strategy is approved by the Board. A Remuneration and Nominations Committee (RNC) was established on 26 June 2020. The role of the RNC is set out in its charter, which is reviewed annually.

<b>Wizr Remuneration Framework (2019 – 2022)</b>				
<b>Objectives</b>	<b>Attract, motivate and retain executive talent required to deliver strategy</b>	<b>Appropriately balance fixed and at-risk components</b>	<b>Create reward differentiation to drive performance values and behaviours</b>	<b>Create shareholder value through equity alignment</b>
<b>Remuneration Component</b>	Total Remuneration (TR)	Total Fixed Remuneration (TFR)	Variable Cash Remuneration (STI)	Variable Equity Remuneration (LTI)
<b>Amount and Range (Min Rem – Max Rem)</b>	Min Rem 2 <sup>nd</sup> –3 <sup>rd</sup> quartile level for WZR current size  Max Rem at 2 <sup>nd</sup> –3 <sup>rd</sup> quartile at WZR market cap if LTI hurdles achieved (38.00 cents per share by 2022).	TFR set according to similar positions at ASX companies of WZR size today. This will result in fixed (cash) rem being at market if executives do not grow the Company in line with the strategy, but well under market if they do.	0-50% depending upon position. None for directors. Can be taken as equity at executive's option with 10% discount to reflect premium on cash.	LTI to form 40-70% of TR.  100% of LTI is at-risk, meaning that the minimum LTI payment is nil for all executives.
<b>Conditions to exceed Min</b>	Must pass all compliance KPIs to exceed Min Rem. In order to reach Max Rem, individual STI hurdles must be exceeded each year, share price hurdles of up to 200% growth over 3 years must be passed, and tenure must be at least 3 years.	n/a	Must pass all compliance KPIs to exceed nil, then performance driven according to individual but aligned KPIs.	All LTI linked to share price increases of 15%-200% from the share price of 12.51c at the time of issue (2019). LTI also requires min service and compliance KPIs to be satisfied.
<b>Strategy behind this approach</b>	WZR's strategy requires executives with experience well beyond what WZR can afford in cash rem. Further there are no guarantees of success, so the framework relies heavily upon at-risk components.	Conserve cash and therefore minimise shareholder dilution.	Align behaviour in short-term, including risk management and revenue growth, while conserving cash.	Align executives to manage all aspects required for shareholder growth including earnings growth, compliance and attracting shareholders.

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

### b. Remuneration Structures for non-executive directors

Non-executive director remuneration was designed to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.





The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was adopted by ordinary resolution passed at the Annual General Meeting held on 24 November 2021 when shareholders approved an increase of the maximum aggregate amount of non-executive director remuneration to \$1,000,000 per annum, excluding share-based payments such as performance rights.

The aggregate remuneration is reviewed annually. The remuneration for non-executive directors is currently comprised of cash, superannuation contributions and performance rights.

#### *Retirement allowances for non-executive directors*

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

### **c. Remuneration Structures for current executives**

The remuneration aspects for current executives aims to reward executives with a level and mix of remuneration commensurate with the position and responsibilities within the Company and so as to:

- align the interests of executives with those of the shareholder; and
- ensure total remuneration is competitive by market standards in order to attract and retain talented individuals.

#### *i. Fixed remuneration*

The level of fixed remuneration for executives is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Executives receive fixed remuneration by way of salary and company superannuation payments.

#### *ii. At-risk remuneration*

WISR's performance hurdles, particularly for the LTI, are at the higher end of the market (ASX peer companies) in terms of degree of difficulty. Any STI and LTI award will only have value to the executive if the performance hurdles are met to enable vesting to occur, and for performance rights related awards, if the share price on vesting exceeds the trigger price.

In the event of serious misconduct or a material misstatement in the company's financial statements, the RNC can cancel or defer performance-based remuneration and may also claw back performance-based remuneration paid in previous financial years.

In addition, all executives above have entered into a voluntary escrow agreement in which they have agreed to retain all remuneration-related equity for their full tenure (other than as required to cover any income tax liabilities relating to this equity). This was not a condition of the LTI Plan, but agreed collectively by the executives.

*iii. Retirement benefits*

No executives have entered into employment agreements that provide additional retirement benefits.

**d. Company performance linked to remuneration**

Given the growth nature of the Company, the lack of profit and other key financial variables as shown in the table below, the award of LTI are made on the basis of each individual's contribution to their specific role in the Company to date and their expected importance to the future of the Company. LTI were deemed to provide an appropriate performance incentive for each individual as applicable.

	<b>30 June 2022</b>	<b>30 June 2021</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Operating revenue</b>	59.392M	27.231M	7.166M	3.043M	1.591M
<b>Loss</b>	(19.905M)	(17.639M)	(23.535M)	(7.731M)	(6.208M)
<b>Dividend</b>	nil	nil	nil	nil	nil
<b>Cash balance</b>	71.489M	92.410M	37.973M	11.993M	1.549M
<b>Share price</b>	\$0.07	\$0.26	\$0.22	\$0.15	\$0.02



Remuneration report (audited) (cont.)

### 3. SERVICE AGREEMENTS

The remuneration agreements of key management personnel as at 30 June 2022 are set out below:

KMP	Position held as at 30 June 2022 and any change during the year	Contract details (duration and termination)	Agreed gross cash salary per annum incl. superannuation (\$)
J Nantes	Chairman	No determined duration – subject to retirement and re-election rules of the Company's constitution. No notice required to terminate.	100,000
C Swanger	Non-executive director	No determined duration – subject to retirement and re-election rules of the Company's constitution. No notice required to terminate.	60,000
M Brown	Non-executive director	No determined duration – subject to retirement and re-election rules of the Company's constitution. No notice required to terminate.	60,000
C Lyall	Non-executive director	No determined duration – subject to retirement and re-election rules of the Company's constitution. No notice required to terminate.	88,000
K Whitney	Non-executive director	No determined duration – subject to retirement and re-election rules of the Company's constitution. No notice required to terminate.	88,000
A Nantes	Chief Executive Officer	No fixed term. 6 months' notice to terminate.	573,568 (base cash salary per service agreement)
A Goodwin	Chief Financial Officer	No fixed term. 6 months' notice to terminate.	423,568 (base cash salary per service agreement)

In addition to salary based compensation, the following key management personnel have been granted performance rights to align their compensation with the performance of the Company, as reflected in its share price. Performance rights are granted in tranches and are linked to share prices over designated periods, as per the following table:

Remuneration report (audited) | 3. Service agreements (cont.)

KMP	VWAP share price target *	No. performance rights that will vest	Earliest determination date for vesting	Date performance rights lapse if conditions not met
<b>M Brown</b>	\$0.3060	360,000	24 Nov 2021	30 Nov 2024
	\$0.3530	452,000	30 Nov 2022	30 Nov 2024
	\$0.4050	544,000	30 Nov 2023	30 Nov 2024
	\$0.7980	581,000	24 Nov 2021	30 Nov 2024
<b>A Nantes</b>	\$0.3000	3,500,000	1 Sep 2019	30 Jun 2022
<b>A Goodwin</b>	\$0.3000	1,630,000	1 Sep 2019	30 Jun 2022

\* These Performance Rights will automatically vest and exercise for nil consideration on satisfaction of the Vesting Conditions.

The Vesting Conditions for the Performance Rights are:

- The holder being a director/employee of the Company as at the relevant vesting determination dates specified in the table; and
- The relevant volume weighted average price (VWAP) of the Company's ordinary shares traded on ASX over any 20-day period exceeds the prices specified in the table.

#### 4. DETAILS OF REMUNERATION

The following table of benefits and payment details, in respect to the financial year, represents the components of remuneration for each member of the key management personnel of the Group:

	SHORT TERM BENEFITS		POST EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE BASED PAYMENTS		Total (\$)	Performance Related (%)
	Cash salary, fees & short-term compensated absences	Short-term incentive schemes (\$)	Superannuation (\$)	Long service leave (\$)	Performance Rights (\$)	Shares (\$)		
<b>Directors (2022)</b>								
J Nantes	110,000	-	-	-	89	-	110,089	0.08
C Swanger	54,795	-	5,479	-	49	-	60,323	0.08
M Brown	48,000	-	-	-	150,338	-	198,338	75.80
C Lyall	40,000	-	4,000	-	-	-	44,000	-
K Whitney	20,000	-	2,000	-	-	-	22,000	-
C Whitehead	22,831	-	2,283	-	49	-	25,163	0.20
<b>Total:</b>	<b>295,626</b>	<b>-</b>	<b>13,762</b>	<b>-</b>	<b>150,525</b>	<b>-</b>	<b>459,913</b>	
<b>Executives (2022)</b>								
A Nantes	441,667	98,941	23,568	15,876	309	-	580,361	17.10
A Goodwin	354,167	66,941	23,568	8,677	133	-	453,486	14.79
<b>Total:</b>	<b>795,834</b>	<b>165,882</b>	<b>47,136</b>	<b>24,553</b>	<b>442</b>	<b>-</b>	<b>1,033,847</b>	



Remuneration report (audited) | 4. Details of remuneration (cont.)

	SHORT TERM BENEFITS		POST EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE BASED PAYMENTS		Total (\$)	Performance Related (%)
	Cash salary, fees & short-term compensated absences	Short-term incentive schemes (\$)	Superannuation (\$)	Long service leave (\$)	Performance Rights (\$)	Shares (\$)		
<b>Directors (2021)</b>								
J Nantes	106,887	-	1,446	-	33,152	-	141,485	23.43
C Swanger	54,795	-	5,205	-	18,418	-	78,418	23.49
C Whitehead	54,795	-	5,205	-	18,418	-	78,418	23.49
<b>Total:</b>	<b>216,477</b>	<b>-</b>	<b>11,856</b>	<b>-</b>	<b>69,988</b>	<b>-</b>	<b>298,321</b>	
<b>Executives (2021)</b>								
A Nantes	290,000	94,830	28,960	3,593	115,178	-	532,561	37.65
A Goodwin	290,000	64,218	27,572	3,281	49,596	-	434,667	25.74
<b>Total:</b>	<b>580,000</b>	<b>159,048</b>	<b>56,532</b>	<b>6,874</b>	<b>164,774</b>	<b>-</b>	<b>967,228</b>	

Further details of performance-related remuneration paid or accrued for FY2022 in respect of specific key management personnel are discussed below:

- **Mr A Nantes**

Mr Nantes is eligible to receive a short-term incentive (STI) of up to \$50,000 in respect of each six-month period, subject to the achievement of key performance indicators as agreed by the Board of Directors from time to time, assessed in the sole discretion of the Board and paid following the Board's approval of the Company's audited accounts for the relevant period.

- **Mr A Goodwin**

Mr Goodwin is eligible to receive an STI of up to \$34,000 in respect of each six-month period, subject to the achievement of key performance indicators as agreed by the Board of Directors from time to time, assessed in the sole discretion of the Board.

Short-term and long-term incentives established in the year for the above KMPs are also set out in Note 23 of the financial report.

Performance conditions set for KMP short-term and long-term incentives (as discussed above and in Note 23 of the financial report) align the KMP interests with the outcomes for shareholders, customers, and staff. The achievement of these performance conditions support the growth of company value whilst providing KMPs with remuneration packages that are above market rates relative to peer roles. Conversely, an underperformance of goals expose KMPs to a level of financial risk where their remuneration packages become well below market rates.

Remuneration report (audited) (cont.)

## 5. EQUITY INSTRUMENTS HELD BY KEY MANAGEMENT PERSONNEL

The table below shows the number of ordinary shares in the Company held by key management personnel.

	Balance at the start of the year	Received as compensation	Received on exercise of options or rights	Other changes during the year	Balance at end of the year
<b>Directors (2022)</b>					
J Nantes	13,201,370	-	2,880,000	-	16,081,370
C Swanger	4,091,666	-	1,600,000	175,000	5,866,666
M Brown	350,000	-	-	125,000	475,000
C Lyall	-	-	-	-	-
K Whitney	-	-	-	-	-
C Whitehead	5,830,000	-	1,600,000	-	7,430,000
<b>Total:</b>	<b>23,473,036</b>	<b>-</b>	<b>6,080,000</b>	<b>300,000</b>	<b>29,853,036</b>
<b>Executives (2022)</b>					
A Nantes	47,258,736	-	10,010,000	-	57,268,736
A Goodwin	21,808,903	3,333,334	4,300,000	-	29,442,237
<b>Total:</b>	<b>69,067,639</b>	<b>3,333,334</b>	<b>14,310,000</b>	<b>-</b>	<b>86,710,973</b>
<b>Directors (2021)</b>					
J Nantes	10,767,015	-	2,390,000	44,355	13,201,370
C Swanger	4,693,619	-	1,430,000	(2,031,953)	4,091,666
C Whitehead	4,450,000	-	1,330,000	50,000	5,830,000
<b>Total:</b>	<b>19,910,634</b>	<b>-</b>	<b>5,150,000</b>	<b>(1,937,598)</b>	<b>23,123,036</b>
<b>Executives (2021)</b>					
A Nantes	39,108,736	-	8,150,000	-	47,258,736
A Goodwin	12,871,491	5,037,412	3,900,000	-	21,808,903
<b>Total:</b>	<b>51,980,227</b>	<b>5,037,412</b>	<b>12,050,000</b>	<b>-</b>	<b>69,067,639</b>



Remuneration report (audited) (cont.)

## 6. MOVEMENT IN PERFORMANCE RIGHTS

The table below provides the number of performance rights held by Key Management Personnel at 30 June 2021 and 30 June 2022.

Name	Rights held as at 30 June 2021	Rights granted during FY22	Rights exercised during FY22	Rights lapsed during FY22	Rights held as at 30 June 2022
<b>Directors</b>					
J Nantes	5,960,000	-	2,880,000	3,080,000	-
C Swanger	3,310,000	-	1,600,000	1,710,000	-
M Brown	-	1,937,000	-	-	1,937,000
C Lyall	-	-	-	-	-
K Whitney	-	-	-	-	-
C Whitehead	3,310,000	-	1,600,000	1,710,000	-
<b>Total:</b>	<b>12,580,000</b>	<b>1,937,000-</b>	<b>6,080,000</b>	<b>6,500,000-</b>	<b>1,937,000</b>
<b>Executives</b>					
A Nantes	18,510,000	-	10,010,000	8,500,000	-
A Goodwin	8,260,000	-	4,300,000	3,960,000	-
<b>Total:</b>	<b>26,770,000</b>	<b>-</b>	<b>14,310,000</b>	<b>12,460,000</b>	<b>-</b>

## 7. FAIR VALUE OF PERFORMANCE RIGHTS

	PERFORMANCE RIGHTS GRANTED			VESTING CONDITIONS		
	Number	Effective grant date	Fair Value per right at effective grant date (\$)	Earliest vesting determination date	VWAP Share Price condition (\$)	Expiry date
<b>Directors (2022)</b>						
M Brown	360,000	24 Nov 2021	0.24582	24 Nov 2021	0.3060	30 Nov 2024
M Brown	452,000	24 Nov 2021	0.08146	30 Nov 2022	0.3530	30 Nov 2024
M Brown	544,000	24 Nov 2021	0.04712	30 Nov 2023	0.4050	30 Nov 2024
M Brown	581,000	24 Nov 2021	0.05614	24 Nov 2021	0.7980	30 Nov 2024
<b>Executives (2022)</b>						
A Nantes	3,500,000	1 Sep 2019	0.03926	1 Sep 2019	\$0.3000	30 Jun 2022
A Goodwin	1,630,000	1 Sep 2019	0.03926	1 Sep 2019	\$0.3000	30 Jun 2022

These Performance Rights will automatically vest and exercise for nil consideration on satisfaction of the Vesting Conditions.

The Vesting Conditions for the Performance Rights are:


- The holder being a director/employee of the Company as at the relevant vesting determination dates specified in the table; and
- The relevant volume weighted average price (VWAP) of the Company's ordinary shares traded on ASX over any 20-day period exceeds the prices specified in the table.

Remuneration report (audited) (cont.)

The total fair value of above rights at grant date issued to key management personnel is \$183,563. The value of rights differs to the expense recognised as part of each key management person's remuneration in table d) above because this value is the grant date fair value calculated in accordance with *AASB 2 Share Based Payment* whereby the expense is recognised throughout the vesting period.

This concludes the remuneration report, which has been audited.

This report is made in accordance with a resolution of directors.



**JOHN NANTES**  
DIRECTOR

Sydney  
30 August 2022





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Australia

#### DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF WISR LIMITED

As lead auditor of Wisr Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Wisr Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Tim Aman'.

**Tim Aman**  
**Director**

**BDO Audit Pty Ltd**  
Sydney  
30 August 2022

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
<b>Revenue</b>	2	59,392,199	27,230,985
Other income	3	31	344,188
<b>Expenses</b>			
Employee benefits expense		(18,926,195)	(14,191,169)
Marketing expense		(12,089,987)	(6,264,211)
Customer processing costs		(3,688,843)	(3,067,701)
Property expenses		(69,473)	(187,949)
Other expenses		(6,197,511)	(4,232,284)
Finance costs	4	(18,753,814)	(7,614,021)
Depreciation and amortisation expense	4	(931,461)	(541,922)
Loss on investments	31	(1,168,695)	-
Provision for expected credit loss expense	6	(16,352,472)	(7,934,680)
Share based payment expense	30	(1,118,686)	(1,180,559)
<b>Loss before income tax</b>		<b>(19,904,907)</b>	<b>(17,639,323)</b>
<b>Income tax expense</b>	<b>18</b>	<b>-</b>	<b>-</b>
<b>Loss after income tax for the year</b>		<b>(19,904,907)</b>	<b>(17,639,323)</b>
<b>Loss for the year is attributable to:</b>			
Owners of Wisr Limited		<b>(19,904,907)</b>	<b>(17,639,323)</b>
<b>Earnings per share for loss attributable to the owners of Wisr Limited</b>			
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	27	(1.48)	(1.60)
Diluted earnings per share	27	(1.48)	(1.60)
<b>Other comprehensive income</b>			
Gain arising from changes in fair value of cash flow hedging instruments entered into	16	24,300,420	795,948
Other comprehensive income for the year, net of tax		24,300,420	795,948
Total comprehensive income (loss) for the year		4,395,513	(16,843,375)
<b>Total comprehensive income (loss) for the year is attributable to:</b>			
Owners of Wisr Limited		<b>4,395,513</b>	<b>(16,843,375)</b>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
Cash and cash equivalents	5	71,489,070	92,409,558
Trade and other receivables	7	1,065,176	1,208,633
Loan receivables	6	764,838,727	374,651,379
Property, plant and equipment		487,866	263,471
Other assets	8	1,562,249	521,759
Right of use assets	12	1,037,746	1,729,578
Derivative financial instruments	14	24,856,717	264,050
Intangible assets	9	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	10	5,435,693	3,945,333
Provision for employee benefits	11	1,307,554	872,215
Lease liability	12	1,203,052	1,886,648
Borrowings	13	782,282,354	392,472,477
<b>Total liabilities</b>		<b>790,228,653</b>	<b>399,176,673</b>
<b>Net assets</b>		<b>77,845,633</b>	<b>72,256,299</b>
<b>EQUITY</b>			
Issued capital	15	144,477,325	143,678,390
Reserves	16	27,906,702	3,250,454
Accumulated losses	16	(94,538,394)	(74,672,545)
<b>Total equity</b>		<b>77,845,633</b>	<b>72,256,299</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 Jul 2020</b>	89,827,317	3,181,186	(57,037,262)	35,971,241
Loss after income tax expense for the year	-	-	(17,639,323)	(17,639,323)
Other comprehensive gain for the year, net of tax	-	795,948	-	795,948
Total comprehensive gain / (loss) for the year	-	795,948	(17,639,323)	(16,843,375)
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital	54,999,914	-	-	54,999,914
Costs of raising capital	(3,160,131)	-	-	(3,160,131)
Share based payment expense (Note 16)	-	1,180,559	-	1,180,559
Transfer of share based reserve to issued capital on exercise of options	1,835,713	(1,835,713)	-	-
Issue of shares as a result of exercise of options for consideration	145,577	(37,486)	-	108,091
Issue of shares for services rendered	30,000	(30,000)	-	-
Transfer of share-based payment reserve	-	(4,040)	4,040	-
<b>Balance at 30 Jun 2021</b>	<b>143,678,390</b>	<b>3,250,454</b>	<b>(74,672,545)</b>	<b>72,256,299</b>
<b>Balance at 1 Jul 2021</b>	<b>143,678,390</b>	<b>3,250,454</b>	<b>(74,672,545)</b>	<b>72,256,299</b>
Loss after income tax expense for the year	-	-	(19,904,907)	(19,904,907)
Other comprehensive gain for the year, net of tax	-	24,300,420	-	24,300,420
Total comprehensive gain / (loss) for the year	-	24,300,420	(19,904,907)	4,395,513
<b>Transactions with owners in their capacity as owners:</b>				
Costs of raising capital	(64,062)	-	-	(64,062)
Share based payments (Note 16)	-	1,257,883	-	1,257,883
Transfer of share-based reserve to issued capital on exercise of options	818,997	(818,997)	-	-
Issue of shares for services rendered	44,000	(44,000)	-	-
Transfer of share-based payment reserve	-	(39,058)	39,058	-
<b>Balance at 30 Jun 2022</b>	<b>144,477,325</b>	<b>27,906,702</b>	<b>(94,538,394)</b>	<b>77,845,633</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		56,963,941	24,305,699
Payments to suppliers and employees		(43,012,102)	(27,595,351)
		13,951,839	(3,289,652)
Interest received on investments and cash		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 tax incentive		280,164	380,874
<b>Net cash used in operating activities</b>	26	<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)	-
Payment 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 – secured notes		-	(1,675,000)
Proceeds from issuance of borrowings		390,614,465	309,325,000
Transaction costs related to borrowings		(1,769,338)	(2,552,511)
Payments for right of use asset		(683,596)	(349,339)
<b>Net cash provided by financing activities</b>		<b>388,013,348</b>	<b>356,780,146</b>
Net (decrease) / increase in cash and cash equivalents		(20,920,488)	54,436,292
Cash and cash equivalents at the beginning of the financial year		92,409,558	37,973,266
<b>Cash and cash equivalents at the end of the financial year</b>		<b>71,489,070</b>	<b>92,409,558</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 June 2022

The consolidated financial statements of Wisr Limited (the Group) For the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the directors on 30 August 2022. The directors have the power to amend and revise the financial report.

The consolidated financial statements and notes represent those of Wisr Limited and its controlled entities (the Group).

Wisr Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX).

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Basis of preparation

These general purpose consolidated financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered within 12 months except for intangible assets, property, plant and equipment and financial instruments, for which expected term is disclosed.

Where required by Accounting Standards and/or for improved presentation purposes, comparative figures have been adjusted to conform with changes in presentation for the current year.

#### a. *Going concern*

These financial statements have been prepared under a going concern basis.

The Directors believe that the Group will have sufficient resources to pay its debts and meet its commitments for at least the next 12 months from the date of this financial report due to the Group having:

- strong cash reserves; and
- wholesale funding arrangements for future loan originations;

both of which support its operational commitments.



Note 1. Summary of significant accounting policies (cont.)

*b. New and revised accounting standards and interpretations*

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

## **1.2 Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of the Company and all subsidiaries as at 30 June 2022, and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of 100% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company, less any impairment charges.

## **1.3 Foreign currency transactions and balances**

*a. Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars (\$), which is WISR Limited's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised through profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

## **1.4 Impairment of assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, and as a minimum, annually. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 1. Summary of significant accounting policies | 1.4 Impairment of assets (cont.)

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 1.5 Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

#### a. *Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

#### b. *Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.





Note 1. Summary of significant accounting policies | 1.5 Investments and other financial assets (cont.)

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

### 1.6 Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

### 1.7 Critical accounting estimates and judgements

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

#### *Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include historical collection rates.

#### *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

### 1.8 Fair value measurements

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having

Note 1. Summary of significant accounting policies | 1.8 Fair value measurements (cont.)

regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Financial assets at fair value through profit & loss (investment); and
- Derivative financial instruments at fair value asset or (liability). Hedging ineffectiveness being recognised through profit & loss.

*a. Fair value hierarchy*

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

*b. Valuation techniques*

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data



Note 1. Summary of significant accounting policies | 1.8 Fair value measurements (cont.)

primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Interest rate swap contracts are valued using a discounted cash flow approach. Future cash flows are estimated based on observable forward interest rates and discounted based on applicable yield curves at the reporting date, taking into consideration the credit risk of the Group and various counterparties. These are deemed to be level 2 inputs as related to both quoted prices and observable inputs to the asset or liability.

### 1.9 Hedge accounting

The Group designates interest rate swaps as hedging instruments as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Note 1. Summary of significant accounting policies | 1.9 Hedge accounting (cont.)

*a. Cash flow hedges*

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs.

Movements in the hedging reserve in equity are detailed in note 16.



## NOTE 2. REVENUE

	CONSOLIDATED	
	2022	2021
	\$	\$
<b>Interest income on financial assets</b>		
Interest income on financial assets		
Effective interest income on financial assets	58,235,149	25,586,055
Other revenue from financial assets	357,152	170,806
Interest on cash	19,473	11,285
<b>Total income from financial assets</b>	<b>58,611,774</b>	<b>25,768,146</b>
<b>Revenue from contracts with customers</b>		
Management fees	780,425	1,462,839
<b>Total revenue from contracts with customers</b>	<b>780,425</b>	<b>1,462,839</b>
<b>Total revenue</b>	<b>59,392,199</b>	<b>27,230,985</b>

### DISAGGREGATION OF REVENUE

The above provides a breakdown of revenue by major revenue stream. The categories above depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data. As disclosed in the directors' report, the Group has one operating segment.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### 2.1 Interest income on financial assets

##### a. Interest income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

##### b. Loan establishment fees

Loan establishment fees are deferred and recognised as an adjustment to the effective interest rate as these fees are an integral part of generating an involvement with the resulting financial instrument.

#### 2.2 Revenue from contracts with customers

##### Management fees

Management fees are earned through the contracts with funders (customers) which entitle the consolidated entity to fees as a result of satisfying the performance obligation, being the monthly management of the associated loan portfolio. Revenue is recognised on an over-time basis. The allocation of the transaction price is calculated as a percentage of the loan balance managed by the consolidated entity on a monthly basis, being the satisfaction of the performance obligation.

Note 2. Revenue (cont.)

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring services to a customer.

The consolidated entity invoice on a monthly basis which aligns to the recognition criteria noted above and as a result, there is no recognition of contract assets or liabilities required.

## NOTE 3. OTHER INCOME

	CONSOLIDATED	
	2022	2021
	\$	\$
R&D and other tax incentives	-	330,133
Gain on loan purchase	31	14,055
<b>Other income</b>	<b>31</b>	<b>344,188</b>

Government grants revenue is recognised at fair value when there is reasonable assurance that the grant will be received and the grant conditions will be met.

## NOTE 4. EXPENSES

	CONSOLIDATED	
	2022	2021
	\$	\$
Profit/(loss) before income tax from continuing operations includes the following specific expenses:		
<b>Depreciation</b>		
Leasehold improvements	101,567	36,889
Plant and equipment	53,922	14,248
Right-of-use assets	604,660	403,568
<b>Total depreciation</b>	<b>760,149</b>	<b>454,705</b>
<b>Amortisation</b>		
Technology assets	171,312	87,216
<b>Total amortisation</b>	<b>171,312</b>	<b>87,216</b>
<b>Total depreciation and amortisation</b>	<b>931,461</b>	<b>541,921</b>
<b>Finance costs</b>		
Interest and finance charges paid/payable on borrowings	18,669,112	7,542,939
Interest and finance charges paid/payable on lease liabilities	84,702	71,082
<b>Finance costs expensed</b>	<b>18,753,814</b>	<b>7,614,021</b>
<b>Cash flow hedge ineffectiveness</b>		
Cash flow hedge ineffectiveness	(292,247)	306,769



Note 4. Expenses (cont.)

	CONSOLIDATED	
	2022	2021
	\$	\$
<b>Superannuation expense</b>		
Superannuation expense	1,348,494	993,922
<b>Share-based payments expense</b>		
Share-based payments expense	1,118,686	1,180,559

## NOTE 5. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2022	2021
	\$	\$
Cash at bank	23,339,472	64,756,642
Restricted cash	48,149,598	27,652,916
<b>Total</b>	<b>71,489,070</b>	<b>92,409,558</b>

### Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balance as above	71,489,070	92,409,558
Balance as per statement of cash flows	71,489,070	92,409,558

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, bank overdrafts, and restricted cash.

Restricted cash is held by the Wisr Warehouse and is utilised for loan funding and not available to pay creditors of other entities within the Group.

## NOTE 6. LOAN RECEIVABLES

A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

Note 6. Loan receivables (cont.)

### 6.1 Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

The Group has adopted a three-stage model for ECL provisioning:

#### *Stage 1: 12 months ECL*

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month ECL allowance is estimated. This represents a portion of the loan receivable lifetime ECL that is attributable to a default event that is possible within the next 12 months. Effective interest is calculated on the gross carrying amount of the loan receivable.

#### *Stage 2: Lifetime ECL – not credit impaired*

Where a loan receivable credit risk has increased significantly since initial recognition, but is not credit impaired, the loss allowance is based on the loan receivable lifetime ECL. For these loan receivables, the Group recognises as a collective provision a lifetime ECL (i.e. reflecting the remaining term of the loans receivable). Effective interest is calculated on the gross carrying amount of the financial instrument.

#### *Stage 3: Lifetime ECL – credit impaired*

Where there is objective evidence that the loan receivable has become credit impaired, the loss allowance is based on the loan receivable lifetime ECL. Effective interest is calculated on the net carrying amount of the financial instrument.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

### 6.2 Allowance for expected credit losses

The Group has historically adopted an off-balance sheet loan funding model which resulted in relatively low loan receivables on balance sheet. With the Wisr Warehouse Trusts going live from mid-November 2019, loan receivables on the balance sheet have increased significantly.

The ECL analysis was performed on five distinct loan receivable books:

- Book 1 – Wisr Warehouse Trust No. 1 - 95% Stage 1
- Book 2 – Wisr Freedom Trust 2021-1 - 96% Stage 1
- Book 3 – Wisr Warehouse Trust No. 2 - 98% Stage 1
- Book 4 – Wisr Freedom Trust 2022-1 - 99% Stage 1





Note 6. Loan receivables | 6.2 Allowance for expected credit losses (cont.)

- Book 5 – Wisr Finance - 92% Stage 1. This book consists of seasoned, mostly legacy loan receivables which didn't qualify for sale to funding partners.

Credit loss refers to the instance whereby a counterparty defaults on its contractual obligations resulting in financial loss to the group. Default is defined as loan receivables which are at least 90 days past due. A significant increase in credit risk is defined as loan receivables which are at least 30 days past due.

The Group calculates ECL using three main components, the exposure at default (EAD), the probability of default (PD) and the loss given default (LGD).

The EAD represents the total value the Group is exposed to when the loan receivable defaults. The 12-month ECL is calculated by multiplying the 12-month EAD, PD and LGD. Lifetime ECL is calculated using the lifetime PD instead.

The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the loan receivable respectively. The LGD represents the unrecovered portion of the EAD taking into account any applicable recovery of the loan receivable.

The Group originates loan receivables of 3, 5, and 7 year maturities to Australian consumers. These loans are retained to maturity within the Wisr Warehouse Trust No. 1, Wisr Warehouse Trust No. 2, Wisr Freedom Trust 2021-1 and Wisr Freedom Trust 2022-1.

The allowance for ECL assessment requires a degree of estimation and judgement. It is based on 12-month and lifetime ECL, grouped based on risk score determined at date of origination and days overdue, and makes assumptions to allocate an overall ECL for each group. These assumptions include the Group loan book performance history, existing economic and market conditions.

Scenario analysis and forward-looking macroeconomic assessments were not incorporated as a result of the following factors:

- Since February 2022 the Group implemented a proprietary scoring model for cut-off setting and pricing. Since this time, we have seen higher average credit scores and a reduction in early arrears rates, as these cohort become a greater proportion of back book we expect improvement in arrears performance overtime
- Change in mix, we are still seeing a shift toward a high proportion of SVL on our book, which have higher average scores and lower arrears rates
- Investment in arrears management processes (e.g. Collections) in systems, processes, and people, expected to improve arrears and ECL performance overtime
- Regarding economic factors within consumer finance lending, both underemployment and unemployment are correlated with arrears, however RBA interest rate increases and inflation have less of a direct correlation to arrears performance. Therefore, given the low unemployment rate which is expected to stay low throughout FY23 no economic adjustments have been applied to the ECL position
- Industry expectations (e.g. via the Risk Managers Round Table) have a similar arrears outlook to us, which is that unemployment rate will remain at record low levels and therefore delinquency will stay low for at least the next 6-9 months

Note 6. Loan receivables | 6.2 Allowance for expected credit losses (cont.)

It was also noted that further scenario analysis and macroeconomic forecasting would result in undue cost and effort.

	CONSOLIDATED	
	2022	2021
	\$	\$
Gross loan receivables	783,778,935	384,091,403
Less provision for expected credit loss	(18,940,208)	(9,440,024)
	<b>764,838,727</b>	<b>374,651,379</b>

The following tables summarise gross carrying amount of loan receivables and provision for expected credit loss by stages:

	CONSOLIDATED	
	2022	2021
	\$	\$
<b>Gross loan receivables</b>		
12-month (Stage 1)	765,300,635	376,868,793
Lifetime (Stage 2 & 3)	18,478,300	7,222,610
<b>Total gross carrying amount</b>	<b>783,778,935</b>	<b>384,091,403</b>
<b>Less provision for expected credit loss</b>		
12 month expected credit loss	9,303,174	5,413,601
Lifetime expected credit loss	9,637,034	4,026,423
<b>Total provision for expected credit loss</b>	<b>18,940,208</b>	<b>9,440,024</b>
<b>Net balance sheet carrying value</b>	<b>764,838,727</b>	<b>374,651,379</b>
<b>Expected credit loss per gross loan receivables</b>	<b>%</b>	<b>%</b>
12-month (Stage 1)	1.22	1.44
Lifetime (Stage 2 & 3)	52.15	55.75
<b>Total expected credit loss per total gross loan receivables</b>	<b>2.42</b>	<b>2.46</b>
<b>Reconciliation of total provision for expected credit loss</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July	9,440,024	3,731,932
Expected credit loss expense recognised during the year to profit or loss	16,352,472	7,934,680
Receivables written-off during the year	(8,017,523)	(2,377,963)
Recoveries during the year	1,165,235	151,375
<b>Balance at 30 June</b>	<b>18,940,208</b>	<b>9,440,024</b>



## NOTE 7. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2022	2021
	\$	\$
<b>Expected to be settled within 12 months</b>		
Accrued management fee income	1,065,176	928,501
R&D tax incentive receivable	-	280,132
<b>Total</b>	<b>1,065,176</b>	<b>1,208,633</b>

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses for trade and other receivables, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## NOTE 8. OTHER ASSETS

	CONSOLIDATED	
	2022	2021
	\$	\$
<b>Expected to be settled within 12 months</b>		
Prepayments	887,419	381,772
Deposits	79,219	43,098
Cash held in trust	33,982	96,889
<b>Not expected to be settled within 12 months</b>		
Term deposit	561,629	-
<b>Total</b>	<b>1,562,249</b>	<b>521,759</b>

## NOTE 9. INTANGIBLE ASSETS

	CONSOLIDATED	
	2022	2021
	\$	\$
<b>Technology assets:</b>		
Cost	609,239	609,240
Accumulated amortisation	(408,736)	(237,424)
Net carrying amount	200,503	371,816
<b>Technology assets under development:</b>		
Cost	2,536,232	12,728
Accumulated amortisation	-	-
Net carrying amount	2,536,232	12,728
<b>Total intangible assets</b>	<b>2,736,735</b>	<b>384,544</b>

Note 9. Intangible assets (cont.)

Technology assets are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Technology assets are amortised over their useful lives ranging from 2 to 5 years on a straight-line basis.

Development costs are charged to the statement of profit of loss and other comprehensive income as incurred, or deferred where it is probable that sufficient future benefits will be derived so as to recover those deferred costs.

The recoverable amount of the group's intangible assets have been tested for impairment via a value-in-use calculation using a discounted cash flow model, based on discounted projected cashflows derived by the cash generating unit over the useful life of the assets. The cash generating unit was identified as being related to the operating cashflows earned via the Wisr App, being derived via account maintenance fees and loan referral income and is related to the intangible assets noted above. No impairment has been identified (2021: no impairment).

The Company continues to invest in growth and innovation. During the reporting period, an additional amount of \$2,523,504 was capitalised (via a combination of cash and non-cash items relating to the development of the product) given the expectation of future benefit to be derived. The capitalised cost relates to a non-lending based financial wellness aligned technology product.

## NOTE 10. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2022	2021
	\$	\$
<b>Expected to be settled within 12 months</b>		
Trade payables	2,428,912	2,043,859
Sundry payables	451,666	597,994
Accrued expenses	2,075,948	1,031,724
Superannuation payable	479,167	271,756
<b>Total</b>	<b>5,435,693</b>	<b>3,945,333</b>

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities. The fair value of the trade and other payables is considered to approximate their carrying value.



## NOTE 11. EMPLOYEE BENEFITS

	CONSOLIDATED	
	2022	2021
	\$	\$
<b>Expected to be settled within 12 months</b>		
Provision for annual leave	1,141,538	754,409
<b>Not expected to be settled within 12 months</b>		
Provision for long service leave	166,016	117,806
<b>Total employee benefits</b>	<b>1,307,554</b>	<b>872,215</b>

Provision is made for the Group's obligation for employee benefits arising from services rendered by employees to the end of the reporting period. Short term employee benefits are benefits (other than termination benefits and equity compensation benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and personal leave. Short term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled, plus any related costs. Long-term employee benefits are subjected to discounting and actuarial valuations.

## NOTE 12. LEASES

The Group has a property lease which commenced in December 2020 with a 3 year and 1 month term.

The Group also had two non-cancellable property leases which expired in September 2020 at which point became month on month agreements.

	2022	2021
	\$	\$
<b>AASB 16 related amounts recognised in the statement of financial position:</b>		
<b>Right of use assets</b>		
Leased property	2,133,146	2,133,146
Accumulated depreciation	(1,095,400)	(403,568)
<b>Net right of use asset</b>	<b>1,037,746</b>	<b>1,729,578</b>
<b>Lease liabilities</b>		
Lease liabilities – expected to be settled within 12 months	770,716	684,336
Lease liabilities – not expected to be settled within 12 months	432,336	1,202,312
	<b>1,203,052</b>	<b>1,886,648</b>

	2022	2021
	\$	\$
<b>AASB 16 related amounts recognised in the statement of profit or loss</b>		
Depreciation charge related to right of use assets	604,660	403,568
Interest expense on lease liabilities	84,702	71,082
Government levies	69,473	31,758
Short-term lease expense prior to entering into above lease arrangement	-	143,357
	<b>758,835</b>	<b>649,765</b>

### 12.1 Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as

Note 12. Leases (cont.)

applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

## 12.2 Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## 12.3 Critical accounting judgements, estimates and assumptions

### a. Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise



Note 12. Leases (cont.)

an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

*b. Lease make good provision*

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

*c. Incremental borrowing rate*

An incremental borrowing rate of 6% (2021: 6%) is used as an estimate of the market borrowing rate.

## NOTE 13. BORROWINGS

	CONSOLIDATED	
	2022	2021
	\$	\$
Unsecured facility	6,500,000	6,500,000
WISR Warehouse funding	779,868,954	388,841,736
Less transaction costs	(4,086,600)	(2,869,259)
<b>Total borrowings</b>	<b>782,282,354</b>	<b>392,472,477</b>

### 13.1 Unsecured facility

As at 30 June 2022, the Group has drawn \$6.5M of its \$6.5M (2021: \$21.5M) unsecured loan facility with a 9.5% p.a. coupon and maturity in May 2023.

### 13.2 WISR Warehouse funding

WISR Warehouse funding are the facilities of WISR Warehouse Trust No. 1, WISR Freedom Trust 2021-1, WISR Warehouse Trust No. 2, and WISR Freedom Trust 2022-1. These facilities fund loan receivables for 3, 5 and 7 year maturities.

At 30 June 2022, WISR Warehouse Trust No. 1 had \$450M (30 Jun 2021: \$361.5M) in committed financing, \$143.2M (2021: \$174.6M) of which has been utilised. The facility is secured against the underlying pool of loan receivables with no credit recourse back to the consolidated entity. WISR Warehouse Trust No. 1 consists of four classes of notes with WISR the holder of the Class 4 note. The availability period of the facility is until November 2022. The all in cost of funds for the WISR Warehouse Trust No. 1 is circa 3.5% per annum.

Note 13. Borrowings (cont.)

Wizr Freedom Trust 2021-1 Trust represents the inaugural securitisation for the Group with a balance of \$122.3M (amortising loan book) as at 30 June 2022 (2021: \$204.7M) and day one weighted average margin of circa 1.5% + 1 month BBSW.

Wizr Warehouse No. 2 is a Secured Vehicle Warehouse of \$300M of which \$275.4M has been utilised. The facility has a drawn cost of funds of circa 2.3% over BBSW, maturity in October 2022 and is secured against the receivables it funds.

Wizr Freedom Trust 2022-1 represents the second securitisation for the Group with a balance of \$229M (amortising loan book) with a weighted average margin of 2.23% over 1 month BBSW.

The Unsecured facility and Wizr Warehouse borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. It is subsequently measured at amortised cost using the effective interest method.

## NOTE 14. DERIVATIVE FINANCIAL INSTRUMENTS

	CONSOLIDATED	
	2022	2021
	\$	\$
Derivative financial instruments	24,856,717	264,050

The Group enters into derivative financial instruments (interest rate swaps) to manage its exposure to interest rate risk.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. Other derivatives are presented as current assets or current liabilities.

Interest swap contracts are categorised as Level 2 financial instruments as they are valued using observable forward interest rates.





## NOTE 15. ISSUED CAPITAL

### 15.1 Issued and paid up capital

	CONSOLIDATED	
	2022	2021
	\$	\$
Ordinary shares fully paid	150,025,772	149,162,775
Costs of raising capital	(5,548,447)	(5,484,385)
	<b>144,477,325</b>	<b>143,678,390</b>

Ordinary shares participate in dividends and the proceeds on winding up the Company. At shareholder meetings, each ordinary share is entitled to one vote when a poll is called. Otherwise, each shareholder has one vote on show of hands.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received by the Group. No subsequent fair valuation is performed. Incremental costs directly attributable to the issue of new shares or options are deducted from the value of issued capital.

### 15.2 Reconciliation of issued and paid-up capital

	2022		2021	
	Number of shares	\$	Number of shares	\$
Opening balance as at 1 July	1,316,431,944	143,678,390	1,059,391,937	89,827,317
Issue of shares from raising capital	-	-	219,999,654	54,999,914
Costs of raising capital	-	(64,062)	-	(3,160,131)
Issue of shares to CEO on vesting of performance rights	10,010,000	206,672	8,150,000	735,650
Issue of shares to CFO on vesting of performance rights/for long-term incentives	7,633,334	162,113	8,937,412	506,476
Issue of shares to directors on vesting of performance rights	6,080,000	125,531	5,050,000	455,832
Issue of shares to staff on vesting of long-term incentives	15,339,600	324,681	12,901,001	137,755
Issue of shares on exercise of options	-	-	1,113,637	145,577
Issue of shares for service	709,851	44,000	888,303	30,000
<b>Closing Balance as at 30 June</b>	<b>1,356,204,729</b>	<b>144,477,325</b>	<b>1,316,431,944</b>	<b>143,678,390</b>

### 15.3 Performance rights

As at 30 June 2022, there were a total of 36,947,741 (2021: 70,307,676) performance rights outstanding. Refer to Note 30.

Under the Company's Performance Rights Plan, these performance rights were issued at no cost to the recipients and represent a right to one ordinary share in the Company in the future for no consideration, subject to satisfying the performance conditions and compliance with the rules of the Plan.

### 15.4 Capital management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long term shareholder value and ensure that the Group can fund its operations and

Note 15. Issued capital | 15.4 Capital management (cont.)

continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

The Group's objectives when managing capital are to maximize shareholder value and to maintain an optimal capital structure. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders. Management gives particular regard to conservation of liquidity in its recommendations as to the declaration of dividends. There were no dividends declared in the year.

## NOTE 16. EQUITY – RESERVES AND ACCUMULATED LOSSES

### 16.1 Employee equity benefits reserve

The employee equity benefits reserve records items recognised as expenses on valuation of employee performance rights and accrual of employee short-term and long-term incentives.

### 16.2 Other share based payments reserve

The other share based payments reserve records funding expenses accrued and are expected to be paid in the form of shares.

### 16.3 Cash flow hedge reserve

The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

	Employee equity benefits reserve \$	Other share based payments reserve \$	Cash flow hedge reserve \$	Total \$
<b>Movement in reserves:</b>				
<b>At 1 July 2020</b>	2,953,958	430,070	(202,842)	3,181,186
Share based payments expense	1,167,984	12,575	-	1,180,559
Transfer from reserve to retained earnings	(4,040)	-	-	(4,040)
Transfer from reserve on exercise of options	(1,835,713)	-	-	(1,835,713)
Issue of shares as a result of exercise of options for consideration	-	(37,486)	-	(37,486)
Issue of shares for services rendered	-	(30,000)	-	(30,000)
Gain/(loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges	-	-	172,635	172,635
Cumulative loss arising on changes in fair value of hedging instruments reclassified to profit or loss	-	-	623,313	623,313
<b>At 30 June 2021</b>	<b>2,282,189</b>	<b>375,159</b>	<b>593,106</b>	<b>3,250,454</b>

Note 16. Equity – reserves and accumulated losses | 16.3 Cash flow hedge reserve (cont.)

	Employee equity benefits reserve \$	Other share based payments reserve \$	Cash flow hedge reserve \$	Total \$
<b>Movement in reserves:</b>				
<b>At 1 July 2021</b>	2,282,189	375,159	593,106	3,250,454
Share based payments expense	1,246,858	11,025	-	1,257,883
Transfer from reserve to retained earnings	(39,058)	-	-	(39,058)
Transfer from reserve on exercise of options	(818,997)	-	-	(818,997)
Issue of shares for services rendered	-	(44,000)	-	(44,000)
Gain arising on changes in fair value of hedging instruments entered into for cash flow hedges	-	-	20,920,095	20,920,095
Cumulative loss arising on changes in fair value of hedging instruments reclassified to profit or loss	-	-	3,380,325	3,380,325
<b>At 30 June 2022</b>	<b>2,670,992</b>	<b>342,184</b>	<b>24,893,526</b>	<b>27,906,702</b>

	CONSOLIDATED	
	2022 \$	2021 \$
<b>Accumulated losses:</b>		
Opening balance	(74,672,545)	(57,037,262)
Total loss after income tax for the year	(19,904,907)	(17,639,323)
Transfer from reserve to retained earnings	39,058	4,040
<b>Total</b>	<b>(94,538,394)</b>	<b>(74,672,545)</b>

## NOTE 17. CAPITAL AND LEASE COMMITMENTS

### 17.1 Finance lease commitments

There are no finance lease commitments (2021: nil).

### 17.2 Operating lease commitments

There are no non-cancellable operating leases contracted for but not recognised in the financial statements (2021: nil). Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred on a straight line basis.

In December 2020 the Group entered into a property lease with a 3 year and 1 month term. Due to the adoption of AASB 16, in the prior period, the Group had no outstanding operating lease commitments due at 30 June 2022.

## NOTE 18. INCOME TAX

	CONSOLIDATED	
	2022	2021
	\$	\$
<b>Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Loss from continuing operations before income tax expense	(19,904,907)	(17,639,323)
Tax benefit at the tax rate of 30% (2021: 26%)	(5,971,472)	(4,586,24)
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
• Temporary differences not recognised	2,063,097	2,324,309
• Non-recognition of current year tax losses	3,908,375	2,261,915
Income tax expense	-	-

As at 30 June 2022, the entity has unrecognised carried forward tax losses of \$68,239,846 (2021: \$55,211,928), the utilisation of which is dependent on the entity satisfying the requirements of the Same Business Test (SBT).

The income tax expense or benefit for the period is the tax payable / refundable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities, attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Wisr Limited and its wholly owned controlled entities have implemented the tax consolidation legislation as of 1 January 2004.

Note 18. Income tax (cont.)

The head entity, Wisr Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Wisr Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

## NOTE 19. REMUNERATION OF AUDITORS

During the year, the following fees were paid or payable for services provided by the auditor:

	CONSOLIDATED	
	2022 \$	2021 \$
<b>BDO Audit Pty Ltd</b>		
• Audit of the financial report – assurance services	121,500	97,500
• Taxation services – non-assurance services	34,102	2,500
• Review of the half-yearly financial report – assurance services	43,000	43,699
• Accounting advice – non-assurance services	2,000	-
	<b>200,602</b>	<b>143,699</b>

The BDO entity performing the audit of the Group transitioned from BDO East Coast Partnership to BDO Audit Pty Ltd on 25 September 2020. The FY2021 comparatives include amounts received or due and receivable by BDO East Coast Partnership, BDO Audit Pty Ltd and their respective related entities.

## NOTE 20. CONTINGENT ASSETS AND LIABILITIES

There were no material contingent assets and liabilities reportable during the period (2021: nil).

## NOTE 21. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note 1:

Note 21. Subsidiaries (cont.)

<b>Name</b>	<b>Status</b>	<b>Country of incorporation</b>	<b>% owned 2022</b>	<b>% owned 2021</b>
WISR Finance Pty Ltd	Registered 2 May 2006	Australia	100%	100%
WISR Investment Management Pty Ltd	Registered 20 February 2015	Australia	100%	100%
WISR Loans Servicing Pty Ltd	Registered 20 February 2015	Australia	100%	100%
WISR Credit Management Pty Ltd	Registered 19 March 2015	Australia	100%	100%
WISR Marketplace Limited	Registered 16 March 2015	Australia	100%	100%
WISR Services Pty Ltd	Registered 13 January 2017	Australia	100%	100%
WISR Funding Pty Ltd	Registered 9 April 2018	Australia	100%	100%
WISR Notes 1 Pty Ltd	Registered 31 July 2018	Australia	100%	100%
WISR Warehouse Trust No. 1	Registered 28 October 2019	Australia	100%	100%
WISR Freedom Trust 2021-1	Registered 29 March 2021	Australia	100%	100%
WISR Warehouse Trust No. 2	Registered 25 August 2021	Australia	100%	-
WISR Freedom Trust 2022-1	Registered 8 April 2022	Australia	100%	-

## NOTE 22. EVENTS AFTER THE REPORTING PERIOD

There are no significant events to report after the reporting period.

## NOTE 23. KEY MANAGEMENT PERSONNEL DISCLOSURES

### 23.1 Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>CONSOLIDATED</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	1,257,342	955,525
Post-employment benefits	60,898	68,389
Long-term benefits	24,553	6,874
Share-based payments	150,967	234,762
<b>Total KMP compensation</b>	<b>1,493,760</b>	<b>1,265,550</b>

### 23.2 Short-term employee benefits

These amounts include fees and benefits paid to the Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to directors and other KMP.

### 23.3 Post-employment benefits

These amounts are the current year's estimated cost of providing for the Group's superannuation contributions made during the year.

Note 23. Key management personnel disclosures (cont.)

### 23.4 Long-term benefits

These amounts represent long service leave benefits accruing during the year.

### 23.5 Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

## NOTE 24. RELATED PARTY TRANSACTIONS

### 24.1 Parent entity

The legal parent is Wisr Limited.

### 24.2 Subsidiaries

Interest in subsidiaries are set out in Note 20.

### 24.3 Transactions with related parties

As at 30 June 2022, all transactions that have occurred among the subsidiaries within the Group have been eliminated for consolidation purposes.

During the period, there were no related party transactions (2021: \$101,745).

## NOTE 25. PARENT ENTITY INFORMATION

### 25.1 Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2022 \$	2021 \$
<b>Statement of financial position</b>		
Total assets	133,484,456	135,597,217
Total liabilities	6,744,732	6,760,996
<b>Shareholders' equity</b>		
Issued capital	137,465,097	136,666,162
Reserves	3,013,176	2,657,348
Accumulated losses	(13,738,549)	(10,487,289)
	126,739,724	128,836,221
Loss for the year	(3,290,318)	(969,627)
<b>Total comprehensive loss</b>	<b>(3,290,318)</b>	<b>(969,627)</b>

Note 25. Parent entity information (cont.)

The financial information for the parent entity, WISR Limited, has been prepared on the same basis as the consolidated financial statements, except that investments in subsidiaries are accounted for at cost net of impairment in the parent financial statements.

## 25.2 Contingent liabilities

See Note 20.

## 25.3 Contractual commitments

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

## NOTE 26. CASH FLOW INFORMATION

### Reconciliation of loss after income tax to net cash outflows from operating activities

	CONSOLIDATED	
	2022	2021
	\$	\$
Loss for the year	(19,904,907)	(17,639,323)
	)	
<b>Adjustments for non-cash items or items for which the cash flows are investing or financing cash flows</b>		
Depreciation and amortisation	931,461	541,922
Share-based payments and accruals	1,118,686	1,180,559
Fundraising expenses	518,764	592,044
Expected credit losses expense / loan asset impairments and write-offs	16,352,472	7,934,680
Right of use asset expenses	-	102,840
Loss on investments	1,168,695	-
<b>Changes in operating assets and liabilities:</b>		
(Increase) in loan receivables	(4,583,274)	(2,536,175)
Decrease / (Increase) in trade and other receivables	143,458	(185,308)
(Increase) in other assets	(478,861)	(32,189)
Increase in trade and other payables	1,255,346	1,348,359
Increase in provision for employee benefits	435,339	330,675
Increase in accrued finance costs	464,743	379,320
<b>Net cash flows used in operating activities</b>	<b>(2,578,078)</b>	<b>(7,982,596)</b>





## NOTE 27. EARNINGS PER SHARE

	<b>2022 Cents</b>	<b>2021 Cents</b>
Basic earnings per share	(1.48)	(1.60)
Diluted earnings per share	(1.48)	(1.60)
	<b>Number of shares</b>	<b>Number of shares</b>
<b>Weighted average number of shares used as the denominator</b>		
Weighted average number of shares used as the denominator in calculating basic earnings per share	1,347,814,306	1,105,463,088
Adjustments for calculation of diluted earnings per share	-	-
<b>Weighted average number of ordinary shares used in calculating dilutive earnings per share</b>	<b>1,347,814,306</b>	<b>1,105,463,088</b>

The performance rights on issue have not been considered in the diluted earnings per share as their effect is anti-dilutive.

### 27.1 Basic earnings per share

Basic earnings per share is calculated by dividing the result attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

### 27.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

## NOTE 28. SEGMENT INFORMATION

Management has determined that the Group has one operating segment, being the provision of personal loans to consumers. The internal reporting framework is based on the principal activity as discussed above and is the most relevant to assist the Board as Chief Operating Decision Maker with making decisions regarding the Group and its ongoing growth. The assets as presented relate to the operating segment. The Group operates in Australia only as at 30 June 2022.

## NOTE 29. DIVIDENDS

### 29.1 Dividends paid during the year

#### *Ordinary shares*

There were no dividends paid during the year (2021: nil).

Note 29. Dividends (cont.)

## 29.2 Franking Credits

	2022 \$	2021 \$
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2021 – 26%)	1,542,955	1,542,955

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

## NOTE 30. SHARE BASED PAYMENTS

The share-based payment expense of \$1,257,883 has been incurred in the year of which \$1,118,686 (2021: \$1,180,559) is recognised in the consolidated profit and loss statement and the remaining \$139,197 has been capitalised as part of intangible assets (2021: nil):

The breakdown of the share based payments for the year are as follows:

- Board/KMP LTIs of \$150,967 (2021: \$234,762) accrued up to 30 June 2022;
- Staff LTIs \$956,694 (2021: \$933,222) accrued up to 30 June 2022 and relate to FY18 – FY22;
- Recruitment expense of \$11,025 (2021: \$12,575); and
- Staff LTIs of \$139,197 which have been capitalised as part of intangible assets.

The fair value of the Board/KMP performance rights and staff LTI scheme has been calculated in accordance with AASB 2 Share-based Payment using a Hoadley Barrier model which included the below inputs.

### FY22 Staff LTI scheme:

Assumptions - Grant date 1 July 2021, Volatility 40%, Spot price \$0.26.

Tranche	Expiry date	Barrier price	Fair value
1	31 Jul 23	\$0.298	\$0.1333
2	31 Jul 24	\$0.298	\$0.1442

### FY22 LTI scheme for director, Mr Matthew Brown:

Assumptions - Grant date 24 November 2021, Volatility 40%, Spot price \$0.27.

Tranche	Rights granted	Expiry date	Barrier price	Fair value
1	360,000	30 Nov 24	\$0.306	\$0.2458
2	452,000	30 Nov 24	\$0.353	\$0.0815
3	544,000	30 Nov 24	\$0.405	\$0.0471
4	581,000	30 Nov 24	\$0.798	\$0.0561



Note 30. Share based payments (cont.)

## Performance rights

	2022		2021	
	Number of performance rights	Exercise price	Number of performance rights	Exercise price
Balance at beginning of year	70,307,676	Nil	92,717,541	Nil
• Granted	16,199,665	Nil	11,645,187	Nil
• Forfeited	(13,830,000)	Nil	(4,054,051)	Nil
• Exercised	(35,729,600)	Nil	(30,001,001)	Nil
Balance at end of year	36,947,741	Nil	70,307,676	Nil

The Group provides benefits to employees in the form of share-based payment transactions, whereby employees render services in exchange for shares or performance rights (equity-settled transactions).

The cost of the transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions). The cost of equity-settled transactions is recognised as an expense, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to exercise the rights (vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of rights that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. Where the terms of an equity-settled option are modified, at a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

## NOTE 31. INVESTMENTS

In March 2021, the Group executed a term sheet for an investment in European fintech platform Arbor. On 5 August 2021, the Group completed its initial investment, consisting of EUR715,358 (\$1,168,695) in exchange for a 12.5% ownership stake.

In addition to the 12.5%, Wizr has options in place to increase its ownership stake to 45% over three years subject to valuation thresholds and contingent upon certain milestones being achieved.

Arbor is an EU based fintech with a financial wellness platform, utilising a digital wallet to offer savings, investment and lending features.

A fair value assessment was performed at 31 December 2021. Noting that the Arbor investment was performing in line with expectations, given the short tenure of the existing investment, private corporate structure and early stage of the business, no change to the current value was deemed necessary. The impact of forex movement was also considered and deemed immaterial.

Note 31. Investments (cont.)

Subsequent to the fair value assessment, during H2FY22, Arbor planned a funding round for additional capital. The round was ultimately unsuccessful which included Wizr being unwilling to commit any further material capital, particularly given the current focus on core operations. Arbor is now in the process of wind down and Wizr has accordingly written down the original investment value to nil.

## NOTE 32. FINANCIAL RISK MANAGEMENT

The business of the Group and the industry in which it operates are subject to risk factors both of a general nature and risks which are specific to the industry and/or the Group's business activities.

The potential effect of these risk factors either individually, or in combination, may have an adverse effect on the future financial and operating performance of the Group, its financial position, its prospects and the value of its shares.

The following are the key risks that specifically relate to the Group:

### 32.1 Credit risk

As a lending business, the Group is at risk of a larger than expected number of its borrowers failing or becoming unable to repay their loans, particularly for loans which are held on balance sheet as opposed to being funded by a third party. While loans are assessed according to a strict Credit Manual and Credit Risk Policy as well as being targeted at prime retail borrowers (not 'payday' lending customers), the loans may be unsecured and so are subject to the capacity of the individual borrower to repay the loan.

### 32.2 Inability to recover defaulted loans

Default is defined by the group as the failure of the borrower to meet required contractual cashflows, this definition is selected as it aligns with the operational analysis of the loan books. If a borrower does not meet their required loan payments and the loan goes into default, the Group may not be able to recover the relevant portion of the value of the loan or the cost of recovery of the loan may be deemed to be greater than the amount potentially recoverable, even if the borrower owns assets such as a house. In this case the loan may be sold (at a loss) to a third party or written off as a bad debt. High levels of bad debts could limit profitability and adversely affect future performance. The Group mitigates this risk by approving loans according to a strict credit criteria. The risk is also mitigated through the use of third party funders for a proportion of loans.

### 32.3 Fraudulent borrowers

There is a general ongoing risk that borrowers may deliberately fabricate evidence to support loan applications and they have no intention of paying off their loan. The Group has procedures in place to detect fraudulent applications and activities, however the risk of fraud cannot be totally removed.



Note 32. Financial risk management (cont.)

### 32.4 Personal Loans may be unsecured

The Group's loans may be issued on an unsecured basis. The Group's reputation and financial position could be adversely impacted if the Group's targeted credit performance of its loan book is not met and collections and debt recovery procedures prove less than effective.

### 32.5 Costs of acquiring loans

The Group's business model and on-going commercial viability is directly linked to its ability to attract suitable borrowers and increase the volume of loans funded and managed by the Group. The Group has built its existing loan volumes using a mix of direct channel marketing (using search engine marketing and media advertising) and developing relationships with mortgage and finance brokers to introduce loans. The Group has forecasted the future costs of acquiring loans in the desired volumes however these costs are subject to market forces and cannot be predicted with certainty.

### 32.6 Ability to source third party funding and sell loans

The Group's business model and on-going commercial viability is strongly linked to its ability to source sufficient third-party funding to enable it to sell its loans and raise the funds to lend to potential borrowers.

The Group seeks to manage this risk by establishing multiple sources of institutional loan buyers.

### 32.7 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to ensure the ability to meet financial obligations as they fall due. The Group manages liquidity risk by maintaining a cash reserve and continuously monitoring forecast and actual cash flows.

<b>MATURITY ANALYSIS – GROUP</b>			
	<b>Within 1 year</b>	<b>1-5 years</b>	<b>Total</b>
<b>2022</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>			
<i>Non-derivatives</i>			
Cash and cash equivalents	71,489,070	-	71,489,070
Loan receivables	134,644,329	630,194,399	764,838,728
Trade and other receivables	1,065,176	-	1,065,176
Other assets	113,201	561,629	674,830
<i>Derivatives at fair value</i>			
Interest rate swaps – cash flow hedges	8,845,960	17,471,816	26,317,776
<b>Total financial assets</b>	<b>216,157,736</b>	<b>648,227,844</b>	<b>864,385,580</b>
<b>Financial liabilities</b>			
<i>Non-derivatives</i>			
Trade creditors	2,428,912	-	2,428,912
Other payables	3,006,781	-	3,006,781
Borrowings	929,489	781,352,865	782,282,354
<b>Total financial liabilities</b>	<b>6,365,182</b>	<b>781,352,865</b>	<b>787,718,047</b>
<b>Net financial assets</b>	<b>209,792,554</b>	<b>(133,125,021)</b>	<b>76,667,533</b>

Note 32. Financial risk management | 32.7 Liquidity risk (cont.)

2021	Within 1 year \$	1-5 years \$	Total \$
<b>Financial assets</b>			
<i>Non-derivatives</i>			
Cash and cash equivalents	92,409,558	-	92,409,558
Loan receivables	61,941,741	312,709,638	374,651,379
Trade and other receivables	1,208,633	-	1,208,633
Other assets	139,987	-	139,987
<i>Derivatives at fair value</i>			
Interest rate swaps – cash flow hedges	(945,755)	1,236,631	290,876
<b>Total financial assets</b>	<b>154,754,164</b>	<b>313,946,269</b>	<b>468,700,433</b>
<b>Financial liabilities</b>			
<i>Non-derivatives</i>			
Trade creditors	2,043,859	-	2,043,859
Other payables	1,901,473	-	1,901,473
Borrowings	516,736	391,955,741	392,472,477
<b>Total financial liabilities</b>	<b>4,462,068</b>	<b>391,955,741</b>	<b>396,417,809</b>
<b>Net financial assets</b>	<b>150,292,096</b>	<b>(78,009,472)</b>	<b>72,282,624</b>

## 32.8 Market risk

### *Price risk*

The Group is not exposed to any significant price risk at 30 June 2022.

## 32.9 Interest rate risk

Interest rate risk is the risk that the Group will experience deterioration in its financial position as interest rates change over time. The Group is exposed to interest rate risk due to repricing and mismatches in interest rates between assets and liabilities (i.e. borrowing at floating interest rates and lending at fixed interest rates). The risk is managed by the Group using interest rate swap contracts to convert the floating rate exposure on the Warehouse trust borrowings to fixed interest rates. Hedging activities are undertaken in line with the Group's hedging policy.

### *Interest rate swap contracts*

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the cash flow exposures on its variable rate borrowings.

The Group designates the interest rate swap contracts as cash flow hedges. As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. Other sources of ineffectiveness include the re-designation of amended interest rate swap contracts, which have a non-zero fair value at inception of the hedge relationship.



Note 32. Financial risk management (cont.)

The following table details various information regarding interest rate swap contracts outstanding at the end of the reporting period and their related hedged items. Interest rate swap contract assets and liabilities are included in Note 14.

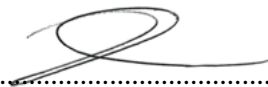
	INTEREST RATE SWAPS	
	2022	2021
<b>Hedging instruments</b>		
• Average contracted fixed interest rate	1.42734%	0.37050%
• Notional principal (borrowings)	693,426,793	336,825,995
• Carrying amount of the hedging instrument (liability)	24,856,717	264,050
• Change in fair value used for calculating hedge ineffectiveness	15,442,262	710,674
<b>Hedged items</b>		
• Nominal amount of the hedged item	693,426,793	336,825,995
• Change in value used for calculating hedge ineffectiveness	16,791,815	797,545
Balance in cash flow hedge reserve for continuing hedges	15,564,838	710,674
Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied	9,328,688	(117,568)
Hedge ineffectiveness recognised in profit or loss (within Finance costs)	525,784	(51,240)

# DIRECTORS' DECLARATION

**The directors of the Company declare that, in the opinion of the directors:**

- a. the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the financial position and performance of the consolidated entity; and
  - ii. complying with Australian Accounting Standards, including the interpretations, and the *Corporations Regulations 2001*;
- b. the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1;
- c. the directors have been given the declarations required by s.295A of the *Corporations Act 2001*; and
- d. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.



.....  
**JOHN NANTES**  
DIRECTOR

Sydney  
30 August 2022





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## INDEPENDENT AUDITOR'S REPORT

To the members of Wisr Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Wisr Limited (the 'Company') and its subsidiaries (collectively known as the 'Group'), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Carrying Value Loan Receivables**

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in Note 6 of the financial report, the Group holds loan receivables of \$764,838,727 (2021: \$374,651,379).</p> <p>The requirements of AASB 9 <i>Financial Instruments</i> involve significant judgements and estimates in assessing expected credit losses to be incurred based on past performance, the current economic environment, as well as expectations around future conditions.</p> <p>Refer to Note 6 of the financial report for a description of the accounting policy, significant estimates and judgements applied by management.</p> <p>The carrying value of loan receivables has been considered a key audit matter due to the subjectivity involved in determining the expected credit losses, complexity involved in the calculations and judgements made by Management.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Understanding and testing the control environment around the initial recognition and measurement of loan receivables;</li> <li>• Testing a sample of loan receivables to ensure that the balance at year end complies with the requirements of AASB 9 <i>Financial Instruments</i>;</li> <li>• Critically evaluating whether the expected credit loss model prepared by Management complies with the requirements of AASB 9 <i>Financial Instruments</i>;</li> <li>• Evaluating the completeness and accuracy of the historical data used in calculating the underlying historical loss rate;</li> <li>• Assessing the reasonableness of key judgements and estimates applied to the model which account for the current economic conditions, as well as expectations of future economic conditions; and</li> <li>• We also assessed the adequacy of the Group's disclosures in relation to loan receivables.</li> </ul>

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

#### **Report on the Remuneration Report**

##### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in Pages 53 to 62 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Wisr Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.



**Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**BDO Audit Pty Ltd**

*BDO*

A handwritten signature in black ink, appearing to read 'Tim Aman', written over a horizontal line.

**Tim Aman**  
**Director**

Sydney, 30 August 2022



## ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 23 September 2022.

### a. Distribution of shareholders

The distribution of issued capital as at 23 September 2022 were as follows:

Size of holding	Number of shareholders	Number of ordinary shares	Percentage of issued capital
1 – 1,000	199	40,106	0.00
1,001 – 5,000	1,264	4,148,091	0.31
5,001 – 10,000	1,014	8,139,861	0.60
10,001 – 100,000	2,930	118,231,980	8.72
100,001 and over	1,104	1,225,644,691	90.37
<b>Total</b>	<b>6,511</b>	<b>1,356,204,729</b>	<b>100.00</b>

There were 2,038 shareholders with unmarketable parcels totalling 8,048,193 shares based on the share price as at close of business on 23 September 2022.

### b. Distribution of performance rights holders

The distribution of unquoted Performance Rights on issue as at 23 September 2022 were as follows:

Size of holding	Number of holders	Number of unquoted rights
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	1	5,063
10,001 – 100,000	25	1,141,888
100,001 and over	35	31,205,644
<b>Total</b>	<b>61</b>	<b>32,352,595</b>

### c. Distribution of options

The distribution of unquoted Options on issue as at 23 September 2022 were as follows:

Size of holding	Number of holders	Number of unquoted rights
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 and over	5	9,731,948
<b>Total</b>	<b>5</b>	<b>9,731,948</b>

#### d. Substantial shareholders

The names of substantial shareholders listed in the Company's register as at 23 September 2022 were as follows:

Shareholder	Number of fully paid ordinary shares	Percentage of issued capital (%)
ADCOCK PRIVATE EQUITY PTY LTD <ADCOCK PRIVATE EQUITY A/C>	151,266,843	11.15
ADCOCK GROUP SUPER PTY LTD <ADCOCK GROUP S/F A/C>	41,177,864	3.04
MR BROOK ANTHONY ADCOCK	519,631	0.04
	192,964,338	14.23
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	100,389,726	7.40
ALCEON GROUP PTY LTD <HIGH CON CO-INVESTMENT A/C>	54,054,054	3.99
	154,443,780	11.39
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	70,527,710	5.20
<b>Total</b>	<b>417,935,828</b>	<b>30.82</b>

#### e. Twenty largest shareholders of quoted equity securities

The twenty largest shareholders of quoted equity securities were as follows:

Shareholder	Number of fully paid ordinary shares	Percentage of issued capital (%)
ADCOCK PRIVATE EQUITY PTY LTD <ADCOCK PRIVATE EQUITY A/C>	151,266,843	11.15
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	100,389,726	7.40
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	70,527,710	5.20
ANTHONY NANTES	57,268,736	4.22
ALCEON GROUP PTY LTD <HIGH CON CO-INVESTMENT A/C>	54,054,054	3.99
CITICORP NOMINEES PTY LIMITED	41,757,599	3.08
ADCOCK GROUP SUPER PTY LTD <ADCOCK GROUP S/F A/C>	41,177,864	3.04
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	40,082,481	2.96
ANDREW GOODWIN	26,108,903	1.93
MACQUARIE BANK LIMITED	18,998,019	1.40
LUAGA PTY LTD <JP PRENDIVILLE FT A/C>	18,467,952	1.36
DE NANTES INVESTMENT CO PTY LTD <DE NANTES FAMILY A/C>	13,201,370	0.97
MOSLOF SERVICES PTY LTD <MOSLOF S/F A/C>	12,775,000	0.94
GENTILLY INVESTMENTS PTY LTD	12,576,732	0.93
GENTILLY HOLDINGS PTY LTD <GENTILLY SUPERANNUATION A/C>	12,501,586	0.92
BNP PARIBAS NOMS PTY LTD <DRP>	12,143,451	0.90
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,126,189	0.60
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	8,035,237	0.59
MR CHRISTOPHER MICHAEL WHITEHEAD	6,990,000	0.52
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	6,627,145	0.49
<b>Total</b>	<b>713,076,597</b>	<b>52.59</b>

#### f. Restricted securities

79,120,359 ordinary shares are currently subject to voluntary escrow pending Company approval.



### **g. Unquoted equity securities**

The Company had the following unquoted securities on issue as at 23 September 2022:

#### *Unquoted Options*

The Company had 5 holders of options with a total of 9,731,948 unquoted options on issue as at 23 September 2022. 2,345,585 options are held by 255 Finance Investments Pty Ltd and 2,316,676 options are held by Teragoal Pty Ltd.

#### *Performance Rights*

The Company had 61 holders of performance rights with a total of 32,352,595 performance rights on issue as at 23 September 2022 as part of an employee incentive.

### **h. Voting rights**

#### *i. Ordinary Shares*

In accordance with the Constitution each member present at a meeting whether in person, or by proxy, or by power of attorney, or in a duly authorised representative in the case of a corporate member, shall have one vote on a show of hands, and one vote for each fully paid ordinary share, on a poll.

#### *ii. Performance Rights and Options*

Holders of Performance Rights and Options have no voting rights.

### **i. On-market buy-backs**

There is no current on-market buy back in relation to the Company's securities.

# CORPORATE DIRECTORY

## **DIRECTORS**

John Nantes (Chairman)

Craig Swanger

Matthew Brown

Cathryn Lyall

Kate Whitney

## **COMPANY SECRETARY**

Vanessa Chidrawi

May Ho

## **REGISTERED OFFICE**

Level 4, 55 Harrington Street,

The Rocks, New South Wales,

Australia

Telephone: (02) 8379 4008

Facsimile: (02) 8076 3341

## **SHARE REGISTER**

Computershare Investor Services Pty Limited

452 Johnston Street

Abbotsford, Victoria

Telephone: (03) 9415 5000

## **AUDITOR**

BDO Audit Pty Ltd

Level 11, 1 Margaret Street

Sydney, New South Wales

## **STOCK EXCHANGE LISTING**

Shares are listed on the Australian Stock Exchange (ASX: WZR)

## **DOMICILE**

Publicly listed company incorporated in Australia







**ABN 80 004 661 205**

**[wisr.com.au](http://wisr.com.au)**

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