Whispir Limited
Appendix 4E
Preliminary final Report

1. Company Details

Name of entity:	Whispir Limited
ABN:	89 097 654 656
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

2. Results for announcement to the market

	Up/Down	% Change		$'000
Revenues from ordinary activities	Up	26%	to	39,095
Loss from ordinary activities after tax attributable to the owners of Whispir limited	Down	35%	to	9,874
Loss for the year attributable to the owners of Whispir Limited	Down	36%	to	9,805

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

Comments
The loss for the Group after providing for income tax amounted to $9,874 thousand (30 June 2019: loss of $15,282 thousand). Refer to 'operating and financial review' for Directors' report for detailed commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	25.94	35.11

Net tangible assets do not include right-of-use assets in the measurement.

4. Details of associates and joint venture entities

	Reporting entity's percentage holding		Contribution to profit /(loss) (where material)	
	Reporting period	Previous period	Reporting period	Previous period
Name of associate / joint venture	**%**	**%**	**$'000**	**$'000**
Whispir China Software Company Limited ('WSB')	7.37%	7.37%	-	-
Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)				
Profit/(loss) from ordinary activities before income tax			-	-

The Group's investment in WSB has been fully impaired as such there is no share profit or loss recorded during the current and previous reporting periods.

5. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unqualified opinion has been issued.

6. Attachments

Details of attachments (if any):

The Annual Report of Whispir Limited for the year ended 30 June 2020 is attached.

7. Signed

As authorised by the Board of Directors

Signed ______________________ Date: 26 August 2020

Brendan Fleiter
Chairman and Non-executive Director

Annual Report

– 30 June 2020

Whispir Limited
ABN 89 097 654 656

whispir

Building the world's best communications intelligence platform.

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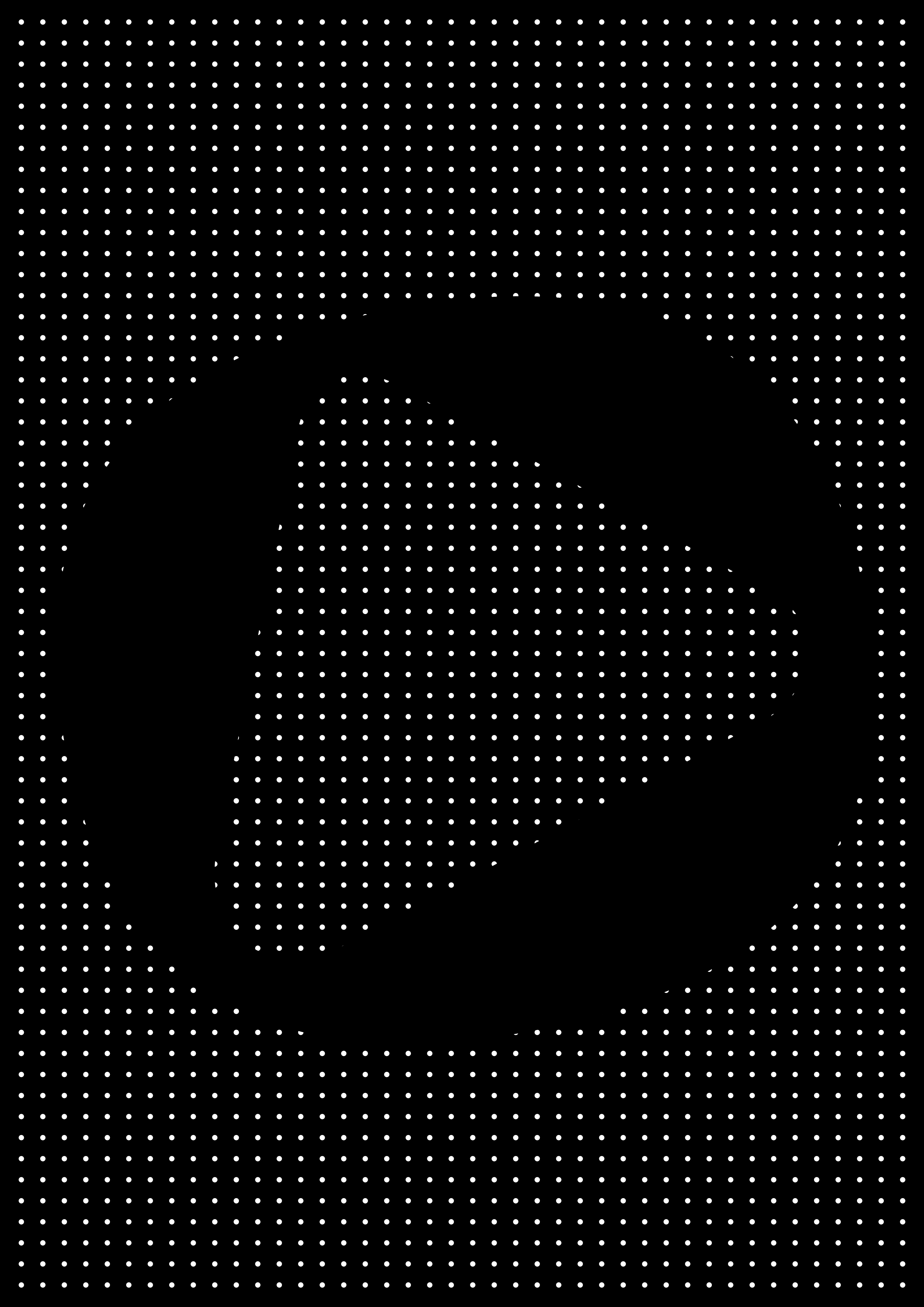


Chairman's Letter

Dear Shareholder,

Whispir's first year as an ASX listed company has been an exciting one.

We met or exceeded all key FY20 Prospectus targets, despite unprecedented global operating conditions for the majority of the second half of the financial year.

The future for Whispir is even more exciting as we focus on changing the way the world communicates.

We play a key role for our customers in facilitating the automation of personalised, intuitive and contextually relevant communications at scale and across multiple delivery channels and languages.

The COVID-19 pandemic demonstrated the importance of effective communications software and highlighted our competitive advantages – easy integration with existing IT systems, low code/no code software for use without IT expertise, two decades of crisis communications experience, and our ability to be quickly deployed, often within a day. Remote working also accelerated several macro communications trends, including organisational adoption of cloud-based systems and fast-tracked digital transformation projects.

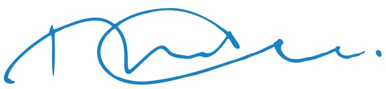
Globally, demand for data-driven intelligence is rapidly increasing as is the need for AI and machine learning functionality to automate processes and increase productivity.

As Whispir efficiently leverages the same tools our customers use, our five-year platform development strategy will see us significantly increase our AI and machine learning capability as we transition to a communications intelligence company. This enhanced functionality will provide our customers with data-driven insights into individual preferences. Development of AI-driven intelligence is already well underway, and we are on track to introduce conversational messaging for our customers in the near future.

On behalf of the Board, thank you to everyone in our Whispir team for their outstanding contributions this past year. Particular thanks go to our CEO Jeromy Wells and his leadership team for managing our business so well during a particularly challenging and uncertain global business climate.

One of the keys to our success is the valuable relationships we have with our channel partners. Thank you for your support and commitment during the year. We look forward to working closely with you in future as we continue to develop opportunities for growth across all our geographical markets.

And finally, thanks to you, our shareholders, for your ongoing support of Whispir. There are many exciting opportunities in the future and we look forward to again delivering sustained value creation for you.



Brendan Fleiter
Chair, Nominations and Remuneration Committee

Melbourne
26 August 2020

Chief Executive Officer's Report

Dear Shareholder,

While much of the past year has been unprecedented for many businesses, our commitment to our customers, growth strategy and platform innovation has enabled Whispir to have a successful first year as a listed company.

Importantly, we met or outperformed all key FY20 Prospectus forecasts with Annualised Recurring Revenue increasing from $31.5m in FY19 to $42.2 million, enterprise customer numbers growing to 630 and our customer revenue retention was 124.1%.

Revenue growth in the first half of the year was primarily driven by increased platform usage for operational coordination and customer marketing messaging, while our performance in the second half was assisted by the need for COVID-19 crisis communications and the acceleration of investment in digital transformation by many organisations.

COVID-19 provided an unanticipated tailwind for the business, increasing demand for our easy-to-use communications software as organisations sought to inform stakeholders amid rapidly evolving trading conditions. While Whispir continues to scale, we remain agile and were able to assist our customers with ready-to-use COVID-19 templates and customised solutions that addressed their evolving communications needs. Unsurprisingly, many of our existing customers increased their platform usage during Q3 and Q4.

Increased crisis communication usage during this period offset suppressed transactional volumes from some sectors which were hardest impacted by COVID-19. As businesses adapt to the new normal, we anticipate operational coordination, customer engagement and innovation will account for the majority of transactions through our platform.

Our platform now services more than 630 enterprise customers across our three key markets of Australia and New Zealand ('ANZ'), Asia and North America. They span diverse industry sectors, from finance to healthcare and emergency services to transport and logistics. Our diverse customer base and thousands of individual use cases reduce our reliance on a specific sector or customer.

While many of our customers are long-term, we acquired a record 121 net new customers in the second half of FY20. As many of these new customers implemented Whispir to solve an immediate communications challenge, we significantly reduced enablement times over the year, from 30 days to within a few hours.

This new customer growth (skewed to the second half of the year) has not had a material impact on FY20 revenues; however, it provides significant long-term opportunities for the business. We know from experience that over time, many of these customers will increase platform utilisation to solve additional communications challenges, which in turn increases monthly revenue per customer. Once a company uses Whispir for three or more use cases, we become embedded in their workflows and critical to their operational processes.

As we currently only account for a small portion of the communications budgets of our enterprise customers, we see significant opportunities to continue to increase transactional volumes from our installed base as we solve issues to improve the effectiveness of our customers' communication processes.

Chief Executive Officer's Report (continued)

We are also continuing to invest in refining our product offering, introducing new functionality, user interfaces, delivery channels and increasing platform reliability. In FY20, we split the technology and product functions, which has enabled us to establish a long-term product strategy alongside the delivery of 81 new features and the Whispir Store. This enhanced platform capability, built on intuitive AI and machine learning, prepares us for the five-year evolution to a communications intelligence company.

The introduction of the Whispir Store has removed friction from our online sales process, enabling more of our customers to self-discover and further implement our communications workflow capabilities across their organisations. Increasing our digital-direct offering is an important part of our long-term SMB Marketplace strategy, which provides significant growth opportunities for the company and will increase our target market beyond the enterprise sector.

Alongside our digital-direct capability, channel partners remain an important part of our go-to-market strategy. We will continue to increase channel partner diversity over the coming years to accelerate revenue growth and expand global reach.

We continue to expand our operations outside Australia and this year have increased our global footprint within Asia and North America – a key priority for the company. We are aiming for 50% of total group revenue to be generated outside ANZ by FY23.

The mature ANZ business continues to record strong revenue and new customer growth and we are also experiencing increased platform usage from our customer installed base in Asia. We expect our strong channel partner relationships in Asia with StarHub, M1 and IndoSat, will continue to deliver revenue growth and new customers in this market over the coming years. North America remains our biggest growth opportunity and with a refreshed go-to-market strategy, we are confident of our ability to sustainably increase our penetration within the competitive North American market.

We have substantially increased our global team with a focus on customer success and product development. Overall, our headcount has increased by 25% over the year to 155 employees globally. We have also enhanced our senior management bench strength with several key appointments. These include Justin Owen as Chief Financial Officer, Matt Lambie as Chief Technology Officer, Ben Erskine as Head of Marketing, Brad Dunn as Chief Product Officer, Dave Everett as Director, Sales & Channel Partnerships Americas and Fiona Milne as Head of AI & Data.

Our refreshed team increases our competitiveness and ensures we are well positioned to continue to expand our international footprint. We have seen strong growth within our Asian operations this year and, due to a team restructure, Manilla is now our second largest office globally. New leadership in the US, combined with a new go-to-market strategy with our channel partners in the region, positions us for success in this market in FY21.

Thank you to all our staff for an excellent year. I would also like to thank our valuable shareholders for your support of our vision as we continue to build our customer base, market share and revenues in FY21 and beyond.

Jeromy Wells
Chief Executive Officer

Melbourne
26 August 2020

Operational and Performance Metrics

$42.2m

Prospectus - $42.0m
June 2019 – $31.5m

ARR

$39.1m

Prospectus - $37.8m
June 2019 – $31.1m

Total Revenue

630

Prospectus - 621
June 2019 – 503

Customer Number

$379m

Prospectus - $237m
June 2019 – $176m

Lifetime Value of Customer Cohort

124.1%

Prospectus – 121.5%
June 2019 – 115.5%

Customer Revenue Retention

($7.3m)

Prospectus – ($9.4m)
June 2019 – ($10.3m)[1]

EBITDA

1. Normalised for IPO Offer Cost of $3.7m

7.0%

Prospectus – 11.0%
June 2019 – 11.3%

Customer Churn

2.4%

Prospectus – Not Disclosed
June 2019 – 7%

Revenue Churn

What does Whispir do?

Whispir is a cutting-edge software platform that enables organisations to deliver actionable two-way interactions at scale using automated multi-channel communications workflows.

Founded in Australia in 2001, Whispir's innovative and easy-to-use low-code/no-code platform significantly reduces development time and allows app-like mobile engagement without the need to download a traditional app. It simplifies the automation and management of the complex communications ecosystem.

Whispir's 630 enterprise customers use its platform to solve a broad range of business challenges, from operational coordination through to enhanced customer engagement and crisis management.

Its open architecture easily integrates with existing IT systems, significantly reducing barriers to adoption and enabling customer implementation within a day.

The need for Whispir's platform is universal with customers in almost every industry vertical, from banking and finance to education, healthcare and emergency communications providers. The platform currently produces 1.5 billion interactions between 630 blue chip customers and their 55 million unique stakeholders each year.

Automated workflows: a competitive advantage

Whispir's workflow capabilities are the foundation of its platform, built on the simple premise of What, Who, When and How. Its workflow tools allow customers to automate manual business processes quickly and reliably with rules-based sequences.

Featuring drag-and-drop functionality, Whispir's platform is simple to use, adopt and implement and has been designed to be used without IT expertise.

It enables users to monitor communications across all their workspaces, view responses in real time and determine responses across any channel. Customers can send an SMS response to an email or a voice message response to a text.

Use cases

Whispir's SaaS platform is used to solves three primary use cases – business coordination (operational and crisis communications), customer engagement and innovation. Please see the examples of these on page 10.

Business Coordination

Department of Jobs and Small Business (DoE)

Business Objective: DoE required a solution to ensure job seekers were kept updated to be able to find work or return to work in the shortest time frame possible.

People Challenge: Reaching hundreds of thousands of job seekers and vulnerable Australians each day was difficult and time-sensitive. Failure to do so could result in loss of an individual's benefits. DoE needed to provide information that scaled across demographics and population groups.

Whispir Solution: Whispir's omnichannel capability is now used to send timely and accurate information via SMS. Leveraging Whispir's API and platform, DoE integrates with Whispir's powerful audit capabilities to prove compliance and accountability in all downstream applications.

Customer Benefit: Job seekers are able to sign up online and receive local job alerts that align to their online persona around availability, location and job skills. The department is able to communicate nationwide in real time with over a million job seekers, coordinating with local CentreLink offices and consultants.

Customer Engagement

Foxtel

Business Objective: To reduce growing costs in an increasingly competitive market by reducing call centre costs (number of calls, efficiency of call centre reps), while improving customer experience.

Operational Challenge: Customers increasingly want to interact while getting on with other activities, without spending unnecessary time on hold waiting for an agent to be available. Foxtel required a platform that would enable omnichannel communication that could seamlessly integrate with their AI powered customer assistant.

Whispir Solution: Foxtel extended on their existing Whispir usage to transform customer support with an AI-driven customer assistant for account queries, additional services and technical issues. Whispir's API capabilities are used to streamline the integration and provide a scalable business solution.

Customer Benefit: Customers are now able to communicate in their desired channel. Call volumes have been reduced allowing support staff to address multiple tickets, leading to better customer outcome and reduced operating costs.

Innovation

Takata Airbag Recall (FCAI)

Business Objective: Over one million cars in Australia had potentially faulty or dangerous airbags that required immediate replacement.

Technical Challenge: Providing millions of consumers with a simple, real-time self-service method to check their airbag for safety via a common communication service, SMS. The data was spread across 21 manufacturers and was required to provide a single unified process.

Whispir Solution: Simple communication workflow (SMS "TAKATA" to 0487 AIRBAG / 0487 247 224) that allowed the public to check against a database of faulty airbags across 21 major car manufacturers. Using Whispir's API, a solution was built to integrate with this data to check whether a particular vehicle was impacted by the recall.

Customer Benefit: Within days, Whispir provided a simple and engaging solution to the public that removed the complexity of individual manufacturer processes and ensured peace of mind.

Building the world's best communications intelligence platform

Data-driven intelligence and platform functionality are central to Whispir's growth strategy. To do this, Whispir is increasing its investment in R&D with a five-year product roadmap that will utilise intelligence-based datasets to enrich and enhance customer contact information.

This evolution to a communications intelligence company will cater for future communications trends, where the power will shift from managing channels and outputs to harnessing communications intelligence and data-driven insights.

AI and machine learning capability will infuse prediction, detection and automation features throughout the platform, from message design through to scheduling recommendations and forecast engagement.

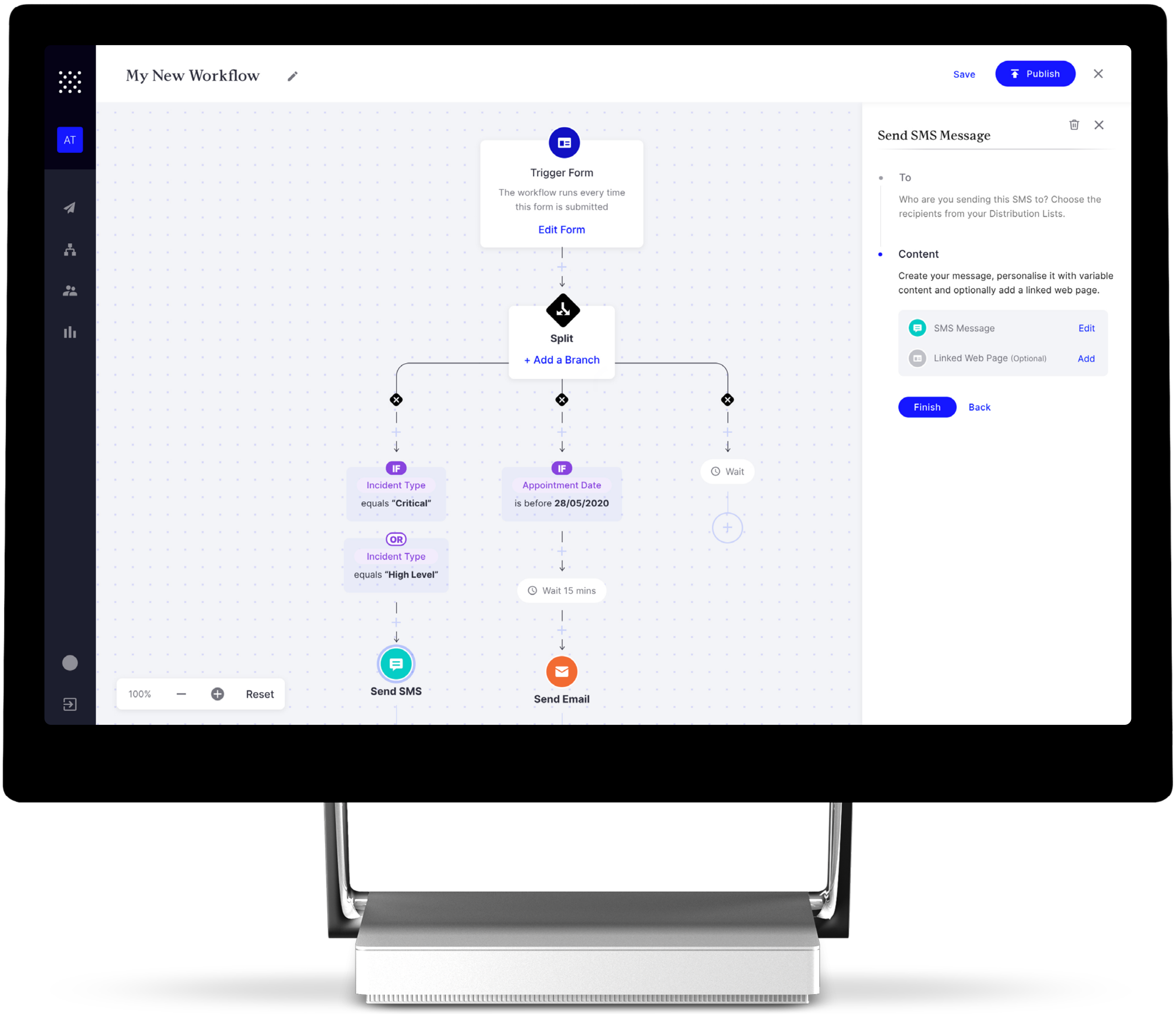
Prediction capabilities will enable customers to see around corners, saving effort, money and time. These prediction features will stop Whispir's customers from sending messages to people about trains being late if the recipient isn't catching a train that day.

Detection is about seeing something as it happens and helping customers to avoid making mistakes. It will enable Whispir to detect if a customer's message is poorly written or has a spelling mistake before it is sent.

And finally, increased automation will enable Whispir's customers to extract value faster. This includes automating the setup of accounts, the onboarding process and message sending and receiving, leveraging off workflows.

New functionality:

- Conversational messaging
- Intelligent Message Designer
  - Identify spelling errors, tone
  - Cater to channel differences and requirements
  - Forecast engagement
- Smart scheduling
  - Data-driven insights into individual recipient preferences
  - Contact enrichment
    - Preferred channel, time, message
- Data engineering services
- Suggested workflows


My New Workflow
Save
Publish
AT
Trigger Form
The workflow runs every time this form is submitted
Edit Form
Split
+ Add a Branch
IF
Incident Type
equals "Critical"
OR
Incident Type
equals "High Level"
IF
Appointment Date
is before 28/05/2020
Wait
Wait 15 mins
Send SMS
Send Email
100%
Reset
Send SMS Message
To
Who are you sending this SMS to? Choose the recipients from your Distribution Lists.
Content
Create your message, personalise it with variable content and optionally add a linked web page.
SMS Message
Edit
Linked Web Page (Optional)
Add
Finish
Back

Communications Intelligence

Year	Action	Outcomes
1	Round off the basics Intelligence investments	• Conversational messaging • Intelligent Message designer • Total view of the customer
2	Impress the market Terrify the competition	• Intelligent messaging paths • Data Engineering Services • Impressive open rates
3	Dominate the market	• Unbeatable open rates • Opportunity reports • 90% API parity
4	Change paradigms	• New products • Suggested workflows • Integration expansion
5	Communications Intelligence	• Indispensable data sets • Everything runs on Whispir • Communications intelligence as a service

“

One of our biggest challenges was every long weekend, after any school holidays, we would be inundated because people forgot their passwords. We made customers go through multiple steps, now we’ve streamlined that process. That has saved us quite significant call volumes coming through our service desk.

”

eHealth Queensland

- eHQ Chief Customer Experience Officer Michael Berndt

eHealth Queensland utilised the Whispir platform to streamline its password reset process, reducing service desk calls by 25,000 hours and saving the organisation $1m.

"

Whispir's platform has enabled us to improve the automation, personalisation and management of our internal and external communications with easy-to-integrate workflows. Over the years we've significantly increased our use of Whispir's platform, growing from roster communications to volunteer coordination.

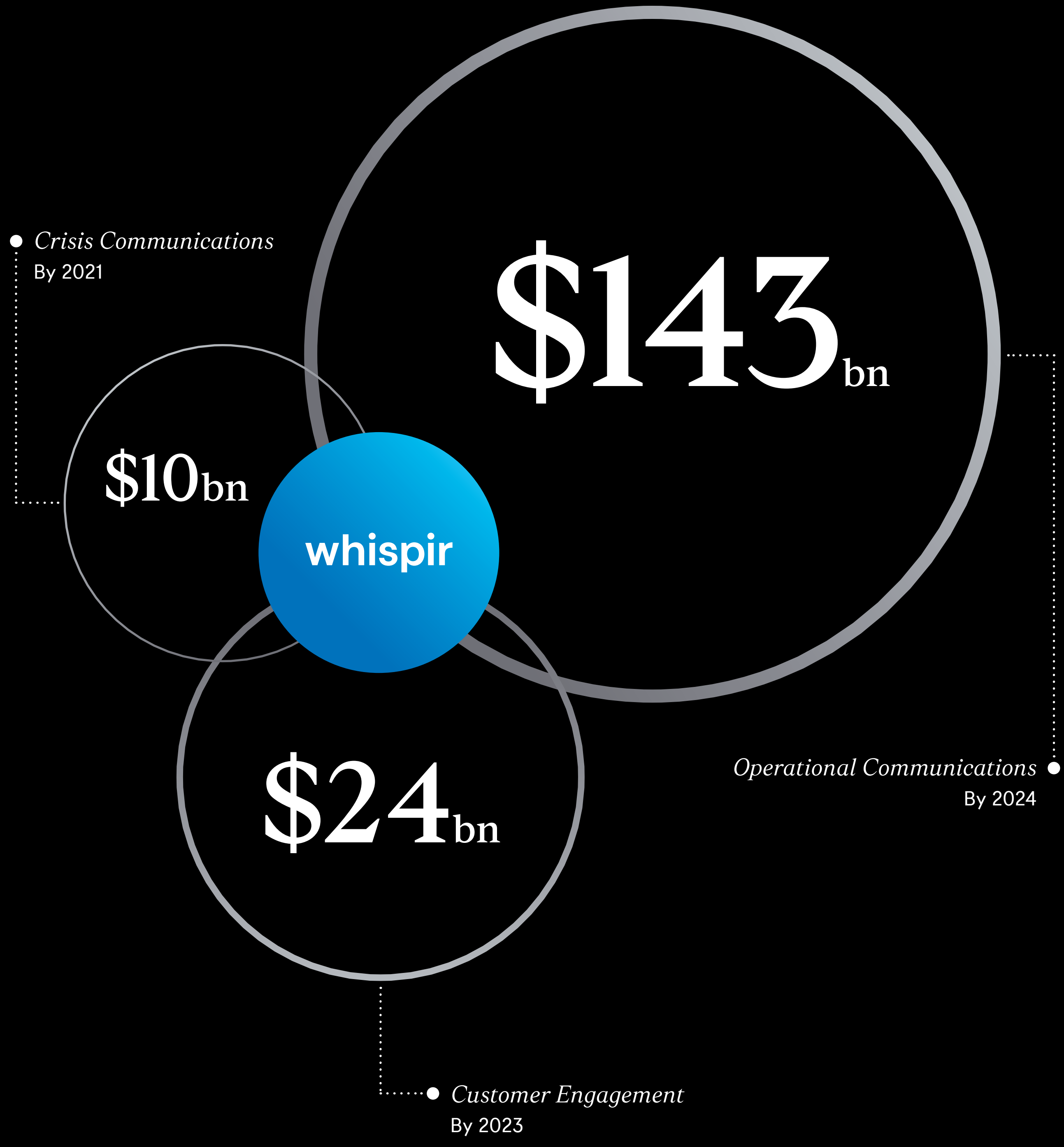
"

Ambulance Victoria

- Jamie Barnes, Resource Management Improvement Lead

Delivering value for our customers.

Whispir's potential addressable market



Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Whispir') consisting of Whispir Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

Directors

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

Brendan Fleiter - Chairman

Jeromy Wells - Chief Executive Officer

Shane Chesson

Sarah Morgan

Sara La Mela (FY19 Axelrod)

Principal activities

During the financial year, the principal continuing activities of the Group was being a Software-as-a-Service ('SaaS') provider that specialises in the development and provision of communications management systems via a cloud-based platform. The Group enables the integration of smart applications and micro communications services into existing workflow solutions to automate specific areas of business-critical communications across mobile/email/voice/social/web. The Group enables rapid, personalised and contextually relevant conversations between people and organisations at scale and in the recipient's preferred communication channel.

Operating and financial review

The loss for the Group after providing for income tax and non-controlling interest amounted to $9.9 million for the year ended 30 June 2020 ('FY20') (30 June 2019: $15.3 million).

The Group finished FY20, its first full year as an ASX-listed company, in a strong financial position where it met or exceeded all key Prospectus forecasts. Annual revenue growth of 26% signalled the success of the company's land and expand strategy, which increases platform utilisation by existing customers. Customer revenue retention of 124% demonstrates the stickiness of the Whispir platform and increased utilisation from existing customers as they implement more use cases. The customer base continues to grow, finishing the financial year with 630 customers.

The Group's operating results for the year comprised the following:

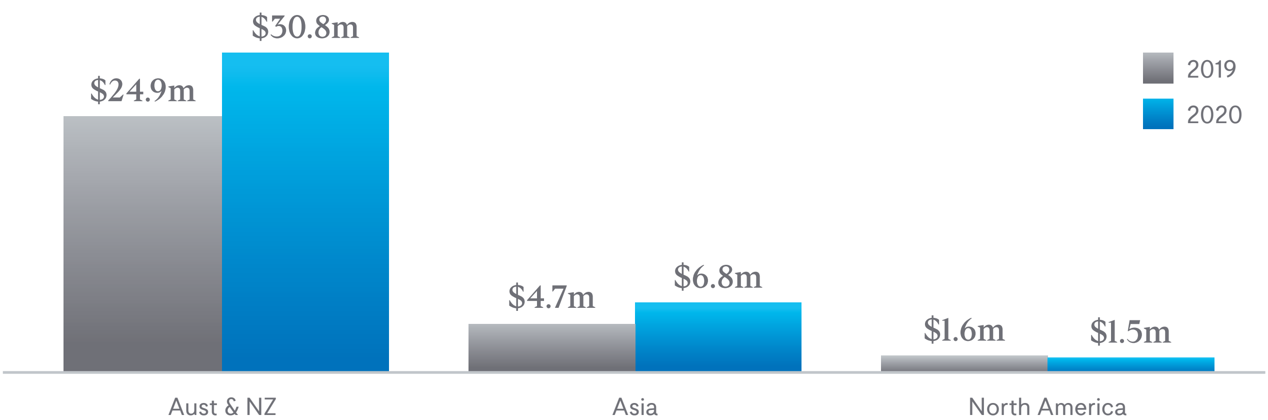
	2020 $'000	2019 $'000	Change $'000	Change %
Software revenue	37,361	29,389	7,972	27%
Total revenue	39,095	31,148	7,947	26%
Gross profit	24,325	19,292	5,033	26%
Gross margin %	62%	62%	-	-
Net loss after interest and tax	(9,874)	(15,282)	5,408	35%

In FY20, revenue increased by 26% on the prior year to $39.1 million. This revenue growth is further strengthened by a 15% increase between the first and second half of FY20, during a period of challenging economic conditions due to COVID-19. Growth was supported by increased demand for communications software by the customer cohort for business-critical stakeholder communications. The Group's financial performance continues to be underpinned by strong recurring software revenue with annualised recurring revenue increasing 34% over the corresponding period (2019: 22%) to $42.2million.

The strongest contributor to growth in underlying revenue was from the existing customer base. Revenue from existing customers increased due to higher platform utilisation as well as improvements in customer retention. New revenue growth was driven by 127 net new customers (across all regions), which increased the total customer base to 630 as at 30 June 2020. These new customers, with a more efficient onboarding process, contributed to recurring revenue per customer increasing 7% from $63 thousand to $67 thousand. Revenue was also enhanced by improved sales channel diversity and complemented by stronger growth in direct sales, representing 27% of revenue - up from 23% in the prior year.

The Group operates in three key reporting segments - ANZ, Asia and North America ('United States').

FY19 and FY20 revenue by segment



ANZ continues to be the strongest region for the Group in terms of revenue, representing 79% of total revenue and increasing 24% year on year('YOY'). The revenue growth in Asia reflects the team's focus over the past 18 months, where revenue increased 44% YOY and now represents 17% of Group revenue. Refer to note 4 to the financial statements for further information about the operating segments.

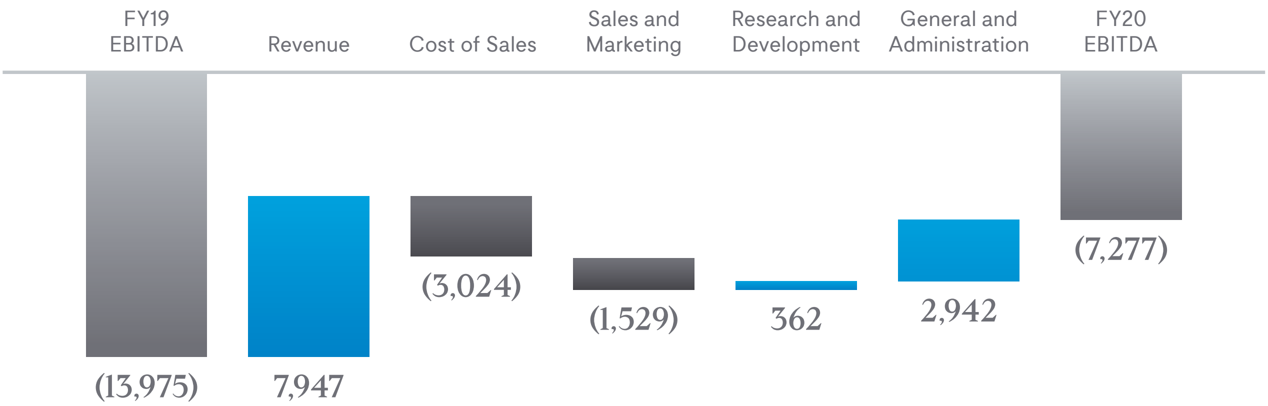
EBITDA is a key earnings measure considered by management in operating the business. This non-IFRS financial information, while not subject to audit, has been extracted from the financial statements, which has been subject to an audit by the external auditors.

EBITDA improved $6.7 million to a loss of $(7.3 million) or $(5.6 million) excluding non-cash share-based payments

	2020 $'000	2019 $'000	Change $'000	Change %
Net loss after interest and tax	(9,874)	(15,282)	5,408	35%
Add: Income tax expense	-	-	-	n/a
Add: Net finance costs	304	(467)	771	165%
Add: Depreciation and amortisation*	2,293	1,774	519	29%
EBITDA	(7,277)	(13,975)	6,698	48%
Add: Non-cash share-based payments expenses	1,637	2,717	(1,080)	(40%)
EBITDA excluding non-cash share-based payments expenses	(5,640)	(11,258)	5,618	50%

*Amortisation of contract acquisition costs which are included in cost of sales are not added back.

Reconciliation of FY20 EBITDA



The expense items in the above table exclude depreciation and amortisation expense.

Cost of service increased by $3.0 million YOY but remains consistent at 38% of revenue in line with volume increases of voice and short message services.

Sales and marketing expense include commissions paid to channel partners, corporate branding expenses, customer account management including renewals and new customer acquisition costs. This increase in costs represented a key use of funds from the IPO as outlined within the Prospectus.

Investment in research and development (R&D) remains a key objective of the Group with investment increasing 6% in FY20 or $0.6 million YOY. Investment in R&D delivered outcomes including 81 new platform features and the Whispir Store. The investment also represented a significant use of funds from the IPO. The Group recently released its five-year product roadmap, which outlined the opportunities and vision of the product team. Development expenses that create a future economic benefit are capitalised as intangible assets in accordance with accounting standards and then amortised over the estimated life of the asset created.

	2020 $'000	2019 $'000	Change %
Research and development - expense	5,909	5,395	10%
Development cost - capitalised	4,538	4,502	1%
Total research and development cost	10,447	9,897	6%

The significant reduction in General and Administration costs of $2.8 million or 17% YOY is a combined factor of expense management across the year, restrictions imposed by COVID-19 and the impact of IPO costs that were expensed in FY19.

Significant changes in the state of affairs

COVID-19

Whispir was well equipped to manage the change to remote working conditions due to COVID-19 physical distancing restrictions. Having established a technology infrastructure and strong team culture, the transition to working from home has resulted in limited loss in productivity, while various initiatives have assisted in maintaining a sense of community and belonging within all teams.

The Operations and Sales teams continued to successfully service Whispir's customers and grow the revenue base during this period. Whispir utilised its two decades of crisis communications experience to enable its customers to keep their stakeholders informed during rapidly changing conditions. This involved the development of 12 ready-to-use Whispir templates and 10 guiding principles. Customer numbers and revenue increased in the second half of FY20 during the pandemic.

The Group continues to monitor the global economic impact of COVID-19 across the geographical business segments and its customer base. While some customers have been adversely impacted by COVID-19, and their transaction volumes have reduced, they remain as customers and we continue to recognise the underlying platform fee revenue.

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

Dividends

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

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not adversely impacted the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Business growth strategy and likely developments

The Group continues to be focused on delivering growth with a strategy that includes:

- increasing automation, enabling our customers to extract value faster from the platform;
- evolving to a communications intelligence company, harnessing communication intelligence via data-driven insights;
- expanding regional footprint and growing the Customer Success capability through Regional Hubs; and
- enhancing our proven channel sales capabilities and new partnerships.

Material business risks

The Group is subject to risks of both a general nature and ones that are specific to its business activities including, but not limited to:

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

Environmental regulation

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

Information on directors

Name:	**Brendan Fleiter**
Title:	Non-executive Chairman
Qualifications:	Brendan holds a Bachelor of Jurisprudence and a Bachelor of Laws from Monash University and is a member of the Australian Institute of Company Directors.
Experience and expertise:	Brendan has over 30 years of business experience, including more than 15 years of non-executive directorships on the boards of ASX listed, large private, government and not-for-profit enterprises. Brendan also currently chairs the boards of Kennards Hire and Interactive, and serves as a Non-Executive Director of The Australian Food Allergy Foundation and Volleyball Victoria. Brendan's previous roles include Deputy Chair and Non-Executive Director of Australia Post, CEO and executive director of Crazy John's Group and Non-Executive Director and Chairman of Godfreys Limited.
Other current directorships:	None
Former directorships (last 3 years):	Godfreys Group Limited
Special responsibilities:	Chair of the Nominations and Remuneration Committee and member of Audit and Risk Management Committee.
Interests in shares:	250,000
Interests in rights:	70,00

Name:	**Jeromy Wells**
Title:	Chief Executive Officer ('CEO') and Executive Director
Qualifications:	Jeromy holds a Bachelor of Architecture (Hons) from RMIT University.
Experience and expertise:	Jeromy is the co-founder of Whispir with 18 years of experience in the business Jeromy began his career as an architect in Melbourne, before turning to new technology innovation and pioneering the development of new cloud-based communications solutions. Jeromy has significant leadership, strategic planning and executive management expertise.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	15,359,020
Interests in options:	920,520
Interests in rights:	412,703

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

Information on directors

Name:	**Sarah Morgan**
Title:	Non-executive Director
Qualifications:	Sarah holds a Bachelor of Engineering (Hons) and an MBA from the University of Melbourne and is a graduate and member of the Australian Institute of Company Directors.
Experience and expertise:	Sarah served as an Executive Director for corporate advisory firm Grant Samuel for 15 years, before taking up non-executive directorships at a variety of listed, private and not-for-profit organisations, including Nitro Software, Intrepid Group, and Adslot, where she chairs the Audit and Risk Committees.
Other current directorships:	Adslot Ltd (ASX: ADS) from January 2015. Future Generation Global Investment Company Limited (ASX: FGG) from July 2015. Nitro Software Limited (ASX:NTO) from November 2019.
Former directorships (last 3 years):	Hansen Technologies Limited (ASX: HSN).
Special responsibilities:	Chair of the Audit and Risk Management Committee and member of the Nominations and Remuneration Committee.
Interests in shares:	53,125
Interests in rights:	35,000

Name:	**Sara La Mela**
Title:	Non-executive Director
Qualifications:	Sara holds a Bachelor of Arts from the University of Pennsylvania, and an MBA from INSEAD and is a graduate of the Australian Institute of Company Directors.
Experience and expertise:	Sara has extensive experience as a technology executive in both Australia and the United States of America (Silicon Valley), serving in various sales and marketing roles at RedBull, Google and Twitter. She has served as the Chief Operating Officer of Local Measure International Pty Limited for the last six years, which provides a digital platform for the tourism, retail, entertainment and hospitality industries.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of Audit and Risk Management Committee.
Interests in shares:	9,375
Interests in rights:	35,000

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

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

Company secretary

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

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full Board		Nominations and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Brendan Fleiter	10	10	5	5	5	5
Shane Chesson	10	10	5	5	-	-
Sara La Mela	10	10	-	-	4	5
Sarah Morgan	10	10	5	5	5	5
Jeromy Wells	10	10	-	-	-	-

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

Shares under option

There were 2,003,763 unissued ordinary shares of Whispir Limited under option outstanding at the date of this report. These options are exercisable at a weighted average exercise price of $0.35

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

Shares issued on the exercise of options

There were 675,020 ordinary shares of Whispir Limited issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report. The shares were issued at a weighted average exercise price of $0.30.

Shares under performance rights

There were 1,404,054 unissued ordinary shares of Whispir Limited under performance rights outstanding at the date of this report. There is no exercise price payable on the vested performance rights.

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

Shares issued on the exercise of performance rights

There were no ordinary shares of Whispir Limited issued on the exercise of performance rights during the year ended 30 June 2020 and up to the date of this report.

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined below and in note 24 to the financial statements.

	2020 $'000	2019 $'000
Non-audit services fees paid or payable to Ernst & Young:		
Employee Share Scheme	5,000	-
Tax due diligence	-	127,000
Other due diligence services related to IPO	-	862,075
Total non-audit service fees	**5,000**	**989,075**

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 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

Officers of the Company who are former partners of Ernst & Young

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

Rounding of amounts

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

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

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

On behalf of the directors

Brendan Fleiter
Chairman and Non-Executive Director

Jeromy Wells
Chief Executive Officer

Melbourne
26 August 2020

Message from the Chair of the Nominations and Remuneration Committee

Dear Shareholder,

On behalf of the Board of Directors (the 'Board'), I am pleased to present Whispir's remuneration report FY20. The remuneration framework is designed to deliver competitive compensation outcomes for strong performance to attract and retain talent of the highest quality, while aligning the interests of executives and shareholders.

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

The Board assesses several indicators when determining executive remuneration outcomes. While financial results form a part of this equation, the Board also assesses performance against the achievement of strategic goals and individual objectives to ensure that overall outcomes adequately reflect actual performance and value creation for shareholders. The strategic goals and financial targets linked to executive remuneration will be reviewed and agreed by the Board periodically in discussions with management. For example, the 2021 goals as described in section 5.3.2 highlight the importance of financial performance including revenue, gross margin and profitability but also emphasises staff engagement and retention, development of new products and building Whispir's business.

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

The remuneration outcomes for FY20 reflect an appropriate alignment between remuneration and performance over the year. The Board is confident that Whispir's philosophy, framework and remuneration policy will drive long-term value creation for shareholders, and we will continue to look for opportunities to improve our approach moving forward. We look forward to continuing ongoing dialogue with our shareholders and welcome your comments on any aspect of the report.

On behalf of the Nominations and Remuneration Committee

Brendan Fleiter
Chair, Nominations and Remuneration Committee

Melbourne
26 August 2020

Remuneration report (audited)

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

The remuneration report is set out under the following main headings:

1. Persons covered in this remuneration report
2. Principles used to determine remuneration of KMP
3. Non-executive director remuneration
4. Service agreements
5. Senior executive remuneration
6. Movements in shares
7. KMP statutory remuneration details for the year ended 30 June 2020 ('FY20')
8. Other transactions with KMP

1. Persons covered in this remuneration report

Current directors:

Name	Role
Brendan Fleiter	Independent Non-executive Director, Chair of the Board and Chair of the Nominations and Remuneration Committee, appointed on 1 January 2019
Jeromy Wells	Chief Executive Officer ('CEO') and Executive Director, appointed on 30 July 2001
Sarah Morgan	Independent Non-executive Director and Chair of the Audit and Risk Committee, appointed on 1 January 2019
Sara La Mela	Independent Non-executive Director, appointed on 1 February 2019
Shane Chesson	Non-executive Director, appointed on 3 May 2016

Executive KMP	Role
Tobi Brix	Chief Operating Officer ('COO'), appointed on 1 August 2018
Gareth Roberts	Chief Financial Officer ('CFO'), appointed on 19 October 2015, resigned 2 June 2020
Justin Owen	Chief Financial Officer ('CFO') appointed on 3 June 2020

2. Principles used to determine remuneration of KMP

2.1 Nominations and Remuneration Committee ('NRC')

The Board of Whispir has constituted a NRC that determines the principles and objectives of Whispir's remuneration plans. The NRC Charter outlines the composition of the committee, its responsibilities, meeting requirements, reporting procedures and duties of the committee.

The NRC has two key functions:

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

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

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

2.2. Remuneration principles

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

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

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

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

2.3. Remuneration advisers

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

The Board has previously engaged Aon Australia ('Aon') to conduct the remuneration benchmarking of executive and non-executive director roles and continues to utilise their services on an as required basis. Aon also provides independent market information and advice to assist the Board in developing and maintaining the executive remuneration structure that considers shareholder and market expectations for an ASX listed company.

3. Non-executive director remuneration

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

Non-executive director fees:	Base Director fee $'000	Committee Chair fee $'000	Total Fee $'000
Brendan Fleiter	170,000	15,000	185,000
Sarah Morgan	85,000	15,000	100,000
Sara La Mela	85,000	-	85,000
Shane Chesson	85,000	-	85,000
Total	**425,000**	**30,000**	**455,000**

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

Non-executive director IPO performance rights

Brendan Fleiter, Sarah Morgan and Sara La Mela were offered share options conditional on the successful listing of Whispir and subject to shareholder approval. Subsequent to listing Whispir adopted a Performance Rights Plan. At the 20 November 2019 annual general meeting shareholders approved the issue of performance rights to these Non-executive Directors in lieu of the proposed options.

The performance rights issued to non-executive directors' vest in four tranches each equalling 25% of the initial grant. The first tranche vested immediately upon issue with the remaining three tranches vesting on 30 June of three subsequent financial years subject to continuity of service at the vesting date. Exercise of vested performance rights is for nil cash consideration and as at 30 June 2020 no performance rights have been exercised.

The below table provides the performance rights detail for non-executive directors.

Date of Grant	Date of Expiry	Date of Vesting	Number of Performance Rights Granted	Fair Value per Performance Right at Grant	Performance Rights Vested and unexercised at 30 June 2020	Fair Value of Performance Rights at Grant
Brendan Fleiter						
21/11/2019	21/11/2034	21/11/2019	17,500	$1.58	17,500	27,650
21/11/2019	21/11/2034	30/06/2020	17,500	$1.58	17,500	27,650
21/11/2019	21/11/2034	30/06/2021	17,500	$1.58	-	27,650
21/11/2019	21/11/2034	30/06/2022	17,500	$1.58	-	27,650
Total			**70,000**		**35,000**	**110,600**
Sarah Morgan						
21/11/2019	21/11/2034	21/11/2019	8,750	$1.58	8,750	13,825
21/11/2019	21/11/2034	30/06/2020	8,750	$1.58	8,750	13,825
21/11/2019	21/11/2034	30/06/2021	8,750	$1.58	-	13,825
21/11/2019	21/11/2034	30/06/2022	8,750	$1.58	-	13,825
Total			**35,000**		**17,500**	**55,300**
Sara La Mela						
21/11/2019	21/11/2034	21/11/2019	8,750	$1.58	8,750	13,825
21/11/2019	21/11/2034	30/06/2020	8,750	$1.58	8,750	13,825
21/11/2019	21/11/2034	30/06/2021	8,750	$1.58	-	13,825
21/11/2019	21/11/2034	30/06/2022	8,750	$1.58	-	13,825
Total			**35,000**		**17,500**	**55,300**

There were no non-executive performance rights issued or vested as at 30 June 2019.

4. Service agreements

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

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

Duration of contracts: Executive KMP contracts are open ended.

5. Senior executive remuneration

5.1. Remuneration structure and policy

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

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

Whispir's executive remuneration policy applies to the KMP named in this report and outlines the Company's intentions regarding senior executive remuneration, including how remuneration is structured, benchmarked and adjusted in response to changes in the circumstances of the Company, and in line with current best-practices. Whispir's executive remuneration structure includes three different components as set out below:

(i) Fixed remuneration ('FR')

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

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

FY21 Fixed Remuneration

Role	Effective date	Annual fixed remuneration FY21 (SGD)	Annual fixed remuneration FY21 ($)*
Jeromy Wells, CEO*	1/07/2020	556,416	599,246
Tobi Brix, COO*	1/07/2020	400,000	430,790

*Converted at a daily-weighted 1-year average FX rate of 1.07697.

Role	Effective date	FY21 (AUD)	FY21 ($)
Justin Owen, CFO	3/06/2020	330,000	330,000

(ii) Short-term incentives ('STI')

STIs provide recognition for performance against annual business targets which are set by the Board for key executives at the beginning of the financial year.

The FY21 STI opportunities for the key executives were established as a dollar value at the beginning of the year. The STI opportunities as a percentage of each executive's fixed remuneration for FY21 are indicated as follows:

Role	Target STI	Maximum STI
Jeromy Wells, CEO	50%	75%
Tobi Brix, COO	63%	94%
Justin Owen, CFO	36%	55%

FY21 Short Term Incentive

(iii) Long-term incentives ('LTI')

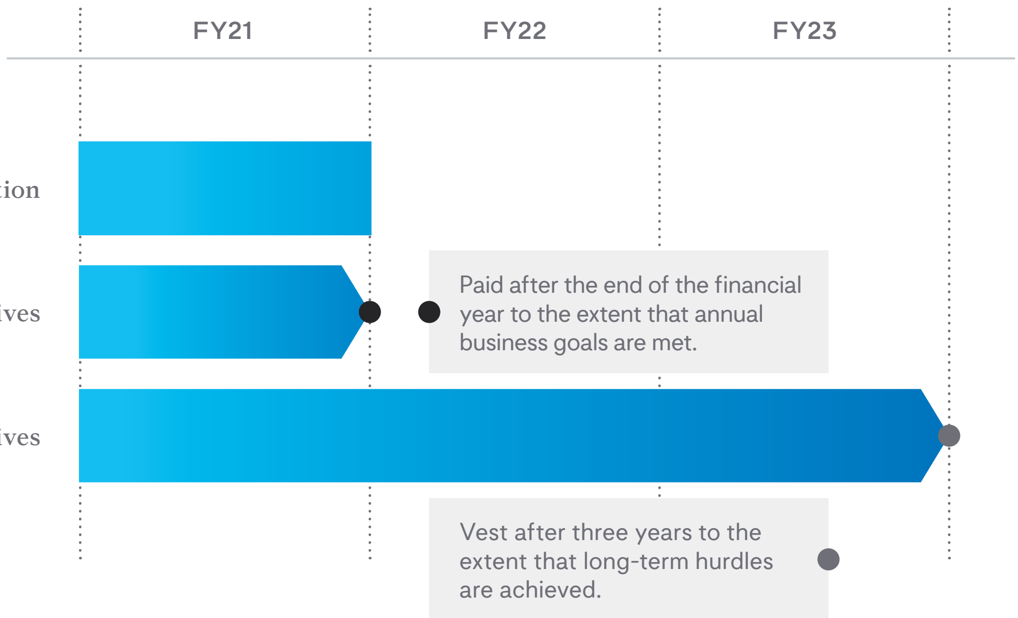
LTIs ensure alignment of shareholder interests with executive interests, in addition to providing a retention element to Whispir's remuneration structure and are delivered through performance rights. Performance rights will be granted at the beginning of each year and will vest after three years subject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

For the grants made in FY21, the performance conditions decided by the Board were (i) relative total shareholder return ('TSR') (Market Performance Hurdle); and (ii) revenue growth (Non-market Performance Hurdle). TSR is measured externally and compares Whispir relative to a bespoke comparator group of ASX-listed tech companies that the Board considers as appropriate peers for Whispir. These conditions were selected as it focuses executives on shareholder value creation and is widely accepted and understood by shareholders. These conditions remain constant for future years.

The current policy and contractual arrangements with KMP provide for LTI awards with a maximum LTI value as a percentage of fixed remuneration as shown in the table below. For any LTI award of performance rights, the number of rights to be granted will be calculated by dividing the maximum value by a volume-weighted average share price for the 10 trading days before and after the date of the grant ('±10-day VWAP').

Role	Maximum LTI Opportunity as a % of fixed remuneration
Jeromy Wells, CEO	107%
Tobi Brix, COO	250%
Justin Owen, CFO	30%

FY21 Long Term Incentive

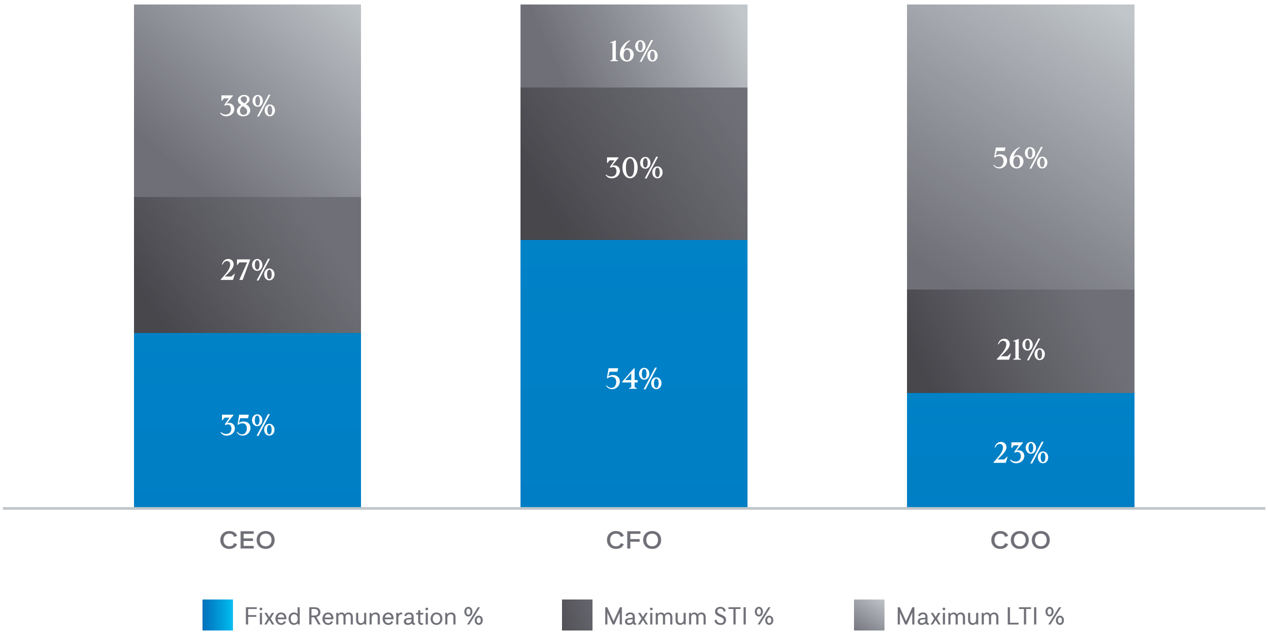


The following chart shows the timeline of various components of remuneration. Executives will realise the full value of their annual remuneration only if 3-year performance targets as determined by the Board are achieved.

FY21 remuneration mix

The chart below shows the relative proportion of the various elements of remuneration for the key executives with variable incentive opportunities displayed 'at-maximum'. More than 45% of the maximum potential remuneration for all key executives is delivered through variable incentives, which shows Whispir's focus on ensuring executive pay reflects business performance and shareholder interests.

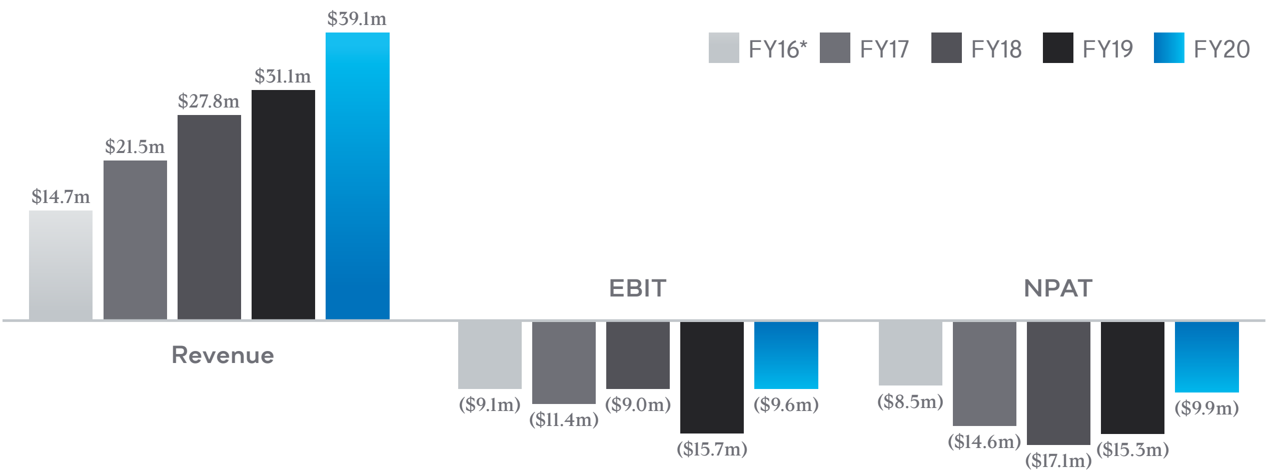
KMP Maximum Remuneration Mix - FY21



5.2 Financial performance

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

Whispir 5 Year Financial Performance



*FY16 financial performance not restated for adoption of AASB15 and AASB16

Share Price

5.3 Short-term incentive ('STI')

5.3.1. FY20 STI outcomes for KMP

At the beginning of FY20 each KMP was given a target STI opportunity subject to the achievement of financial and operational targets linked to the performance measures, detailed below tables. For FY20, the maximum STI they could earn was capped at this target amount.

The following tables detail the FY20 and FY19 STI performance outcomes for Whispir's KMPs:

FY20 STI Performance Outcomes

Role	Target STI FY20	Actual STI FY20	Actual STI as % of Target
Jeromy Wells, CEO	299,623	333,112	111%
Gareth Roberts, CFO	160,619	207,262	129%
Tobi Brix, COO	269,244	211,929	89%
Total	**$729,486**	**$752,303**	-

These amounts were all set and paid using SGD. They have been converted to AUD using a daily-weighted 1-year average FX rate of 1.07697.

FY19 STI Performance Outcomes

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

These amounts were all set and paid using SGD. They have been converted to AUD using a daily-weighted 1-year average FX rate of 1.023499.

FY20 STI Performance against STI Measures

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

Revenue	40%	Exceeded Target
Annual contract value ('ACV') (New and Growth)	20%	Exceeded Target
Earnings before interest and tax ('EBIT')	20%	Exceeded Target
Engagement	10%	Exceeded Target
Staff attrition	10%	Not Achieved

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

Revenue	50%	Exceeded Target
EBIT	50%	Exceeded Target

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

Revenue	45%	Exceeded Target
US Revenue	10%	Not Achieved
ACV (New)	10%	Not Achieved
ACV (Growth)	10%	Exceeded Target
Product roadmap	25%	Achieved

5.3.2. FY21 STI plan

As in FY20, the FY21 STI performance targets were established across a mix of financial and operational criteria, as outlined below:

Purpose and basic operation

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

Key performance indicators

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

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

Revenue	40%
ACV (New and Growth)	20%
EBIT	20%
Engagement	10%
Staff attrition	10%

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

Revenue	40%
Gross Margin	25%
EBIT	25%
Engagement	10%

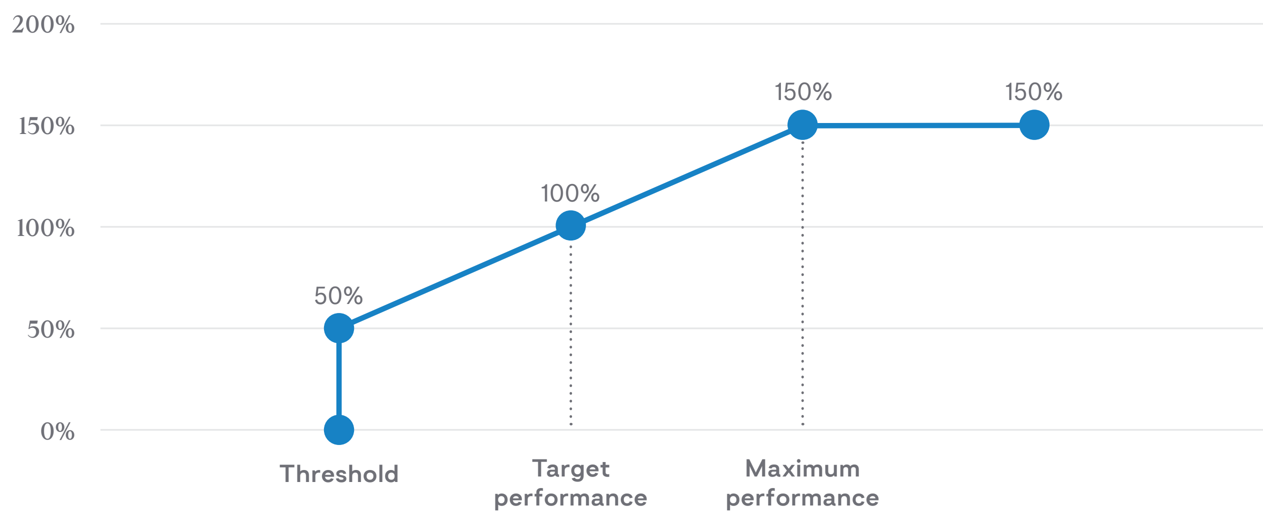
The COO's STI will be paid on Whispir's performance on the following key performance metrics:

Revenue	30%
US Revenue	10%
ACV (New and Growth)	20%
EBIT	20%
Product roadmap	20%

Above are the measures against which management and the Board assess the short-term financial performance of the Group. The specifics of the performance criteria for the forthcoming year, and their calibration at threshold, target and maximum, are commercially sensitive and therefore are not disclosed.

Outcome determination

Any payouts under the STI plan will be made if the performance of Whispir on any metric is above a 'threshold' level of performance as determined by the Board. The STI plan will payout 50% of the target opportunity if the performance is at threshold level. The payout will increase linearly to 100% of target for on-target performance. For performance above target, the payout will increase in a linear manner until it reaches a payout cap of 150% of target. The graph on page 36 displays the payout curve at various levels of performance:



Board discretion

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

5.4. Long-term incentives ('LTI')

Whispir employees may be eligible to receive performance rights as determined by the Board under LTI plan rules. Key features of the plan are outlined below:

Eligibility

The Board may, at its discretion, offer grants under the Performance Rights Plan ('PRP') to any employee, director or contractor of Whispir.

Instrument

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

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

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

Grant of grants

Grants may be granted under the PRP subject to vesting conditions, including but not limited to, time and performance-based hurdles. These conditions are determined by the Board at the time of offer. Under normal circumstances, grants will only vest upon satisfaction of these vesting conditions.

Exercise period

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

Termination

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

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

5.4.1. LTI awards

KMP were issued a grant of performance rights in FY20 to satisfy the contractual entitlement to LTI. FY20 awards vest over three years subject to performance hurdles. Performance rights vesting conditions are subject to service conditions (continuity of employment) and performance conditions and for the COO vest in two even split tranches on the 31 December 2020 and 30 June 2022 respectively. The remaining KMP performance rights vest on the 30 June 2022.

Performance conditions are split equally with 50% attached to Revenue CAGR (non-market performance) and 50% attached to Total Shareholder return (market performance). For Market conditions to vest Total Shareholder Return performance must be at or above the 50th percentile when compared to the constituents of a bespoke group of comparable tech companies. Awards will vest in full for performance at or above the 80th percentile. Revenue performance conditions require a threshold three-year compound annual growth rate (CAGR) of 20% to vest where awards will vest in full for performance at or above a three-year CAGR of 33%. As at 30 June 2020 no performance rights have vested or been exercised.

The below table provides the performance rights issued to each KMP.

	Date of Grant	Date of Expiry	Date of Vesting	Number Granted	Fair Value per Right at Grant	Fair Value of Performance Rights at Grant
Jeromy Wells, CEO	21/11/2019	21/11/2034	30/06/2022	412,703	$1.57 for non market $1.06 for market	542,704
Gareth Roberts, CFO*	21/11/2019	21/11/2034	30/06/2022	170,872	$1.57 for non market $1.06 for market	224,697
Tobi Brix, COO	21/11/2019	21/11/2034	30/06/2022	345,196	$1.57 for non market $1.06 for market	453,933
	21/11/2019	21/11/2034	31/12/2020	345,196	$1.57 for non market $0.93 for market	431,495

*Gareth Roberts resignation was received on 2 June 2020 thereby forfeited performance rights under the service rights condition.

5.4.2 Options Awarded, vested, exercised, cancelled and lapsed

There were no employee options granted to KMP in FY20. The number and value of outstanding options granted to KMP is set out below:

2020 Options Status

Date of Grant	Date of Expiry	Number Granted	Fair Value of Option at Grant	Exercise Price	Options vested and outstanding at 1 July 2019	Options Vested during the year	Exercised Options during the year	Unvested Options at 30 June 2020	Options Outstanding at 30 June 2020
Jeromy Wells									
30/06/2017	30/06/2032	387,270	$0.04	$0.34	193,635	96,918	-	96,717	290,553
31/07/2018	31/07/2033	533,250	$1.68	$0.35	-	255,511	-	277,739	255,511
Total		**920,520**			**193,635**	**352,429**	**-**	**374,456**	**546,064**
Gareth Roberts*									
30/06/2017	30/06/2032	75,000	$0.04	$0.34	3,147	18,744	(17,205)	18,756	4,686
30/06/2017	30/06/2032	90,000	$1.66	$0.35	22,500	22,488	(39,366)	45,012	5,622
31/07/2018	31/07/2033	91,710	$1.68	$0.35	-	43,937	(38,207)	47,773	5,730
17/06/2019	17/06/2034	900,000	$1.60	$0.00	12,500	150,000	(87,500)	287,500	75,000
Total		**1,156,710**			**38,147**	**235,169**	**(182,278)**	**399,041**	**91,038**

*Gareth Roberts notice extends into FY21 and will continue to vest options under the Employee Option Plan.
The Remuneration Committee will reassess the vesting period on Gareth's options at the end of the hand over period ending in September 2020

6. Movements in shares

Shareholding

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

2020 Movement in Shares

	Balance at 1 Jul 2019	Number of shares issued in FY20 upon exercise of vested options or rights	Balance at the end of the year
Ordinary shares			
Brendan Fleiter, Non-executive Director	250,000	-	250,000
Sarah Morgan, Non-executive Director	53,125	-	53,125
Sara La Mela, Non-executive Director	9,375	-	9,375
Shane Chesson, Non-executive Director*	8,845,922	-	8,845,922
Jeromy Wells, CEO	15,359,020	-	15,359,020
Gareth Roberts, CFO	648,423	182,278	830,701
Tobi Brix, COO	659,866	-	659,866
	25,825,731	**182,278**	**26,008,009**

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

2019 Movement in Shares

	Balance at 1 Jul 2018	Number of shares issued on preference share conversion	Number of shares issued on share-split 30 shares for 1 held share	Number of shares issued on convertible note conversion	Number of shares subscribed for in IPO	Number of shares sold down on IPO	Number of shares issued in FY19 upon exercise of vested options or rights	Balance at the end of the year
Ordinary shares								
Brendan Fleiter, Non-executive Director	-	-	-	-	250,000	-	-	250,000
Sarah Morgan, Non-executive Director	-	-	-	-	53,125	-	-	53,125
Sara Axelrod, Non-executive Director	-	-	-	-	9,375	-	-	9,375
Shane Chesson, Non-executive Director*	-	344,437	9,988,673	1,950,312	-	-3,437,500	-	8,845,922
Jeromy Wells, CEO	409,185	84,597	14,319,678	545,560	-	-	-	15,359,020
Gareth Roberts, CFO	-	-	-	-	-	-	648,423	648,423
Tobi Brix, COO	-	-	-	-	-	-	659,866	659,866
	409,185	**429,034**	**24,308,351**	**2,495,872**	**312,500**	**-3,437,500**	**1,308,289**	**25,825,731**

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

7. KMP statutory remuneration details for the year ended 30 June 2020

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

2020 KMP Statutory Remuneration Details

	Base salary $'000	Benefits** $'000	Super/ CPF $'000	Other Benefits*** $'000	STI $'000	IPO Listing Bonus**** $'000	NED Performance Rights $'000	LTI Performance Rights $'000	LTI Options $'000	Total $'000	Performance Related $'000
Non-executive directors:											
Brendan Fleiter	168,950	-	16,050	-	-	-	74,691	-	-	259,691	29%
Sarah Morgan	91,324	-	8,676	-	-	-	37,345	-	-	137,345	27%
Sara La Mela	77,625	-	7,375	-	-	-	37,345	-	-	122,345	31%
Shane Chesson	85,000	-	-	-	-	-	-	-	-	85,00	0%
Executive directors:											
Jeromy Wells	599,246	6,960	-	-	333,112	749,057	-	86,836	433,131	2,208,342	73%
Other KMP:											
Gareth Roberts	422,682	-	-	22,994	207,262	-	-	-	351,894	1,004,832	56%
Tobi Brix	430,790	-	19,256	12,666	211,929	-	-	214,639		889,280	48%
Justin Owen*	22,831	-	2,169	2,363	-	-	-	-		27,363	0%
Totals	**1,898,448**	**6,960**	**53,526**	**38,023**	**752,303**	**749,057**	**149,381**	**301,475**	**785,025**	**4,734,198**	**-**

* appointed on 3 June 2020
** relates to provision of car parking facilities
*** other benefits include movement in annual leave and long service leave entitlements
**** final IPO listing bonus was subject to and approved by shareholder vote at the 20 November AGM

2019 KMP Statutory Remuneration Details

	Base salary $'000	Benefits** $'000	Super/ CPF $'000	Other Benefits*** $'000	STI $'000	IPO Listing Bonus $'000	NED Performance Rights $'000	LTI Performance Rights $'000	LTI Options $'000	Total $'000	Performance Related $'000
Non-executive directors:											
Brendan Fleiter	84,475	-	8,025	-	-	-	-	-	-	92,500	-
Sarah Morgan	45,662	-	4,338	-	-	-	-	-	-	50,000	-
Sara Axelrod	32,344	-	3,073	-	-	-	-	-	-	35,417	-
Shane Chesson	42,500	-	0	-	-	-	-	-	-	42,500	-
Executive directors:											
Jeromy Wells	569,491	8,378	-	167,496	279,208	813,559	-	-	897,638	2,735,770	73%
Other KMP:											
Gareth Roberts	389,581	-	-	21,497	149,576	203,390	-	-	1,594,379	2,358,423	83%
Tobi Brix	366,754	-	20,779	14,071	201,562	-	-	-	1,540,075	2,143,241	81%
Totals	**1,530,807**	**8,378**	**36,215**	**203,064**	**630,346**	**1,016,949**	**-**	**-**	**4,032,092**	**7,457,851**	**-**

** relates to provision of car parking facilities
*** other benefits include movement in annual leave and long service leave entitlements

8. Other transactions with KMP

There are no other transactions with KMP and their related parties.

This concludes the remuneration report, which has been audited.

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

On behalf of the directors

Brendan Fleiter
Chairman and Non-Executive Director

Jeromy Wells
Chief Executive Officer

Melbourne
26 August 2020

Auditor’s Independence Declaration

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Building a better working world

Auditor's Independence Declaration to the Directors of Whispir Limited

As lead auditor for the audit of the financial report of Whispir Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

Ernst & Young

David McGregor

David McGregor
Partner
26 August 2020

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020		Consolidated	
	Note	2020 $'000	2019 $'000
Revenue			
Software revenue		**37,361**	29,389
Professional services revenue		1,734	1,759
Total revenue	**5**	**39,095**	**31,148**
Cost of services		(14,770)	(11,856)
Gross profit		**24,325**	**19,292**
Interest revenue		231	115
Expenses			
Sales and marketing		(14,386)	(13,267)
Research and development		(5,909)	(5,395)
General and administration		(13,600)	(16,379)
Finance costs	**6**	(535)	352
Total expenses		**(34,430)**	**(34,689)**
Loss before income tax expense		**(9,863)**	**(15,282)**
Income tax expense	**7**	-	-
Loss after income tax expense for the year attributable to the owners of Whispir Limited		**(9,874)**	**(15,282)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		69	(51)
Other comprehensive income for the year, net of tax		69	(51)
Total comprehensive income for the year attributable to the owners of Whispir Limited		**(9,805)**	**(15,333)**
Loss for the year is attributable to:			
Owners of Whispir Limited		(9,874)	(15,282)
		(9,874)	(15,282)
Total comprehensive income for the year is attributable to:			
Owners of Whispir Limited		(9,805)	(15,333)
		(9,805)	(15,333)
		Cents	**Cents**
Basic earnings per share	**30**	(9.53)	(45.69)
Diluted earnings per share	**30**	(9.53)	(45.69)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2020

	Note	Consolidated 2020 $'000	2019 $'000
Assets			
Current assets			
Cash and cash equivalents	8	15,217	26,827
Trade and other receivables	9	5,544	3,973
Prepayments		1,267	1,132
Contract acquisition costs	10	2,448	1,672
Interest bearing assets		502	629
Total current assets		**24,978**	**34,233**
Non-current assets			
Property, plant and equipment	11	480	536
Intangibles	12	7,930	4,676
Right-of-use assets	13	2,564	3,154
Contract acquisition costs	10	1,475	1,465
Total non-current assets		**12,449**	**9,831**
Total assets		**37,427**	**44,065**
Liabilities			
Current liabilities			
Trade and other payables	14	9,133	7,736
Contract liabilities	15	2,315	2,113
Employee benefits	16	1,270	967
Lease liabilities	17	546	607
Total current liabilities		**13,264**	**11,423**
Non-current liabilities			
Trade and other payables	14	1,317	1,304
Contract liabilities	15	235	307
Employee benefits	16	18	21
Lease liabilities	17	2,835	3,272
Total non-current liabilities		**4,405**	**4,904**
Total liabilities		**17,669**	**16,327**
Net assets		**19,758**	**27,737**
Equity			
Issued capital	18	90,362	89,687
Reserves	19	2,028	808
Accumulated losses		(72,632)	(62,758)
Total equity		**19,758**	**27,737**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2020

Consolidated	Issued Capital $'000	Reserves $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2018	6,356	(451)	(47,476)	(41,571)
Loss after income tax expense for the year	-	-	(15,282)	(15,282)
Other comprehensive income for the year, net of tax	-	(51)	-	(51)
Total comprehensive income for the year	**-**	**(51)**	**(15,282)**	**(15,333)**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 18)	80,625	-	-	80,625
Share-based payments (note 31)	-	4,016	-	4,016
Transfer on exercise of options (note 18)	2,706	(2,706)	-	-
Balance at 30 June 2019	**89,687**	**808**	**(62,758)**	**27,737**

Consolidated	Issued Capital $'000	Reserves $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2019	89,687	808	(62,758)	27,737
Profit after income tax expense for the year	-	-	(9,874)	(9,874)
Other comprehensive income for the year, net of tax	-	69	-	69
Total comprehensive income for the year	**-**	**69**	**(9,874)**	**(9,805)**
Transactions with owners in their capacity as owners:				
Contributions of equity (note 18)	188	-	-	188
Share-based payments (note 31)	-	1,638	-	1,638
Transfer on exercise of options (note 18)	487	(487)	-	-
Balance at 30 June 2020	**90,362**	**2,028**	**(72,632)**	**19,758**

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 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers		37,651	28,091
Payments to suppliers and employees		(43,954)	(39,091)
Interest received		231	115
Interest and other finance costs paid		(535)	(520)
Net cash used in operating activities	**29**	**(6,597)**	**(11,405)**
Cash flows from investing activities			
Payments for property, plant and equipment	**11**	(280)	(405)
Payments for intangibles	**12**	(4,538)	(4,502)
Payments from/(for) security deposits		128	(87)
Net cash used in investing activities		(4,690)	(4,994)
Cash flows from financing activities			
Proceeds from issue of shares	**18**	188	27,255
Share issue transaction costs		-	(3,953)
Proceeds from convertible notes	**29**	-	7,000
Repayment of lease liabilities	**29**	(580)	(795)
Net cash from/(used in) financing activities		**(392)**	**29,507**
Net increase/(decrease) in cash and cash equivalents		(11,679)	13,108
Cash and cash equivalents at the beginning of the financial year		26,827	13,767
Effects of exchange rate changes on cash and cash equivalents		69	(48)
Cash and cash equivalents at the end of the financial year	**8**	**15,217**	**26,827**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Note 1. General information

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

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

Level 15, 360 Collins Street
Melbourne Victoria 3000
Australia

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 August 2020. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

AASB 16 'Leases' was early adopted in the previous financial year with effect from 1 July 2016. Any further new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted'

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

- AASB 2017-7: Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures Adoption of this amended standard did not have any material impact on the financial position or performance of the Group.
- AASB 2018-1: Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle Adoption of this amended standard did not have any material impact on the financial position or performance of the Group.
- AASB Interpretation 23: Uncertainty over Income Tax Treatments Adoption of this interpretation did not have any material impact on the financial position or performance of the Group.

Basis of preparation

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

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Note 2. Significant accounting policies (continued)

Critical accounting estimates

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

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Whispir Limited ('Company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Whispir Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

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

Operating segments

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

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

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

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

Note 2. Significant accounting policies (continued)

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

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

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

Platform and software revenue

Platform and software revenue comprise of subscription fees from customers accessing the Whispir platform and for support services provided. Contracts that include support services with the software license are assessed as one distinct performance obligation. The Group considers its performance obligations are satisfied evenly over the contract period. Therefore, the revenue is recognised over time, beginning on the commencement date of each contract, which is the date the Group's service is made available to customers. Amounts that have been invoiced are recorded in accounts receivable and in contract liabilities, depending on whether the performance obligation has been satisfied.

Transactional revenue

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

Professional services and configuration revenue

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

Interest

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

Other revenue

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

Note 2. Significant accounting policies (continued)

Income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

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

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

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

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

Note 2. Significant accounting policies (continued)

Cash and cash equivalents

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

Trade and other receivables

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

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

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

Contract acquisition costs

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

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

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

Associates

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

Property, plant and equipment

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

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

Furniture, fixtures and fittings	3 years
Computer equipment	5 years

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

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

Note 2. Significant accounting policies (continued)

Leases

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

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

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease of 3 to 10 years. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment and adjusted for any remeasurement of lease liabilities.

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

Intangible assets

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

Research and development

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

Impairment of non-financial assets

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

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

Note 2. Significant accounting policies (continued)

Trade and other payables

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

Contract liabilities

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

Lease liabilities

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

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

Finance costs

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

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Defined contribution superannuation expense

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

Note 2. Significant accounting policies (continued)

Share-based payments

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

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

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

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

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether that market condition has been met, provided all other conditions are satisfied.

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

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

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

Fair value measurement

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

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

Issued capital

Ordinary shares are classified as equity.

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

Note 2. Significant accounting policies (continued)

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

Rounding of amounts

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

- AASB17 Insurance contracts
- Amendments to AASB3: Definition of a business
- Amendments to IAS 1 & IAS 8: Definition of material
- Conceptual Framework for Financial Reporting (Conceptual Framework)

The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework.

The Group does not expect that the amended standards and interpretations will have a significant impact on the Group's consolidated financial statements.

Note 3. Critical accounting judgements, estimates and assumptions

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

Coronavirus ('COVID-19') pandemic

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

Revenue recognition – principal versus agent assessment

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

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

Share-based payment transactions

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

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note [9], is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Development expenditure

The Group capitalises development expenditure as an intangible asset for the projects in accordance with the accounting policy.

Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, as with the nature of software delivery model, key judgement is required in determining whether incremental product enhancements will provide additional future economic benefit.

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

Estimation of useful lives of assets

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

Recovery of deferred tax assets

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

Right-of-use assets

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

Note 4. Operating segments

Identification of reportable operating segments

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

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

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

Types of products and services

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

Australia and New Zealand
Segment revenue and gross margin are derived principally from the commercialisation of the Group's cloud-based communication management platform and services in Australia and New Zealand.

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

Intersegment receivables, payables, and loans

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

Major customers

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

Note 4. Operating segments (continued)

Operating segment information

Consolidated - 2020	Australia & New Zeland $'000	Asia $'000	United States $'000	Total $'000
Revenue				
Sales to external customers	30,829	6,756	1,510	39,095
Interest revenue	231	-	-	231
Total revenue	**31,060**	**6,756**	**1,510**	**39,326**
Segment margin	**20,744**	**3,012**	**569**	**24,325**
Interest revenue				231
Sales and marketing				(14,386)
Research and development				(5,909)
General and administration				(13,600)
Finance costs				(535)
Loss before income tax expense				**(9,874)**
Income tax expense				-
Loss after income tax expense				**(9,874)**

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

Note 5. Revenue from contracts with customers

Disaggregation of revenue

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

	Consolidated	
	2020 $'000	2019 $'000
Major product lines		
Platform and software revenue	12,491	10,748
Transactional revenue	24,870	18,641
Professional services and configuration revenue	1,734	1,759
	39,095	**31,148**
Geographical regions		
Americas	1,262	1,496
Australia	29,641	24,127
New Zealand	1,160	734
Singapore	6,505	4,613
Switzerland*	247	-
Others	280	178
	39,095	**31,148**
Timing of revenue recognition		
Services transferred over time	39,095	31,148

*Revenue aligned to United States Operating Segment.

Note 6. Expenses

	Consolidated	
	2020 $'000	2019 $'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Furniture, fixtures and fittings	88	189
Computer equipment	248	272
Right-of-use assets	673	916
Total depreciation	**1,009**	**1,377**
Amortisation		
Development expenditure	1,284	397
Customer acquisition costs	2,831	2,551
Total amortisation	**4,115**	**2,948**
Total depreciation and amortisation	**5,123**	**4,325**
Finance costs		
Interest on convertible notes	-	5,621
Interest on convertible preference shares	-	4,501
Interest cost on lease	525	520
Other Interest	10	-
Amortisation of transaction costs	-	1,379
Revaluation of derivatives*	-	(12,373)
Finance costs expensed/(credits)	535	(352)
Rental expense relating to operating leases		
Expense relating to short-term leases (included in administrative expenses)	171	214
Variable lease payments (included in administrative expenses)	145	307
Employee benefits expense		
Wages and salaries	20,247	18,932
Defined contribution superannuation expense	1,458	1,446
Payroll tax	658	653
Other employee benefits expense	1,086	478
Share-based payments (net)	1,637	2,717
Total employee benefits expense	**25,086**	**24,226**

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

Note 7. Income tax

	Consolidated 2020 $'000	Consolidated 2019 $'000
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	**(9,874)**	**(15,282)**
Tax at the statutory tax rate of 27.5%	(2,715)	(4,203)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income		
Share-based payments	450	747
Interest on notes, preference shares and revaluation of derivatives	-	(619)
	(2,265)	(4,075)
Current year temporary differences not recognised	1,780	3,218
Difference in overseas tax rates	485	857
Income tax expense	-	-

	Consolidated 2020 $'000	Consolidated 2019 $'000
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Contract liabilities	646	601
Accrued expenses	966	533
Right-of-use assets/lease liability	184	139
Tax losses and research and development credits	11,232	8,915
Customer acquisition costs/capitalised research and development	(1,415)	(1,338)
Total deferred tax assets not recognised	**11,613**	**8,850**

Deferred tax liabilities of $1,415 thousand (2019: $1,338 thousand) have been offset by deferred tax assets. The Group has tax losses and research and development credits that arose in Australia and Singapore that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses and temporary differences as they are not yet considered probable of realisation. The future recoverability of tax losses and research and development credits is dependent upon continuing to comply with regulatory requirements as well as the production of sufficient future taxable income.

	Consolidated 2020 $'000	Consolidated 2019 $'000
Deferred tax liability		
Customer acquisition costs/capitalised research and development	(1,415)	(1,338)
Recognition of deferred tax assets to the extent of deferred tax liabilities	1,415	1,338
	-	-

Note 8. Cash and cash equivalents

	Consolidated 2020 $'000	2019 $'000
Current assets		
Cash at bank	3,361	22,514
Cash on deposit	11,856	4,313
	15,217	**26,827**

Note 9. Trade and other receivables

	Consolidated 2020 $'000	2019 $'000
Current assets		
Trade receivables	5,654	4,093
Less: Allowance for expected credit losses	(110)	(138)
	5,544	**3,955**
Other receivables	**-**	**18**
	5,544	**3,973**

Allowance for expected credit losses

The Group has recognised a net reversal of impairment of $28,000 (2019: net loss $15,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2020. Whispir carries a low provision for credit losses as 77% of revenue is derived through channel partners that accept the end customer credit risk. The expected credit loss below reflects both the direct customer and channel partner positions.

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

	Expected credit loss rate		Carrying amount loss rate		Allowance for expected credit losses	
Consolidated	**2020 %**	**2019 %**	**2020 %**	**2019 %**	**2020 $'000**	**2019 $'000**
0 to 30 days	0.05%	0.03%	4,721	3,460	2	1
31 to 90 days	5.92%	5.85%	437	349	26	18
Over 90 days	16.40%	21.89%	496	284	82	119
			5,654	**4,093**	**110**	**138**

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

	Consolidated 2020 $'000	2019 $'000
Opening balance	138	123
Additional provisions recognised	18	33
Unused Amount Received	(46)	(18)
Closing balance	**110**	**138**

Note 10. Contract acquisition costs

	Consolidated	
	2020 $'000	2019 $'000
Current assets		
Contract acquisition costs	2,448	1,672
Non-current assets		
Contract acquisition costs	1,475	1,465
	3,923	**3,137**

Reconciliations:

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

	Consolidated	
	2020 $'000	2019 $'000
Opening balance	3,137	3,149
Additions	3,617	2,539
Amortisation	(2,831)	(2,551)
Closing balance	**3,923**	**3,137**

Note 11. Property, plant and equipment

	Consolidated	
	2020 $'000	2019 $'000
Non-current assets		
Furniture, fixtures and fittings - at cost	799	700
Less: Accumulated depreciation	(626)	(542)
	173	**158**
Computer equipment - at cost	764	1,972
Less: Accumulated depreciation	(457)	(1,594)
	307	378
	480	**536**

Note 11. Property, plant and equipment (continued)

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

Consolidated	Furniture, fixtures and fittings $'000	Computer equipment $'000	Total $'000
Balance at 1 July 2018	248	322	570
Additions	99	328	427
Depreciation expense	(189)	(272)	(461)
Balance at 30 June 2019	158	378	536
Additions	103	177	280
Depreciation expense	(88)	(248)	(336)
Balance at 30 June 2020	173	307	480

Note 12. Intangibles

	Consolidated	
	2020 $'000	2019 $'000
Non-current assets		
Development expenditure - at cost	9,611	5,073
Less: Accumulated amortisation	(1,681)	(397)
	7,930	**4,676**

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

Consolidated	Development expenditure $'000
Balance at 1 July 2018	571
Additions	4,502
Amortisation expense	(397)
Balance at 30 June 2019	4,676
Additions	4,538
Amortisation expense	(1,284)
Balance at 30 June 2020	7,930

Note 13. Right-of-use assets

	Consolidated 2020 $'000	2019 $'000
Non-current assets		
Right-of-use assets	**2,564**	**3,154**

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

Consolidated	Office premises $'000	Data centres $'000	Total $'000
Balance at 1 July 2018	4,365	225	4,590
Additions	215	-	215
Disposals	(735)	-	(735)
Depreciation expense	(758)	(158)	(916)
Balance at 30 June 2019	3,087	67	3,154
Additions	36	89	125
Disposals	(42)	-	(42)
Depreciation expense	(591)	(82)	(673)
Balance at 30 June 2020	2,490	74	2,564

Note 14. Trade and other payables

	Consolidated 2020 $'000	2019 $'000
Current liabilities		
Trade payables	2,515	2,677
Commissions payable	1,985	1,360
Other payables and accruals	4,633	3,699
	9,133	**7,736**
Non-current liabilities		
Commissions payable	1,317	1,304
	10,450	**9,040**

Refer to note 21 for further information on financial instruments.

Note 15. Contract liabilities

	Consolidated	
	2020 $'000	2019 $'000
Current liabilities		
Contract liabilities	2,315	2,113
Non-current liabilities		
Contract liabilities	235	307
	2,550	**2,420**

Reconciliations:

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

	Consolidated	
	2020 $'000	2019 $'000
Opening balance	2,420	3,605
Payments received in advance	3,037	1,757
Revenue recognised during the year	(2,907)	(2,942)
Closing balance	**2,550**	**2,420**

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $21,900 thousand as at 30 June 2020 ($19,520 thousand as at 30 June 2019) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2020 $'000	2019 $'000
Within 12 months	14,255	11,024
Over 12 months	7,645	8,496
	21,900	**19,520**

Note 16. Employee benefits

	Consolidated	
	2020 $'000	2019 $'000
Current liabilities		
Annual leave	1,100	800
Long service leave	170	167
	1,270	**967**
Non-current liabilities		
Long service leave	18	21
	1,288	**988**

Note 17. Lease liabilities

	Consolidated	
	2020 $'000	2019 $'000
Current liabilities		
Lease liabilities	546	607
Non-current liabilities		
Lease liabilities	2,835	3,272
	3,381	**3,879**

Refer to note 21 for further information on undiscounted minimum lease obligations.

Note 18. Issued capital

	Consolidated			
	2020 Shares	2019 Shares	2020 $'000	2019 $'000
Ordinary shares - fully paid	**103,834,402**	**103,200,618**	**90,362**	**89,687**

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	01-Jul-2018	997,387	6,356
Shares issued on exercise of options	30-Sep-2018	941	10
Shares issued on exercise of options	31-Oct-2018	43	-
Shares issued on exercise of options	31-Jan-2019	2,250	23
Share-split 30 shares issued for 1 share held	15-Mar-2019	29,018,009	-
Shares issued on exercise of options	30-Mar-2019	436,020	153
Issue of shares on conversion of convertible notes	13-Jun-2019	17,438,299	27,915
Issue of shares on conversion of convertible preference shares	13-Jun-2019	37,124,370	30,341
Issue of shares on capital raising	13-Jun-2019	16,875,000	27,000
Issue of shares under cleansing offer	19-Jun-2019	10	-
Shares issued on exercise of options	19-Jun-2019	1,308,289	68
Transfer from share-based payment reserve on exercise of options		-	2,706
Share issue transaction costs, net of tax		-	(4,885)
Balance	30-Jun-2019	103,200,618	89,687
Shares Issued on exercise of options	08-Aug-2019	196,059	66
Shares Issued on exercise of options	13-Aug-2019	35,000	12
Shares Issued on exercise of options	23-Dec-2019	121,071	43
Shares Issued on exercise of options	31-Jan-2020	181,596	33
Shares Issued on exercise of options	16-Apr-2020	32,463	11
Shares Issued on exercise of options	11-Jun-2020	67,595	23
Transfer from share-based payment reserve on exercise of options			487
Balance 30 June 2020		**103,834,402**	**90,362**

Note 18. Issued capital (continued)

Ordinary shares

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

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

Share buy-back

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

Capital risk management

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

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

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

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

The capital risk management policy remains unchanged from the 30 June 2019 Annual Report.

Note 19. Reserves

	Consolidated	
	2020 $'000	**2019 $'000**
Foreign currency reserve	(648)	(717)
Share-based payments reserve	2,676	1,525
	2,028	**808**

Foreign currency reserve

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

Share-based payments reserve

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

Note 19. Reserves (continued)

Movements in reserves

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

Consolidated	Foreign currency $'000	Share-based payments $'000	Total $'000
Balance at 1 July 2018	(666)	215	(451)
Foreign Currency Translation	(51)	-	(51)
Share-based payments	-	4,016	4,016
Transfer to share capital	-	(2,706)	(2,706)
Balance at 30 June 2019	(717)	1,525	808
Foreign Currency Translation	69	-	69
Share-based payments	-	1,638	1,638
Transfer to share capital	-	(487)	(487)
Balance at 30 June 2020	(648)	2,676	2,028

Note 20. Dividends

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

Note 21. Financial instruments

Financial risk management objectives

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

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

Market risk

Foreign currency risk

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

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group is not exposed to any significant interest rate risk.

Note 21. Financial instruments (continued)

Credit risk

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

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 9, despite the Coronavirus (COVID- 19) pandemic, the calculation of expected credit losses as at 30 June 2020 remains unchanged. The basis for the assessment is that 77% of revenue is derived through channel partners that accept end customer risk. Further to this there have been no observable changes or indicators of future changes in payment behavior in the remaining customer cohort.

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

Liquidity risk

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

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

Remaining contractual maturities

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

Consolidated 2020	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives				
Non-interest bearing				
Trade payables	2,515	-	-	2,515
Commissions payable	1,985	1,317	-	3,302
Other payables	4,633	-	-	4,633
Interest-bearing - fixed rate				
Lease liability	989	3,210	930	5,129
Total non-derivatives	**10,122**	**4,527**	**930**	**15,579**

Note 21. Financial instruments (continued)

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

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

Note 22. Fair value measurement

There were no assets and liabilities carried at fair value as at 30 June 2020 and 30 June 2019.

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

Note 23. Key management personnel disclosures

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

	Consolidated	
	2020 $'000	2019 $'000
Short-term employee benefits	3,444,791	3,389,544
Post-employment benefits	53,526	36,215
Share-based payments	1,235,881	4,032,092
	4,734,198	7,457,851

Note 24. Remuneration of auditors

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

	Consolidated	
	2020 $'000	2019 $'000
Audit services - Ernst & Young		
Audit or review of the financial statements	**295,000**	**245,000**
Other services - Ernst & Young		
Other assurance services	5,000	-
Tax due diligence	-	127,000
Other due diligence services related to IPO	-	862,075
	5,000	**989,075**
	300,000	**1,234,075**

Note 25. Contingent liabilities

There are no contingent liabilities as at 30 June 2020 and 30 June 2019.

Note 26. Related party transactions

Parent entity

Whispir Limited is the parent entity and ultimate parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 28.

Key management personnel

Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the Directors' Report.

Transactions with related parties

The Group provides the Whispir platform and associated services to two companies of which Brendan Fleiter is Chairman and a Non-executive Director; Kennards Hire and Interactive. The services to both of these companies were provided through channel partners on normal commercial terms and conditions.

There were no other transactions with related parties in FY20.

Transactions with related parties in FY19

In FY19 Telstra Corporation Limited (Telstra) was an entity that had significant influence over the Group. During FY19 Telstra owned 30% of the Convertible Preference Shares and had a right to appoint a representative director on the Board of the Company whose consent was needed for certain reserved matters. During the FY19 year Telstra reduced their holdings to less than 10% of ordinary shares, reversing the right to appoint a representative director and are assessed to no longer hold significant influence.

Note 26. Related party transactions (continued)

Transactions with Telstra were on terms equivalent to arms-length commercial terms and conditions. Telstra was a reseller of the Group's services and received a commission. Telstra invoiced end customers and returned funds to the Group net of its commission. The Group was considered to be the principal in the arrangement with the end customer and recorded the revenue on a gross basis with the commission recorded as a contract acquisition cost.

Gross amounts invoiced to end customer and commission paid to Telstra during the period of 1 July 2018 to 31 December 2018 were $9,244,934 and $860,716, respectively. In addition, the Group purchased short message services from Telstra to fulfil its services to customers as well as telephony services for its own business operations and the total amounted to $2,990,091 in FY19. The Group also sold its platform, transaction and support services to Telstra and the total sales amount to $194,375 in FY19.

Telstra became a related party in the year ended 30 June 2013. Telstra ceased to be related party on 1 January 2019.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

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

Note 27. Parent entity information

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

Statement of Profit or Loss and Other Comprehensive Income

	Parent	
	2020 $'000	2019 $'000
Loss after income tax	(5,017)	(6,337)
Total comprehensive income	**(5,017)**	**(6,337)**

Statement of Financial Position

	Parent	
	2020 $'000	2019 $'000
Total current assets	**13,011**	**24,467**
Total assets	**70,532**	**71,225**
Total current liabilities	**678**	**545**
Total liabilities	**678**	**545**
Equity		
Issued capital	91,290	90,616
Share-based payments reserve	2,676	1,525
Accumulated losses	(24,112)	(21,461)
Total equity	**69,854**	**70,680**

Note 27. Parent entity information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020 and 30 June 2019.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment

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

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 28. Interests in subsidiaries

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

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2020 %**	**2019 %**
Whispir Australia Pty Ltd	Australia	100%	100%
Whispir ESOP Nominees Pty Ltd	Australia	100%	100%
Whispir Nominees No.2 Pty Ltd	Australia	100%	100%
Whispir Holdings Pte Ltd	Singapore	100%	100%
Whispir Pte Ltd	Singapore	100%	100%
Whispir Holdings Inc	United States of America	100%	100%
Whispir Americas Inc	United States of America	100%	100%

Note 29. Cash flow information

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

Non-cash investing and financing activities

	Consolidated	
	2020 $'000	2019 $'000
Shares issued under employee share plan	487	2,706
Shares issued on conversion of convertible loan	-	27,915
Shares issued on conversion of redeemable preference shares	-	30,341
	487	**60,962**

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

	Consolidated	
	2020 $'000	2019 $'000
Loss after income tax expense for the year	(9,874)	(15,282)
Adjustments for:		
Depreciation and amortisation	5,123	4,325
Share-based payments net of exercise of ESOP	1,638	2,717
Foreign exchange differences	69	(104)
Finance costs	535	(871)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	(1,571)	348
Increase in prepayments	(135)	(464)
Increase in contract acquisition costs	(3,617)	(2,539)
Increase in trade and other payables	805	1,481
Decrease in contract liabilities	130	(928)
Decrease in other provisions	300	(88)
Net cash used in operating activities	**(6,597)**	**(11,405)**

Changes in liabilities arising from financing activities

Consolidated	Convertible Preference shares $'000	Convertible Notes $'000	Lease liabilities $'000	Total $'000
Balance at 1 July 2018	38,380	15,130	5,162	58,672
Net cash from/(used in) financing activities	-	7,000	(795)	6,205
Issue of Shares on Conversion	(30,341)	(27,915)		(58,256)
Finance Costs	(8,039)	5,785		(2,254)
Acquisition of leases	-	-	215	215
Termination of leases	-	-	(703)	(703)
Balance at 30 June 2019	-	-	3,879	3,879
Net Cash used in financing activities	-	-	(525)	(580)
Acquisition of leases	-	-	82	82
Balance at 30 June 2020	**-**	**-**	**3,381**	**3,381**

Note 30. Earnings per share

	Consolidated	
	2020 $'000	2019 $'000
Loss after income tax attributable to the owners of Whispir Limited	**(9,874)**	**(15,282)**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	103,555,480	33,447,883
Weighted average number of ordinary shares used in calculating diluted earnings per share	103,555,480	33,447,883

	Cents	Cents
Basic Earnings Per Share	(9.53)	(45.96)
Diluted Earnings Per Share	(9.53)	(45.96)

Stock options are excluded from calculation of dilutive earnings per share as they were anti-dilutive.

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

Note 31. Share-based payments

The Group has share option plan and performance rights to incentivise employees and key management personnel. The share-based payment expense for the year was $1,638 thousand (2019: $4,016 thousand).

Share option plan:

During the financial year zero options were granted (2019: 2,806,620).

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

Movement in share options	Number 2020	Number 2019	WAEP 2020	WAEP 2019
Balance at the beginning of the year	2,976,391	2,521,350	$0.34	$0.34
Options granted during the year	-	2,806,620	$0.00	$0.24
Forfeited during the year	(297,608)	(321,893)	$0.35	$0.35
Exercised During the Year	(633,784)	(2,029,686)	$0.30	$0.27
Expired during the year	-	-	$0.00	$0.00
Balance at the end of the year	**2,044,999**	**2,976,391**		

Note 31. Share-based payments (continued)

1,032,917 options are vested and exercisable as at 30 June 2020 (2019: 722,733). The weighted average remaining contractual life of options outstanding at the end of the financial year was 12.5 years (2019: 13.3 years).

The range of exercise prices for options outstanding at the end of the year was $0.00 to $0.353 (2019: $0.00 to $0.35). The weighted average share price during the financial year was $1.59 (2019: $1.60).

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

	Consolidated	
Key valuation assumptions	**2020 Options**	**2019 Options**
Dividend yield (%)	NA	Nil
Expected Volatility (%)*	NA	50%
Risk-free interest rate (%)	NA	3%
Expected life of share options (years)	NA	15 Years
Weighted Average Share Price	NA	$1.60
Model Used	NA	Binominal

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

Vesting requirements and the method of settlement:

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

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

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

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

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

Note 31. Share-based payments (continued)

Performance rights:

During the financial year 1,596,665 of performance rights were granted (2019: Nil).

Performance conditions:

Non-Executive Director Performance Rights Plan

Under the Non-Executive Director Performance Rights Plan performance rights were granted to Non-Executive Directors. The performance rights granted on 21 November 2019 vest in four equal tranches. The first tranche vested immediately upon issue with the remaining three tranches vesting on the 30th June of three subsequent financial years subject to continuity of service at the vesting date.

Key Management Personnel Performance Rights Plan

Under the Key Management Personnel Performance Rights Plan performance rights are granted to Key Management Personnel. The performance rights are subject to service condition (continuity of employment) and performance conditions. For the Chief Operating Officer, the performance rights vest in two even split tranches on the 31 December 2020 and 30 June 2022 and for the remaining KMP the performance rights vest on the 30 June 2022.

The performance conditions are split equally with 50% attached to revenue compound annual growth rate (CAGR) and 50% attached to market performance. For Market performance conditions to vest Total Shareholder Return must be at or above the 50th percentile when compared to the constituents of the bespoke group of companies. Awards will vest in full for performance at or above the 80th percentile. Revenue performance conditions require a threshold three-year CAGR of 20% to vest where awards will vest in full for performance at or above a three-year CAGR of 33%.

Senior Management Personnel Performance Rights Plan

Under the Senior Management Personnel Performance Rights Plan performance rights are granted to Senior Management Personnel. The performance rights are subject to service condition (continuity of employment) and revenue performance conditions and vest on the 30th June 2022. Revenue performance conditions require a threshold three-year CAGR of 20% to vest where awards will vest in full for performance at or above a three-year CAGR of 29%.

For performance rights subject to revenue and service targets (non-market), the fair value equals to the spot price, minus the expected dividends. Since the company is not expected to pay dividends in the near future, its fair value will be the spot price.

Movement in Performance Rights	Number 2020	Number 2019
Performance rights granted during the year	1,596,665	-
Forfeited during the year	(192,611)	-
Exercised During the Year	-	-
Expired during the year	-	-
	1,404,054	-

Note 31. Share-based payments (continued)

Performance rights exercisable as at 30 June 2020 were 70,000 (2019: Nil). The weighted average remaining contractual life of performance rights outstanding at the end of the financial period was 14 years (2019: Nil).

Key valuation assumptions	2020 Performance Rights Three Year	2020 Performance Rights 18 Months
Dividend yield (%)	0.00%	0.00%
Expected Volatility (%)*	42.24%	42.24%
Risk-free interest rate (%)	0.72%	0.78%
Weighted Average Share Price	$1.57	$1.57
Fair Value at grant date	$1.06	$0.93
Model Used	Binominal	Binominal

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

Note 32. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not adversely impacted the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors

Brendan Fleiter
Chairman and Non-Executive Director

Jeromy Wells
Chief Executive Officer

Melbourne
26 August 2020

Independent Auditor's Report to the Members of Whispir Limited

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Building a better working world

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Independent Auditor's Report to the Members of Whispir Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Whispir Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a. giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and
b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Key Audit Matters

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

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

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1. Capitalisation of development costs

WHY SIGNIFICANT

Software development is core to the Company's operations and requires judgement as to whether it meets the capitalisation criteria of AASB 138 *Intangible Assets*. The carrying value of assets that were capitalised totaled $9.6 million and cost incurred during the year totaled $4.5 million as disclosed in Note 12.

The capitalisation of internally generated intangible assets was a key audit matter due to the significant management judgements, including:

- Whether the costs incurred relate to research costs that should be expensed or development costs that are eligible for capitalisation;
- The assessment of future economic benefits and the technical feasibility of the product; and
- The timing of amortisation and the useful lives for projects.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We performed the following procedures in respect of the development expenditure capitalised:

- We tested the capitalisation approach taken by the Group during the year for consistency with the Group's accounting policies and for compliance with Australian Accounting Standards.
- We have met the project managers, to understand the project status and assess the feasibility of completion.
- We tested the mathematical accuracy of the Group's capitalised development expenditure reconciliation and evaluated the key assumptions and methodologies used.
- For a sample of capitalised external consultants' development costs we tested whether the costs were appropriately supported, authorized and attributable to the development phase.
- Agreed a sample of capitalized employee costs to payroll records and enquired with selected employees regarding their activities in developing software.
- In respect of completed projects, we assessed the useful life and amortisation rate allocated to these projects and recalculated the amortization expense for the period.
- We assessed the adequacy of the related disclosures made in the financial report.

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2. Revenue recognition from contract liabilities

WHY SIGNIFICANT	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
The contractual billing arrangements with certain customers result in deferred revenue as recorded within contract liabilities on the balance sheet, as invoices are issued in advance of performance obligations being satisfied. The balance of contract liabilities as at 30 June 2020 is $2.6 million as disclosed in Note 15. The Group records the amounts earned in respect of performance obligations satisfied during the period as revenue. Any remaining amount invoiced not yet earned is recorded as a contract liability. Revenue recognition from contract liabilities was considered a key audit matter due to the judgment required with respect to the timing of recognition.	We performed the following procedures in respect of the revenue recognized in the year: • We used data analytic techniques on revenue transactions recognised for the year to test the correlation of accounts receivable to contract liabilities through to cash. • We tested the clerical accuracy of rolling contract liabilities calculations for the recognition of revenue. • For a sample of revenue contracts and transactions during the year we assessed the timing of revenue recognized with reference to the terms of the underlying contract. • We assessed the adequacy of the revenue and contract liabilities disclosures made in the financial report.

Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Whispir Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Ernst & Young

Ernst & Young

David McGregor
Partner

26 August 2020
Melbourne

Additional Information for Listed Public Companies

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The shareholder information set out below was applicable as at 20 August 2020.

Distribution of equitable securities

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

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	6,312	10
1,001 to 5,000	3,731	9
5,001 to 10,000	746	7
10,001 to 100,000	514	6
100,001 and over	39	3
	11,342	35
Holding less than a marketable parcel	**464**	**2**

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares	
	Number held	% of total shares issued
Wells Family Company Pty Ltd (Wells Family A/C)	10,773,120	10.37%
Gobleg Pty Ltd (Blackburn Family A/C)	9,003,819	8.67%
OSV Hush Holdings Pte Ltd	8,845,922	8.52%
Telstra Ventures Fund II LP	7,722,290	7.43%
HSBC Custody Nominees (Australia) Limited	7,128,416	6.86%
Metra Digital Investama PT\C	6,370,990	6.13%
J P Morgan Nominees Australia PTY Limited	4,948,980	4.76%
National Nominees Limited	2,296,850	2.21%
CS Third Nominees PTY Limited (HSBC Cust Nom Au Ltd 13 A/C)	2,289,050	2.20%
BNP Paribas Noms Pty Ltd (DRP)	1,929,970	1.86%
Wells Family Holding Company No 2 Pty Ltd	1,488,512	1.43%
Wells Family Holding Company Pty Ltd	1,265,614	1.22%
Citicorp Nominees Pty Limited	1,032,659	0.99%
Mirrabooka Investments Limited	850,000	0.82%
Mountain Pine Capital Pte LTD	830,701	0.80%
CS Fourth Nominees Pty Limited (HSBC Cust Nom Au Ltd 11 A/C)	800,853	0.77%
Gareth Roberts	757,950	0.73%
Edmond Online Holdings Ltd	666,374	0.64%
Sargon CT Pty Ltd (Henroth Pty Limited)	659,866	0.64%
Confluent Services Pty Ltd (Ghent Family A/C)	553,009	0.53%
	70,214,945	**67.60%**

Additional Information for Listed Public Companies (continued)

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	2,003,763	35
Performance rights over ordinary shares issued	1,404,054	21

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Jeromy Wells	15,359,020	14.97%
OSV Hush Holdings Pte Ltd	8,845,922	8.52%
Telstra Ventures Fund II, LP	7,772,290	7.44%

Voting rights

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

Ordinary shares

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

There are no other classes of equity securities.

Restricted securities

Class	Expiry date	Number of shares
Ordinary shares - voluntary escrow	August 2020*	53,000,917

*Securities are escrowed for ten working days post the release of the of the Group's financial results for the financial year ending 30 June 2020, being 10 September 2020.

Use of cash

Since the date of listing on the ASX to the end of the reporting period Whispir used its cash and assets readily convertible into cash in a way consistent with its business objectives.

Corporate Directory

Corporate Directory

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

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