Whispir Limited

ABN 89 097 654 656

Annual Report - 30 June 2019

Whispir Limited
Chairman's letter
30 June 2019

Dear Shareholder,

Whispir Limited ('Whispir' or the 'Company') completed its successful initial public offering ('IPO') on the Australian Securities Exchange on 19 June 2019. On behalf of the Board of Directors (the 'Board'), I would like to express my appreciation for the strong support shown by investors during the IPO and introduce our first Annual Report as a listed entity.

Whispir is a global scale software-as-a-service provider, founded in 2001 to provide a communications workflow platform that automates interactions between businesses and people. Our products enable organisations to improve their communications through automated communication workflows to ensure stakeholders receive accurate, timely, useful and actionable insights in a manner that is sensitive to individual contexts and preferences. Having grown our footprint across Australia, New Zealand, Asia and more recently the United States of America, the Company's IPO prospectus set out its financial prospects through financial years 30 June 2019 ('FY19') and 30 June 2020 ('FY20'), as well as the future opportunities that exist for us across these markets.

Our customers increasingly using Whispir to solve their day-today communication challenges.

I thank our customers for their support during FY19. Whispir's ambition is to become a world-class technology company that enables our customers to effectively and efficiently manage their communications using our products. Our management team have a demonstrated track record of delivering great value to our customers through the automation of their communications. The Board has every confidence that we will continue to earn our customers' trust and advocacy well into the future.

The recent launches of our new User Interface and further product enhancements have gained strong, positive feedback with customers accelerating their adoption of the platform with greater ease. Whispir is in a strong position to deliver on future growth opportunities. Our growth strategy is centred on winning new, high value customers and driving increased revenue from existing customers.

All of the FY19 targets set out in the prospectus have been met or exceeded. Revenue for FY19 was up 12% on the prior year, ahead of our prospectus forecast by 2%, whilst pro-forma earnings before interest, taxation, depreciation and amortisation ('EBITDA') also outperformed our forecasts by 8%. The Board and management remain confident we are on track to meet the prospectus forecasts for FY20. Channel partner relationships remained strong through the year, with channel partner derived revenue representing 78% of our total revenue. On behalf of the Board, I would like to thank all of our channel partners for their support and commitment in achieving this performance. We look forward to working closely with you in the future. At the same time our management team will continue to explore opportunities to build, expand and further strengthen our partnerships to contribute to growth across all our geographical markets.

The Board would like to sincerely thank our chief executive officer Jeromy Wells, our chief financial officer Gareth Roberts and the entire team at Whispir for their efforts during FY19. In particular their dedication and resolve during the IPO process was exemplary. We look forward building upon the achievements of FY19 for the benefit of our customers, our employees and our shareholders.

Yours sincerely,

Brendan Fleiter
Chairman

23 September 2019
Melbourne

The financial year ended 30 June 2019 (‘FY19’) marked the achievement of a number of important milestones in Whispir Limited’s long-term growth strategy - listing on the Australian Securities Exchange (‘ASX’), expanding operations in Asia and North America, and outperforming prospectus forecasts with revenue of $31.1 million. While we are new to the ASX, the Group has been focused on solving communications challenges since 2001. Our mission is to bridge the gap between organisations and people with powerful, automated communications workflow. Our objective is to enable organisations to unleash the potential of interactive and engaging communications at scale.

We believe that when organisations engage with people effectively, value is created.

Our products enable organisations to humanise their communications, and ensure people everywhere receive accurate, timely, useful and actionable insights in manner that is sensitive to individual contexts and preferences.

Human advancement has always been driven by effective engagement – from the moment we are born, we are hard wired to engage with people around us, initially for survival, but then our needs quickly evolve to healthy family and community life, successful business and good government. Our effectiveness engaging with other people defines much of our identity and is the best opportunity we have for advancement. We have a strong conviction that the greatest lever people have to advance humanity lies in the power of software innovation.

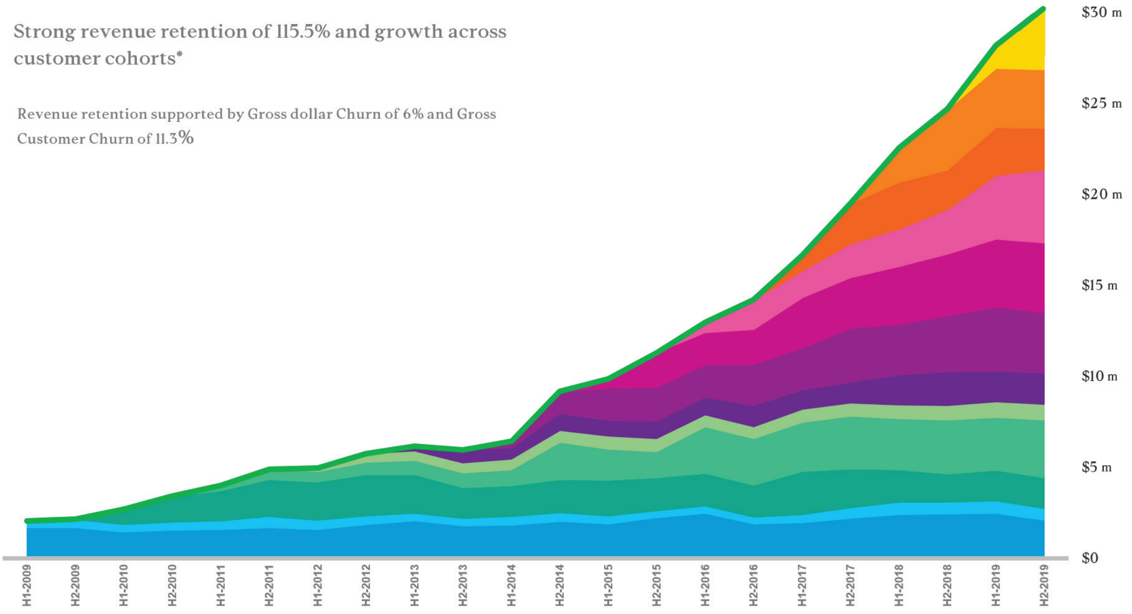
The transformational impact of our communications workflow platform over the past decade has seen organisations utilise our software to innovate and automate their communications processes. We provide elegant interfaces that abstract the complexity of communications management to keep it simple and practical for people to get started. Our easy-to-use drag-and-drop content and workflow templates are key strengths of our platform, and are designed with non-technical users in mind, requiring little to no coding. This approach has separated us from traditional communications providers, and we continue to focus on building automated capabilities that allow people to concentrate on what they do best; analysis and decision making.

Today, our products serve more than 500 organisations of all shapes and sizes globally, in virtually every industry – from banking and finance, insurance, transport and logistics, utilities, telecommunications, emergency services, education, healthcare and government – in our key markets of Australia and New Zealand (‘ANZ’), Asia and the United States of America (‘USA’).

With thousands of individual use cases spanning business coordination, crisis communications, customer engagement to human resource (‘HR’) onboarding and new services innovation, our platform has been used by New Zealand Police to engage with the hearing-impaired community; by Qantas to manage critical incidents; and by Telstra to rapidly communicate with customers and staff.

To reach this expansive market, we distribute and sell our products through seven channel partners that already have trusted relationships with customers and are well placed to qualify opportunities and match a user’s needs with our off-the-shelf capabilities. In FY19, these partnerships accounted for 78% of total revenue.

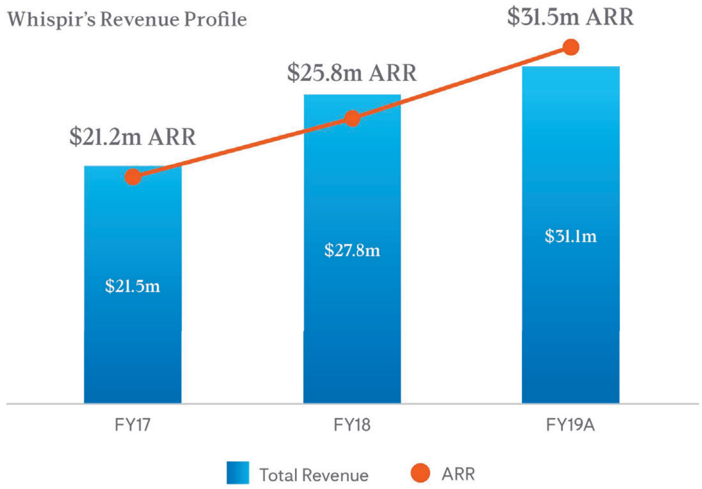
We take a long-term view of channel partners, customer relationships and market opportunity. We recognise that users drive the adoption and proliferation of our products and, as a result, we are relentlessly focused on improving user satisfaction – our customer service Net Promoter Score (‘NPS’) is 4.5 out of 5. One happy user will beget another, thereby expanding the large and organic word-of-mouth community that has in part driven our high rates of revenue retention and low gross revenue churn. By developing a product strategy, distribution model and culture designed around the needs of our customers and users, we have a demonstrable and proven track record of retaining customers. This retention capability generates strong and predictable recurring software revenue streams.



*Cohort analysis excludes DBS Bank Singapore as a former customer, fluctuating transactional customers and one-off items such as paid proof of concepts.

Our targeted 'land and expand' strategy is delivering results with our existing customers. The average customer annual recurring revenue ('ARR') increased 10% from the year ended 30 June 2018 ('FY18') to $63,000, 5% ahead of prospectus forecast. Concurrently the lifetime value ('LTV') of our customer base as at 30 June 2019 was $176 million representing growth of 31% from FY18 and 6% ahead of prospectus forecast.

While we continue to develop and improve our product offering, investing $9.6 million in FY19 alone, we have also delivered strong results and outperformed our prospectus forecasts. Revenues, comprising recurring subscription licenses, support and reoccurring transactional charges, increased 12% in FY19 to $31.1 million, driven primarily by strong growth in ANZ and the USA. Recurring revenue represents over 94% of total revenue and ARR increased by 22% to $31.5 million.



As the Group is scaling revenues, and investing in business growth, it is not yet earnings positive. However, reflecting the stronger than forecast revenue performance, pro-forma earnings before interest, taxation, depreciation and amortisation ('EBITDA') loss of $11.0 million was better than prospectus forecast by $900,000 and pro-forma FY19 net profit after tax ('NPAT') loss was $13.3 million, $800,000 better than prospectus forecast. Importantly, our business model is globally scalable, allowing the Group to grow customers and revenue steadily while maintaining a path to sustainable profitability.

Given our FY19 results, and a strong balance sheet with $26.8 million cash and no debt, we are well placed to execute on our growth strategy and deliver on our prospectus year ending 30 June 2020 ('FY20') forecasts.

Looking ahead, we will continue to focus on new product innovation, including artificial intelligence ('AI') and internet of things ('IoT') functionality, increasing diversification of our channel partnerships as well as targeted market expansion in Asia and North America.

I would like to take this opportunity to thank our staff for their focus and contribution, and I'd like to thank you, our valuable shareholders, for your support. We look forward to delivering on the exciting global opportunities we have created as more and more customers use Whispir worldwide to engage humanity.

Jeromy Wells
Chief Executive Officer

23 September 2019
Melbourne

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Whispir') consisting of Whispir 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 2019.

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

Brendan Fleiter - Chairman	Appointed on 1 January 2019
Jeromy Wells	
Shane Chesson	
Sarah Morgan	Appointed on 1 January 2019
Sara Axelrod	Appointed on 1 February 2019
Stephen Schmidt	Resigned on 1 January 2019
Ravikiran Ravulaparthi	Resigned on 1 January 2019

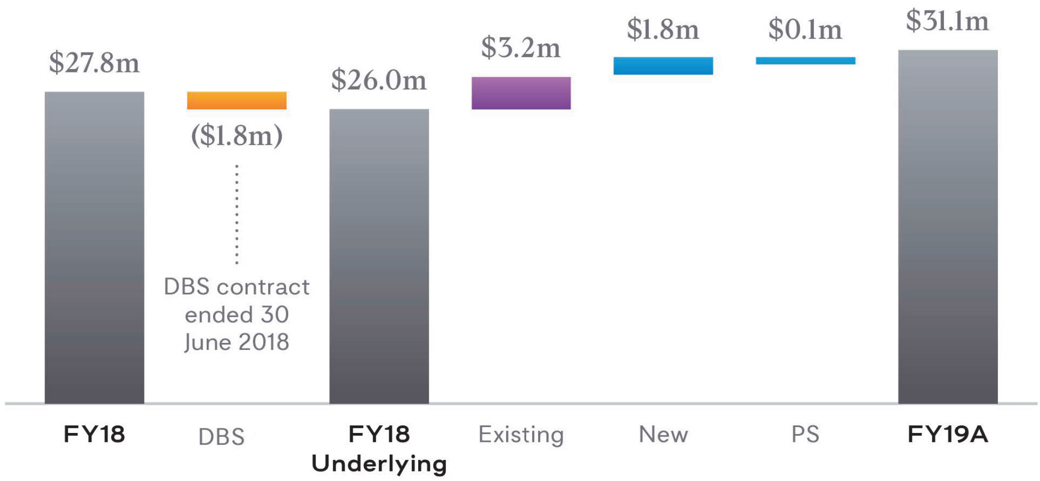
Principal activities
The Group is a Software-as-a-Service (‘SaaS’) provider that specialises in the development and provision of communications management systems via a cloud-based platform. The Group enables the integration of smart applications and micro communications services into existing workflow solutions to automate specific areas of business-critical communications across mobile/email/voice/social/web. The Group enables rapid, relevant and contextual conversations - between people and organisations wherever they are. The Group currently has over 500 customers which use its software to improve their communications through automated workflows.

On 19 June 2019, the Company listed on the Australian Securities Exchange (‘ASX’) through an initial public offering (‘IPO’).The Company is headquartered in Melbourne, Australia.

Operating and financial review
The loss for the Group after providing for income tax and non-controlling interest amounted to $15.28 million (30 June 2018: $15.97 million).

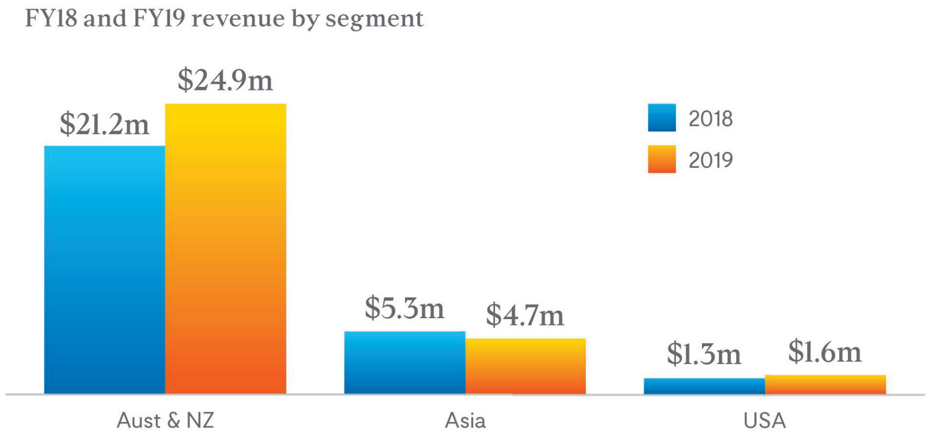
For the year ended 30 June 2019, revenue increased by 12% on the prior year to $31.1 million, driven by increased utilisation of the Group’s platform by existing customers and new customers on boarded during the year. Professional services revenue declined by 6% as the Group focused on the sale of software. The Group’s revenue is underpinned by strong recurring software revenue which represented more than 94% of total revenue in the year ended 30 June 2019 and the Group has achieved annualised recurring revenue (‘ARR’) growth of 22% to $31.5 million.

During the year ended 30 June 2018, the Group lost a significant customer, DBS Bank Singapore ('DBS') as a result of a strategic decision taken by the bank to insource all material outsourced services. DBS accounted for $1.8 million of revenue in the year ended 30 June 2018 comprising $1.6 million in software revenue and $0.2 million in professional services. As a result, underlying revenue (revenue excluding the impact of the DBS contract) increased from $26.0 million to $31.1 million or 20% on the prior year as illustrated in the chart below:



The strongest contributor to the growth in underlying revenue was revenue from existing customers. Existing revenue growth increased due to higher platform utilisation and activity as well as improvements in customer retention. New revenue growth was driven by a net 51 new customers (across all regions) which increased the total customer base to 503 at 30 June 2019. These additional customers, with a more efficient onboarding process, contributed to recurring revenue per customer increasing by 10% from $57,000 to $63,000. Revenue was also enhanced by improved sales channel diversity. In particular, the launch of developers.whispir.com which has enhanced digital direct capabilities.

The Group operates in three reporting segments being Australia and New Zealand ('ANZ'), Asia and the United States of America ('USA').



ANZ continue to be the strongest region for the Group increasing by 17% to represent 80% of total revenue. USA also experienced strong growth increasing by 24%, albeit off a low base. Asia's performance was adversely impacted by the loss of DBS during 2018. However, excluding DBS, Asia's revenue increased by 31% and represented 15% of total revenue. Refer to note 4 to the financial statements for further information about the operating segments.

Cost of services increased by 11.4% in line with volume increases of voice and short message services and increased hosting costs relating to the software architecture upgrade project carried out during 2019. This resulted in 12% year on year growth of gross profit at $19.7 million representing a gross profit margin of 63.2%, accounting for earnings before interest, taxation, depreciation and amortisation ('EBITDA') adjustments of $0.4 million.

Total expenses increased by 2% to $34.7 million including one-time IPO related costs of $3.7 million. Excluding the IPO related costs, total operating expenses decreased by 9% to $31.0 million reflecting:

- 21% or $2.3 million increase in sales and marketing costs from additional resources and higher channel partner commissions due to increase trading volumes. Costs as a percentage of revenue have increased from 40% to 43% reflecting this investment during the year;
- 14% or $0.9 million reduction in research and development costs due to a higher proportion of costs being incurred on development activities and being capitalised. Development expenses that create a future economic benefit are capitalised as intangible assets in accordance with accounting standards and then amortised over the estimated life of the asset created;

	2019 $'000	2018 $'000	Change %
Research and development - expense	5,395	6,280	(14%)
Development cost - capitalised	4,502	571	688%
Total research and development cost	9,897	6,851	
Percentage of total revenue	32%	25%	-

The total investment in research and development reflected the significant activity in building additional product modules and functionality, in particular a new user interface to support greater ease of use and faster adoption;

- 43% or $3.8 million increase in general and administration expenses were driven by share-based payments expense of $2.7 million and other costs associated with operating as a public company; and
- $8.1 million reduction in finance costs due to the reversal of embedded derivative components of the convertible preference shares and convertible notes on conversion to equity at the IPO.

The table below includes non-IFRS financial information that is stated excluding certain non-operating income and expense items. The results are set out this way as the directors consider them to be a meaningful comparison of performance from period to period. EBITDA is a key earnings measure considered by management in operating the business. This non-IFRS financial information, while not subject to audit, has been extracted from the financial statements, which has been subject to an audit by the external auditors.

EBITDA decreased to a loss of $14.0 million and $11.3 million excluding non-cash share-based payments

	2019 $'000	2018 $'000	Change $'000	Change %
Net loss after interest, tax and share of loss in associates	(15,282)	(16,906)	1,624	(10%)
Add: Net finance costs	(467)	7,724	(8,191)	(106%)
Add: Depreciation and amortisation*	1,752	1,386	366	26%
Add: Share of loss in associates	-	188	(188)	(100%)
EBITDA	(13,997)	(7,608)	(6,389)	84%
Add: Non-cash share-based payments expenses	2,717	1,141	1,576	138%
EBITDA excluding non-cash share-based payments expenses	(11,280)	(6,467)	(4,813)	74%

* Amortisation of contract acquisition costs are not added back.

Pro-forma EBITDA loss of $11.0 million is reconciled to the statutory statements via adjustments for the one-off impact of IPO costs totalling $3.7 million. These are offset by increases in incremental public company costs annualised to $1.1 million, $0.4 million of which were expensed during the financial year ended 30 June 2019, reducing the required adjustment to $0.7 million.

	Consolidated 2019 $'000	Consolidated 2018 $'000
EBITDA	(13,997)	(7,608)
Incremental public company costs	(713)	(1,118)
IPO offer costs	3,688	-
Pro-forma EBITDA	(11,022)	(8,726)

Significant changes in the state of affairs
During the financial year, the Group raised capital through the issue of convertible notes of $7.0 million. As mentioned above, on 19 June 2019, the Group listed on the ASX via an IPO. The convertible notes were converted to ordinary equity along with the Group's existing convertible notes and converting preference shares as part of the IPO process. The IPO process raised gross proceeds of $27.3 million ($23.3 million net of lead manager fee) through the issue of 16,875,000 ordinary shares.

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

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Matters subsequent to the end of the financial year
Since the end of the financial year, 231,059 ordinary shares were issued on account of exercise of share options.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Business growth strategy and likely developments

The Group continues to be focused on delivering the growth strategy outlined in its IPO prospectus including:

- expanding the use of the Group's platform by existing customers to drive increased revenue per customer;
- expanding regionally by driving increased market penetration through leveraging the Group's existing blue-chip customers, capitalising on emerging market opportunities that exist in targeted workflow development, and developing the Group's automated workflow and application programming interface ('API') offerings across Asia and the United States;
- adding new customers through scaling the Group's proven channel capabilities, leveraging its strong relationships in established markets whilst increasing the diversity of and reach of new partnerships; and
- developing new products to increase the Group's value to customers by:
  - providing them with a broader, integrated set of products that operate seamlessly with each other;
  - providing more integration with third-party software so the Group's customers can increase value from their other technology investments; and
  - expanding the Group's product offering through additional offerings like Whispir API which provides tools for developers to add the power of Whispir to their existing systems, products and services, and Marketplace which provides off the shelf use cases that can be purchased as a point solution.

Material business risks

As outlined in the IPO prospectus, the Group is subject to risks of both a general nature and ones that are specific to its business activities including, but not limited to:

- retaining existing customers and keeping them engaged in the product which will be dependent on a number of factors including capability, cost-effectiveness, pricing, customer support and the value of the Group's product compared to competing products;
- acquiring new customers and accelerating sales which will require the Group to maintain its strong channel relationships with its key partners and ensuring its product meets the partner's customer's needs;
- as the Group expands into new geographies, it will be subject to the risks associated with doing business in the relevant regions, which would include political and economic uncertainties as well as different levels of sophistication in the legal and regulatory frameworks; and
- protecting the Group's intellectual property, ensuring no infringement of third party intellectual property rights, and in some cases relying on third party service providers to support delivery of product innovation.

Environmental regulation

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

Information on directors

Name:	Brendan Fleiter
Title:	Non-executive Chairman
Qualifications:	Brendan holds a Bachelor of Jurisprudence and a Bachelor of Laws from Monash University and is a member of the Australian Institute of Company Directors.
Experience and expertise:	Brendan has over 30 years of business experience, including more than 15 years of non-executive directorships on the boards of ASX listed, large private, government and not-for-profit enterprises. Brendan also currently chairs the boards of Kennards Hire and Interactive, and serves as a Non-Executive Director of Walnut Melbourne, Australian Food Allergy Foundation and Volleyball Victoria. Brendan's previous roles include Deputy Chair and Non-Executive Director of Australia Post, CEO and executive director of Crazy John's Group, Non-Executive Director, Chairman of Titan Media Group and Non-Executive Director and Chairman of Godfreys Limited.
Other current directorships:	None
Former directorships (last 3 years):	Godfreys Group Limited
Special responsibilities:	Chair of the Nominations and Remuneration Committee and member of Audit and Risk Management Committee.
Interests in shares:	250,000

Name:	Jeromy Wells
Title:	Chief Executive Officer ('CEO') and Executive Director
Qualifications:	Jeromy holds a Bachelor of Architecture (Hons) from RMIT University.
Experience and expertise:	Jeromy is the co-founder of Whispir with 18 years of experience in the business. Jeromy began his career as an architect in Melbourne, before turning to new technology innovation and pioneering the development of new cloud-based communications solutions. Jeromy has significant leadership, strategic planning and executive management expertise.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	15,359,020
Interests in options:	920,520

Name:	Shane Chesson
Title:	Non-executive Director
Qualifications:	Shane holds a Bachelor of Laws and Commerce from the University of Western Australia, and an Masters of Business Administration ('MBA') from INSEAD Singapore.
Experience and expertise:	Shane has strong experience in venture capital and technology banking, having served as the Managing Director and Co-Head (Technology Investment Banking) at CitiGroup Asia-Pacific and was Founding Partner of Openspace Ventures, a substantial shareholder of Whispir. Shane has served on the board of various Openspace Ventures portfolio companies such as Go-Jek, HaloDoc, CXA and Topica.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Nominations and Remuneration Committee.
Interests in shares:	8,845,922

Name:	Sarah Morgan
Title:	Non-executive Director
Qualifications:	Sarah holds a Bachelor of Engineering (Hons) and an MBA from the University of Melbourne and is a graduate and member of the Australian Institute of Company Directors ('ACID').
Experience and expertise:	Sarah served as an Executive Director for the Grant Samuel Company for 15 years, before taking up non-executive directorships at a variety of listed, private and not-for-profit organisations, including Intrepid Group, Adslot Limited and Hansen Technologies, where she chairs the Audit and Risk Committees.
Other current directorships:	Hansen Technologies Limited (ASX: HSN) from October 2014. Adslot Ltd (ASX: ADJ) from January 2015. Future Generation Global Investment Company Limited (ASX: FGG) from July 2015.
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Audit and Risk Management Committee and member of the Nominations and Remuneration Committee.
Interests in shares:	53,125

Name:	Sara Axelrod
Title:	Non-executive Director
Qualifications:	Sara holds a Bachelor of Arts from the University of Pennsylvania, and an MBA from INSEAD.
Experience and expertise:	Sara has extensive experience as a technology executive in both Australia and the United States of America (Silicon Valley), serving in various sales and marketing roles at RedBull, Google and Twitter. She has served as the Chief Operating Officer of Local Measure for the last four years, which provides a digital platform for the tourism, retail, entertainment and hospitality industries.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of Audit and Risk Management Committee.
Interests in shares:	9,375

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Sophie Karzis (B. JURIS, LLB) was appointed as Company Secretary on 1 February 2019. Sophie is a practicing lawyer with over 15 years' experience as a corporate and commercial lawyer, and Company Secretary and General Counsel for a number of private and public companies. Sophie is the principal of Boardroom Limited, a corporate law practice with a focus on equity capital markets, mergers and acquisitions, corporate governance for ASX-listed entities, as well as the more general aspects of corporate and commercial law. Sophie is a member of the Law Institute of Victoria as well as the Governance Institute of Australia.

The previous Company Secretary was Gareth Roberts, who resigned from the position on 1 February 2019.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board		Nominations and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Brendan Fleiter - Chairman	5	5	3	3	6	6
Jeromy Wells	8	8	-	-	-	-
Shane Chesson	8	8	3	3	-	-
Sarah Morgan	4	5	3	3	6	6
Sara Axelrod	4	4	-	-	5	6
Stephen Schmidt	2	3	-	-	-	-
Ravikiran Ravulaparthi	3	3	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Shares under option
There were 2,687,907 unissued ordinary shares of Whispir Limited under option outstanding at the date of this report. These options are exercisable at a weighted average exercise price of $0.29.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options
There were 2,260,745 ordinary shares of Whispir Limited issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report. The shares were issued at a weighted average exercise price of $0.28.

Indemnity and insurance of officers
The Group has during the financial year, in respect of each person who is or has been an officer of the Group or a related body Corporate, made a relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Since the end of the financial year, the Group has paid premiums to insure all directors and officers of the Group, against costs incurred in defending any legal proceedings arising out of their conduct as a director or officer of the Group, other than for conduct involving a wilful breach of duty or a contravention of sections 232(5) or (6) of the Corporations Act 2001, as permitted by section 241A (3) of the Corporations Act 2001. Disclosure of the premium amount is prohibited by the insurance contract.

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.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined below and in note 25 to the financial statements.

	2019 $	2018 $
Non-audit services fees paid or payable to Ernst & Young:		
Other assurance services	-	151,610
Tax due diligence	127,000	-
Other due diligence services related to IPO	862,075	-
Total non-audit service fees	989,075	151,610

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 25 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.

Officers of the Company who are former partners of Ernst & Young
There are no officers of the Company who are former partners of Ernst & Young.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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 immediately after this directors' report.

Auditor
Ernst & Young continues in office in accordance with section 327 of the Corporations Act 2001.

Message from the Chair of the Nominations and Remuneration Committee

Dear Shareholder,

On behalf of the Board of Directors (the 'Board'), I am pleased to present Whispir Limited's ('Whispir' or the 'Company') remuneration report for the financial year ended 30 June 2019 ('FY19'). The Nominations and Remuneration Committee ('NRC') has worked to achieve remuneration outcomes for Whispir's senior management and non-executive directors that properly reflect the Company's performance, values and people in the wake of its successful initial public offering. The remuneration framework is designed to deliver competitive compensation outcomes for strong performance to attract and retain talent of the highest quality, while aligning the interests of executives and shareholders.

In setting salary and incentive opportunities, the Company has developed a remuneration framework that is intended to strike an appropriate balance between the need to compete internationally for talent while still meeting the market and governance expectations of an ASX-listed company. Highly talented executives in the global technology sector expect remuneration arrangements to be more highly leveraged to the long-term than standard Australian market practice.

The Board assesses several indicators when determining executive remuneration outcomes. While financial results form a part of this equation, the Board also assesses performance against the achievement of strategic goals and individual objectives to ensure that overall outcomes adequately reflect actual performance and value creation for shareholders. The strategic goals and financial targets linked to executive remuneration will be reviewed and agreed by the Board periodically in discussions with management. For example, the 2020 goals as described in section 5.3.2 highlight the importance of financial performance including revenue and profitability but also puts an emphasis on staff engagement and retention, developing new products and building Whispir's business.

The remuneration report is designed to provide comprehensive insights into Whispir's remuneration governance, policies, procedures and practices, so that shareholders can be fully informed in relation to the resolution on the adoption of the remuneration report at the upcoming Annual General Meeting. The report is intended to assist shareholders in engaging with the Board for remuneration-related matters as Whispir undertakes the continuous task of improving remuneration governance as the Company's individual circumstances shift and evolve.

The remuneration outcomes for FY19 reflect an appropriate alignment between remuneration and performance over the year. The Board is confident that Whispir's philosophy, framework and remuneration policy will drive long-term value creation for shareholders, and we will continue to look for opportunities to improve our approach moving forward. We look forward to fostering an ongoing dialogue with our shareholders and welcome your comments on any aspect of the report.

On behalf of the Nominations and Remuneration Committee

Brendan Fleiter
Chair, Nominations and Remuneration Committee

23 September 2019
Melbourne

Remuneration report (audited)
This remuneration report details the remuneration arrangements for the key management personnel ('KMP') of Whispir Limited ('Whispir' or the 'Company'), in accordance with the requirements of the Corporations Act 2001, and its regulations. KMP are the directors of Whispir and those employees who have authority and responsibility for planning, directing and controlling the activities of the Company.

The remuneration report is set out under the following main headings:
1. Persons covered in this remuneration report
2. Principles used to determine remuneration of KMP
3. Non-executive director remuneration
4. Service agreements
5. Senior executive remuneration
6. Movements in shares
7. KMP statutory remuneration details for the year ended 30 June 2019 ('FY19')
8. Other transactions with KMP

1. Persons covered in this remuneration report

Name	Role
Current directors:	
Brendan Fleiter	Independent Non-executive Director, Chair of the Board and Chair of the Nominations and Remuneration Committee, appointed on 1 January 2019
Jeromy Wells	Chief Executive Officer ('CEO') and Executive Director, appointed on 30 July 2001
Sarah Morgan	Independent Non-executive Director and Chair of the Audit and Risk Committee, appointed on 1 January 2019
Sara Axelrod	Independent Non-executive Director, appointed on 1 February 2019
Shane Chesson	Non-executive Director, appointed on 3 May 2016
Prior directors:	
Ravikiran Ravulaparthi*	Non-executive Director, resigned on 1 January 2019
Stephen Schmidt*	Non-executive Director, resigned on 1 January 2019

*Not remunerated in FY2019 in cash or equity

Executive KMP	Role
Gareth Roberts	Chief Financial Officer ('CFO'), appointed on 19 October 2015
Tobi Brix	Chief Operating Officer ('COO'), appointed on 1 August 2018

2. Principles used to determine remuneration of KMP

2.1 Nominations and Remuneration Committee ('NRC')
The Board of Whispir has constituted a NRC which determines the principles and objectives of Whispir's remuneration plans. The NRC Charter outlines the composition of the committee, its responsibilities, meeting requirements, reporting procedures and duties of the committee.

The NRC has two key functions:
(a) the purpose of the nomination function is to review and make recommendations to the Board with respect to identifying nominees for directorships and key executive appointments, considering the composition of the Board, ensuring that effective induction and education procedures exist for new Board appointees and key executives, and ensuring that appropriate procedures exist to assess and review the performance of the chairman, non-executive directors, senior executives (including senior and key officers) in Board committees and the Board as a whole; and
(b) the purpose of the remuneration function is to provide advice, recommendations and assistance to the Board in relation to Whispir's remuneration policies and remuneration packages of senior management, executive directors and non-executive directors

The role and responsibilities, composition, structure and membership requirements of the committee are documented in the NRC Charter approved by the Board.

The NRC Charter provides that the committee should comprise, to the extent practicable given the size and composition of the Board from time to time, at least three members, a majority of whom are independent directors. The current members are Brendan Fleiter (Chair), Sarah Morgan and Shane Chesson of which two are considered independent.

2.2. Remuneration principles

Whispir's executive remuneration policy is founded on the following fundamental principles which form the basis of determining all remuneration decisions:

- fairness;
- market competitiveness and reasonableness;
- linkage to performance; and
- meaningfulness to shareholders.

The remuneration committee is responsible for making all key recommendations in respect of executive remuneration to the Board. The remuneration framework of key executives has been designed to align executive reward to shareholders' interests. The remuneration policy seeks to enhance shareholders' interests by:

- driving sustained growth in shareholder wealth by focusing the executives on key financial and non-financial value creators;
- providing appropriate and competitive reward for contributions made to shareholder wealth;
- attracting and retaining high-calibre executives who can enable Whispir to successfully grow its business locally and internationally; and
- providing a cogent remuneration structure to reward high performance.

2.3. Remuneration advisers

Whispir engages with external consultants from time to time to benchmark executive remuneration arrangements with similar organisations in the Australian technology industry and in other overseas markets where it competes for talent.

The Board engaged Aon Australia ('Aon') to conduct the remuneration benchmarking of executive and non-executive director roles prior to the ASX listing. Aon also provided independent market information and advice to assist the Board in developing a post-IPO executive remuneration structure that considers shareholder and market expectations for an ASX listed company.

3. Non-executive director remuneration

Under the Constitution, the Board may decide the total amount paid to each director as remuneration for their services as a director. However, under the ASX Listing Rules, the total amount to all directors for their services (excluding, for these purposes, the salary of any executive director) must not exceed in aggregate in any financial year the amount approved by shareholders at the Company's general meeting, which is currently fixed at $600,000 per annum.

Non-executive director fees:	Base director fee $	Committee chair fee $	Total fee $
Brendan Fleiter	170,000	15,000	185,000
Sarah Morgan	85,000	15,000	100,000
Sara Axelrod	85,000	-	85,000
Shane Chesson	85,000	-	85,000
Total	425,000	30,000	455,000

All non-executive directors' fees are inclusive of superannuation contributions where required by law to be made by Whispir.

One-off option awards to non-executive directors

As noted in the prospectus, Whispir made pre-IPO contractual agreements with its current independent non-executive directors to provide a one-off equity grant following a successful IPO. Shareholder approval of these awards will be sought at the upcoming Annual General Meeting, with the details of the grant to be provided in the accompanying resolution. Whispir does not intend to provide any equity awards to non-executive directors in future, but may at some stage introduce a scheme to enable directors to acquire restricted shares by way of fee sacrifice.

4. Service agreements
A summary of contract terms in relation to executive KMP is presented below. All service agreements are contracted for in Singapore Dollars (SGD) and converted in to Australian Dollars ($) for the purposes of this report unless otherwise stated.

KMP and role	Employing entity	Period of notice	Termination payments
Jeromy Wells, CEO	Whispir Holdings Pte Ltd	4 months	4 months
Gareth Roberts, CFO	Whispir Holdings Pte Ltd	4 months	4 months
Tobi Brix, COO	Whispir Holdings Pte Ltd	4 months	4 months

Duration of contracts: Executive KMP contracts are open ended.

5. Senior executive remuneration

5.1. Remuneration structure and policy
Whispir is an ASX-listed company that operates and competes for top executives and specialist talent in the global technology sector. To attract and retain high calibre candidates from within this highly competitive international talent pool, remuneration arrangements typically need to be more highly leveraged to the long-term than standard Australian market practice. It is Whispir's remuneration policy to benchmark executive fixed remuneration with the median, or 50th percentile in the market and total remuneration (inclusive of target short-term incentive ('STI') and long-term incentive ('LTI') opportunities) with the 75th percentile of the market. This policy is an indicative guideline, and the actual positioning of each executive will vary with regard to a number of factors, including but not limited to their contribution, performance, experience in the role, and the scope of their accountability.

In overseas markets, particularly the United States of America the equity grants can be provided up-front as well as annually and are not only much larger, but part, or all, of those awards can often be subject only to service conditions, rather than performance hurdles. In this context, the Board has developed a remuneration framework that is intended to strike an appropriate balance between the need to compete internationally for talent while still meeting the market and governance expectations of an ASX-listed company.

Whispir's executive remuneration policy applies to the KMP named in this report and outlines the Company's intentions regarding senior executive remuneration, including how remuneration is to be structured, benchmarked and adjusted in response to changes in the circumstances of the Company, and in line with current best-practices.

Whispir's executive remuneration structure includes three different components as set out below:

(i) Fixed remuneration ('FR')
Fixed remuneration includes base salary, superannuation contributions and other ordinarily paid benefits, allowances and any applicable fringe benefits tax ('FBT').

The table below provides the fixed remuneration details for the key executives:

Role	Effective date	Annual fixed remuneration FY20 (SGD)	Annual fixed remuneration FY20 ($)*
Jeromy Wells, CEO	1 January 2019	$556,416	$569,491
Gareth Roberts, CFO	1 January 2019	$392,472	$401,695
Tobi Brix, COO	1 January 2019	$400,000	$409,400

*Converted at a daily-weighted 1-year average FX rate of 1.023499.

(ii) Short-term incentives ('STI')
STIs provide recognition for performance against annual business targets which are set by the Board for the CEO and key executives at the beginning of the year.

The FY19 STI opportunities for the key executives were established as a dollar value at the beginning of the year. Consistent with market practice among listed companies Whispir will move to expressing STI as a percentage of each executive's fixed remuneration for FY20 and beyond as indicated below:

Role	Target STI	Maximum STI
Jeromy Wells, CEO	50%	75%
Gareth Roberts, CFO	50%	75%
Tobi Brix, COO	50%	75%

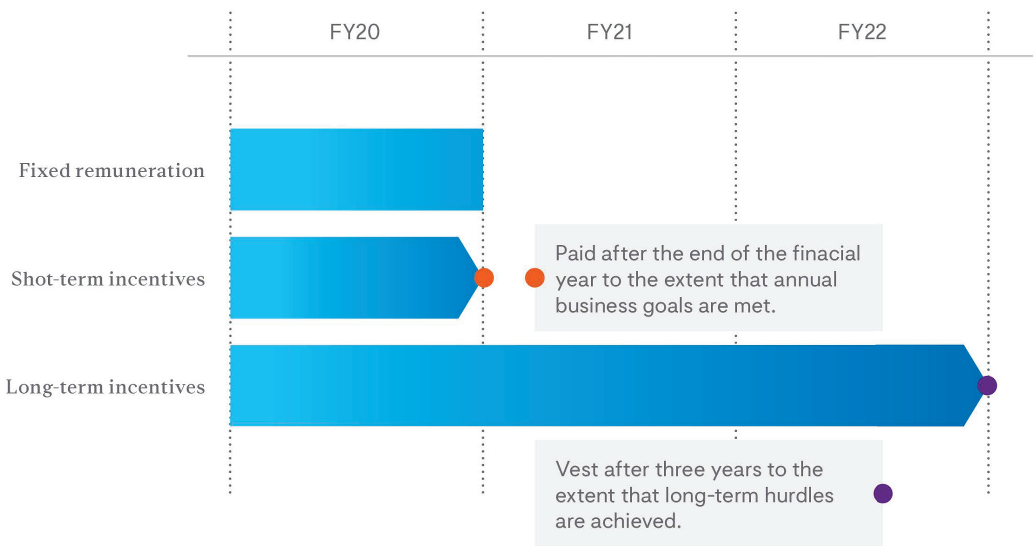
(iii) Long-term incentives ('LTI')
LTIs ensure alignment of shareholder interests with executive interests, in addition to providing a retention element to Whispir's remuneration structure and are delivered through performance rights. Performance rights will be granted at the beginning of each year and will vest after three years subject to the achievement of pre-determined long-term business goals and the Whispir share price performance relative to a pre-determined comparator group.

For the grant to be made in FY20, the performance conditions decided by the Board are: (i) relative total shareholder return ('TSR'); and (ii) revenue growth. Further detail of the FY20 awards will be included in the annual general meeting ('AGM') resolution seeking approval of the proposed grant to the CEO. Other than the number of rights, the terms (including performance and vesting conditions) will be replicated in the offer of FY20 LTI awards to other eligible executives

The current policy and contractual arrangements with KMP provide for LTI awards with a maximum LTI value as a percentage of fixed remuneration as shown in the table below. An AGM resolution will seek shareholder approval for the FY20 CEO award and will detail the terms and applicable performance criteria. For any LTI award of performance rights, the number of rights to be granted will be calculated by dividing the maximum value by a volume-weighted average share price for the 20 trading days immediately preceding the date of the grant ('20-day VWAP').

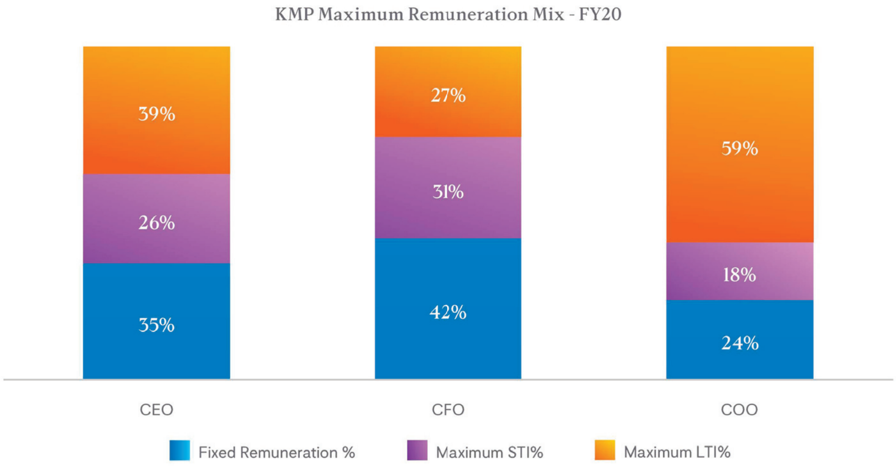
Role	Maximum LTI opportunity as a % of fixed remuneration
Jeromy Wells, CEO	110%
Gareth Roberts, CFO	65%
Tobi Brix, COO	250%

The following chart shows the timeline of various components of remuneration. Executives will realise the full value of their annual remuneration only if 3-year performance targets as determined by the Board are achieved.



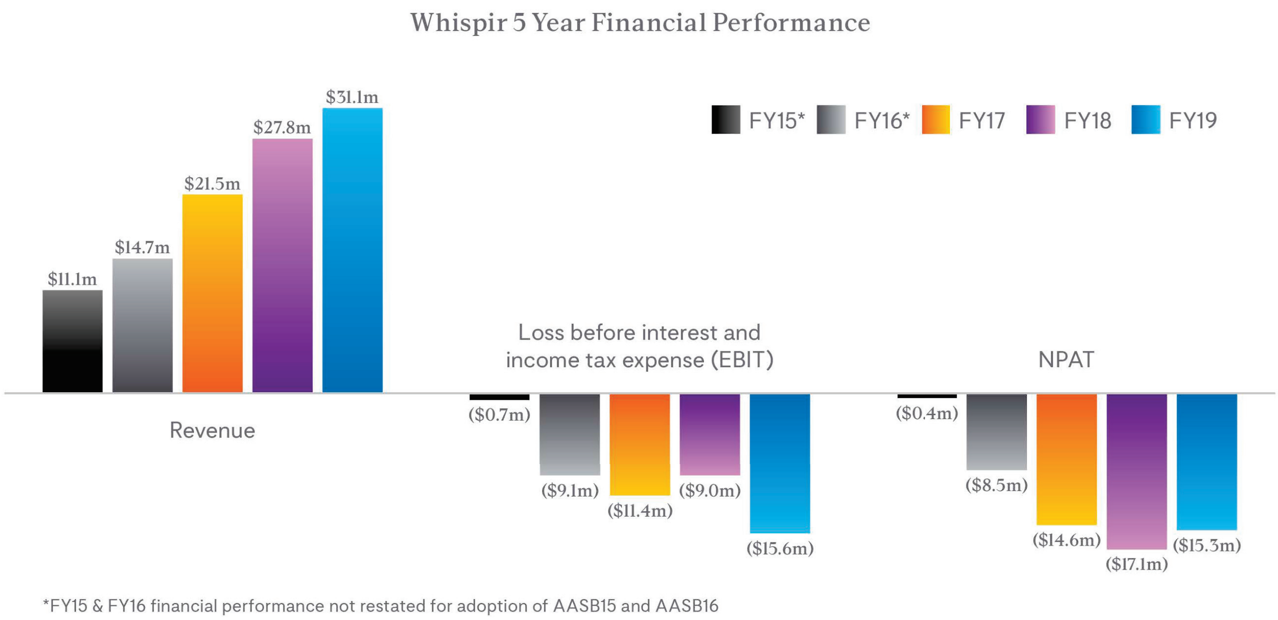
FY20 remuneration mix

The chart below shows the relative proportion of the various elements of remuneration for the key executives with variable incentive opportunities displayed 'at-maximum'. More than 50% of the maximum potential remuneration for all key executives is delivered through variable incentives, which shows Whispir's focus on ensuring executive pay reflects business performance and shareholder interests.



5.2 Financial performance

The Group's financial performance over the last five years is illustrated as follows:



5.3 Short-term incentive ('STI')

5.3.1. FY19 STI outcomes for KMP

At the beginning of FY19 each KMP was given a target STI opportunity subject to the achievement of financial and operational targets linked to the performance measures shown in the chart above. For FY19, the maximum STI they could earn was capped at this target amount.

The following table details the FY19 STI performance outcomes for Whispir's executives:

Role	Target STI FY19	Actual STI FY19	Actual STI as % of Target
Jeromy Wells, CEO	$284,746	$279,208	98%
Gareth Roberts, CFO	$152,542	$149,576	98%
Tobi Brix, COO	$204,700	$201,562	98%
Total	$641,988	$630,346	

5.3.2. FY20 STI plan

For FY19, the STI performance targets were established across a mix of financial and operational criteria. Following a review in FY19, the STI plan structure and design was updated to ensure it was appropriate for an ASX-listed company, as outlined below:

Purpose and basic operation

The STI plan is in place to ensure that executives are incentivised to exceed annual business performance goals based on a scorecard of key performance metrics approved by the Board. Each performance metric has a 'weight' attached to it, which communicates the extent to which it can influence the overall outcome.

Key performance indicators

STI awards are assessed on an individual scorecard basis, which is outlined below.

The CEO's STI will be paid based on Whispir's performance on the following key performance metrics:

Revenue	40%
Annual contract value ('ACV') (New and Growth)	20%
Earnings before interest and tax ('EBIT')	20%
Engagement	10%
Staff attrition	10%

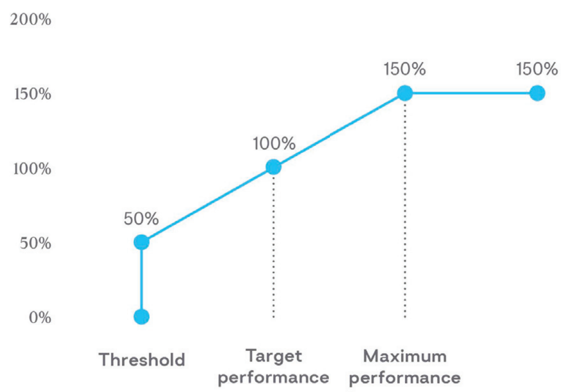
The CFO's STI will be paid based on Whispir's performance on the following key performance metrics:

Revenue	50%
EBIT	50%

The COO's STI will be paid based on Whispir's performance on the following key performance metrics:

Revenue	45%
US Revenue	10%
ACV (New)	10%
ACV (Growth)	10%
Product roadmap	25%

Outcome determination
Any payouts under the STI plan will be made if the performance of Whispir on any metric is above a 'threshold' level of performance as determined by the Board. The STI plan will payout 50% of the target opportunity if the performance is at threshold level. The payout will increase linearly to 100% of target for on-target performance. For performance above target, the payout will increase in a linear manner until it reaches a payout cap of 150% of target. The graph below displays the payout curve at various levels of performance:



Actual results and STI payment
The specifics of the performance criteria for the forthcoming year, and their calibration at threshold, target and maximum, are commercially sensitive and therefore are not disclosed.

In the FY20 remuneration report, Whispir will disclose on a look-back basis, with details on how actual results relative to the performance criteria and targets determined the STI payment for the year.

Gateway
There is no gateway currently employed in the STI plan.

Board discretion
The Board retains overall discretion to adjust the STI outcomes of executives if deemed reasonable in the event of unusual business outcomes, fraud, misconduct or other extraordinary circumstances.

5.4. Long-term incentives ('LTI')
Whispir employees may be eligible to receive options, rights or other equity arrangements as determined by the Board under LTI plan rules. Key features of the plan are outlined below:

Eligibility
The Board may, at its discretion, offer grants under the employee options plan ('EOP') to any employee, director or contractor of Whispir.

Instrument
Grants made under the EOP are for grants over fully paid ordinary shares in Whispir. Grants under the EOP do not convey notice or voting rights to the holder, or the right to receive any dividends paid.

Grants granted under the EOP may not be assigned, transferred or encumbered with a security interest without the express consent of the Board, unless the transfer occurs by force of law upon the death of a participant, or unless the participant is a resident of the United States of America, in which case additional rules apply.

At its discretion, the Board may elect to award a participant cash in place of shares, equivalent to the market value of the shares that would otherwise have been allocated to the participant, less the exercise price and any other deductible amounts.

Grant of grants
Grants may be granted under the EOP subject to vesting conditions, including, exercise price, time and performance-based hurdles. These conditions are determined by the Board at the time of offer. Under normal circumstances, grants will only vest upon satisfaction of these vesting conditions.

Exercise period
The exercise is determined at the sole discretion of the Board.

Termination
Upon termination, participants deemed "Good Leavers" will retain the right to exercise any vested grants for a period of 90 days, with all unvested grants lapsing, subject to overriding Board discretion.

Both the vested and unvested grants of a "Bad Leaver" automatically lapse upon termination. Participants will be considered Bad Leavers if they are terminated for poor performance, or for reasons involving serious and persistent breaches of their employment contract, fraudulent or dishonest conduct, and wrongful negligent acts. A participant will also be considered a Bad Leaver if they engage in certain activities with a competitor of Whispir within six months of their termination.

5.4.1. Post-IPO LTI awards
No LTI grants were awarded between the date of Whispir's IPO and 30 June 2019. A new LTI plan utilising performance rights will be implemented for FY20. It is intended that the new FY20 awards will vest over three years subject to performance hurdles to be determined by the Board and contractual arrangements in place for the relevant executives. Grants to the CEO will be subject to the requisite shareholder approvals and details of the grant and the applicable terms will be provided in an AGM resolution.

5.4.2 Listing bonus options

The following LTI awards were awarded prior to Whispir's IPO consistent with contractual obligations and continue on foot, and vest and become exercisable in future years as described

Role	Options	Exercise price	Notes
Gareth Roberts, CFO	900,000	Nil	Issued in two tranches: Tranche 1 - 50% of options (450,000) vested and were exercised at IPO. The shares (450,000) delivered at exercise are subject to escrow in accordance with the prospectus, and subject to the company trading policy. Tranche 2 - 50% of options (450,000) vest in equal monthly instalments over a three-year period to 30 June 2022.
Tobi Brix, COO	846,660	$0.353	All options vested and exercised upon completion of the IPO. The net number of shares (659,866) issued on the 'cashless' exercise of these options is subject to escrow in accordance with the prospectus, and subject to the company trading policy.

5.4.3 Option Awards in FY19 and Prior to IPO

Prior to the listing, Whispir provided grants of time-based share options to KMP. The details of the options granted pre-IPO and continuing on-foot post IPO are provided below. This table includes the awards in 5.4.2 above.

Date of grant	Date of expiry	Number granted	Fair value of option at grant	Exercise price	Options vested at 30 June 2019	Unvested options at 30 June 2019	Exercised at 30 June 2019	Options outstanding at 30 June 2019
Jeromy Wells								
30/06/2017	30/06/2032	387,270	$0.04	$0.340	193,635	193,635	-	387,270
31/07/2018	31/07/2033	533,250	$1.68	$0.353	-	533,250	-	533,250
		920,520			193,635	726,885	-	920,520
Gareth Roberts								
30/06/2017	30/06/2032	75,000	$0.04	$0.340	37,500	37,500	(34,353)	40,647
30/06/2017	30/06/2032	164,070	$0.04	$0.340	164,070	-	(164,070)	-
30/06/2018	30/06/2033	90,000	$1.66	$0.353	22,500	67,500	-	90,000
31/07/2018	31/07/2033	91,710	$1.68	$0.353	-	91,710	-	91,710
17/06/2019	17/06/2034	900,000	$1.60	$0.000	462,500	437,500	(450,000)	450,000
		1,320,780			686,570	634,210	(648,423)	672,357
Tobias Brix								
31/10/2018	31/10/2033	846,660	$1.82	$0.353	846,660	-	(846,660)	-

6. Movements in shares

Shareholding
The number of shares in the Company held (directly or indirectly) during the financial year by each KMP or their related parties (their close family members or any entity they, or their close family members, control, jointly control or significantly influence) are set out below:

	Balance at the start of the year	Number of shares at completion of listing on 19 June 2019	Number of shares acquired in FY19 upon exercise of vested options or rights	Balance at the end of the year
Ordinary shares				
Brendan Fleiter, Non-executive Director	-	250,000	-	250,000
Sarah Morgan, Non-executive Director	-	53,125	-	53,125
Sara Axelrod, Non-executive Director	-	9,375	-	9,375
Shane Chesson, Non-executive Director*	-	8,845,922	-	8,845,922
Jeromy Wells, CEO	-	15,359,020	-	15,359,020
Gareth Roberts, CFO	-	-	648,423	648,423
Tobi Brix, COO	-	-	659,866	659,866
	-	24,517,442	1,308,289	25,825,731

* Shane Chesson's shares are held by OSV Hush Holdings Pte Ltd (OpenSpace Ventures).

7. KMP statutory remuneration details for the year ended 30 June 2019 ('FY19')

The following table has been prepared in accordance with Australian Accounting Standards and Section 300A of the Corporations Act 2001. The table shows details of the nature and amount of each element of remuneration paid or awarded to KMP for services provided during the year while they were KMP (including STI amounts in respect of performance during the year which are paid following the end of the year).

2019	Base salary $	Benefits** $	Super/ CPF $	Other benefits*** $	STI $	IPO transaction bonus incentive $	LTI options $	Total $
Non-executive directors:								
Brendan Fleiter	84,475	-	8,025	-	-	-	-	92,500
Sarah Morgan	45,662	-	4,338	-	-	-	-	50,000
Sara Axelrod	32,344	-	3,073	-	-	-	-	35,417
Shane Chesson	42,500	-	-	-	-	-	-	42,500
Executive director:								
Jeromy Wells	569,491	8,378	-	167,496	279,208	813,559	897,638	2,735,770
Other KMP:								
Gareth Roberts	389,581	-	-	21,497	149,576	203,390	1,594,379	2,358,423
Tobi Brix*	366,754	-	20,779	14,071	201,562	-	1,540,075	2,143,241
	1,530,807	8,378	36,215	203,064	630,346	1,016,949	4,032,092	7,457,851

* appointed on 1 August 2018
** relates to provision of car parking facilities
*** other benefits include movement in annual leave and long service leave entitlements

8. Other transactions with KMP

There are no outstanding loans or loan capitals as at the reporting date.

This concludes the remuneration report, which has been audited.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Brendan Fleiter	Jeromy Wells
Chairman and Non-Executive Director	Chief Executive Officer

23 September 2019
Melbourne

Building a better
working world

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Auditor's Independence Declaration to the Directors of Whispir Limited

As lead auditor for the audit of the financial report of Whispir Limited for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit*;* and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Whispir Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

David McGregor
Partner
23 September 2019

Whispir Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 $'000	2018 $'000
Revenue			
Software revenue		29,389	25,953
Professional services revenue		1,759	1,871
	5	31,148	27,824
Cost of services		(11,856)	(10,635)
Gross profit		19,292	17,189
Share of losses of associates accounted for using the equity method		-	(188)
Interest revenue calculated using the effective interest method		115	14
Expenses			
Sales and marketing		(13,267)	(11,002)
Research and development		(5,395)	(6,280)
General and administration		(16,379)	(8,901)
Finance costs	6	352	(7,738)
Total expenses		(34,689)	(33,921)
Loss before income tax expense		(15,282)	(16,906)
Income tax expense	7	-	-
Loss after income tax expense for the year		(15,282)	(16,906)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(51)	(200)
Other comprehensive income for the year, net of tax		(51)	(200)
Total comprehensive income for the year		(15,333)	(17,106)
Loss for the year is attributable to:			
Non-controlling interest		-	(941)
Owners of Whispir Limited		(15,282)	(15,965)
		(15,282)	(16,906)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	(928)
Owners of Whispir Limited		(15,333)	(16,178)
		(15,333)	(17,106)
		Cents	Cents
Basic earnings per share	31	(45.69)	(60.46)
Diluted earnings per share	31	(45.69)	(60.46)

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

Whispir Limited
Statement of financial position
As at 30 June 2019

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000
Assets			
Current assets			
Cash and cash equivalents	8	26,827	13,767
Trade and other receivables	9	3,973	4,321
Prepayments		1,132	594
Contract acquisition costs	10	1,672	2,173
Interest bearing assets		629	543
Total current assets		34,233	21,398
Non-current assets			
Property, plant and equipment	11	536	570
Intangibles	12	4,676	571
Right-of-use assets	13	3,154	4,590
Contract acquisition costs	10	1,465	976
Total non-current assets		9,831	6,707
Total assets		44,064	28,105
Liabilities			
Current liabilities			
Trade and other payables	14	7,736	6,454
Contract liabilities	15	2,113	3,097
Other financial liabilities	16	-	52,495
Employee benefits	17	967	1,018
Lease liabilities	18	607	686
Total current liabilities		11,423	63,750
Non-current liabilities			
Trade and other payables	14	1,304	884
Contract liabilities	15	307	508
Employee benefits	17	21	58
Lease liabilities	18	3,272	4,476
Total non-current liabilities		4,904	5,926
Total liabilities		16,327	69,676
Net assets/(liabilities)		27,737	(41,571)
Equity			
Issued capital	19	89,687	6,356
Reserves	20	808	(451)
Accumulated losses		(62,758)	(47,476)
Total equity/(deficiency)		27,737	(41,571)

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

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total deficiency in equity $'000
Balance at 1 July 2017	3,134	(351)	(31,511)	1,980	(26,748)
Loss after income tax expense for the year	-	-	(15,965)	(941)	(16,906)
Other comprehensive income for the year, net of tax	-	(213)	-	13	(200)
Total comprehensive income for the year	-	(213)	(15,965)	(928)	(17,106)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 19)	3,222	-	-	-	3,222
Share-based payments (note 32)	-	113	-	-	113
Equity contribution by non-controlling interest	-	-	-	1,000	1,000
Changes in ownership interests	-	-	-	(2,052)	(2,052)
Balance at 30 June 2018	6,356	(451)	(47,476)	-	(41,571)

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2018	6,356	(451)	(47,476)	-	(41,571)
Loss after income tax expense for the year	-	-	(15,282)	-	(15,282)
Other comprehensive income for the year, net of tax	-	(51)	-	-	(51)
Total comprehensive income for the year	-	(51)	(15,282)	-	(15,333)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 19)	80,625	-	-	-	80,625
Share-based payments (note 32)	-	4,016	-	-	4,016
Transfer on exercise of options	2,706	(2,706)	-	-	-
Balance at 30 June 2019	89,687	808	(62,758)	-	27,737

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

Whispir Limited
Statement of cash flows
For the year ended 30 June 2019

	Note	Consolidated 2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers		28,091	25,641
Payments to suppliers and employees		(39,091)	(33,730)
Interest received		115	14
Interest and other finance costs paid		(520)	(551)
Net cash used in operating activities	30	(11,405)	(8,626)
Cash flows from investing activities			
Payments for property, plant and equipment	11	(405)	(125)
Payments for intangibles	12	(4,502)	(571)
Payments for security deposits		(87)	-
Cash disposed of upon deconsolidation of subsidiary		-	(2,220)
Net cash used in investing activities		(4,994)	(2,916)
Cash flows from financing activities			
Proceeds from issue of shares	19	27,255	-
Share issue transaction costs		(3,953)	-
Equity contributions from non-controlling interests		-	1,000
Proceeds from convertible notes		7,000	14,623
Proceeds from convertible preference shares		-	8,552
Transaction costs		-	(876)
Repayment of borrowings		(795)	(972)
Net cash from financing activities		29,507	22,327
Net increase in cash and cash equivalents		13,108	10,785
Cash and cash equivalents at the beginning of the financial year		13,767	3,009
Effects of exchange rate changes on cash and cash equivalents		(48)	(27)
Cash and cash equivalents at the end of the financial year	8	26,827	13,767

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

Note 1. General information

The financial statements cover Whispir Limited as a Group consisting of Whispir Limited (the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year (referred to as the 'Group'). The financial statements are presented in Australian dollars, which is Whispir Limited's functional and presentation currency.

Whispir Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 15, 360 Collins Street
Melbourne Victoria 3000
Australia

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 September 2019. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

During the previous financial year, the Group early adopted the following accounting standards:
- AASB 15 'Revenue from contracts with customers' was early adopted in the previous financial year with effect from 1 July 2016.
- AASB 16 'Leases' was early adopted in the previous financial year with effect from 1 July 2016.

The following Accounting Standards and Interpretations adopted during the year are most relevant to the Group:

AASB 9 Financial Instruments
The Group has adopted AASB 9 from 1 July 2018, using the transitional rules available not to restate comparatives. The standard introduced new classification and measurement models for financial assets. 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. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is required.

Impact of adoption: There was no significant change to the carrying amounts on adoption of AASB 9 as at the transition date.

Note 2. Significant accounting policies (continued)

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 28.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Whispir Limited ('Company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Whispir Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the 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 entities in the Group 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.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Whispir Limited's functional and presentation currency.

Note 2. Significant accounting policies (continued)

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars 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 financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Platform and software revenue
Platform and software revenue comprise of subscription fees from customers accessing the Whispir platform and for support services provided. The Group considers its performance obligations are satisfied evenly over the contract period. Therefore, the revenues is recognised over time, beginning on the commencement date of each contract, which is the date the Group’s service is made available to customers. Amounts that have been invoiced are recorded in accounts receivable and in contract liabilities, depending on whether the revenue recognition criteria have been met.

Transactional revenue
Transactional revenue represents amounts charged to customers for transactions sent through the Whispir platform and is based on contractual prices for transactions. The sending of transactions through the platform is considered to be a single performance obligation together with the platform and support services. The transaction price is considered to be a variable consideration based on the contractual prices. Transaction revenues are recognised over time as transactions are sent based on contracted prices.

Professional services and configuration revenue
Professional services and configuration revenue relate to implementation, configuration and other professional services related to the Whispir platform. Contracts for these services are either on a time and materials basis or fixed fee basis and are invoiced as the services are delivered. These services are only provided by Whispir and always in connection with software platform and support services. Revenues from these services are recognised rateably over the contract period of the software platform and support contract.

Note 2. Significant accounting policies (continued)

Interest
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.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Whispir Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary 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 tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 2. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
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 Group has applied the simplified approach to measuring expected credit losses, 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.

Contract acquisition costs
Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Contract acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Contract acquisition costs consist of commissions paid to sales employees as well as commissions paid to resellers. Commission payments to sales employees are typically paid in full shortly after a customer's service commences. Reseller commissions are typically paid over the period of the related customer contract. The full commission is initially capitalised as well as a liability recognised upon incurrence. Amortisation of contract acquisition costs is included in the sales and marketing expense in profit or loss.

Associates
Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. It recognises the Group's share of post-acquisition profit and loss as well as reserves of its associates.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Furniture, fixtures and fittings	3 years
Computer equipment	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 2. Significant accounting policies (continued)

Leases
At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, and the Group obtains substantially all the economic benefits of the use of the assets.

The Group has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

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 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 of 6 to 10 years. Where the Group 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 Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with an original lease term of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 years.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 2. Significant accounting policies (continued)

Contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

During the year, the Group settled all outstanding convertible preference shares and convertible notes by way of the issuance of ordinary shares in the Company.

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 Group'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.

Finance costs
Finance costs are expensed in the period in which they are incurred. Finance cost is net of expense/benefits arising on reversal of embedded derivative components of the convertible preference shares and convertible notes into equity at the qualifying initial public offering occurring within the specified period.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 2. Significant accounting policies (continued)

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Whispir Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

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.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Except for the adoption of AASB 16 'Leases', Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB Interpretation 23 Uncertainty over Income Tax Treatments
The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 'Income Taxes' where there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: a) whether an entity considers uncertain tax treatments separately, b) the assumptions an entity makes about the examination of tax treatments by taxation authorities, c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and d) how an entity considers changes in facts and circumstances. The application of the Standard is 1 January 2019 (effective for the Group 1 July 2019). The Group is in the process of assessing the impact of AASB Interpretation 23.

Note 2. Significant accounting policies (continued)

New Conceptual Framework for Financial Reporting
A revised Conceptual Framework for Financial Reporting has been issued by the AASB and is applicable for annual reporting periods beginning on or after 1 January 2020. This release impacts for-profit private sector entities that have public accountability that are required by legislation to comply with Australian Accounting Standards and other for-profit entities that voluntarily elect to apply the Conceptual Framework. Phase 2 of the framework is yet to be released which will impact for-profit private sector entities. The application of new definition and recognition criteria as well as new guidance on measurement will result in amendments to several accounting standards. The issue of AASB 2019-1 'Amendments to Australian Accounting Standards – References to the Conceptual Framework', also applicable from 1 January 2020, includes such amendments. Where the Group has relied on the conceptual framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards, the Group may need to revisit such policies. The Group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Revenue recognition – Principal versus agent assessment
The Group sells services to customers both directly and through resellers. The Group assesses each arrangement to determine whether the Group act as principal or agent based on whether the Group controls the service before transferring it to the end customer.

Where the Group acts as a principal it records its revenue on a gross basis versus on a net basis where acting as an agent. The Group has concluded that it acts as a principal in relation to these arrangements on the basis that it has primary responsibility for delivery of the service to the end customer including provisioning of the service, hosting the service and ongoing support services.

Revenue recognition – Consideration payable to customers and resellers
The Group makes payments to customers and resellers for transactions used to fulfil its customer contracts. Accounting standards require consideration payable to a customer to be a reduction in revenue unless they have acquired a distinct product or service and the price paid reflects its fair value. The Group is therefore required to assess whether amounts paid represent the fair value of the services acquired. Based on its knowledge of market rates for transactions the Group has concluded that the prices paid reflect fair value and therefore record the amounts paid as an expense.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

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 recent sales experience and historical collection rates.

Development expenditure
The Group capitalises development expenditure as an intangible asset for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management’s judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, as with the nature of software delivery model, key judgement is required in determining whether incremental product enhancements will provide additional future economic benefit.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets have not been recognised in respect of these losses and temporary differences as they are not yet considered probable of realisation as at the year end. The future recoverability of tax losses and research and development credits is dependent upon continuing to comply with regulatory requirements as well as the production of sufficient future taxable income.

Right-of-use assets
The Group capitalises right-of-use assets in accordance with the accounting policy described in note 2. The capitalised cost is based on management's judgement regarding discount rate and assumptions in relation to contract period including anticipated lease renewals. The Group has used a weighted-average discount rate of 14% applied across the Group.

Note 4. Operating segments

Identification of reportable operating segments
The Group is organised into geographic operating segments: Australia & New Zealand, Asia and the United States. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews segment margin (being segment revenue less cost of sales). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis. The CODM does not regularly review segment assets and segment liabilities. Refer to statement of financial position for assets and liabilities.

Types of products and services
The principal products and services of each of these operating segments are as follows:

Australia and New Zealand	Segment revenue and gross margin are derived principally from the commercialisation of the Group's cloud-based communication management platform and services in Australia and New Zealand.
Asia and the United States	Segment revenue and gross margin are derived principally from the commercialisation of the Group's cloud-based communication management platform and services in the Group's overseas markets being Asia and the USA.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers
There are no major customers that contributed more than 10% of revenue to the Group.

Note 4. Operating segments (continued)

Operating segment information

Consolidated - 2019	Australia & New Zealand $'000	Asia $'000	United States $'000	Total $'000
Revenue				
Sales to external customers	24,861	4,691	1,596	31,148
Interest revenue	115	-	-	115
Total revenue	24,976	4,691	1,596	31,263
Segment margin	16,508	1,750	1,034	19,292
Interest revenue				115
Finance costs				352
Sales and marketing				(13,267)
Research and development				(5,395)
General and administration				(16,379)
Loss before income tax expense				(15,282)
Income tax expense				-
Loss after income tax expense				(15,282)

Consolidated - 2018	Australia & New Zealand $'000	Asia $'000	United Stated $'000	Total $'000
Revenue				
Sales to external customers	21,189	5,348	1,287	27,824
Interest revenue	14	-	-	14
Total revenue	21,203	5,348	1,287	27,838
Margin	14,420	2,073	696	17,189
Share of losses of associates accounted for using the equity method				(188)
Interest revenue				14
Finance costs				(7,738)
Sales and marketing				(11,002)
Research and development				(6,280)
General and administration				(8,901)
Loss before income tax expense				(16,906)
Income tax expense				-
Loss after income tax expense				(16,906)

Note 5. Revenue

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2019 $'000	2018 $'000
Major product lines		
Platform and software revenue	10,748	10,959
Transactional revenue	18,641	14,994
Professional services and configuration revenue	1,759	1,871
	31,148	27,824
Geographical regions		
Americas	1,496	1,213
Australia	24,126	20,526
New Zealand	734	657
Singapore	4,613	5,233
Others	179	195
	31,148	27,824
Timing of revenue recognition		
Services transferred over time	31,148	27,824

Note 6. Expenses

	Consolidated 2019 $'000	Consolidated 2018 $'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Furniture, fixtures and fittings	189	195
Computer equipment	272	217
Right-of-use assets	916	974
Total depreciation	1,377	1,386
Amortisation		
Development expenditure	397	-
Customer acquisition costs	2,551	2,586
Total amortisation	2,948	2,586
Total depreciation and amortisation	4,325	3,972
Finance costs		
Interest on convertible notes	5,621	949
Interest on convertible preference shares	4,501	3,190
Interest cost on lease	520	551
Amortisation of transaction costs	1,379	537
Revaluation of derivatives*	(12,373)	2,511
Finance costs expensed/(credits)	(352)	7,738
Rental expense relating to operating leases		
Short-term and low-value assets lease payments	521	103
Employee benefits expense		
Wages and salaries	18,932	14,375
Superannuation	1,446	1,388
Payroll tax	653	551
Other employee benefits expense	478	380
Share-based payments (net)	2,717	1,141
Total employee benefits expense	24,226	17,835

*Reversal of embedded derivative components of the convertible preference shares and convertible notes into equity at the qualifying IPO occurring within the specified period.

Note 7. Income tax

	Consolidated 2019 $'000	Consolidated 2018 $'000
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(15,282)	(16,906)
Tax at the statutory tax rate of 27.5% (2018: 30%)	(4,203)	(5,072)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	747	308
Interest on notes, preference shares and revaluation of derivatives	(619)	1,995
	(4,075)	(2,769)
Current year temporary differences not recognised	3,218	2,104
Difference in overseas tax rates	857	665
Income tax expense	-	-

	Consolidated 2019 $'000	Consolidated 2018 $'000
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Contract liabilities	601	710
Accrued expenses	533	681
Right-of-use assets/lease liability	139	118
Tax losses and research and development credits	8,915	4,963
Customer acquisition costs/capitalised research and development	(1,338)	(359)
Total deferred tax assets not recognised	8,850	6,113

Deferred tax liabilities of $1,338,000 (2018: $359,000) have been offset by deferred tax assets. The Group has tax losses and research and development credits that arose in Australia and Singapore that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses and temporary differences as they are not yet considered probable of realisation. The future recoverability of tax losses and research and development credits is dependent upon continuing to comply with regulatory requirements as well as the production of sufficient future taxable income.

	Consolidated 2019 $'000	Consolidated 2018 $'000
Deferred tax liability		
Customer acquisition costs/capitalised research and development	(1,338)	(359)
Recognition of deferred tax assets to the extent of deferred tax liabilities	1,338	359
Deferred tax liability	-	-

Note 8. Cash and cash equivalents

	Consolidated	
	2019	2018
	$'000	$'000
Current assets		
Cash at bank	22,514	13,767
Cash on deposit	4,313	-
	26,827	13,767

Note 9. Trade and other receivables

	Consolidated	
	2019	2018
	$'000	$'000
Current assets		
Trade receivables	4,093	4,228
Less: Allowance for expected credit losses	(138)	(123)
	3,955	4,105
Other receivables	18	216
	3,973	4,321

Allowance for expected credit losses
The Group has recognised a net loss of $15,000 (2018: net gain of $15,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2019.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate 2019 %	Carrying amount 2019 $'000	Allowance for expected credit losses 2019 $'000
0 to 30 days	1.32%	3,460	46
31 to 90 days	20.00%	349	70
over 90 days	7.75%	284	22
		4,093	138

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2019	2018
	$'000	$'000
Opening balance	123	138
Additional provisions recognised	33	115
Unused amounts reversed	(18)	(130)
Closing balance	138	123

Note 10. Contract acquisition costs

	Consolidated 2019 $'000	Consolidated 2018 $'000
Current assets		
Contract acquisition costs	1,672	2,173
Non-current assets		
Contract acquisition costs	1,465	976
	3,137	3,149

Reconciliations:
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Consolidated 2019 $'000	Consolidated 2018 $'000
Opening balance	3,149	2,913
Additions	2,539	2,822
Amortisation	(2,551)	(2,586)
Closing balance	3,137	3,149

Note 11. Property, plant and equipment

	Consolidated 2019 $'000	Consolidated 2018 $'000
Non-current assets		
Furniture, fixtures and fittings - at cost	700	601
Less: Accumulated depreciation	(542)	(353)
	158	248
Computer equipment - at cost	1,972	1,642
Less: Accumulated depreciation	(1,594)	(1,320)
	378	322
	536	570

Note 11. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Furniture, fixtures and fittings $'000	Computer equipment $'000	Total $'000
Balance at 1 July 2017	382	475	857
Additions	61	64	125
Depreciation expense	(195)	(217)	(412)
Balance at 30 June 2018	248	322	570
Additions	99	328	427
Depreciation expense	(189)	(272)	(461)
Balance at 30 June 2019	158	378	536

Note 12. Intangibles

	Consolidated	
	2019 $'000	**2018 $'000**
Non-current assets		
Development expenditure - at cost	5,073	571
Less: Accumulated amortisation	(397)	-
	4,676	571

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Development expenditure $'000
Balance at 1 July 2017	-
Additions	571
Balance at 30 June 2018	571
Additions	4,502
Amortisation expense	(397)
Balance at 30 June 2019	4,676

Note 13. Right-of-use assets

	Consolidated	
	2019 $'000	**2018 $'000**
Non-current assets		
Right-of-use assets	3,154	4,590

Note 13. Right-of-use assets (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Office premises $'000	Data centres $'000	Total $'000
Balance at 1 July 2017	1,878	314	2,192
Additions	3,187	185	3,372
Depreciation expense	(700)	(274)	(974)
Balance at 30 June 2018	4,365	225	4,590
Additions	215	-	215
Disposals	(735)	-	(735)
Depreciation expense	(758)	(158)	(916)
Balance at 30 June 2019	3,087	67	3,154

Note 14. Trade and other payables

	Consolidated	
	2019 $'000	**2018 $'000**
Current liabilities		
Trade payables	2,677	2,363
Commissions payable	1,360	1,537
Other payables and accruals	3,699	2,554
	7,736	6,454
Non-current liabilities		
Commissions payable	1,304	884
	9,040	7,338

Refer to note 22 for further information on financial instruments.

Note 15. Contract liabilities

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Current liabilities		
Contract liabilities	2,113	3,097
Non-current liabilities		
Contract liabilities	307	508
	2,420	3,605

Reconciliation
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

	2019 $'000	2018 $'000
Opening balance	3,605	3,432
Payments received in advance	1,757	2,696
Revenue recognised during the year	(2,942)	(2,523)
Closing balance	2,420	3,605

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $19,520,000 as at 30 June 2019 ($19,697,000 as at 30 June 2018) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Within 12 months	11,024	12,705
Over 12 months	8,496	6,992
	19,520	19,697

Note 16. Other financial liabilities

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Current liabilities		
Convertible preferences shares	-	38,380
Convertible notes payable	-	15,130
Transaction cost (net of amortisation)	-	(1,015)
	-	52,495

Refer to note 22 for further information on financial instruments.

During the year, the Group settled all outstanding convertible preference shares by way of the issuance of 37,124,370 ordinary shares in the Company.

During the year, the Group settled all outstanding convertible notes by way of the issuance of 17,438,299 ordinary shares in the Company.

Note 17. Employee benefits

	Consolidated 2019 $'000	2018 $'000
Current liabilities		
Annual leave	800	855
Long service leave	167	163
	967	1,018
Non-current liabilities		
Long service leave	21	58
	988	1,076

Note 18. Lease liabilities

	Consolidated 2019 $'000	2018 $'000
Current liabilities		
Lease liabilities	607	686
Non-current liabilities		
Lease liabilities	3,272	4,476
	3,879	5,162

Refer to note 22 for further information on undiscounted minimum lease obligations.

Note 19. Issued capital

	Consolidated 2019 Shares	2018 Shares	2019 $'000	2018 $'000
Ordinary shares - fully paid	103,200,618	997,387	89,687	6,356

Note 19. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	1 July 2017	877,933	3,134
Shares issued on exercise of options	28 May 2018	21,253	1,028
Shares issued on conversion of preference shares	29 June 2018	98,201	2,194
Balance	30 June 2018	997,387	6,356
Shares issued on exercise of options	30 September 2018	941	10
Shares issued on exercise of options	31 October 2018	43	-
Shares issued on exercise of options	31 January 2019	2,250	23
Share-split 30 shares issued for 1 share held	15 March 2019	29,018,009	-
Shares issued on exercise of options	30 March 2019	436,020	153
Issue of shares on conversion of convertible notes	13 June 2019	17,438,299	27,915
Issue of shares on conversion of convertible preference shares	13 June 2019	37,124,370	30,341
Issue of shares on capital raising	13 June 2019	16,875,000	27,000
Issue of shares under cleansing offer	19 June 2019	10	-
Shares issued on exercise of options	19 June 2019	1,308,289	68
Transfer from share based payment reserve on exercise of options		-	2,706
Share issue transaction costs, net of tax		-	(4,885)
Balance	30 June 2019	103,200,618	89,687

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2018 Annual Report.

Note 20. Reserves

	Consolidated 2019 $'000	2018 $'000
Foreign currency reserve	(717)	(666)
Share-based payments reserve	1,525	215
	808	(451)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency $'000	Share-based payments $'000	Total $'000
Balance at 1 July 2017	(453)	102	(351)
Foreign currency translation	(213)	-	(213)
Share-based payments	-	113	113
Balance at 30 June 2018	(666)	215	(451)
Foreign currency translation	(51)	-	(51)
Share-based payments	-	4,016	4,016
Transfer to share capital	-	(2,706)	(2,706)
Balance at 30 June 2019	(717)	1,525	808

Note 21. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 22. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Note 22. Financial instruments (continued)

Market risk

Foreign currency risk
The Group is not exposed to any significant foreign currency risk, except for translation of financial assets and liabilities of foreign subsidiaries into presentation currency.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
Group's financial liabilities have fixed interest rate. The Group is not exposed to any significant interest rate risk.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2019	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives				
Non-interest bearing				
Trade payables	2,677	-	-	2,677
Commissions payable	1,360	1,304	-	2,664
Other payables	3,699	-	-	3,699
Interest-bearing - fixed rate				
Lease liability	1,099	3,562	1,439	6,100
Total non-derivatives	8,835	4,866	1,439	15,140

Note 22. Financial instruments (continued)

Consolidated - 2018	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives				
Non-interest bearing				
Trade payables	2,363	-	-	2,363
Commissions payable	1,537	884	-	2,421
Other payables	2,554	-	-	2,554
Interest-bearing - fixed rate				
Convertible preference shares	38,380	-	-	38,380
Convertible notes payable	15,130	-	-	15,130
Lease liabilities	1,359	7,421	-	8,780
Total non-derivatives	61,323	8,305	-	69,628

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 23. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated 2019
There were no assets and liabilities carried at fair value as at 30 June 2019.

Consolidated - 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Convertible Preference shares - derivative liability	-	-	12,541	12,541
Convertible Notes - derivative liability	-	-	4,074	4,074
Total liabilities	-	-	16,615	16,615

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities. The fair value of the host liability for convertible notes and convertible preference shares is calculated to be $Nil (2018: $63,105,000) compared to its carrying value of $Nil (2018: $35,880,000).

Valuation techniques for fair value measurements categorised within level 2 and level 3
Derivative component of convertible notes and convertible preference shares are valued using a discounted cash flow model. Key inputs used in the model were discount rate, probability distribution of an IPO occurring within required period, probability distribution of ordinary share value upon IPO and probability distribution for potential future 'down-round'.

Note 23. Fair value measurement (continued)

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Convertible Preference shares - derivative liability $'000	Convertible Notes - derivative liability $'000	Total $'000
Balance at 1 July 2017	5,011	489	5,500
Gains recognised in profit or loss	6,479	1,817	8,296
Additions	-	2,819	2,819
Notes converted to preference shares	1,051	(1,051)	-
Balance at 30 June 2018	12,541	4,074	16,615
Gains/(losses) recognised in profit or loss	(12,541)	168	(12,373)
Additions	-	1,249	1,249
Transfer on conversion to ordinary shares	-	(5,491)	(5,491)
Balance at 30 June 2019	-	-	-

Note 24. Key management personnel disclosures

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

	Consolidated 2019 $	Consolidated 2018 $
Short-term employee benefits	3,389,544	2,657,518
Post-employment benefits	36,215	65,457
Share-based payments	4,032,092	1,129,176
	7,457,851	3,852,151

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the Company:

	Consolidated 2019 $	Consolidated 2018 $
Audit services - Ernst & Young		
Audit or review of the financial statements	245,000	275,995
Other services - Ernst & Young		
Other assurance services	-	151,610
Tax due diligence	127,000	-
Other due diligence services related to IPO	862,075	-
	989,075	151,610
	1,234,075	427,605

Note 26. Contingent liabilities

There are no contingent liabilities as at 30 June 2019 and 30 June 2018.

Note 27. Related party transactions

Parent entity
Whispir Limited is the parent entity and ultimate parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 29.

Key management personnel
Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

Transactions with related parties
Telstra Corporation Limited an entity with significant influence over the Group. Telstra Corporation Limited owned 30% of the Convertible Preference Shares and a right to appoint a representative director on the Board of Company whose consent needs to be sought for certain reserve matters. Transactions with Telstra Corporation Limited are on terms equivalent to arms-length commercial terms and conditions. Telstra Corporation Limited became a related party in the year ended 30 June 2013. Telstra ceased to be related party with effect from 1 January 2019.

Telstra is a reseller of the Group's services and receives a commission. Telstra invoice end customers and return funds to the Group net of its commission. The Group is considered to be the principal in the arrangement with the end customer and records the revenue on a gross basis with the commission recorded as a contract acquisition cost. Gross amounts invoiced to end customer and commission paid to Telstra in relation to this agreement during the period of 1 July 2018 to 31 December 2018 were $9,244,934 (2018: full year $17,275,355) and $860,716 (2018: $1,601,826) respectively. Amount receivable from Telstra at 30 June 2019 in relation to collections from end customers was $ Nil (2018: $1,798,791).

In addition, the Group purchases short message services from Telstra to fulfil its services to customers as well as telephony services for its own business operations and the total purchases amount to $2,990,091 (2018: $4,480,197). The Group sell its platform, transaction and support services to Telstra and the total sales amount to $194,375 (2018: $779,421).

Note 27. Related party transactions (continued)

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2019 $	2018 $
Current receivables:		
Trade receivables from Telstra Corporation Limited	-	329,461
Current payables:		
Trade payables to Telstra Corporation Limited	-	782,314

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2019 $	2018 $
Current borrowings:		
Convertible preference shares issued to Telstra Corporation Limited	-	20,266,179

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 28. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2019 $'000	2018 $'000
Loss after income tax	(6,337)	(8,861)
Total comprehensive income	(6,337)	(8,861)

Note 28. Parent entity information (continued)

Statement of financial position

	Parent 2019 $'000	Parent 2018 $'000
Total current assets	24,467	10,963
Total assets	71,225	43,936
Total current liabilities	545	52,488
Total liabilities	545	52,488
Equity		
Issued capital	90,616	6,356
Share-based payments reserve	1,525	216
Accumulated losses	(21,461)	(15,124)
Total equity/(deficiency)	70,680	(8,552)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 30 June 2018.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the Group's accounting policy which are in accordance with the International Financial Reporting Standards:

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
Whispir Australia Pty Ltd	Australia	100%	100%
Message Masters Pty Ltd*	Australia	-	100%
Whispir ESOP Nominees Pty Ltd	Australia	100%	100%
Whispir Nominees No.2 Pty Ltd	Australia	100%	100%
Whispir Holdings Pte Ltd	Singapore	100%	100%
Whispir Pte Ltd	Singapore	100%	100%
Whispir Holdings Inc	United States of America	100%	100%
Whispir Americas Inc	United States of America	100%	100%

* Entity deregistered on 18 June 2019.

Note 30. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2019 $'000	Consolidated 2018 $'000
Loss after income tax expense for the year	(15,282)	(16,906)
Adjustments for:		
Depreciation and amortisation	4,325	3,972
Share of loss - associates	-	188
Share-based payments	2,717	1,141
Foreign exchange differences	(104)	121
Finance costs	(871)	7,187
Interest income	-	14
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	348	(524)
Increase in prepayments	(464)	(159)
Increase in contract acquisition costs	(2,539)	(2,822)
Increase/(decrease) in trade and other payables	1,481	(792)
Decrease in contract liabilities	(928)	-
Decrease in other provisions	(88)	(46)
Net cash used in operating activities	(11,405)	(8,626)

Non-cash investing and financing activities

	Consolidated 2019 $'000	Consolidated 2018 $'000
Shares issued under employee share plan	2,706	-
Shares issued on conversion of convertible loan	27,915	-
Shares issued on conversion of redeemable preference shares	30,341	2,194
	60,962	2,194

Changes in liabilities arising from financing activities

Consolidated	Convertible preference shares $'000	Convertible notes $'000	Total $'000
Balance at 1 July 2017	21,712	3,843	25,555
Net cash from financing activities	8,552	14,622	23,174
Conversion from convertible notes to convertible preference shares	4,086	(4,086)	-
Finance costs	4,030	751	4,781
Balance at 30 June 2018	38,380	15,130	53,510
Net cash from financing activities	-	7,000	7,000
Issue of shares on conversion of convertible preference shares and notes	(30,341)	(27,915)	(58,256)
Finance costs	(8,039)	5,785	(2,254)
Balance at 30 June 2019	-	-	-

Note 31. Earnings per share

	Consolidated 2019 $'000	2018 $'000
Loss after income tax	(15,282)	(16,906)
Non-controlling interest	-	941
Loss after income tax attributable to the owners of Whispir Limited	(15,282)	(15,965)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	33,447,883	26,403,900
Weighted average number of ordinary shares used in calculating diluted earnings per share	33,447,883	26,403,900

	Cents	Cents
Basic earnings per share	(45.69)	(60.46)
Diluted earnings per share	(45.69)	(60.46)

The weighted average number of ordinary shares for the comparative period has been adjusted to give effect to share-split which occurred during the financial year.

Stock options, convertible notes and redeemable preference shares are excluded from calculation of dilutive earnings per share as they were anti-dilutive.

There are no adjustments in relation to the effects of all dilutive potential ordinary shares due to the current loss-making position of the Group for the current financial year.

Note 32. Share-based payments

The Group has a share option plan to incentivise certain employees and Key Management Personnel. The information in this note for both periods has been adjusted for share-split.

During the financial year 2,806,620 options were granted (2018: 965,910). The share-based payment expense for the year was $4,016,000 (2018: $113,000). In addition to share options, the Group also recognised expense arising from issue of ordinary shares amounting to $Nil (2018: $1,028,000)

Movements during the year
The following table illustrates the number of options and weighted average exercise prices ('WAEP') of, and movements in, share options during the year:

	Number 2019	Number 2018	WAEP 2019	WAEP 2018
Movement in share options				
Balance at the beginning of the year	2,521,350	2,248,170	$0.34	$0.34
Options granted during the year	2,806,620	965,910	$0.24	$0.35
Forfeited during the year	(321,893)	(692,730)	$0.35	$0.34
Exercised during the year	(2,029,686)	-	$0.27	$0.00
Expired during the year	-	-	$0.00	$0.00
Balance at the end of the year	2,976,391	2,521,350		

722,733 options are vested and exercisable as at 30 June 2019.

The weighted average share price during the financial year was $1.60 (2018: $1.36).

Note 32. Share-based payments (continued)

The weighted average remaining contractual life of options outstanding at the end of the financial year was 13.3 years (2018: 14.3 years).

The range of exercise prices for options outstanding at the end of the year was $0.24 to $0.35 (2018: $0.34 to $0.353).

For the options granted, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Key valuation assumptions	2019 Options	2018 Options
Dividend yield (%)	Nil	Nil
Expected volatility (%)*	50%	50%
Risk–free interest rate (%)	3%	3%
Expected life of share options (years)	15 years	15 years
Weighted average share price ($)	$1.60	$1.82 (post-split)
Model used	Binomial	Binomial

*The expected volatility was determined based on historical volatility of the Company and of similar companies.

During the year, the Group has permitted cashless exercise of options into ordinary shares where options were exercised by way of cashless exercise in terms of which shares to the value of the surplus over the exercise price were issued.

Vesting requirements and the method of settlement
Options were issued to employees (including key management) under the arrangement. Awards are made to employees and are delivered in the form of options over fully paid ordinary shares. Employees will only be allocated awards and become entitled to an equity interest in the Company if the following vesting conditions are met:

- Service-based vesting condition: the service-based vesting condition in respect of the awards will be satisfied if the employee continues to be employed by the Company until:
  - Vesting criteria (standard): 1/4 of options will vest on the first anniversary of the grant date; and in respect of the remaining 3/4 of the options, 1/36th will vest each calendar month of the 36 month period commencing from the first anniversary of the grant date

Exercise of the options will be subject to board approval, liquidity or an Initial Public Offering (IPO) event.

Immediately prior to an exit event, the Company may require the employees to do any of the following:
- Sell their awards as part of the exit event on economically equivalent terms as ordinary shareholders if the Company dispose of their ordinary shares.
- Exercise any awards or convert them to ordinary shares in the Company.
- Agree to the cancellation of the awards in return for a cash payment of an amount equal to the implied value.

Awards will lapse on the earlier of fifteen years from the grant date and any of the vesting conditions not being met.

The fair value of share options granted is estimated at the date of grant using a Binomial model, taking into account the terms and conditions upon which the share options were granted. The model takes into account expected dividends, expected time to exercise and the current market price of underlying shares.

There are no cash settlement alternatives for the employees except at the discretion of the Group. The Group does not have a past practice of cash settlement for these awards.

Note 33. Events after the reporting period

Since the end of the financial year, 231,059 ordinary shares were issued on account of exercise of share options.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors

Brendan Fleiter
Chairman and Non-Executive Director

Jeromy Wells
Chief Executive Officer

23 September 2019
Melbourne

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Independent Auditor's Report to the Members of Whispir Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Whispir Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, 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:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Building a better working world

1. Capitalisation of development costs

Why significant	How our audit addressed the key audit matter
The Group incurred development costs relating to internally generated intangible assets, primarily software, amounting to $4.7 million as at 30 June 2019 of which $4.5 million was capitalised in the year. The accounting policy in respect of this asset is outlined in Note 2 of the financial report. The capitalisation of development costs was considered a key audit matter as development activities are subject to uncertainties including the rapid technological change in the industry, and specific recognition criteria are required to be met for capitalisation under Australian Accounting Standards. Assessing compliance with the recognition criteria involves management judgement, with respect to technical feasibility, intention and ability to complete the intangible asset, ability to use or sell the asset, generation of future economic benefits and the ability to measure the costs reliably.	We performed the following procedures in respect of the development expenditure capitalised: ▶ We tested the capitalisation approach taken by the Group during the year for consistency with the Group's accounting policies and for compliance with Australian Accounting Standards. ▶ We discussed with management and project leaders the basis on which projects had been capitalised and the key assumptions used and estimates made in capitalising development costs to corroborate the project status and feasibility of completion. ▶ We tested the mathematical accuracy of the Group's capitalised development expenditure model and evaluated the key assumptions and methodologies used. ▶ For a sample of capitalised external consultants' development costs we tested whether the costs were appropriately supported, authorized and attributable to the development phase; ▶ Agreed a sample of capitalized employee costs to payroll records and enquired with selected employees regarding their activities in developing software. ▶ In respect of completed projects, we assessed the useful life and amortisation rate allocated to these capitalised development costs. ▶ We challenged management's assessment of the existence of indicators of impairment including understanding the business rationale for projects, the Group's anticipated future use and considering the existence of contrary evidence. ▶ We assessed the adequacy of the related disclosures made in the financial report.

EY Building a better working world

2. Share capital structure upon completion of IPO

Why significant	How our audit addressed the key audit matter
The Group converted preference shares and convertible notes into ordinary shares following the Initial Public Offering ("IPO") in June 2019. We consider this a key audit matter due to the application of valuation techniques which involve the exercise of judgement and the use of assumptions and estimates involved in the conversion process. We also consider the judgement management exercised in allocating costs incurred in respect of the IPO between new shares issued and existing shares sold.	Our audit procedures included the following: ▶ We examined each conversion to fully paid ordinary shares at IPO as disclosed in Note 19 of the financial report. ▶ We involved our valuation specialists to assess the methodology, estimations and key assumptions applied. ▶ For a sample of share issue costs, we tested whether the costs appropriately relate to the IPO. ▶ We tested management's allocation of transaction costs that are directly attributable to the primary capital raised and new shares issued ($27 million for the year) or secondary sell down by existing shareholders ($20 million for the year). ▶ We assessed the adequacy of the related disclosures made in the financial report.

Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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 on the other information obtained prior to the date of this auditor's report, 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.

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In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 have 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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working world

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 24 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Whispir Limited for the year ended 30 June 2019, 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.

Ernst & Young

Ernst & Young

David McGregor

David McGregor
Partner
Melbourne
23 September 2019

The shareholder information set out below was applicable as at 4 September 2019.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	108	3
1,001 to 5,000	329	23
5,001 to 10,000	397	3
10,001 to 100,000	577	15
100,001 and over	62	4
	1,473	48
Holding less than a marketable parcel	29	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Wells Family Company Pty Ltd (Wells Family A/C)	10,773,120	10.42
Gobleg Pty Ltd (Blackburn Family A/C)	9,571,050	9.25
OSV Hush Holdings Pte Ltd	8,845,922	8.55
Telstra Ventures Fund II, L.P	7,722,290	7.47
Metra Digital Investama Pt\C	6,370,990	6.16
BNP Paribas Noms Pty Ltd (DRP)	3,133,061	3.03
HSBC Custody Nominees (Australia) Limited	2,607,882	2.52
National Nominees Limited	2,590,988	2.51
Merrill Lynch (Australia) Nominees Pty Limited (Regal Emerg Com Fund2 A/C)	2,512,307	2.43
J P Morgan Nominees Australia Pty Limited	2,508,615	2.43
Wells Family Holding Company No 2 Pty Ltd	2,296,850	2.22
Wells Family Holding Company Pty Ltd	2,289,050	2.21
CS Third Nominees Pty Limited	1,852,179	1.79
Merrill Lynch (Australia) Nominees Pty Limited	1,581,412	1.53
Mountain Pine Capital Pte Ltd	1,265,614	1.22
Polylux Pty Ltd	1,191,490	1.15
Mirrabooka Investments Ltd	1,091,122	1.05
CS Third Nominees Pty Limited (HSBC Cust Nom Au Ltd 13 A/C)	1,084,474	1.05
UBS Nominees Pty Ltd	986,371	0.95
Edmond Online Holdings Ltd	800,853	0.77
	71,075,640	68.71

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	2,687,907	48

Substantial holders
Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Jeromy Wells	15,359,020	14.85
Telstra Ventures Fund II, L.P	7,722,290	7.47

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Restricted securities

Class	Expiry date	Number of shares
Ordinary shares - voluntary escrow	February 2020*	16,675,688
Options over ordinary shares - voluntary escrow	February 2020**	1,592,877
Ordinary shares - voluntary escrow	August 2020**	42,254,362
		60,522,927

* Securities are escrowed until the release of the Group's financial results for the half year ending 31 December 2019 which is expected to be released with the ASX around February 2020. Approximately 9 million shares are only released if the Company's share price is trading at least 25% above the offer price at the time.

**Securities are escrowed until the release of the Group's financial results for the financial year ending 30 June 2020 which is expected to be released with the ASX around August 2020.

Directors	Brendan Fleiter - Chairman Jeromy Wells Shane Chesson Sarah Morgan Sara Axelrod
Company secretary	Sophie Karzis
Registered office and Principal place of business	Level 15, 360 Collins Street Melbourne, VICTORIA 3000 Australia Telephone: 1300 944 774
Share register	Computershare Investor Services Pty Ltd Yarra Falls 452 Johnston Street Abbotsford, Victoria 3067 Australia Telephone: 1300 171 785
Auditor	Ernst & Young 8 Exhibition Street, Melbourne, VICTORIA 3000 Australia
Stock exchange listing	Whispir Limited shares are listed on the Australian Securities Exchange (ASX code: WSP)
Website	http://www.whispir.com
Business objectives	In accordance with the Listing requirements ASX 4.10.19, the directors confirm that the Group has used cash and cash equivalents that are held at the time of listing in a way consistent with its stated business objectives.
Corporate Governance Statement	The directors and management are committed to conducting the business of Whispir Limited in an ethical manner and in accordance with the highest standards of corporate governance. Whispir Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) ('Recommendations') to the extent appropriate to the size and nature of the Group's operations. The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed, which is approved at the same time as the Annual Report can be found at: https://www.whispir.com/corporate-governance.