Wisr Limited

ABN: 80 004 661 205

Financial Report

For the Year Ended 30 June 2019

Wisr Limited
Financial report
For the year ended 30 June 2019

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Wisr Limited
Directors' report
For the year ended 30 June 2019

The directors present their report, together with the financial statements, on the consolidated entity (also referred to hereafter as the Group) consisting of Wisr Limited (referred to hereafter as the Company or Parent Entity) and the entities it controlled at the end of, or during, the year ended 30 June 2019.

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

Name	Position
John Nantes	Executive Chairman
Craig Swanger	Non-Executive Director
Chris Whitehead	Non-Executive Director

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

Principal activities
During the financial year, the Group's primary activity was writing personal loans for 3, 5 and 7 year maturities to Australian consumers, then on-selling these loans to retail, wholesale and institutional investors.

Review of operations

Key Group highlights include:
- Operating revenue up 91%, to $3.04m (FY18 $1.59m)
- Loan origination volume up 281% to $68.90m (FY18 $18.10m)
- Marketing expense down 4%, to $1.46m (FY18 $1.52m)
- The Group is well capitalised with $16.77m net assets (FY18 $4.66m) including $11.99m cash as at 30 June 2019 (FY18 $1.55m)
- Raised $15m, net of costs, in an oversubscribed equity raise in H2FY19
- Launched Wisr App to promote more financial wellness and encourage debt reduction for Australians, with over 25,000 downloads in its first few months
- Launched WisrCredit, the country's only credit score comparison service with over 32,000 Australians comparing their scores as at 30 June 2019
- Significantly extended the reach and potential of the Wisr Financial Wellness Ecosystem ("Wisr Ecosystem") through the launch of Wisr@Work and Wisr&Co B2B2C partnership models
- Strategic partnership announcements including Smartgroup, HCF and an industry super fund
- Progress towards evolving Wisr debt funding facilities with multiple parties

Scaling efficiently

Wisr continued the efficient scaling of its core personal loans business, delivering 281% loan volume growth and 91% revenue growth despite reducing marketing spend by 4%. This demonstrates the value of Wisr's purpose-led unique ecosystem, which allows the Group to scale efficiently, whilst maintaining consistently strong credit quality.

Wisr underwriting performance

The Wisr credit engine continues to deliver consistent, but safe growth of the loan book in line with management expectations.

Wisr continued its balance of long-term sustainable book growth delivered by market leading unit economics, operating excellence and conservative loss rates. The Group's strategy not to maximise loan book growth for short term volume at the expense of unit economics is evident.

The Group recognises the opportunity is significant in the Australian market but maintains the strategy that wins over the medium to long term is the most important and is focused on building the strongest platform foundation in the market for long term sustainable, profitable success.

Review of operations (cont.)

Wisr Financial Wellness Ecosystem

In FY19 Wisr delivered the preliminary rollout of the Wisr Ecosystem, acquiring over 60,000 Australians to 30 June 2019 into its channels. The Wisr Ecosystem includes the launch of a number of individually powerful, and collectively unique products aligned to financial wellness:

- Australia's only credit score comparison site, WisrCredit, attracted over 32,000 users since launching in Q2FY19, the majority of whom are amongst the most creditworthy in Australia.
- Debt reduction tool Wisr App, launched in Q3FY19, garnered over 25,000 downloads in the first months of launch. The app rounds up everyday transactions to help pay down extra debt, specifically targeting high-interest credit card debt.
- Workplace financial wellness program Wisr@Work launched with Smartgroup (ASX:SIQ) as a founding partner. The program addresses the number one cause of stress in the workplace, stress related to personal finances, and will be rolled out more broadly in the coming year.

Revenue

The Group increased operating revenue by 91% during the year to $3.04m from $1.59m in FY18. Revenue is predominantly derived from loan establishment fees and management fees from servicing loans sold to third parties. The growth in revenue was driven by the 281% increase in loan volume during the year to $68.90m from $18.10m in FY18. The FY18 revenue figure included interest revenue from loans held on balance sheet prior to the commencement of wholesale funding in October 2017 which inflates the FY18 revenue figure relative to FY19.

Expenses

Employee expenses, the majority line item for Wisr, increased 32% to $5.02m in FY19 from $3.80m in FY18 driven by an increase in headcount from circa 33 to 52. A significant portion of growth in headcount has been driven by the build and rollout of the Wisr Ecosystem, as the Group invests in building assets of long-term strategic value.

Marketing expense decreased 4% to $1.46m in FY19 from $1.52m in FY18 which highlights the continued effective scaling of the business. Loan originations increased 281% during the same period. A material portion of the marketing spend was also related to the rollout of the Wisr Ecosystem products as opposed to pure loan origination.

Customer processing costs of $1.17m are now being separately disclosed given their materiality (FY18 $0.21m). These relate to the processing of loans, but a significant portion relates to the onboarding of customers into the Wisr Ecosystem.

Financial Position and Debt Funding

The Group is well capitalised with $16.77m net assets including $11.99m cash as at 30 June 2019 following an oversubscribed $15m equity raise in H2FY19. The $11.99m cash excludes liquid loans held on balance sheet, $1.80m of which were sold and realised as cash on 2 July 2019 as part of standard business operations.

AASB 9 Financial Instruments, adopted for the first time in FY19, requires loan receivable provisions to be calculated on an expected credit loss basis using a three-stage process. An expected credit loss provision of $235,646 was raised at 30 June 2019.

Today, Wisr utilises a predominantly capital light funding model through off balance sheet funding structures which has allowed the business to scale from a capital allocation perspective. That means, capital has been used to fund company growth and deliver on the Wisr Ecosystem strategy as opposed to supporting loan funding. This approach has been successful and allowed Wisr to be a true platform play in the market.

Wisr is currently in advanced discussions with new funding partners and is pleased with the strong interest shown by major bank funders to provide debt capital to Wisr's fast growing loan book. The Group's objectives in pursuing the new funding opportunities are increasing debt capacity to fund our rapid growth, diversification of funding partners and therefore risk, improved overall margins for Wisr and improvement in specific loan unit economics.

Review of operations (cont.)

The structures of the new facilities are diverse and will see Wisr benefit from a hybrid funding model while maintaining its capital light attributes.

<u>Outlook – FY20 and Beyond</u>
With an unwavering commitment to improving the financial wellness of all Australians, Wisr is building a purpose-led business delivering a smarter, fairer alternative to the millions of Australians who apply for a personal loan each year[1].

Fusing the best of emerging fintech with the operational reliability of a traditional lender, Wisr will continue to deliver exceptional customer experiences and a business model that is scalable and built to deliver long term profitability.

Key priorities for FY20 include:

Origination Growth
- Efficiently scale the core lending business and grow origination volumes
- Maintain credit quality and improve loan unit economics to deliver a greater share of revenue per loan to Wisr
- Launch Wisr Secured Vehicle Finance product to increase total addressable market

Debt funding
- Diversification of debt funding models through new structures and facilities, whilst maintaining capital-light attributes

Financial Wellness Ecosystem
- Evolution of the Wisr experience to incorporate all Wisr financial wellness touchpoints
- Expansion of the Wisr App across Android and web platforms
- Building on the Wisr Ecosystem with the launch of new features
- Increasing customer numbers in the Wisr Ecosystem

Partnership Distribution
- Activate existing strategic partnerships to make the Wisr Ecosystem available to millions of Australians
- On-board more strategic partners who share Wisr's vision to deliver financial wellness to Australians

People
- Hire superstar talent to help deliver on Wisr's vision
- Continue to bring diversity and inclusion throughout all hiring areas
- Extend on the existing high performance culture within the Company

[1] Equifax Credit Pulse 2019 (published August 2019)

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

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

Events since the end of the financial year
In July 2019, the Group entered into a three-year agreement with SmartGroup Corporation Ltd (ASX:SIQ) (SmartGroup) to partner on the distribution of Wisr's ecosystem of financial wellness products.

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

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

Information on directors

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

John Nantes	- Executive Chairman
Qualifications	- LLB, B.Comm, B.A., Dip Financial Planning
Experience	- Mr Nantes has over 23 years of experience in Financial Services. Prior to being the Chief Executive Officer of Adcock Private Equity Pty Ltd, Mr Nantes was Group Head of Financial Services at Crowe Horwath, which held over $10b in funds under management and was Australia's largest SMSF provider with over 10,000 funds. Mr Nantes has also been the CEO of Prescott Securities, a Stockbroking and Financial Planning business managing over $2b in FUM, as well as the CEO of WHK Eastern Victoria, an accounting and specialist tax business. Mr Nantes has also held various Senior Executive roles in St George Bank and Colonial State Bank across retail, private banking and wealth management. Mr Nantes is also currently Executive Chairman and Responsible Manager for Cashwerkz Limited (ASX:CWZ), a financial services company and Non-Executive Director of Thinkxtra, a non-listed IOT public company.
Interest in shares and options as at 30 June 2019	- Ordinary shares held: 8,847,015 Performance rights held: 4,000,000
Former directorships (last 3 years)	- None
Other current directorships	- Cashwerkz Limited (ASX: CWZ)

Craig Swanger	- Non-Executive Director
Qualifications	- BCom (Hons), Graduate Diploma in Financial Markets
Experience	- Mr Swanger has over 20 years of experience in financial services. He was Executive Director of Macquarie Global Investments, responsible for managing around $10bn in client funds across Asia, North America and Australia. Mr Swanger has extensive board experience, including Macquarie Bank's major funds management entity, Macquarie Investment Management Limited and a total of 15 internal external boards since 2003. Since Macquarie, Mr Swanger has invested in and advised a large portfolio of technology companies across finance, health and entertainment. More specifically in areas related to Wisr, Mr Swanger was Chairman of 5 of the largest debt listed investment companies in Australia and New Zealand issued over the past decade, and more recently worked with Australia's largest corporate bond and securitization distribution specialists, is on the board of Xinja Bank and on the Investment Committee for two investors in SME financing in Australia and Asia.
Interest in shares and options as at 30 June 2019	- Ordinary shares held: 2,773,619 Performance rights held: 333,334
Former directorships (last 3 years)	- None
Other current directorships	- None

Chris Whitehead	- Non-Executive Director
Qualifications	- BSc in Chemistry, Wharton Advanced Management Program, FAICD, F Fin
Experience	- Mr Whitehead has over 30 years' experience in financial services and technology, over a wide range of roles. He was formerly CEO of Credit Union Australia Limited (2009 to 2015) and CEO Retail Banking at BankWest (2001 to 2007). He has served as CIO at BankWest and Advance and prior to this worked within the IT industry. Chris has previously served as non-executive director for Cuscal Limited, St Andrews Insurance Group, Unisys West and a number of other financial services, technology and community organisations. Mr Whitehead is also Managing Director of FINSIA, the Financial Services Institute of Australasia.
Interest in shares and options as at 30 June 2019	- Ordinary shares held: 3,190,000 Performance rights held: 1,500,000
Former directorships (last 3 years)	- None
Other current directorships	- None

Information on company secretaries

Vanessa Chidrawi

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

May Ho

Experience	- Miss Ho holds a Bachelor of Laws and Bachelor of Business (Accounting Major) degree and has completed a Graduate Diploma in Applied Corporate Governance. She is currently also Office Manager and Compliance Officer of the Group. Miss Ho has also had over 3 years' experience practicing as a solicitor in a private law firm in Sydney.

Indemnification and insurance of officers and auditors

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

- John Nantes
- Craig Swanger
- Chris Whitehead
- Peter Beaumont
- Vanessa Chidrawi
- Leanne Ralph
- Stephen Porges
- Campbell McComb
- Winton Willesee
- Andrew McKay
- Robert Parton

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

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

Meetings of directors

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

	Directors' Meetings		Remuneration and Nomination Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
John Nantes	14	14	-	-
Craig Swanger	14	11	2	2
Chris Whitehead	14	14	2	2

Proceedings on behalf of the Company

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

Non-audit services

BDO East Coast Partnership were appointed Company auditor on 20 May 2015 and will continue in office in accordance with section 327 of the Corporations Act 2001. The Company may decide to engage the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The following fees were paid or payable to BDO East Coast Partnership for non-audit services provided during the year ended 30 June 2019:

	$
Accounting advice services	2,000

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

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

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

Non-audit services (cont.)

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2019 has been received and can be found within the financial report.

Performance rights

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

Effective Grant Date	Date of Expiry	Exercise Price	Number under Performance Rights
17 November 2016	17 November 2019	Nil	5,833,334
7 August 2017	31 July 2019	Nil	192,576
7 August 2017	31 July 2020	Nil	2,214,637
19 February 2019	31 July 2020	Nil	13,430,088
19 February 2019	31 July 2021	Nil	13,430,089
			35,100,724

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

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

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

Corporate governance statement

Our Corporate Governance Statement is available on our website at: www.wisr.com.au/About/Policies.

Remuneration report (audited)

The Directors present Wisr Limited's 2019 remuneration report which sets out remuneration information for the Company's non-executive directors and other key management personnel.

The report contains the following sections:

a) Key management personnel disclosed in this report
b) Remuneration governance
c) Service agreements
d) Details of remuneration
e) Equity instruments held by key management personnel
f) Movement in performance rights
g) Fair value of performance rights

a) Key management personnel disclosed in this report

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

During the year ended 30 June 2019 and up to the date of this report, the following were classified as key management personnel:

Name	Position
John Nantes	Executive Chairman
Craig Swanger	Non-Executive Director
Chris Whitehead	Non-Executive Director
Anthony Nantes	Chief Executive Officer
Andrew Goodwin	Chief Financial Officer
Mathew Lu	Chief Operating Officer

b) Remuneration governance

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

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

The Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation. Aligning to shareholders' interests, the framework:

- has economic profit as a core component;
- focuses on sustained growth in shareholder wealth as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives who receive a base salary (which is based on factors such as length of service and experience), superannuation, and performance incentives.

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

Remuneration report (cont.)

b) Remuneration governance (cont.)

Company Performance

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

	30 June 2019 $	30 June 2018 $	30 June 2017 $	30 June 2016 $
Operating revenue	3.043m	1.591m	1.160m	1.237m
Loss	(7.731m)	(6.208m)	(5.432m)	(8.754m)
Dividend	nil	nil	nil	nil
Cash balance	11,993m	1.549m	3.479m	1.265m
Share price	$0.15	$0.02	$0.03	$0.05

Non-executive directors

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

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was adopted by a special resolution passed at the Annual General Meeting held on 24 November 2006 when shareholders approved an aggregate remuneration of up to a maximum of $500,000 per year.

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

Retirement allowances for non-executive directors

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

CEO remuneration

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

- align the interests of the CEO with those of the shareholders; and
- ensure total remuneration is competitive by market standards.

The Remuneration and Nominations Committee assesses the appropriateness of the nature and amount of remuneration of the CEO on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality CEO.

Fixed remuneration

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

Other employees' remuneration

The Company aims to reward employees with a level of remuneration commensurate with their position and responsibilities within the Company and so as to ensure total remuneration is competitive by market standards. The CEO makes assessments and recommendations to the Board regarding employee remuneration.

Retirement benefits

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

Remuneration report (cont.)

b) Service agreements

The remuneration agreements of key management personnel as at 30 June 2019 are set out below:

KMP	Position held as at 30 June 2019 and any change during the year	Contract details (duration and termination)	Agreed gross cash salary per annum incl. superannuation $
Mr J Nantes	Executive Chairman	No determined duration – subject to retirement and re-election rules of the Company's constitution. No notice required to terminate.	100,000
Mr C Swanger	Non-executive director	No determined duration – subject to retirement and re-election rules of the Company's constitution. No notice required to terminate.	60,000
Mr C Whitehead	Non-executive director	No determined duration – subject to retirement and re-election rules of the Company's constitution. No notice required to terminate.	60,000
Mr A Nantes	Chief Executive Officer	No fixed term. 6 months' notice to terminate.	273,750
Mr A Goodwin	Chief Financial Officer	No fixed term. 3 months' notice to terminate.	240,900
Mr M Lu	Chief Operating Officer	No fixed term. 1 months' notice to terminate	200,000

Remuneration report (cont.)

c) Service agreements (cont.)

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

KMP	Share price target	4 cents**	6 cents**	18 cents*
Mr J Nantes	No. of performance rights that will vest	-	-	4,000,000
	Minimum period to remain a director after re-admission	N/A	N/A	24 months from 17 Nov 2016
	Date performance rights lapse if conditions not met	N/A	N/A	17 Nov 2019
Mr C Swanger	No. of performance rights that will vest	-	-	333,334
	Minimum period to remain a director after re-admission	N/A	N/A	24 months from 17 Nov 2016
	Date performance rights lapse if conditions not met	N/A	N/A	17 Nov 2019
Mr C Whitehead	No. of performance rights that will vest	-	-	1,500,000
	Minimum period to remain a director after re-admission	N/A	N/A	24 months from 17 Nov 2016
	Date performance rights lapse if conditions not met	N/A	N/A	17 Nov 2019
Mr M Lu	No. of performance rights that will vest	2,202,643	2,202,643	-
	Date employee must remain employed with Company	31 Jul 2020	31 Jul 2021	N/A
	Measurement Date	31 Jul 2020	31 Jul 2021	
	Date performance rights lapse if conditions not met	31 Jul 2020	31 Jul 2021	N/A

***** The Performance Rights will be issued and will vest in tranches based on the volume weighted average price at or above the hurdle price for at least ten consecutive trading days. In addition, the term hurdle must be met.

****** The Performance Rights will be issued and will vest in tranches based on the volume weighted average price being at or above the hurdle price for a 30-day trading period prior to the Measurement Date. In addition, the employment hurdle must be met.

Remuneration report (cont.)

d) Details of remuneration

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

	Short term benefits		Post employment benefits	Long-term benefits	Share based payments			
	Cash salary, fees & short-term compensated absences $	Short-term incentive schemes $	Super-annuation $	Long service leave $	Performance Rights $	Shares $	Total $	% Performance Related
Directors (2019)								
John Nantes	91,324	-	8,676	-	1,017	-	101,017	1.01
Craig Swanger	54,795	-	5,205	-	85	-	60,085	0.14
Chris Whitehead	54,795	-	5,205	-	382	-	60,382	0.63
Total:	**200,914**	**-**	**19,086**	**-**	**1,484**	**-**	**221,484**	
Executives (2019)								
Anthony Nantes	250,000	-	21,771	1,247	-	495,446	768,464	64.47
Andrew Goodwin	220,000	-	20,900	863	-	229,918	471,681	48.74
Mathew Lu	182,648	-	17,352	185	5,755	-	205,940	2.79
Total:	**652,648**	**-**	**60,023**	**2,295**	**5,755**	**725,364**	**1,446,085**	
Directors (2018)								
John Nantes	91,324	-	8,676	-	9,493	-	109,493	8.67
Craig Swanger	54,795	-	5,205	-	791	-	60,791	1.30
Chris Whitehead	54,795	-	5,205	-	3,615	-	63,615	5.68
Total:	**200,914**	**-**	**19,086**	**-**	**13,899**	**-**	**233,899**	
Executives (2018)								
Anthony Nantes	250,000	95,890	32,860	-	-	255,079	633,829	56.81
Andrew Goodwin	210,000	-	19,950	-	-	209,082	439,032	47.62
Mathew Lu	23,728	-	2,254	-	-	-	25,982	-
Peter Beaumont[1]	159,817	-	15,183	-	337	63,119	238,456	26.61
David Doust[2]	31,857	-	2,160	-	-	-	34,017	-
Total:	**675,402**	**95,890**	**72,407**	**-**	**337**	**527,280**	**1,371,316**	

1. KMP up until 15 May 2018.
2. Retired 17 August 2017.

Further details of performance-related remuneration paid or accrued for FY2019 in respect of specific key management personnel are discussed below:

- *Mr A Nantes*
  Subject to Board determination on outcomes achieved for FY2018, a share based long-term incentive equal to 1% of the market capital value of the Company as at 30 June 2019, up to a maximum value of 200% of total remuneration may also be payable to Mr Nantes in the next financial year. An amount of $495,446 has been accrued in respect of this incentive for FY2019.

Remuneration report (cont.)

- *Mr A Goodwin*
  Subject to the achievement of agreed KPI targets, a share based long-term incentive to a maximum value of $220,000 for each of the financial years to 30 June 2019 may be awarded to Mr Goodwin in the next financial year. An amount of $229,918 has been accrued in respect of this incentive in FY2019.

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

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

e) Equity instruments held by key management personnel

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

	Balance at the start of the year	Received as compensation	Received on exercise of options or rights	Other changes during the year	Balance at end of the year
Directors (2019)					
John Nantes	667,015	-	8,000,000	180,000	8,847,015
Craig Swanger	636,364	-	666,666	1,470,589	2,773,619
Chris Whitehead	200,000	-	3,000,000	190,000	3,390,000
Total:	**1,503,379**	**-**	**11,666,666**	**1,840,589**	**15,010,634**
Executives (2019)					
Anthony Nantes	4,488,364	4,461,652	-	-	8,950,016
Andrew Goodwin	-	1,704,079	-	-	1,704,079
Mathew Lu	-	-	-	200,000	200,000
Total:	**4,488,364**	**6,165,731**	**-**	**200,000**	**10,854,095**
Directors (2018)					
John Nantes	667,015	-	-	-	667,015
Craig Swanger	-	-	-	636,364	636,364
Chris Whitehead	200,000	-	-	-	200,000
Total:	**867,015**	**-**	**-**	**636,364**	**1,503,379**
Executives (2018)					
Anthony Nantes	2,288,401	2,194,625	-	5,338	4,488,364
Andrew Goodwin	-	-	-	-	-
Mathew Lu	-	-	-	-	-
Peter Beaumont[1]	150,000	-	-	-	150,000
David Doust[2]	28,967,470	-	-	(8,352,747)	20,614,723
Total:	**31,405,871**	**2,194,625**	**-**	**(8,347,409)**	**25,253,087**

1. KMP up until 15 May 2018.
2. Retired 17 August 2017.

Remuneration report (cont.)

f) Movement in performance rights

The table below provides the number of performance rights held by Key Management Personnel at 30 June 2018 and 30 June 2019.

Name	Rights held at 30 June 2018 Number	Rights granted during FY19 Number	Rights exercised during FY19 Number	Rights lapsed during FY19 Number	Rights held as at 30 June 2019 Number	Vested as at 30 June 2019 * Number				
Directors						**Not exercisable**	**Exercisable**	**% Vested**	**% Forfeited**	**% Available for vesting**
J Nantes *	12,000,000	-	(8,000,000)	-	4,000,000	4,000,000	-	100	-	-
C Swanger *	1,000,000	-	(666,666)	-	333,334	333,334	-	100	-	-
C Whitehead *	6,000,000	-	(3,000,000)	(1,500,000)	1,500,000	1,500,000	-	75	25	-
Total:	**19,000,000**	**-**	**(11,666,666)**	(1,500,000)	**5,833,334**	**5,833,334**	**-**			
Executives										
A Nantes	-	-	-	-	-	-	-	-	-	-
A Goodwin	-	-	-	-	-	-	-	-	-	-
M Lu	-	4,405,286	-	-	4,405,286	4,405,286	-	-	-	100
Total:	**-**	**4,405,286**	**-**	**-**	**4,405,286**	**4,405,286**	**-**			

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

The Vesting Conditions for the Performance Rights are:

1) The holder being a director/employee of the Company as at the relevant vesting determination dates specified in table g) below; and
2) The relevant volume weighted average price (VWAP) of the Company's ordinary shares is at least the price specified in table g) below for a period of 10 consecutive trading days.

Remuneration report (cont.)

g) Fair value of performance rights

Performance Rights granted				Vesting Conditions		
Directors (2019) **	**Number**	**Effective grant date**	**Fair Value per right at effective grant date ($)**	**Earliest vesting determination date**	**VWAP Share Price condition ($)**	**Expiry date**
J Nantes **	4,000,000	17 Nov 2016	0.001326	17 Nov 2018	0.18	17 Nov 2019
C Swanger **	333,334	17 Nov 2016	0.001326	17 Nov 2018	0.18	17 Nov 2019
C Whitehead **	1,500,000	17 Nov 2016	0.001326	17 Nov 2018	0.18	17 Nov 2019
Executives (2019)						
A Nantes	-	-	-	-	-	-
A Goodwin	-	-	-	-	-	-
M Lu	2,202,643	19 Feb 2019	0.00764	31 Jul 2020	0.04	31 Jul 2020
	2,202,643	19 Feb 2019	0.00489	31 Jul 2021	0.06	31 Jul 2021

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

The Vesting Conditions for the Performance Rights are:

1) The holder being a director/employee of the Company as at the relevant vesting determination dates specified in the table; and
2) The relevant volume weighted average price (VWAP) of the Company's ordinary shares is at least the price specified in the table for a period of 10 consecutive trading days.

The total fair value of above rights at grant date issued to key management personnel is $7,239. The value of rights granted during the period differs to the expense recognised as part of each key management person's remuneration in table d) above because this value is the grant date fair value calculated in accordance with *AASB 2 Share Based Payment.*

This concludes the remuneration report, which has been audited.

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

....
John Nantes
Director
Sydney
30 September 2019

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Sydney NSW 2000
Australia

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

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

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

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

Tim Aman
Partner

BDO East Coast Partnership

Sydney, 30 September 2019

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

	Note	Consolidated 2019 $	2018 $
Revenue	2	3,042,587	1,590,690
Other income	3	253,791	231,514
Expenses			
Employee benefits expense		(5,024,824)	(3,801,276)
Depreciation and amortisation expense		(68,306)	(23,922)
Marketing expense		(1,464,841)	(1,521,198)
Customer processing costs		(1,172,658)	(208,783)
Loan asset impairments and write-offs		(235,521)	(79,962)
Property lease costs		(166,920)	(129,320)
Other expenses		(1,649,986)	(1,159,972)
Finance costs		(148,311)	(41,596)
Share based payment expense	30	(1,096,053)	(1,064,041)
Loss before income tax	4	(7,731,042)	(6,207,866)
Income tax expense	18	-	-
Loss after income tax for the year		(7,731,042)	(6,207,866)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss) for the year		(7,731,042)	(6,207,866)
Loss for the year is attributable to:			
Owners of Wisr Limited		(7,731,042)	(6,207,866)
Total comprehensive (loss) for the year is attributable to:			
Owners of Wisr Limited		(7,731,042)	(6,207,866)
Earnings per share for loss attributable to the owners of Wisr Limited		**Cents**	**Cents**
Basic earnings per share	27	(1.34)	(1.39)
Diluted earnings per share	27	(1.34)	(1.39)

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

Wisr Limited
Financial report

Statement of financial position
As at 30 June 2019

	Note	Consolidated 2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	5	11,993,165	1,548,888
Loan receivables	6	4,909,991	1,609,247
Trade and other receivables	7	440,829	273,563
Other assets	8	550,597	553,458
Total current assets		17,894,582	3,985,156
Non-current assets			
Loan receivables	6	1,587,362	2,073,686
Property, plant and equipment	9	15,222	41,168
Intangible assets	11	579,608	-
Other financial assets	10	518,000	518,000
Total non-current assets		2,700,192	2,632,854
Total assets		20,594,774	6,618,010
Liabilities			
Current liabilities			
Trade and other payables	12	1,441,879	1,346,009
Employee benefits	13	335,222	240,389
Convertible notes	14	-	373,000
Secured note	14	225,000	-
Total current liabilities		2,002,101	1,959,398
Non-Current Liabilities			
Employee benefits	13	44,840	-
Secured note	14	1,775,000	
Total current liabilities		1,819,840	-
Total liabilities		3,821,941	1,959,398
Net assets		16,772,833	4,658,612
Equity			
Issued capital	15	48,412,004	29,323,980
Reserves	16	1,895,421	1,900,051
Accumulated losses	16	(33,534,592)	(26,565,419)
Total equity		16,772,833	4,658,612

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

Wisr Limited
Financial report

Statement of changes in equity
For the year ended 30 June 2019

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2017	28,604,725	1,394,508	(20,796,796)	9,202,437
Loss after income tax expense for the year	-	-	(6,207,866)	(6,207,866)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive (loss) for the year	-	-	(6,207,866)	(6,207,866)
Transactions with owners in their capacity as owners:				
Issue of share capital (no cost associated with raise)	600,000	-	-	600,000
Share based payment expense during the period	119,255	944,786	-	1,064,041
Transfer of reserve to accumulated losses	-	(439,243)	439,243	-
Balance at 30 June 2018	29,323,980	1,900,051	(26,565,419)	4,658,612

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2018	29,323,980	1,900,051	(26,565,419)	4,658,612
Loss after income tax expense for the year	-	-	(7,731,042)	(7,731,042)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive (loss) for the year	-	-	(7,731,042)	(7,731,042)
Transactions with owners in their capacity as owners:				
Issue of share capital	19,695,500	-	-	19,695,500
Costs of raising capital	(1,143,877)	155,000		(988,877)
Share based payment expense during the period (Note 16 (b))	-	1,096,053	-	1,096,053
Transfer of share based reserve to issued capital on exercise of options	476,790	(476,790)	-	-
Transfer of gain on funder forgiveness of options obligation to accumulated losses	-	(325,612)	325,612	-
Issue of shares as a result of exercise of options for consideration	59,611	(17,024)	-	42,587
Transfer of reserve to accumulated losses	-	(436,257)	436,257	-
Balance at 30 June 2019	48,412,004	1,895,421	(33,534,592)	16,772,833

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

Statement of cash flows
For the year ended 30 June 2019

	Note	Consolidated 2019 $	2018 $
Cash flows from operating activities			
Net of lending and repayments		(66,172,289)	(14,885,009)
Net proceeds from sale of loans		65,263,962	18,859,853
Payments to suppliers and employees		(9,122,201)	(6,297,173)
		(10,030,528)	(2,322,329)
Interest received		48,066	42,877
Management fees received		660,159	168,191
Interest and other finance costs paid		(138,452)	(43,601)
Proceeds from R&D tax incentive		234,025	-
Net cash used in operating activities	26	(9,226,730)	(2,154,862))
Cash flows from investing activities			
Payments for investments		-	(18,000)
Payments for development of technology assets		(621,968)	-
Net cash used in investing activities		(621,968)	(18,000)
Cash flows from financing activities			
Proceeds from issue of shares		19,739,501	600,000
Costs of raising capital paid		(988,877)	-
Repayment of convertible notes		(327,074)	(299,000)
Proceeds from issuance of secured note		2,000,000	-
Transaction costs related to loans and borrowings		(130,575)	(58,550)
Net cash provided by financing activities		20,292,975	242,450
Net increase / (decrease) increase in cash and cash equivalents		10,444,277	(1,930,412)
Cash and cash equivalents at the beginning of the financial year		1,548,888	3,479,300
Cash and cash equivalents at the end of the financial year		11,993,165	1,548,888

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

The consolidated financial statements of Wisr Limited (the Company) for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 30 September 2019. The directors have the power to amend and revise the financial report.

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

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

Note 1. Summary of significant accounting policies

a. Basis of preparation

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

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

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

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

i) Going concern

These financial statements have been prepared under a going concern basis.
The Directors believe that the Group will have sufficient resources to pay its debts and meet its commitments for at least the next 12 months from the date of this financial report due to the Group having:

- strong cash reserves boosted by the successful capital raise it completed in H2FY2019; and
- wholesale funding arrangements for future loan originations, both of which support its operational commitments.

ii) New and revised accounting standards and interpretations

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

AASB 9 Financial Instruments
The Group has adopted AASB 9 from 1 July 2018. 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.

AASB 9 Financial Instruments (cont.)
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. If stage 3 ECL is recognised for an asset, the interest income is recognised on the loan balance net of impairment. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.
The impact on the financial performance and position of the Group from the adoption of this Accounting Standards is detailed in Note 6.

AASB 15 Revenue from Contracts with Customers
The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The impact on the financial performance and position of the consolidated entity from the adoption of this Accounting Standards is detailed in Note 2.

iii) New accounting standards for application in future periods

Discussed below are certain new accounting standards and interpretations which have been published but are not mandatory for the 30 June 2019 reporting period and have not been early adopted by the Group. The Group has not yet fully assessed the potential impact of these new accounting standards and interpretations.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019)
When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:
- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.
The directors anticipate that the adoption of AASB 16 will not have a material impact on the Group’s financial statements.

b. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company and all subsidiaries as at 30 June 2019, and the results of all subsidiaries for the year then ended.

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

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

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

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

c. Foreign currency transactions and balances

Functional and presentation currency

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

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

d. Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, and as a minimum, annually. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

e. Investments and other financial assets

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

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

e. Investments and other financial assets (cont.)

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

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

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

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

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

f. Goods and services tax (GST)

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

g. Critical accounting estimates and judgments

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

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

h. Fair value measurements

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

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

h. Fair value measurements (cont.)

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

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

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

- Financial assets at fair value through profit & loss (investment)
- Financial assets at FV through OCI (loan receivables)

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

(a) Fair Value Hierarchy

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

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

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

Valuation techniques
The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

h. Fair value measurements (cont.)

- *Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

- *Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

- *Cost approach:* valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

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

Note 2. Revenue

	Consolidated 2019 $	2018 $
Interest income on financial assets		
Effective interest income on financial assets	1,917,670	1,129,821
Other revenue from financial assets	242,047	211,070
Interest on cash	6,611	6,282
Interest from investments	37,982	37,102
Total income from investments (financial assets)	2,204,310	1,384,275
Revenue from contracts with customers		
Management fees	838,277	206,415
Total revenue from contracts with customers	838,277	206,415
Total revenue	3,042,587	1,590,690

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

Interest income on financial assets

i) Interest income

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

ii) Loan establishment fees

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

iii) Government grants

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

Revenue from contracts with customers

Management fees

Management fees are earned through the contracts with funders (customers) which entitle the consolidated entity to fees as a result of satisfying the performance obligation, being the monthly management of the associated loan portfolio. Revenue is recognised on an over-time basis. The allocation of the transaction price is calculated as a percentage of the loan balance managed by the consolidated entity on a monthly basis, being the satisfaction of the performance obligation.
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring services to a customer.
The consolidated entity invoice on a monthly basis which aligns to the recognition criteria noted above and as a result, there is no recognition of contract assets or liabilities required.

Notes to the financial statements
For the year ended 30 June 2019

Note 3. Other income

	Consolidated 2019 $	Consolidated 2018 $
R&D tax incentive	229,840	223,264
Rental income	-	8,250
Gain on loan purchase	12,345	-
Gain on sale of loan assets	11,606	-
Other income	253,791	231,514

Note 4. Expenses

	Consolidated 2019 $	Consolidated 2018 $
Losses from ordinary activities before income tax includes the following other specific expenses:		
Property lease costs	166,920	129,320
Superannuation expense	386,159	298,277
Legal expenses	40,041	29,745
Write off of loan assets		
Provision for expected credit losses expense / (provision writeback)	31,918	(107,598)
Bad debt expense	149,860	187,560
Loss on sale of loan assets	53,743	-
	235,521	79,962

Note 5. Cash and cash equivalents

	Consolidated 2019 $	Consolidated 2018 $
Cash at bank	11,993,165	1,548,888

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

	2019 $	2018 $
Balance as above	11,993,165	1,548,888
Balance as per statement of cash flows	11,993,165	1,548,888

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

Note 6. Loan receivables

	Consolidated	
	2019	2018
	$	$
Current		
Loan receivables	4,993,162	1,696,600
Less: allowance for expected credit losses	(83,171)	(87,353)
	4,909,991	1,609,247
Non-current		
Loan receivables	1,739,837	2,190,060
Less: allowance for expected credit losses	(152,475)	(116,374)
	1,587,362	2,073,686

Loan receivables of $2,453,225 (2018: $2,818,962) (net of impairments) are classified as financial assets subsequently measured at amortised cost.

Loan receivables of $4,044,128 (2018: $863,971) are classified as financial assets subsequently measured at fair value through other comprehensive income.

Reclassification
An immaterial re-classification of accrued interest from trade and other payables to loan receivables has been processed during the current period and reflected in the comparative figures. The prior year amount reclassified amounted to $52,679.

Loan receivables comprise of personal loans between $5,000 to $50,000 using risk-based pricing with interest rates starting from 8.50% to 19.95%. The personal loans are repayable within the range of 3 to 7 years.

The fair value of the loan receivables is considered to approximate the carrying value.

Initial adoption of AASB 9 Financial Instruments

The Company has adopted AASB 9 from 1 July 2018. Although the Company ran an off-balance sheet loan funding model during FY2019, there are still some loan receivables retained on balance sheet, as noted above. These are measured at amortised cost using the effective interest method.

The following table explains the original and new measurement for the Groups financial assets as at 1 July 2018.

Financial assets	Original classification	New classification	Change in carrying amount
Cash and cash equivalents	Loan and receivables	Amortised cost	No AASB 9 impact
Loan receivables	Loan and receivables	Amortised cost	Impact on impairment as detailed below
Bank deposits	Loan and receivables	Amortised cost	No AASB 9 impact

AASB 9 uses an expected credit loss methodology based on a three-stage approach:

Stage 1 – Loan receivables which have not had a significant increase in credit risk since initial recognition. For these assets, 12 months expected credit losses are recognised.

Stage 2 – Loan receivables which have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime expected credit losses are recognised.

Stage 3 – Loan receivables which have objective evidence of impairment. For these assets, lifetime expected credit losses are recognised. However, the Company writes off loan receivables at this stage.

Note 6. Loan receivables (cont.)

Management estimate
For Stage 1 and 2, the Company analysed historical data on an arrears bucket basis in order to calculate the 12 month and lifetime expected credit losses. Time value of money and an economic overlay were also considered as part of the assessment. An economic overlay refers to the recognition of forward looking information to the extent it is considered to affect the expected credit losses of the loan receivables balance.

	Consolidated
As at 30 June 2019	**$**
Stage 1 – 12 month expected credit loss	5,730
Stage 2 – lifetime expected credit loss	229,916
Total expected credit loss	235,646

The impact of adopting AASB 9 was assessed as having no material impact on the prior year. As a result, no changes have been made to the comparatives.

Note 7. Trade and other receivables

	Consolidated	
	2019	**2018**
	$	**$**
Current		
Accrued management fee income	221,751	42,011
R&D tax incentive receivable	219,078	231,552
	440,829	273,563

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

The consolidated entity has applied the simplified approach to measuring expected credit losses, 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.

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Unless otherwise disclosed in the notes to the financial statements, the carrying amount of the Group's financial instruments approximates their fair value.

Note 8. Other assets

	Consolidated	
	2019	**2018**
	$	**$**
Current		
Prepayments	198,291	187,733
Deposits	26,333	26,333
Cash held in trust	325,973	339,392
	550,597	553,458

Note 9. Property, plant and equipment

	Consolidated 2019 $	2018 $
Plant and equipment, at cost	79,280	79,280
Less: accumulated depreciation	(64,058)	(38,112)
	15,222	41,168

All property, plant and equipment are initially measured at cost and are depreciated over their useful lives on a straight-line basis. Depreciation commences from the time the asset is available for its intended use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives used for each class of depreciable assets are as follows:

Class of Asset	Useful Life
Plant and equipment	2-5 years

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amounts.

Note 10. Other financial assets

	Consolidated 30 Jun 2019 $	30 Jun 2018 $
Non-current		
Investment in DirectMoney Personal Loan Fund	518,000	518,000

In the prior years, the Group invested $518,000 into the DirectMoney Personal Loan Fund. The DirectMoney Personal Loan Fund is a registered managed investment scheme where investors' money is pooled and invested into unsecured personal loans acquired from Wisr Finance Pty Ltd. The investment is classified as fair value through profit or loss in accordance with *AASB 9: Financial Instruments.*

Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	Fair Value at 30 Jun 2019 $000	Valuation Technique(s)	Inputs Used
Other financial assets			
Investment in DirectMoney Personal Loan Fund (Fund)	518	Market approach using monthly valuation reports provided by Fund's Investment Manager and Fund's Administrator.	Monthly valuation report provided Fund's Investment Manager and Fund's Administrator.

There were no changes during the period in the valuation techniques used by the Group to determine Level 2 fair values.

Note 11. Intangible assets

	Consolidated	
	30 Jun 2019	30 June 2018
	$	$
Technology assets:		
Cost	609,240	-
Accumulated amortisation	(42,360)	-
Net carrying amount	566,880	-
Technology assets under development:		
Cost	12,728	-
Accumulated amortisation	-	-
Net carrying amount	12,728	-
Total intangible assets	579,608	-

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

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

The recoverable amount of the group's intangible assets have been tested for impairment via a value-in-use calculation using a discounted cash flow model, based on discounted projected cashflows derived by the cash generating unit over the useful life of the assets. The cash generating unit was identified as being related to the operating cashflows earned via the Wisr App, being derived via account maintenance fees and loan referral income and is related to the intangible assets noted above.

Note 12. Trade and other payables

	Consolidated	
	2019	2018
	$	$
Current		
Trade payables	927,211	744,518
Sundry payables	175,073	255,407
Accrued expenses	219,403	259,248
Superannuation payable	120,192	86,836
	1,441,879	1,346,009

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

Note 13. Employee benefits

	Consolidated 2019 $	2018 $
Current		
Provision for annual leave	335,222	240,389
Non-current		
Provision for long service leave	44,840	-

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

Note 14. Interest bearing liabilities

Secured note
In September 2018, the Group originated a $2,000,000 secured note from sophisticated investors. The note is used for working capital purposes through initial funding of personal loans prior to them being sold to funding partners as part of normal business operations. The note had a 12 month term, $1,775,000 of which was refinanced in September 2019. The secured note is initially recognised at the fair value of the consideration received, net of transaction costs. The note is subsequently measured at amortised cost using the effective interest method.

Convertible note
As at 30 June 2018, Wisr Marketplace Limited had $373,000 of convertibles notes on issue that were secured against identified loans within Wisr Marketplace Limited's balance sheet. The carrying value of the loans pledged as security as of 30 June 2018 was $286,274. The holders had recourse to these loans and a distribution of interest based on the gross return of the loans less a 4% loss reserve and 1.5% servicing fee.

These notes were in a rundown phase where holders received periodic repayments of principal on the note based on the total principal repayments received from the loans secured against the note.

In April 2019, the convertible notes were redeemed in full which included a repurchase of the loans pledged as security.

Note 15. Issued capital

	Consolidated 2019 $	2018 $
(a) Issued and paid up capital		
Ordinary shares fully paid	49,555,881	29,644,386
Costs of raising capital	(1,143,877)	(320,406)
	48,412,004	29,323,980

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

Ordinary shares are classified as equity and recognised at the fair value of the consideration received by the Group. Incremental costs directly attributable to the issue of new shares or options are expensed as incurred.

Note 15. Issued capital (cont.)

	2019		2018	
	Number of shares	$	Number of shares	$
(b) Reconciliation of issued and paid-up capital				
Opening balance as at 1 July	455,405,424	29,323,980	436,925,084	28,604,725
Issue of shares as payment of funder fees (non-cash)	1,988,120	99,406	2,000,000	60,000
Issue of shares to CEO as part of short-term incentive	4,461,652	95,635	2,194,625	59,255
Issue of shares to Alceon	-	-	14,285,715	600,000
Issue of shares to CFO as part of long-term incentive	1,704,079	81,114	-	-
Issue of shares to directors on vesting of performance rights	11,666,666	131,341	-	-
Issue of shares from capital raises in the period	311,851,176	19,695,500	-	-
Costs of raising capital	-	(1,143,877)	-	-
Issue of shares on exercise of options	3,131,035	128,905	-	-
Closing Balance as at 30 June	790,208,152	48,412,004	455,405,424	29,323,980

(c) Performance rights

As at 30 June 2019, there were a total of 38,966,725 (2018: 37,082,562) performance rights outstanding.

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

(d) Capital management

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

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. The Group is not subject to any externally imposed capital requirements.

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

Note 16. Equity – reserves and accumulated losses

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

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

Note 16. Equity – reserves and accumulated losses (cont.)

Movement in reserves:	Employee equity benefits reserve $	Other share based payments reserve $	Total $
At 1 July 2017	1,241,382	153,126	1,394,508
Share based payments expense	571,535	373,251	944,786
Transfer from reserve to retained earnings	(439,243)	-	(439,243)
At 30 June 2018	1,373,674	526,377	1,900,051
Share based payments expense	852,147	243,906	1,096,053
Costs of raising capital	-	155,000	155,000
Transfer from reserve to retained earnings	(436,257)	-	(436,257)
Transfer from reserve on exercise of options	(312,644)	(164,146)	(476,790)
Transfer of gain on funder forgiveness of options obligation to retained earnings	-	(325,612)	(325,612)
Issue of shares as a result of exercise of options for consideration	-	(17,024)	(17,024)
At 30 June 2019	1,476,920	418,501	1,895,421

	Consolidated	
Accumulated losses:	**2019 $**	**2018 $**
Opening balance	(26,565,419)	(20,796,796)
Total loss after income tax for the year	(7,731,042)	(6,207,866)
Transfer from reserve to retained earnings	761,869	439,243
Total	(33,534,592)	(26,565,419)

17. Capital and lease commitments

(a) Finance lease commitments

There are no finance lease commitments (2018: nil).

(b) Operating lease commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements.

	Consolidated	
Payable – minimum lease payments:	**2019 $**	**2018 $**
i) Within one year	196,799	110,089
ii) One to five years	-	-
iii) More than five years	-	-
	196,799	110,089

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred on a straight line basis.

Wisr Finance Pty Ltd has a non-cancellable property lease which was varied in June 2019 to a 39-month term which commenced on 1 March 2017, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased from and including each anniversary of the commencing date of the term by 4%.

As detailed at note 1 a) the group does not anticipate a material impact of adoption of *AASB 16 – Leases* as a result of the current lease having a term of less than 12 months.

Note 18. Income tax

	Consolidated	
	2019	**2018**
Numerical reconciliation of income tax expense to prima facie tax payable	**$**	**$**
Loss from continuing operations before income tax expense	(7,731,042)	(6,207,866)
Tax benefit at the tax rate of 27.5% (2018: 27.5%)	(2,126,037)	(1,707,163)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Temporary differences not recognised	102,904	19,828
- Non-recognition of current year tax losses	2,023,133	1,687,335
Income tax expense / (benefit)	-	-

As at 30 June 2019, the entity has unrecognised carried forward tax losses of $34,016,142 (2018: $26,659,295), the utilisation of which is dependent on the entity satisfying the requirements of the Same Business Test (SBT).

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

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

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

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

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

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

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

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

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

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

Note 18. Income tax (cont.)

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

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

Note 19. Remuneration of auditors

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

	Consolidated	
	2019	**2018**
BDO East Coast Partnership	**$**	**$**
- Audit of the financial report – assurance services	75,000	83,000
- Taxation services – non-assurance services	-	4,850
- Review of the half-yearly financial report – assurance services	31,372	25,000
- Accounting advice – non-assurance services	2,000	-
	108,372	112,850

Note 20. Contingent liabilities

CEO Short and Long-Term Incentives
The following long-term incentives may be awarded by the Company to the CEO and are noted as contingent liabilities:

- Grant of shares equivalent to 0.5% of the market capital value of the Company on achieving a share price of 6c based on the average weighted price of the equity of the Company for a consecutive 30 day period in the 90 days immediately preceding the first day of the Vesting Date being 6c. The Vesting Date being within 20 business days following 30 June 2019; and
- Grant of shares equivalent to 0.5% of the market capital value of the Company on achieving a share price of 12c based on the average weighted price of the equity of the Company for a consecutive 30 day period in the 90 days immediately preceding the first day of the vesting date being 12c. The Vesting Date being within 20 business days following 30 June 2019.

CFO Long-Term Incentives
The Company may award the CFO an issue of shares in the Company to a maximum value of $220,000 for each of the financial years to 30 June 2018 and subsequently, annually, subject to the discretion of the CEO and Board, and achievement of outcomes to be agreed with the CEO or absent agreement, as determined by the CEO.

Former COO Long-Term Incentives
The following long-term incentives may be awarded by the Company to the COO and are noted as contingent liabilities:

- Grant of shares equal to 1% market capital value of the Company as at 30 June 2019, up to a maximum value of 50% of total remuneration or $100,000, whichever is the lesser, for each of the relevant years;
- Grant of shares equal to 0.25% of the market capital value of the Company on achieving a share price of 6c based on the average weighted price of the equity of the Company for a consecutive 30 day period in the 90 days immediately preceding the first day of the Vesting Date being 6c. The Vesting Date being within 20 business days following 30 June 2019; and
- Grant of shares equal to 0.25% of the market capital value of the Company on achieving a share price of 12c based on the average weighted price of the equity of the Company for a consecutive 30 day period in the 90 days immediately preceding the first day of the vesting date being 12c. The Vesting Date being within 20 business days following 30 June 2019.

Current COO Long-Term Incentives
The Company may award the current COO an issue of shares in the Company, through an Executive Staff Share Scheme, to an annual value of $70,000 unless agreed otherwise, effective from 1 July 2018 for each of the financial years, subject to the discretion of the CEO and Board, and achievement of outcomes to be agreed with the CEO or absent agreement, as determined by the CEO.

Note 21. Subsidiaries

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

Name	Status	Country of incorporation	% owned 2019	% owned 2018
Wisr Finance Pty Ltd	Registered 2 May 2006	Australia	100%	100%
Wisr Investment Management Pty Ltd	Registered 20 February 2015	Australia	100%	100%
Wisr Loans Servicing Pty Ltd	Registered 20 February 2015	Australia	100%	100%
Wisr Credit Management Pty Ltd	Registered 19 March 2015	Australia	100%	100%
Wisr Marketplace Limited	Registered 16 March 2015	Australia	100%	100%
Wisr Services Pty Ltd	Registered 13 January 2017	Australia	100%	100%
Wisr Funding Pty Ltd	Registered 9 April 2018	Australia	100%	100%
Wisr Notes 1 Pty Ltd	Registered 31 July 2018	Australia	100%	-

Note 22. Events after the reporting period

In July 2019, the Group entered into a three-year agreement with SmartGroup Corporation Ltd (ASX:SIQ) (SmartGroup) to partner on the distribution of Wisr's ecosystem of financial wellness products. Loan conversion has commenced, however it is not currently possible to reliably measure the financial impact of this agreement.

Note 23. Key management personnel disclosures

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

	Consolidated 2019 $	Consolidated 2018 $
Short-term employee benefits	853,652	972,206
Post-employment benefits	79,109	91,493
Long-term benefits	2,295	-
Share-based payments	732,603	541,516
Total KMP compensation	1,667,659	1,605,215

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

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

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

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

Note 24. Related party transactions

(a) Parent entity
The legal parent is Wisr Limited.

(b) Subsidiaries
Interest in subsidiaries are set out in Note 21.

(c) Transactions with related parties
As at 30 June 2019, all transactions that have occurred among the subsidiaries within the Group have been eliminated for consolidation purposes. There were no other related party transactions (2018: nil).

Note 25. Parent entity information

(a) Summary financial information

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

	2019	2018
Statement of financial position	**$**	**$**
Current assets	4,831,730	564,551
Non-current assets	29,701,747	14,943,118
Total assets	34,533,477	15,507,669
Current liabilities	27,672	79,026
Non-current liabilities	-	-
Total liabilities	27,672	79,026
Shareholders' equity		
Issued capital	41,399,776	22,311,751
Reserves	1,895,420	1,900,051
Accumulated losses	(8,789,391)	(8,783,159)
	34,505,805	15,428,643
Loss for the year	(768,161)	(833,593)
Total comprehensive loss	(768,161)	(833,593)

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

(b) Contingent liabilities
See Note 20.

(c) Contractual commitments
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

Note 26. Cash flow information

	Consolidated	
Reconciliation of loss after income tax to net cash outflows from operating activities	**2019 $**	**2018 $**
Loss for the year	(7,731,042)	(6,207,866)
Adjustments for non-cash items or items for which the cash flows are investing or financing cash flows		
Depreciation and amortisation	68,305	23,921
Share-based payments and accruals	1,096,053	1,064,041
Fundraising expenses	-	(45,750)
Loss on disposal of assets	-	426
Non-cash modification benefit on contractual cashflows	(47,339)	-
Changes in operating assets and liabilities:		
(Increase) / decrease in loan receivables	(2,814,420)	2,809,124
Increase in trade and other receivables	(167,266)	(258,515)
Decrease / (increase) in other assets	2,861	(96,528)
Increase in trade and other payables	226,445	496,516
Increase in provision for employee benefits	139,673	59,769
Net cash flows used in operating activities	(9,226,730)	(2,154,862)

Note 27. Earnings per share

	2019 Cents	**2018 Cents**
Basic earnings per share	(1.34)	(1.39)
Diluted earnings per share	(1.34)	(1.39)

Weighted average number of shares used as the denominator

	Number of shares	**Number of shares**
Weighted average number of shares used as the denominator in calculating basic earnings per share	575,478,118	445,066,294
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of ordinary shares used in calculating dilutive earnings per share	575,478,118	445,066,294

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

Basic earnings per share

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

Diluted earnings per share

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

Note 28. Segment information

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

Note 29. Dividends

(a) Dividends paid during the year

Ordinary shares
There were no dividends paid during the year (2018: nil).

(b) Franking Credits

	2019 $	2018 $
Franking credits available for subsequent reporting periods based on a tax rate of 27.5% (2018 – 27.5%)	1,542,955	1,542,955

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

Note 30. Share based payments

The share-based payment expense of $1,096,053 (2018: $1,064,041) consists of:

- KMP LTIs of $725,364 (2018: $527,280) accrued up to 30 June 2019;
- Performance rights expense (including a portion to KMP) of $126,783 (2018: $103,510) accrued up to 30 June 2019;
- Funder fee expense totalling $132,120 (2018: $396,631) paid and accrued during the year in relation to an agreement entered into between the Company and 255 Finance in August 2017, of which the Company agreed to issue shares to 255 Finance and options that vest upon certain hurdles being met;
- Option expense of $61,907 (2018: $30,571) accrued in relation to the grant of call options to sophisticated investors of a $2 million working capital facility for the Group; and
- Recruitment expense of $49,879 (2018: $6,049).

In addition to the above, there were $155,000 worth of options issued to Blue Ocean Equities as part of the consideration for their capital raising mandate. The amount is included in the Statement of Changes in Equity. The options are money in options, meaning that if exercised, cash is received by the Company based on the option strike price.

(a) Performance rights

	Notes	2019 Number of performance rights	Exercise price	2018 Number of performance rights	Exercise price
Balance at beginning of year		37,082,562	Nil	37,175,000	Nil
- granted		31,661,940	Nil	6,565,125	Nil
- forfeited		(18,111,111)	Nil	(6,657,563)	Nil
- exercised		(11,666,666)	Nil	-	Nil
Balance at end of year		38,966,725	Nil	37,082,562	Nil

During the year, the Group awarded its staff an offer to participate in the Group's Long-Term Incentive Plan (LTIP) in the form of performance rights and link to KPIs for FY2019. From an accounting perspective, these performance rights have been granted. There are also future share price hurdles for granted performance rights to vest.
The total fair value of these performance rights at grant date is $198,362 of which $36,242 has been recognised as a share-based performance rights expense in accordance with AASB 2 Share-based payment for FY2019. The fair value was calculated using a Hoadley Barrier model, which included the following inputs:

Note 30. Share based payments (cont.)

(a) Performance rights (cont.)

Grant date	Expiry date	Spot price	Barrier price	Volatility	Risk-free interest rate	Fair value at grant date
19/02/2019	31/07/2020	0.0227	$0.04	40%	2.50%	$0.00764
19/02/2019	31/07/2021	0.0227	$0.06	40%	2.50%	$0.00489

The Group has also recognised a performance rights expense of $89,057 (2018: $83,683) for performance rights under the Group's LTIP awarded in FY2018 in accordance with AASB 2. The total fair value of these performance rights at grant date is $219,406.

The Group has also recognised a performance rights expense of $1,484 (2018: $19,827) for performance rights granted in prior financial years in accordance with AASB 2. The total fair value of those performance rights at grant date is $1,047,580.

The Group granted 4,405,286 performance rights to key management personnel as share-based payments during the year (2018: nil rights granted).

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

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

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

Note 31. Financial risk management

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

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

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

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

All loan balances are monitored on an ongoing basis for collectability and *AASB 9 – Financial Instruments* has been adopted in FY2019 which includes the assessment of lifetime expected credit losses as detailed at note 6.

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

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

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

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

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

The Group seeks to manage this risk by establishing multiple sources of loan buyers. The Group seeks to on-sell loans to the DirectMoney Personal Loan Fund (subject to that fund having sufficient funds available) and to institutional loan buyers.

Note 31. Financial risk management (cont.)

(vii) Liquidity risk (cont.)

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

Maturity Analysis – Group			
2019	**Within 1 year $**	**1 – 5 years $**	**Total $**
Financial assets			
Cash and cash equivalents	11,993,165	-	11,993,165
Loan receivables	4,909,991	1,587,362	6,497,353
Trade and other receivables	440,829	-	440,829
Other financial assets	325,973	518,000	843,973
Total financial assets	17,669,958	2,105,362	19,775,320
Financial liabilities			
Non-derivatives			
Trade creditors	927,211	-	927,211
Other payables	514,668	-	514,668
Secured notes	225,000	1,775,000	2,000,000
Total non-derivatives	1,666,879	1,775,000	3,441,879
Net financial assets	16,003,079	330,362	16,333,441

2018	**Within 1 year $**	**1 – 5 years $**	**Total $**
Financial assets			
Cash and cash equivalents	1,548,888	-	1,548,888
Loan receivables	1,609,247	2,073,686	3,682,933
Trade and other receivables	273,563	-	273,563
Other financial assets	339,392	518,000	857,392
Total financial assets	3,771,090	2,591,686	6,362,776
Financial liabilities			
Non-derivatives			
Trade creditors	744,518	-	744,518
Other payables	601,491	-	601,491
Convertible notes*	373,000	-	373,000
Total non-derivatives	1,719,009	-	1,719,009
Net financial assets	2,052,081	2,591,686	4,643,767

* The repayment of the notes is linked to the repayment profile of the loans which provide security for the notes. Given the option the Group has to repay these notes prior to their maturity, the notes are shown as being current.

(viii) Market risk

a. *Price risk*

The Group's investment in the DirectMoney Personal Loan Fund (Fund) is exposed to variations in the unit price of the Fund. The unit price may vary subject to the credit performance of the loans held in the Fund. As the Group is the Seller of and Investment Manager of the Fund, the Group has a sound knowledge of the price risk associated with its investment. To date, the unit price has not declined in value.

Note 31. Financial risk management (cont.)

(viii) Market risk (cont.)

b. Interest rate risk

The Group has $2 million of borrowings which have a fixed rate of interest and therefore interest rate risk is considered low.

The Group has $11,993,165 of cash as at 30 June 2019, some of which attracts deposit rates of interest. Any reduction in interest rates would have an impact on the interest earned, however the impact is not deemed to be material.

Directors' Declaration

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

(a) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the financial position and performance of the consolidated entity; and
  (ii) complying with Australian Accounting Standards, including the interpretations, and the *Corporations Regulations 2001*;

(b) the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1;

(c) the directors have been given the declarations required by s.295A of the *Corporations Act 2001*; and

(d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

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

....
John Nantes
Director
Sydney
30 September 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of Wisr Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Wisr Limited (the Company) and its subsidiaries (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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Key audit matters

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

Share based payments

Key audit matter	*How the matter was addressed in our audit*
During the year ended 30 June 2019, the Company entered into several share based payments transactions. The calculation of share based payments is complex and includes assumptions utilised in the fair value calculations and judgements regarding the equity instrument issued during the year. There is a risk that amounts are incorrectly recognised and/or inappropriately disclosed in the financial statements and consequently it was considered a key audit matter. Refer to note 30 of the financial report for a description of the accounting policy and significant estimates and judgements applied to these transactions.	To address this matter, our procedures included, amongst others: • Reviewing the terms and conditions of the various share based payments agreements; • Evaluating management's assessment of the likelihood of meeting the performance conditions attached to each of the agreements; • Testing management's methodology for calculating the fair value of the shares or options including assessing the valuation inputs using internal specialists where required; and • Evaluating the adequacy of the disclosure in respect of the accounting treatments of share based payments in the financial statements, including the judgements involved, and the accounting policy adopted.

Other information

The directors are responsible for the other information. The other information comprises the information contained in directors report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

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

In connection with our audit of the financial report, our responsibility is to read the other information identified above 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 that we 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 16 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Wisr 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.

BDO East Coast Partnership

BDO

Tim Aman
Partner

Sydney, 30 September 2019