HALF-YEAR REPORT

1. Company details

Name of entity:	Wisr Limited
ABN:	80 004 661 205
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

Key information				**$A'000**
Revenues from ordinary activities	Up	11%	to	48,113
Loss from ordinary activities after tax attributable to members	Down	74%	to	(1,711)
Loss for the year attributable to members	Up	190%	to	(15,837)

Dividends paid and proposed

There were no dividends declared or paid in the reporting period.

Explanation of key information and dividends

An explanation of the above figures is contained in the Review of Operations included within the attached Directors' Report. The Directors have determined not to pay dividends at this time.

3. Net tangible assets

	Reporting period Cents	**Previous period Cents**
Net tangible asset per ordinary security	3.33	4.97

4. Control gained over / loss of entities having material effect

Wisr Finance Pty Ltd, 100% owned subsidiary of Wisr Limited, registered Wisr Freedom Trust 2023-1 on 6 November 2023 and is a 100% owned subsidiary of Wisr Finance Pty Ltd.

5. Details of associates and joint venture entities

Not applicable.

6. Significant information

Refer to Review of Operations included within the attached Directors' Report below.

7. Attachments

The Interim Financial Report of Wisr Limited for the half-year ended 31 December 2023 is attached.

8. Signed

…………………………………………………………………

MATTHEW BROWN

CHAIR
SYDNEY

20 February 2024

WISR LIMITED

ABN: 80 004 661 205

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2023

CONTENTS

DIRECTORS' REPORT

For the half-year ended 31 December 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'Group' or 'Wisr') 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 half-year ended 31 December 2023.

DIRECTORS

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

Name	Position
Matthew Brown	Chair (from 27 November 2023) Non-Executive Director (up to 26 November 2023)
Craig Swanger	Non-Executive Director
Cathryn Lyall	Non-Executive Director
Kate Whitney	Non-Executive Director
John Nantes	Chair (retired on 27 November 2023)

PRINCIPAL ACTIVITIES

During the financial half-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 warehouse funding structures and securitisation trusts.

REVIEW OF OPERATIONS

Key Group highlights include:

Financial

- Revenue $48.1M, an 11% increase (H1FY23: $43.2M)
- Portfolio Net Interest Margin ("NIM")[1] 5.34% (H1FY23: 5.23%), front book (December 2023 run rate) NIM 7.16% (December 2022: 6.12%)
- Portfolio yield 10.51% (December 2022: 9.75%), front book yield (December 2023 run rate) yield 13.43% (December 2022: 11.54%)
- Opex $(13.1)M, a 26% decrease (H1FY23 $17.6M[2])

[1] NIM defined as loan book yield less finance costs, excluding HeadCo facility interest cost and hedge accounting impacts
[2] Opex is on a normalised basis with a $0.3M one-off during that period

Review of operations (cont.)

- EBITDA of $0.2M[3], an improvement on pcp (H1FY23 $(0.9)M)

Lending

- Loan originations $103M, a 66% decrease (H1FY23: $302M) driven by deliberate loan volume moderation; cumulative total loan originations of $1.7B as at 31 December 2023
- Loan book $847M, an 8% decrease (31 December 2022: $916M), driven by deliberate loan volume moderation
- Average portfolio credit score remained strong at 781[4] (31 December 2022: 781)
- Stable 90+ day arrears 1.31% (31 December 2022: 1.07%), slightly higher versus pcp due to a decrease in, and a maturing of, the loan book

Capital

- Priced fourth ABS transaction, the $200M Wisr Freedom Trust 2023-1; total term deals to date of $875M
- Undrawn funding capacity of $278M; Personal Loan Warehouse and Secured Vehicle Loan Warehouse renewed for the customary one-year period
- Unrestricted cash of $19.9M (31 December 2022: $24.5M)
- Equity capital in warehouses $46.9M (31 December 2022: $44.4M)

Customer

- Customer Net Promoter Score +78
- Ongoing Wisr App user experience enhancements delivered $11.3M in additional loan repayments and an 86% increase in Wisr loan customers' monthly active usage
- Wisr App has facilitated the payment of $7.7M in round ups on customer debt
- 12% increase in rate estimates on the Wisr Platform
- Loan customers who engaged with the Wisr Platform were, on average, 13%[5] further ahead on their loan repayments compared to those who didn't engage
- Wisr App winner of WeMoney's Best Mobile Experience Award, 2024

FINANCIAL

In H1FY24, Wisr has focused on balance sheet strength and loan unit economics through NIM expansion, continuing our moderated loan volume strategy in response to the macro environment.

The Company delivered revenue of $48.1M, an 11% increase (H1FY23: $43.2M) and EBITDA profitability of $0.2M, an improvement on H1FY23 ($(0.9)M). Prudent cost management was

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[3] H1FY24 EBITDA on a normalised basis
[4] Total book average credit score is the score at the time of application, includes active loans and excludes loans written off
[5] Based on average comparison of engaged and not engaged loan customers that are current and not in arrears as at 31 December 2023.

evidenced by operating expenses of $13.1M, a decrease of 26% (H1FY23: $17.6M[6]).

In addition, the Company delivered a portfolio yield of 10.51%, a 76 bps increase (H1FY23: 9.75%) and has expanded portfolio and front book (December 2023 run rate) NIM by 11 bps and 104 bps respectively.

LENDING

Under the Company's deliberate moderated loan volume settings, H1FY24 delivered $103.1M in new loan originations, a 66% decrease (H1FY23: $302.2M). Since its inception, Wisr has originated $1.7B in total loans. The loan book was $847.4M, an 8% decrease (H1FY23: $916.4M).

The quality of Wisr's prime loan portfolio continued to be demonstrated, with the average portfolio credit score remaining strong at 781 (H1FY23: 781[7]). 90+ Day arrears were slightly higher at 1.31% (H1FY23: 1.07%), which is within risk appetite and driven by both a small decrease in, and a maturing of, the loan book.

Expected credit loss provision of $24.6M (2.9% of closing loan book), broadly flat versus $26.7M for 30 June 2023 (2.9% of closing loan book).

CAPITAL

Wisr has rolled forward the Personal Loan Warehouse and Secured Vehicle Loan Warehouse for another 12 months, and work is continuing on a third warehouse with a new senior funder, with the ability to fund both Personal Loans ("PL") and Secured Vehicle Loans ("SVL").

Equity capital in both Wisr Warehouses increased to $46.9M (31 December 2022: $44.3M) and have a total commitment value of $650M and an undrawn capacity of $278M.

The pricing of the Company's fourth ABS transaction, the $200M Wisr Freedom Trust 2023-1, delivered a weighted average margin of 2.34% over one-month BBSW (a decrease of c. 0.89% on the current Personal Loan Warehouse cost of funds). Wisr has now closed four term deals (three PL, one SVL), raising a total of $875M.

The Company is well capitalised with a $76.7M cash balance ($19.9M unrestricted cash).

CUSTOMER

At the end of the half, Wisr delivered a +78 Customer Net Promoter Score (31 December 2023).

Ongoing enhancements to the Wisr Platform user experience in H1FY24 have delivered $11.3M in extra loan repayments and increased Wisr loan customers' monthly active usage by 86%, alongside a 12% increase in rate estimates.

Since its launch in 2019, Wisr App has facilitated the payment of $7.7M in round-ups on customer debt (31 December 2023), and the app won the 2024 "Best Mobile Experience" Award from WeMoney.

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[6] Opex is on a normalised basis with a $0.3M one-off during that period.
[7] Total book average credit score is the score at the time of application, includes active loans and excludes loans written off.

GOVERNANCE

At the beginning of H1FY24, there were two changes to the Company's Executive Leadership Team. Andrew Goodwin, who had been with the Company as its Chief Financial Officer since 2017, was appointed Chief Executive Officer. The second appointment was of Joanne Edwards, who had been Wisr's inaugural Chief Risk and Data Officer since 2019, to Chief Operating Officer.

The 2023 WGEA report was lodged in Q1FY24, and shareholders provided access to the report's public data by email request.

As announced on 12 October, the Company's Chair, John Nantes, retired from the Board at the closing of the Company's AGM on 27 November 2023. Following Mr Nantes' retirement, interim Chair Matthew Brown assumed the role of Chair.

During the Q2FY24 quarter, David King was appointed additional Company Secretary of Wisr Limited, replacing May Ho (who continues as Financial Controller). Vanessa Chidrawi remains the primary Company Secretary.

The ASX also advised in Q2FY24 that the Company, in accordance with Listing Rules 4.7B and 4.7C, Wisr is no longer required to lodge Appendix 4C and Quarterly Activities Reports, having achieved four consecutive quarters of positive net operating cash flow. Although it is no longer mandated, the Company has chosen to provide simplified quarterly activity updates. All other periodic ASX reporting requirements under Chapter 4 of the Listing Rules (e.g., Appendix 4D, Appendix 4E, annual reports, etc.) will continue to be met.

OUTLOOK – H2FY24 AND BEYOND

The macroeconomic environment and the resulting impact on business operations will continue to be closely monitored. The Company's strong warehouse capacity, balance sheet and attractive loan unit economics form the basis for building a highly profitable business at scale. With well-controlled Opex that will drive operational leverage, Wisr intends to recommence loan volume growth in H2FY24.

EVENTS SINCE THE END OF THE FINANCIAL HALF-YEAR

There are no material events reportable after the reporting period.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial half-year other than those discussed in the Review of operations.

OPERATING SEGMENT

The Group has one operating segment under AASB 8 Operating Segments. This reflects the way the business is monitored, and resources are allocated. The Group's revenues and activities are predominately domiciled in Australia.

ROUNDING OF AMOUNTS

The Group has applied the relief available to it in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest $1.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration, as required under section 307C of the Corporations Act 2001, is set out on page 10.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

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MATTHEW BROWN
CHAIR

Sydney
20 February 2024

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Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY JESHAN VELUPILLAI TO THE DIRECTORS OF WISR LIMITED

As lead auditor for the review of Wisr Limited for the half-year ended 31 December 2023, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

Jeshan Velupillai

Jeshan Velupillai
Director

BDO Audit Pty Ltd

Sydney, 20 February 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2023

	Note	31 Dec 2023 $	31 Dec 2022 $
REVENUE	2	48,113,217	43,240,749
Other income		-	-
EXPENSES			
Employee benefits expense		(7,633,452)	(10,529,674)
Marketing expense		(184,186)	(1,399,442)
Customer processing expense		(1,656,183)	(2,638,457)
Property expense		(36,882)	(31,124)
Other expense		(3,607,617)	(3,445,550)
Finance expense		(26,744,008)	(21,080,770)
Depreciation and amortisation expense		(581,772)	(445,703)
Provision for expected credit loss expense	4	(8,273,924)	(9,694,964)
Share based payment expense	10	(1,105,756)	(551,031)
Loss before income tax		**(1,710,563)**	**(6,575,966)**
Income tax expense		**-**	**-**
Loss after income tax for the period		**(1,710,563)**	**(6,575,966)**
Loss for the year is attributable to: Owners of Wisr Limited		**(1,710,563)**	**(6,575,966)**
Earnings per share for loss attributable to the owners of Wisr Limited		**Cents**	**Cents**
Basic earnings per share		(0.13)	(0.48)
Diluted earnings per share		(0.13)	(0.48)
Other comprehensive loss			
(Loss) / gain arising from changes in fair value of cash flow hedging instruments entered into	9	(14,126,830)	1,122,767
Other comprehensive (loss) / income for the period, net of tax		(14,126,830)	1,122,767
Total comprehensive loss for the period		(15,837,393)	(5,453,199)
Total comprehensive loss for the period is attributable to: Owners of Wisr Limited		**(15,837,393)**	**(5,453,199)**

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

At 31 December 2023

	Note	31 Dec 2023 $	30 Jun 2023 $
ASSETS			
Cash and cash equivalents	3	76,734,238	53,576,843
Trade and other receivables		1,602,994	2,031,621
Loan receivables	4	827,817,080	909,217,193
Other assets		2,161,870	1,620,362
Property, plant and equipment		168,341	279,576
Right of use assets		519,195	345,915
Related party loan		220,000	220,000
Derivative financial instruments	7	13,256,047	27,780,456
Intangible assets	5	8,069,717	7,009,219
Total assets		**930,549,482**	**1,002,081,185**
LIABILITIES			
Trade and other payables		1,746,472	1,320,088
Provision for employee benefits		1,096,297	1,249,336
Lease liability		519,195	441,204
Borrowings	6	873,904,259	931,055,661
Total liabilities		**877,266,223**	**934,066,289**
Net assets		**53,283,259**	**68,014,896**
EQUITY			
Issued capital	8	144,898,806	144,702,718
Reserves	9	17,116,539	30,580,043
Accumulated losses	9	(108,732,086)	(107,267,865)
Total equity		**53,283,259**	**68,014,896**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2023

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 Jul 2022	144,477,325	27,906,702	(94,538,394)	77,845,633
Loss after income tax expense for the half-year	-	-	(6,575,966)	(6,575,966)
Other comprehensive income for the half-year, net of tax	-	1,122,767	-	1,122,767
Total comprehensive income / (loss) for the half-year	-	1,122,767	(6,575,966)	(5,453,199)
Transactions with owners in their capacity as owners:				
Share based payment expense (Note 11)	-	551,031	-	551,031
Balance at 31 Dec 2022	**144,477,325**	**29,580,500**	**(101,114,360)**	**72,943,465**
Balance at 1 Jul 2023	144,702,718	30,580,043	(107,267,865)	68,014,896
Loss after income tax expense for the period	-	-	(1,710,563)	(1,710,563)
Other comprehensive loss for the period, net of tax	-	(14,126,830)	-	(14,126,830)
Total comprehensive loss for the period	-	(14,126,830)	(1,710,563)	(15,837,393)
Transactions with owners in their capacity as owners:				
Share based payments (Note 11)	-	1,105,756	-	1,105,756
Transfer of share based reserve to issued capital on exercise of options	196,088	(196,088)	-	-
Transfer of share-based payment reserve	-	(246,342)	246,342	-
Balance at 31 Dec 2023	**144,898,806**	**17,116,539**	**(108,732,086)**	**53,283,259**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2023

	Note	31 Dec 2023 $	31 Dec 2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		47,282,248	41,899,393
Payments to suppliers and employees		(13,596,488)	(21,788,174)
		33,685,760	20,111,219
Interest received on investments and cash		753,360	102,042
Management fees received		65,569	177,643
Interest and other finance costs paid		(25,081,928)	(19,887,101)
Net cash from operating activities		**9,422,761**	**503,803**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(14,995)	(38,112)
Payments for technology assets		(1,170,123)	(2,851,342)
Net movement in customer loans		73,194,401	(140,604,155)
Net cash from / (used in) investing activities		**72,009,283**	**(143,493,609)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings – secured notes		-	(6,500,000)
(Repayments to) / proceeds from issuance of borrowings		(56,960,093)	137,652,609
Transaction costs related to borrowings		(873,352)	(1,288,956)
Payments for right of use asset		(441,204)	(367,884)
Net cash (used in) / provided by financing activities		**(58,274,649)**	**129,495,769**
Net increase / (decrease) in cash and cash equivalents		23,157,395	(13,494,037)
Cash and cash equivalents at the beginning of the financial year		53,576,843	71,489,070
Cash and cash equivalents at the end of the financial half-year		**76,734,238**	**57,995,033**

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

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2023

The financial statements cover Wisr Limited as a consolidated entity, consisting of Wisr Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars ($), which is Wisr Limited's functional and presentation currency.

Wisr Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 4, 55 Harrington Street, The Rocks NSW 2000.

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report.

NOTE 1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

These financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 ‘Interim Financial Reporting’ and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’.

These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated below.

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, right of use assets, property, plant and equipment, investments, and financial instruments, for which expected term is disclosed.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 20 February 2024.

a. 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. There was no material impact on the Group’s interim financial statements on the adoption of these Standards and Interpretations.

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

NOTE 2. REVENUE

	CONSOLIDATED	
	31 Dec 2023 $	**31 Dec 2022 $**
Interest income on financial assets		
Effective interest income on financial assets	46,533,573	42,789,904
Other revenue from financial assets	750,067	134,532
Interest on cash	753,360	102,042
Total income from financial assets	**48,037,000**	**43,026,478**
Revenue from contracts with customers		
Management fees	76,217	214,271
Total revenue from contracts with customers	**76,217**	**214,271**
Total revenue	**48,113,217**	**43,240,749**

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.

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. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	31 Dec 2023 $	**30 Jun 2023 $**
Cash at bank	19,894,588	21,704,134
Restricted cash	56,839,650	31,872,709
Total	**76,734,238**	**53,576,843**

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 Warehouses and is utilised for loan funding and not available to pay creditors of other entities within the Group.

NOTE 4. 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.

4.1 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 or have a low credit risk at the reporting date, 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.

4.2 Allowance for expected credit losses

Wisr adopted AASB 9 methodology from 30 June 2019 Financial Statements. For H1FY24, 12 months of loans booked with a least 12-month performance outcome window has been used within the ECL model to track how loans transition over a 12-month period to determine an observed Probability of Default ("PD") and Loss Given Default ("LGD") actuals by segment to calculate provisioning factors and use these to work out the ECL Profit and Loss charge. The ECL analysis was performed on seven 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 – 97% Stage 1
- Book 4 – Wisr Freedom Trust 2022-1 – 97% Stage 1
- Book 5 – Wisr Independence Trust 2023-1 – 98% Stage 1
- Book 6 – Wisr Freedom Trust 2023-1 – 98% Stage 1
- Book 7 – Wisr Finance – 20% Stage 1. This book includes 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 PD, and the 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, Wisr Freedom Trust 2022-1, Wisr Independence Trust 2023-1, and Wisr Freedom Trust 2023-1.

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 incorporated through the model based on the backtesting completed which showed conservative provisions are held. This is based on the following assumptions:

- At the completion of FY23, backtesting was completed on the ECL model to test the accuracy and robustness of the model inputs given that the portfolios, for the first time, had sufficient performance history in order to do so. The backtesting shows us that the model is heavily over provisioned for Stage 1 balances, on average by 59.9% higher (after recoveries). We can also see that the model, pre-recoveries, is also overprovisioned by 21.9% on average;
- For life provisions (stage 2 and 3), the PD's are already adjusted based on an assumption that any balances not current after 12 months will go to loss over the life, and we know that this is a conservative prediction. The backtesting shows that for both stage 2 & 3, the model was accurate in predicting the amount of provision needed to cover the expected losses over the life, even considering the conservative approach taken;
- During the recalibration of the ECL models in June 2023 for FY24 and given the uncertain economic situation, a forward-looking estimate of 15% was added to PD of stage 1 loans to cover a possible increase to unemployment in Australia. This corresponds to an increase of ~30bps of PD, which translates to a 75bps increase to unemployment;
- Given the backtesting results show that the model has various degrees of conservatism built into the assumptions, an additional economic overlay has not been included;

- Rather than adjusting the model inputs to release provisions for FY24, we have maintained the same inputs, so that the provision levels are conservative to account for any macroeconomic risk throughout FY24;
- Investment in arrears management processes (e.g. Collections), systems, and people, is a key priority for FY24 and is expected to improve arrears and ECL performance overtime.

	CONSOLIDATED	
	31 Dec 2023 $	**30 Jun 2023 $**
Gross loan receivables	852,400,287	935,956,643
Less provision for expected credit loss	(24,583,207)	(26,739,450)
	827,817,080	**909,217,193**

The following tables summarise the gross carrying value of loan receivables and the provision for expected credit loss by stage:

	CONSOLIDATED	
	31 Dec 2023 $	**30 Jun 2023 $**
Gross loan receivables		
12-month (Stage 1)	825,085,020	907,210,471
Lifetime (Stage 2 & 3)	27,315,267	28,746,172
Total gross carrying amount	**852,400,287**	**935,956,643**
Less provision for expected credit loss		
12 month expected credit loss	9,739,849	11,883,613
Lifetime expected credit loss	14,843,358	14,855,837
Total provision for expected credit loss	**24,583,207**	**26,739,450**
Net balance sheet carrying value	**827,817,080**	**909,217,193**
Expected credit loss per gross loan receivables	**%**	**%**
12-month (Stage 1)	1.18	1.31
Lifetime (Stage 2 & 3)	54.34	51.68
Total expected credit loss per total gross loan receivables	**2.88**	**2.86**
Reconciliation of total provision for expected credit loss	**$**	**$**
Balance at 1 July	26,739,450	18,940,208
Expected credit loss expense recognised during the year to profit or loss	8,273,924	22,323,943
Receivables written-off during the year	(12,224,890)	(17,589,149)
Recoveries during the year	1,794,723	3,064,448
Balance at 31 December	**24,583,207**	**26,739,450**

NOTE 5. INTANGIBLE ASSETS

	CONSOLIDATED	
	31 Dec 2023 $	**30 Jun 2023 $**
Technology assets:		
Cost	5,379,698	609,239
Accumulated amortisation	(680,483)	(530,584)
Net carrying amount	4,699,215	78,655
Technology assets under development:		
Cost	3,370,501	6,930,564
Accumulated amortisation	-	-
Net carrying amount	3,370,501	6,930,564
Total intangible assets	**8,069,716**	**7,009,219**

	CONSOLIDATED	
	31 Dec 2023 $	**30 Jun 2023 $**
Reconciliation of technology assets under development:		
Balance at 1 July	6,930,564	2,536,232
Additions	1,210,395	4,394,332
Disposals	-	-
Completed	(4,770,458)	-
Balance at	**3,370,501**	**6,930,564**

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 Group's intangible assets have been assessed for impairment indicators with no indications of significant impairment since the end of the most recent financial year (H1FY23: no impairment).

During the reporting period, an additional amount of $1,210,395 (30 June 2023: $4,394,332) was capitalised (via a combination of cash and non-cash items related to the development of products and internal systems) given the expectation of future benefit to be derived. The capitalised cost relates to financial wellness technology products and the development of internal systems.

NOTE 6. BORROWINGS

	CONSOLIDATED	
	31 Dec 2023 $	**30 Jun 2023 $**
Debt facility	25,000,000	25,000,000
Wisr Warehouse funding	853,766,296	910,872,893
Less transaction costs	(4,862,037)	(4,817,232)
Total borrowings	**873,904,259**	**931,055,661**

6.1 Debt facility

At 31 December 2023, the Group has a fully drawn $25m corporate debt facility. The facility matures in July 2025.

6.2 Warehouse funding structures and securitisation trusts

Wisr Warehouse funding are the facilities of Wisr Warehouse Trust No. 1, Wisr Freedom Trust 2021-1, Wisr Warehouse Trust No. 2, Wisr Freedom Trust 2022-1, Wisr Independence Trust 2023-1, and Wisr Freedom Trust 2023-1. These facilities fund loan receivables for 3, 5 and 7 year maturities.

At 31 December 2023:

- Wisr Warehouse Trust No. 1 has utilised $204.1m of its $400m facility (30 June 2023: $375.2m was utilised)
- Wisr Freedom Trust 2021-1 Trust securitisation had a balance of $47.9m (amortising loan book) (30 June 2023: $68.1m)
- Wisr Warehouse Trust No. 2 has utilised $167.5m of its $250m facility (30 June 2023: $174.8m was utilised)
- Wisr Freedom Trust 2022-1 Trust securitisation had a balance of $114.4m (amortising loan book) (30 June 2023: $147.7m)
- Wisr Independence Trust 2023-1 Trust securitisation had a balance of $135.3m (amortising loan book) (30 June 2023: $164.9m)
- Wisr Freedom Trust 2023-1 Trust securitisation had a balance of $177.6m (amortising loan book).

The debt facility and Wisr Warehouses and securitisation trusts 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 7. DERIVATIVE FINANCIAL INSTRUMENTS

	CONSOLIDATED	
	31 Dec 2023 $	30 Jun 2023 $
Derivative financial instruments	13,256,047	27,780,456

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.

The following tables detail various information regarding interest rate swap contracts outstanding at the end of the reporting period.

Amount and timing of future cash flows	**Nominal Amount of the Hedging Instrument**		
Cash flow hedges	**Within 1 year**	**1 -5 years**	**Total**
Interest rate risk - Interest rate swaps (hedging forecast AUD floating interest)			
Average contracted fixed rate		**2.88534%**	**2.88534%**
Notional Amount at 31 Dec 2023		**858,511,849**	**858,511,849**

Liquidity Risk	**Within 1 year**	**1 -5 years**	**Total**
Derivatives at fair value - Interest rate swaps – cash flow hedges	10,635,176	3,458,983	14,094,159

NOTE 8. ISSUED CAPITAL

8.1 Issued and paid up capital

	CONSOLIDATED	
	31 Dec 2023 $	30 Jun 2023 $
Ordinary shares fully paid	150,447,253	150,251,165
Costs of raising capital	(5,548,447)	(5,548,447)
	144,898,806	**144,702,718**

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.

8.2 Reconciliation of issued and paid-up capital

	31 Dec 2023		31 Dec 2022	
	Number of shares	**$**	**Number of shares**	**$**
Opening balance at 1 July	1,356,204,729	144,477,325	1,356,204,729	144,477,325
Issue of shares to staff on exercise of long-term incentives	2,689,812	196,088	-	-
Closing Balance at 31 Dec	**1,358,894,541**	**144,673,413**	**1,356,204,729**	**144,477,325**

NOTE 9. EQUITY – RESERVES AND ACCUMULATED LOSSES

9.1 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.

9.2 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.

9.3 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.

Note 9. Equity – reserves and accumulated losses (cont.)

	Employee equity benefits reserve $	Other share based payments reserve $	Cash flow hedge reserve $	Total $
Movement in reserves:				
At 1 July 2022	2,670,992	342,184	24,893,526	27,906,702
Share based payments expense	551,031	-	-	551,031
Gain arising on changes in fair value of hedging instruments entered into for cash flow hedges	-	-	4,015,237	4,015,237
Cumulative gain arising on changes in fair value of hedging instruments reclassified to profit or loss	-	-	(2,892,470)	(2,892,470)
At 31 December 2022	**3,222,023**	**342,184**	**26,016,293**	**29,580,500**
At 1 July 2023	3,679,090	318,776	26,582,177	30,580,043
Share based payments	1,105,756	-	-	1,105,756
Transfer from reserve to accumulated losses	(246,342)	-	-	(246,342)
Transfer from reserve on exercise of options	(196,088)	-	-	(196,088)
Loss arising on changes in fair value of hedging instruments entered into for cash flow hedges	-	-	(2,509,915)	(2,509,915)
Cumulative loss arising on changes in fair value of hedging instruments reclassified to profit or loss	-	-	(11,616,915)	(11,616,915)
At 31 December 2023	**4,342,416**	**318,776**	**12,455,347**	**17,116,539**

	CONSOLIDATED	
	31 Dec 2023 $	**31 Dec 2022 $**
Accumulated losses:		
Opening balance	(107,267,865)	(94,538,394)
Total loss after income tax for the year	(1,710,563)	(6,575,966)
Transfer from reserve to retained earnings	246,342	-
Total	**(108,732,086)**	**(101,114,360)**

NOTE 10. SHARE BASED PAYMENTS

The share-based payments of $1,105,756 (2022: $551,031) consists of:

- KMP LTIs of $289,577 (2022: $21,592) accrued up to 31 December 2023; and
- Staff LTIs of $816,179 (2022: $529,439) accrued up to 31 December 2023 and relate to FY21 – FY24.

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

FY24 Staff LTI scheme:

Assumptions - Grant date 1 July 2023, no volatility, 10% attrition rate, spot price $0.033.

Tranche	Rights granted	Vesting determination date
1	19,499,004	30 Sep 2024
2	19,499,037	30 Sep 2025

FY24 KMP LTI scheme:

Assumptions - Grant date 1 July 2023, volatility 40%, risk-free rate 4%

Tranche	Rights granted	Spot price	Barrier price	Fair value	Vesting determination date
1	8,930,769	$0.033	$0.038	$0.0261	30 Jun 2024
2	9,358,646	$0.033	$0.043	$0.0249	30 Jun 2025
3	9,538,731	$0.033	$0.047	$0.0245	30 Jun 2026
4	2,016,937	$0.081	$0.105	$0.0496	30 Jun 2024
5	1,894,821	$0.081	$0.117	$0.0528	30 Jun 2025

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 11. CONTINGENT LIABILITIES

There were no material contingent liabilities reportable during the period (2023: nil)

NOTE 12. EVENTS AFTER THE REPORTING PERIOD

There are no material events reportable after the reporting period.

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. 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.303(5)(a) of the *Corporations Act 2001*.

MATTHEW BROWN
CHAIR

Sydney
20 February 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Wisr Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Wisr Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

Jeshan Velupillai

Jeshan Velupillai
Director

Sydney, 20 February 2024