Wisr Limited
Appendix 4E
Preliminary final report (unaudited)

1. Company details

Name of entity:	Wisr Limited
ABN:	80 004 661 205
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

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2. Results for announcement to the market

Key information				**$A'000**
Revenues from ordinary activities	Up	136%	to	7,166
Loss from ordinary activities after tax attributable to members	Up	204%	to	(23,535)
Loss for the year attributable to members	Up	204%	to	(23,535)

Dividends paid and proposed

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

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3. Statement of Comprehensive Income

Refer Financial Statements below.

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4. Statement of Financial Position

Refer Financial Statements below.

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5. Statement of Changes in Equity

Refer Financial Statements below.

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6. Statement of Cash Flows

Refer Financial Statements below.

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7. Details of individual and total dividends and payment dates

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

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8. Details of dividend reinvestment plan

Not applicable.

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9. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible asset backing per ordinary security	3.35	2.05

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

On 28 October 2019, Wisr Finance Pty Ltd, 100% owned subsidiary of Wisr Limited, registered Wisr Warehouse Trust No. 1, a 100% owned subsidiary of Wisr Finance Pty Ltd.

11. Details of associates and joint venture entities

Not applicable.

12. Significant information

Refer to 'Commentary on results for the period' below.

13. For foreign entities, which set of accounting standards is used in compiling the report?

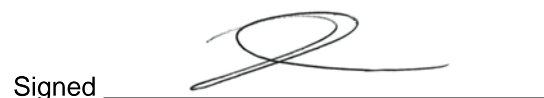
Not applicable.

14. Commentary on results for the period

The commentary on the results for the period is contained in the accompanying media release.

This report is based on accounts which are in the process of being audited.

15. Signed



Signed ______________________________ Date: 27 August 2020

John Nantes
Director
Sydney

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Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 $	2019 $
Revenue	2	7,166,322	3,042,587
Other income	3	547,402	253,791
Expenses			
Employee benefits expense		(9,510,059)	(5,024,824)
Marketing expense		(4,464,333)	(1,410,327)
Customer processing costs		(1,898,724)	(1,172,658)
Property expenses		(244,969)	(166,920)
Other expenses		(3,430,393)	(1,803,383)
Finance costs		(1,351,689)	(148,311)
Depreciation and amortisation expense		(117,336)	(68,306)
Provision for expected credit loss expense	5	(4,097,956)	(136,638)
Share based payment expense	29	(6,133,091)	(1,096,053)
Loss before income tax		(23,534,826)	(7,731,042)
Income tax expense	17	-	-
Loss after income tax for the year		(23,534,826)	(7,731,042)
Loss for the year is attributable to:			
Owners of Wisr Limited		(23,534,826)	(7,731,042)
Earnings per share for loss attributable to the owners of Wisr Limited		**Cents**	**Cents**
Basic earnings per share	26	(2.60)	(1.34)
Diluted earnings per share	26	(2.60)	(1.34)
Other comprehensive loss			
Loss arising from changes in fair value of cash flow hedging instruments entered into, net of tax	15	(202,842)	-
Other comprehensive loss for the year, net of tax		(202,842)	-
Total comprehensive loss for the year		(23,737,668)	(7,731,042)
Total comprehensive loss for the year is attributable to:			
Owners of Wisr Limited		(23,737,668)	(7,731,042)

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

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Statement of financial position
As at 30 June 2020

	Note	Consolidated 2020 $	2019 $
Assets			
Cash and cash equivalents	4	37,973,266	11,993,165
Trade and other receivables	6	1,023,326	440,829
Loan receivables	5	85,997,500	6,497,353
Other financial assets	8	-	518,000
Property, plant and equipment		5,733	15,222
Other assets	7	489,569	550,597
Intangible assets	9	471,760	579,608
Total assets		125,961,154	20,594,774
Liabilities			
Trade and other payables	10	2,512,852	1,441,879
Provision for employee benefits	11	541,540	380,062
Derivative financial instruments	13	225,129	-
Borrowings	12	86,710,392	2,000,000
Total liabilities		89,989,913	3,821,941
Net assets		35,971,241	16,772,833
Equity			
Issued capital	14	89,827,317	48,412,004
Reserves	15	3,181,186	1,895,421
Accumulated losses	15	(57,037,262)	(33,534,592)
Total equity		35,971,241	16,772,833

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

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Statement of changes in equity
For the year ended 30 June 2020

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 (Note 15)	-	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

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2019	48,412,004	1,895,421	(33,534,592)	16,772,833
Loss after income tax expense for the year	-	-	(23,534,826)	(23,534,826)
Other comprehensive income for the year, net of tax	-	(202,842)	-	(202,842)
Total comprehensive loss for the year	-	(202,842)	(23,534,826)	(23,737,668)
Transactions with owners in their capacity as owners:				
Issue of share capital	36,500,100	-	-	36,500,100
Costs of raising capital	(859,972)	-	-	(859,972)
Share based payments expense (Note 15)	1,318,542	4,814,549	-	6,133,091
Transfer of share based reserve to issued capital on exercise of options	3,255,476	(3,255,476)		-
Issue of shares as a result of exercise of options for consideration	1,201,167	(38,310)	-	1,162,857
Transfer of reserve to accumulated losses	-	(32,156)	32,156	-
Balance at 30 June 2020	89,827,317	3,181,186	(57,037,262)	35,971,241

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 2020

	Note	Consolidated 2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		4,814,906	2,009,927
Payments to suppliers and employees		(18,256,184)	(9,122,201)
		(13,441,278)	(7,112,274)
Interest received on investments and cash		48,843	48,066
Management fees received		1,472,386	660,159
Interest and other finance costs paid		(1,109,037)	(138,452)
Proceeds from R&D tax incentive		219,078	234,025
Net cash used in operating activities	25	(12,810,008)	(6,308,476)
Cash flows from investing activities			
Payments for development of technology assets		-	(621,968)
Receipts from investments		518,000	-
Net movement in customer loans		(83,078,103)	(2,918,254)
Net cash used in investing activities		(82,560,103)	(3,540,222)
Cash flows from financing activities			
Proceeds from issue of shares		36,500,100	19,739,501
Proceeds from exercise of share options		1,162,857	-
Costs of raising capital paid		(859,972)	(988,877)
Repayment of borrowings – secured notes		(425,000)	(327,074)
Proceeds from issuance of borrowings		85,600,000	2,000,000
Transaction costs related to borrowings		(627,773)	(130,575)
Net cash provided by financing activities		121,350,212	20,292,975
Net increase in cash and cash equivalents		25,980,101	10,444,277
Cash and cash equivalents at the beginning of the financial year		11,993,165	1,548,888
Cash and cash equivalents at the end of the financial year		37,973,266	11,993,165

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

Notes to the financial statements
For the year ended 30 June 2020

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.

These financial statements are unaudited and are in the process of being audited.

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 H2FY2020; 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 16: Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred.

The Group has adopted AASB 16 with an initial application date of 1 July 2019. The adoption of AASB 16 did not have any impact on the date of transition.

b. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company and all subsidiaries as at 30 June 2020, 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)
- Derivative financial instruments at fair value asset or (liability). Hedging ineffectiveness being recognised through profit & loss.

(a) Fair Value Hierarchy

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

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

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

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:

- *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.

h. Fair value measurements (cont.)

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

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

Interest rate swap contracts are valued using a discounted cash flow approach. Future cash flows are estimated based on observable forward interest rates and discounted based on applicable yield curves at the reporting date, taking into consideration the credit risk of the Group and various counterparties.

i. Hedge accounting

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

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

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

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

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

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

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

Movements in the hedging reserve in equity are detailed in note 15.

Note 2. Revenue

	Consolidated	
	2020	**2019**
	$	**$**
Interest income on financial assets		
Effective interest income on financial assets	4,903,505	1,917,670
Other revenue from financial assets	320,887	242,047
Interest on cash	10,544	6,611
Interest from investments	38,299	37,982
Total income from financial assets	5,273,235	2,204,310
Revenue from contracts with customers		
Management fees	1,893,087	838,277
Total revenue from contracts with customers	1,893,087	838,277
Total revenue	7,166,322	3,042,587

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

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

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.

Note 3. Other income

	Consolidated	
	2020	**2019**
	$	**$**
R&D and other tax incentives	430,874	229,840
Gain on loan purchase	116,528	12,345
Gain on sale of loan assets	-	11,606
Other income	547,402	253,791

Note 4. Cash and cash equivalents

	Consolidated	
	2020	**2019**
	$	**$**
Cash at bank	33,242,349	11,993,165
Restricted cash	4,730,917	-
	37,973,266	11,993,165

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

Balance as above	37,973,266	11,993,165
Balance as per statement of cash flows	37,973,266	11,993,165

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

Restricted cash is held by Wisr Warehouse Trust No.1 and is not available to pay creditors of the Group.

Note 5. Loan receivables

AASB 9: Financial Instruments

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.

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

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

Stage 1: 12 months ECL
Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month ECL allowance is estimated. This represents a portion of the loan receivable lifetime ECL that is attributable to a default event that is possible within the next 12 months. Effective interest is calculated on the gross carrying amount of the loan receivable.

Note 5. Loan receivables (cont.)

Stage 2: Lifetime ECL – not credit impaired
Where a loan receivable credit risk has increased significantly since initial recognition, but is not credit impaired, the loss allowance is based on the loan receivable lifetime ECL. For these loan receivables, the Group recognises as a collective provision a lifetime ECL (i.e. reflecting the remaining term of the loans receivable). Effective interest is calculated on the gross carrying amount of the financial instrument.

Stage 3: Lifetime ECL – credit impaired
Where there is objective evidence that the loan receivable has become credit impaired, the loss allowance is based on the loan receivable lifetime ECL. Effective interest is calculated on the net carrying amount of the financial instrument.

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

Allowance for expected credit losses
The Group has historically adopted an off-balance sheet loan funding model which resulted in relatively low loan receivables on balance sheet. With the Warehouse Trust going live in mid-November 2019, loan receivables on the balance sheet have increased significantly.

The ECL analysis was performed on two distinct loan receivable books:
Book 1 – Warehouse Trust - Predominantly Stage 1
Book 2 – Wisr Finance - Combination of Stages 1 to 3. This book consists of seasoned, mostly legacy loan receivables which didn't qualify for sale to funding partners etc.

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

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

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

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

The Group originates loan receivables of 3, 5, and 7 year maturities to Australian consumers. These loans are either retained to maturity within the Wisr Warehouse Trust No. 1 or on-sold to retail, wholesale and institutional investors.

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

The Group has taken an additional provision on Covid-19 affected loan receivables. The Group does not consider the existence of a Covid-19 payment arrangement in itself to represent a significant increase in credit risk (SICR). This assessment is performed through consideration of both qualitative and quantitative factors surrounding the customer's credit risk.

Loan receivables which are on a Covid-19 payment arrangement, where normal loan repayments have not resumed, have been classified as Stage 2 due to the perceived significant increase in credit risk.

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

- Covid-19 affected loans were specifically assessed and it was noted that 76% of Covid-19 impacted loans returned to normal loan payments within the payment arrangement period of 3 months.
- The Group enacted tightened credit policy and reduced risk tolerance in response to the Covid-19 pandemic.

Note 5. Loan receivables (cont.)

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

	Consolidated	
	2020	**2019**
	$	**$**
Gross loan receivables	89,729,432	6,732,999
Less provision for expected credit loss	(3,731,932)	(235,646)
	85,997,500	6,497,353

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

Gross loan receivables		
12-month (Stage 1)	84,019,478	5,870,562
Lifetime (Stage 2 & 3)	5,709,954	862,437
Total gross carrying amount	89,729,432	6,732,999
Less provision for expected credit loss		
12 month expected credit loss	1,970,134	5,730
Lifetime expected credit loss	1,761,798	229,916
Total provision for expected credit loss	3,731,932	235,646
Net balance sheet carrying value	85,997,500	6,497,353
Expected credit loss per gross loan receivables	**%**	**%**
12-month (Stage 1)	2.34	0.10
Lifetime (Stage 2 & 3)	30.85	26.66
Total expected credit loss per total gross loan receivables	4.16	3.50

Reconciliation of total provision for expected credit loss		**$**
Balance	**1 Jul 2019**	**235,646**
Expected credit loss expense recognised during the year to profit or loss		4,097,956
Receivables written-off during the year		(660,060)
Recoveries during the year		58,390
Balance	**30 Jun 2020**	3,731,932

Note 6. Trade and other receivables

	Consolidated	
	2020	**2019**
	$	**$**
Expected to be settled within 12 months		
Accrued management fee income	642,452	221,751
R&D tax incentive receivable	380,874	219,078
	1,023,326	440,829

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.

Notes to the financial statements
For the year ended 30 June 2020

Note 7. Other assets

	Consolidated 2020 $	2019 $
Expected to be settled within 12 months		
Prepayments	238,394	198,291
Deposits	131,883	26,333
Cash held in trust	119,292	325,973
	489,569	550,597

Note 8. Other financial assets

	Consolidated 2020 $	2019 $
Investment in DirectMoney Personal Loan Fund	-	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 2020 $000	Valuation Technique(s)	Inputs Used
Other financial assets			
Investment in DirectMoney Personal Loan Fund (Fund)	-	Nil – derecognised during the period for $518,000 consideration.	

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.

Note 9. Intangible assets

	Consolidated 2020 $	2019 $
Technology assets:		
Cost	609,240	609,240
Accumulated amortisation	(150,208)	(42,360)
Net carrying amount	459,032	566,880
Technology assets under development:		
Cost	12,728	12,728
Accumulated amortisation	-	-
Net carrying amount	12,728	12,728
Total intangible assets	471,760	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.

Note 9. Intangible assets (cont.)

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 10. Trade and other payables

	Consolidated	
	2020	**2019**
	$	**$**
Expected to be settled within 12 months		
Trade payables	1,357,320	927,211
Sundry payables	274,635	175,073
Accrued expenses	708,354	219,403
Superannuation payable	172,543	120,192
	2,512,852	1,441,879

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

Note 11. Employee benefits

	Consolidated	
	2020	**2019**
	$	**$**
Expected to be settled within 12 months		
Provision for annual leave	469,986	335,222
Not expected to be settled within 12 months		
Provision for long service leave	71,554	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 12. Borrowings

	Consolidated	
	2020	**2019**
	$	**$**
Secured note	1,675,000	2,000,000
Warehouse trust funding	85,598,949	-
Less capitalised transaction costs	(563,557)	-
	85,035,392	-
Total borrowings	86,710,392	2,000,000

Note 12. Borrowings (cont.)

Secured note
The note is used for working capital purposes through initial funding of loan receivables prior to them being sold to funding partners as part of normal business operations.

Warehouse trust
At 30 June 2020, Wisr Warehouse Trust No. 1 had $95.0m in committed financing, $85.9m of which has been utilised. The facility is secured against the underlying pool of loan receivables with no credit recourse back to the consolidated entity. Wisr Warehouse Trust No. 1 consists of four classes of notes with Wisr the holder of the Class 4 note. The Class 1 note has a two-year tenor and will mature in November 2021. The Class 2 & 3 notes have a one-year tenor and will mature in November 2020 with refinance options available.

The Warehouse trust funds loan receivables of 3, 5, and 7 year maturities.

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

Note 13. Derivative financial instruments

	Consolidated	
	2020	**2019**
	$	**$**
Derivative financial instruments	225,129	-

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

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

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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

Note 14. Issued capital

	Consolidated	
	2020	**2019**
	$	**$**
(a) Issued and paid up capital		
Ordinary shares fully paid	92,151,571	49,876,287
Costs of raising capital	(2,324,254)	(1,464,283)
	89,827,317	48,412,004

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 14. Issued capital (cont.)

	2020		2019	
	Number of shares	**$**	**Number of shares**	**$**
(b) Reconciliation of issued and paid-up capital				
Opening balance as at 1 July	790,208,152	48,412,004	455,405,424	29,323,980
Issue of shares from raising capital	197,297,792	36,500,100	311,851,176	19,695,500
Costs of raising capital	-	(859,972)	-	(1,143,877)
Issue of shares to CEO as part of long-term incentive	30,158,720	2,384,173	-	-
Issue of shares to CEO as part of short-term incentive	-	-	4,461,652	95,635
Issue of shares to CFO as part of long-term incentive	11,167,412	762,226	1,704,079	81,114
Issue of shares to Head of Growth (former COO) as part of long-term incentive	8,428,067	770,474	-	-
Issue of shares to directors on vesting of performance rights	4,900,000	555,872	11,666,666	131,341
Issue of shares to staff on vesting of long-term incentives	2,696,079	101,273	-	-
Issue of shares on exercise of options	14,535,715	1,201,167	3,131,035	128,905
Issue of shares as payment of funder fees (non-cash)	-	-	1,988,120	99,406
Closing Balance as at 30 June	1,059,391,937	89,827,317	790,208,152	48,412,004

(c) 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 15. 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.

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

Note 15. Equity – reserves and accumulated losses (cont.)

Movement in reserves:	Employee equity benefits reserve $	Other share based payments reserve $	Cash flow hedge reserve $	Total $
At 1 July 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
At 1 July 2019	1,476,920	418,501	-	1,895,421
Share based payments expense	4,764,670	49,879	-	4,814,549
Transfer from reserve to retained earnings	(32,156)	-	-	(32,156)
Transfer from reserve on exercise of options	(3,255,476)	-	-	(3,255,476)
Issue of shares as a result of exercise of options for consideration	-	(38,310)	-	(38,310)
Loss arising on changes in fair value of hedging instruments entered into for cash flow hedges	-	-	(231,976)	(231,976)
Cumulative loss arising on changes in fair value of hedging instruments reclassified to profit or loss	-	-	29,134	29,134
At 30 June 2020	2,953,958	430,070	(202,842)	3,181,186

	Consolidated	
Accumulated losses:	**2020 $**	**2019 $**
Opening balance	(33,534,592)	(26,565,419)
Total loss after income tax for the year	(23,534,826)	(7,731,042)
Transfer from reserve to retained earnings	32,156	761,869
Total	(57,037,262)	(33,534,592)

Note 16. Capital and lease commitments

(a) Finance lease commitments
There are no finance lease commitments (2019: nil).

(b) Operating lease commitments
Non-cancellable operating leases contracted for but not recognised in the financial statements.

	Consolidated	
Payable – minimum lease payments:	**2020 $**	**2019 $**
i) Within one year	58,129	196,799
ii) One to five years	-	-
iii) More than five years	-	-
	58,129	196,799

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 two non-cancellable property leases which expire in September 2020. Rent is 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%.

Note 17. Income tax

	Consolidated	
Numerical reconciliation of income tax expense to prima facie tax payable	**2020 $**	**2019 $**
Loss from continuing operations before income tax expense	(23,534,826)	(7,731,042)
Tax benefit at the tax rate of 27.5% (2019: 27.5%)	(6,472,077)	(2,126,037)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Temporary differences not recognised	2,484,606	102,904
- Non-recognition of current year tax losses	3,964,371	2,023,133
Income tax expense / (benefit)	-	-

As at 30 June 2020, the entity has unrecognised carried forward tax losses of $47,435,193 (2019: $32,935,299), 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.

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.

Note 17. Income tax (cont.)

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 18. Remuneration of auditors

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

	Consolidated	
	2020	**2019**
BDO East Coast Partnership	**$**	**$**
- Audit of the financial report – assurance services	85,000	75,000
- Taxation services – non-assurance services	9,900	-
- Review of the half-yearly financial report – assurance services	34,000	31,372
- Accounting advice – non-assurance services	4,000	2,000
	132,900	108,372

Note 19. Contingent liabilities

There were no contingent liabilities reportable during the period.

In 2019, the following were 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 20. 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 2020	% owned 2019
Wisr Finance Pty Ltd	Registered 2 May 2006	Australia	100%	100%
Wisr Investment Management Pty Ltd	Registered 20 February 2015	Australia	100%	100%
Wisr Loans Servicing Pty Ltd	Registered 20 February 2015	Australia	100%	100%
Wisr Credit Management Pty Ltd	Registered 19 March 2015	Australia	100%	100%
Wisr Marketplace Limited	Registered 16 March 2015	Australia	100%	100%
Wisr Services Pty Ltd	Registered 13 January 2017	Australia	100%	100%
Wisr Funding Pty Ltd	Registered 9 April 2018	Australia	100%	100%
Wisr Notes 1 Pty Ltd	Registered 31 July 2018	Australia	100%	100%
Wisr Warehouse Trust No. 1	Registered 28 October 2019	Australia	100%	-

Note 21. Events after the reporting period

There are no reportable events after the reporting period.

Note 22. 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	
	2020	2019
	$	$
Short-term employee benefits	1,010,119	670,913
Post-employment benefits	68,380	61,758
Long-term benefits	7,331	2,110
Share-based payments	5,067,498	726,848
Total KMP compensation	6,153,328	1,461,629

The COO has not been included in KMP remuneration this year and has been removed from 2019 as it has been assessed that the authority and responsibility for planning, directing and controlling the activities of the entity lies only with the Board, CEO and CFO.

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 23. Related party transactions

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

(b) Subsidiaries
Interest in subsidiaries are set out in Note 20.

(c) Transactions with related parties
As at 30 June 2020, all transactions that have occurred among the subsidiaries within the Group have been eliminated for consolidation purposes. There were no other related party transactions (2019: nil).

Note 24. Parent entity information

(a) Summary financial information

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

Statement of financial position	2020 $	2019 $
Total assets	76,815,933	36,685,676
Total liabilities	135,678	27,672
Shareholders' equity		
Issued capital	82,815,088	41,399,776
Reserves	3,384,027	1,895,420
Accumulated losses	(9,518,861)	(6,637,192)
	76,680,254	36,658,004
Loss for the year	(2,913,825)	(510,611)
Total comprehensive loss	(2,913,825)	(510,611)

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 19.

(c) Contractual commitments
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Note 25. Cash flow information

	Consolidated	
Reconciliation of loss after income tax to net cash outflows from operating activities	**2020 $**	**2019 $**
Loss for the year	(23,534,826)	(7,731,042)
Adjustments for non-cash items or items for which the cash flows are investing or financing cash flows		
Depreciation and amortisation	117,336	68,306
Share-based payments and accruals	6,133,091	1,096,053
Fundraising expenses	94,419	-
Non-cash modification benefit on contractual cashflows	-	(47,339)
Expected credit losses expense / loan asset impairments and write-offs	4,097,956	229,910
Changes in operating assets and liabilities:		
Increase in loan receivables	(519,999)	(126,077)
Increase in trade and other receivables	(582,497)	(167,266)
Decrease in other assets	61,028	2,861
Increase in trade and other payables	1,070,973	226,445
Increase in provision for employee benefits	161,478	139,673
Increase in accrued finance costs	91,033	-
Net cash flows used in operating activities	(12,810,008)	(6,308,476)

Note 26. Earnings per share

	2020 Cents	**2019 Cents**
Basic earnings per share	(2.60)	(1.34)
Diluted earnings per share	(2.60)	(1.34)

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	904,602,487	575,478,118
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of ordinary shares used in calculating dilutive earnings per share	904,602,487	575,478,118

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 27. 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 28. Dividends

(a) Dividends paid during the year

Ordinary shares
There were no dividends paid during the year (2019: nil).

(b) Franking Credits

	2020 $	2019 $
Franking credits available for subsequent reporting periods based on a tax rate of 27.5% (2019 – 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 29. Share based payments

The share-based payment expense of $6,133,091 (2019: $1,096,053) consists of:

- KMP LTIs of $5,067,498 (2019: $725,364) accrued up to 30 June 2020 which were set during FY20 and relate to FY20, FY21 and FY22, and are essentially a one-off expense;
- Staff LTIs $1,015,714 (2019: $126,783) accrued up to 30 June 2020;
- Recruitment expense of $49,879 (2019: $49,879).

In 2019:
- a Funder fee expense totalling $132,120 was paid and accrued 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 was accrued in relation to the grant of call options to sophisticated investors of a $2 million working capital facility for the Group; and
- there were $155,000 worth of options issued to Blue Ocean Equities as part of the consideration for their capital raising mandate. The amount was 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.

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

Board/KMP performance rights:
Assumptions - Grant date 1 September 2019, Volatility 40%, Risk-free rate 1%, Spot price $0.1265. Note that Tranche 3 is calculated using a Hoadley Probability model given the relevant dates.

Tranche	Determination date	Expiry date	Barrier price	Fair value
1	1 Sep 19	30 Jun 20	$0.1450	$0.1134
2	1 Jul 20	30 Jun 21	$0.1673	$0.0903
3	1 Jul 21	30 Jun 22	$0.1924	$0.0207
4	1 Sep 19	30 Jun 22	$0.2400	$0.0597
5	1 Sep 19	30 Jun 22	$0.3000	$0.0393
6	1 Sep 19	30 Jun 22	$0.3800	$0.0229

Note 29. Share based payments (cont.)

FY20 Staff LTI scheme:
Assumptions - Grant date 1 September 2019, Volatility 40%, Risk-free rate 1%, Spot price $0.1265.

Tranche	Expiry date	Barrier price	Fair value
1	31 Jul 21	$0.1450	$0.0956
2	31 Jul 22	$0.1450	$0.1097

Note 30. 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:

(a) 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.

The Group has assessed Covid-19 affected loan receivables through consideration of both qualitative and quantitative factors surrounding the customer's credit risk. The Group also enacted tightened credit policy and reduced risk tolerance in response to Covid-19.

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 5.

(b) 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.

(c) 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.

(d) 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.

Note 30. Financial risk management

(e) 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.

(f) 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.

(g) Liquidity risk

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

(h) Market risk

Price risk
The Group sold its investment in the DirectMoney Personal Loan Fund during the period at par and is therefore no longer exposed to price risk for this investment.

(i) Interest rate risk

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

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

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

The following table details various information regarding interest rate swap contracts outstanding at the end of the reporting period and their related hedged items. Interest rate swap contract assets and liabilities are included in note 13.

Note 30. Financial risk management (cont.)

	Interest rate swaps	
	2020	**2019**
Hedging instruments		
Average contracted fixed interest rate	0.40900%	-
Notional principal (borrowings)	60,354,017	-
Carrying amount of the hedging instrument (liability)	(225,129)	-
Change in fair value used for calculating hedge ineffectiveness	6,031	-
Hedged items		
Nominal amount of the hedged item	60,354,017	-
Change in value used for calculating hedge ineffectiveness	14,532	-
Balance in cash flow hedge reserve for continuing hedges	6,031	-
Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied	(208,873)	-
Hedge ineffectiveness recognised in profit or loss (within Finance costs)	(22,287)	-