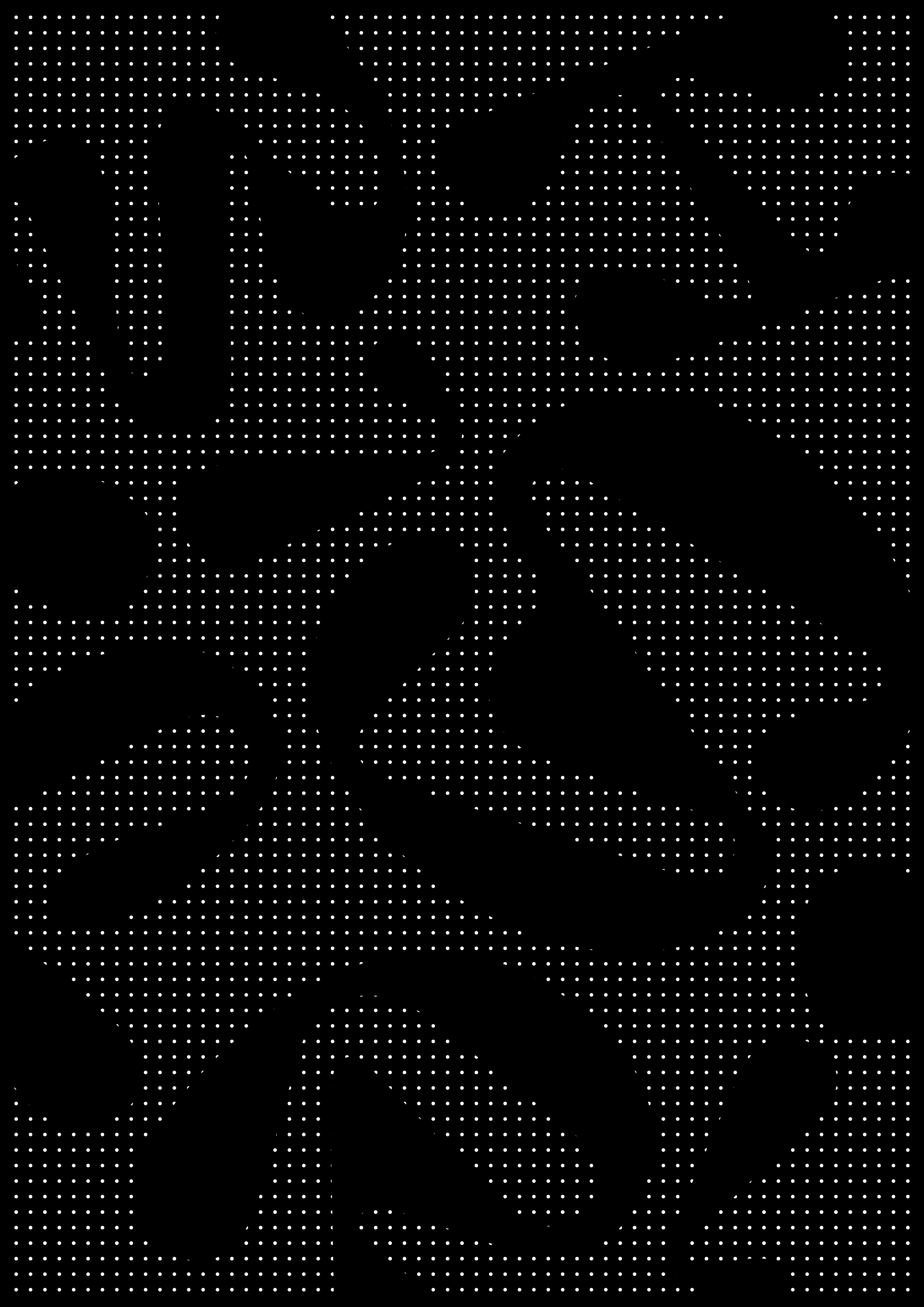
Annual Report – 2021

whispir

Whispir Limited
ABN 89 097 654 656

Change the way the world communicates



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Section 1.

Chairman's Letter

Dear Shareholder,

We exist to change the way the world communicates. In a rapidly changing world, effective and instant communication has never been more critical.

Globally, COVID-19 has forced many organisations to digitally transform and find new ways of engaging with their stakeholders. Our growth in FY21 demonstrates Whispir's ability to quickly meet the needs of our customers and the market.

The pandemic also challenged many businesses to scale their communications operations to adapt to a new environment. For Whispir, this allowed us to enhance our product and offering, as our customers developed new applications for our technology. During FY21, we added 171 net new customers, taking our total customer base to a record 801.

We continue to invest in our people to drive innovation, support our growing customer base, and progress our five-year growth plan. We have strong convictions in our team and strategy to fast-track our growth and we are motivated by the early indications of operating leverage emerging as we scale. Over the coming year, we will accelerate our data-led product roadmap and invest in sales and marketing opportunities that support customer growth and activation.

The Whispir Leadership Team remains focused on responsibly scaling our global presence and, in particular, the North American market. By investing in local talent, we are well-positioned to service local customers and expand our operations in North America. To complement our focus in this market, we have strengthened our Board with the appointment of international industry specialist Aled Miles as a US-based Non-Executive Director. His extensive knowledge of the North American SaaS sector is providing valuable insight for our go-to-market strategy.

On behalf of the Board, I'd like to thank our Founder and CEO Jeromy Wells and his senior leadership team, whose hard work and commitment underpin our strong FY21 results and the confidence we have in our future.

The past year's results would not be possible without the hard work and dedication of the entire Whispir team, who have supported our customers and channel partners while also dealing with the impact of the pandemic on their personal lives. We also thank our valued partners for your support and commitment this past year. We look forward to continuing working with you as we develop new growth opportunities.

Finally, I thank all our shareholders for their continued belief in our mission. We are excited and motivated by the opportunities that lie ahead and we look forward to delivering increasing value for all our stakeholders.

Brendan Fleiter
Chairman

Melbourne
21 October 2021

Section 2.

Chief Executive Officer's Report

Dear Shareholder,

The pandemic has emphasised the importance of digital communication and has accelerated the need for digital transformation. Whispir continues to meet the growing market demand for innovative products to solve complex communication challenges.

Whispir's second year as a listed Company has been positive, despite the challenges of the previous year. Our Annualised Recurring Revenue ('ARR') increased to $53.6 million, a 28.5% increase on FY20 and largely driven by existing customers expanding their use cases.

Revenue for FY21 was $47.7 million, an increase of 22% on FY20. This impressive revenue growth is a testament to our established position in the Australian and New Zealand markets. We continue to secure new blue-chip customers delivering important and contextually relevant information across multiple channels.

Our platform now services more than 801 customers, an increase of 27% on FY20.

Our low-code/no-code capability remains a key differentiator and means Whispir streamlines and simplifies our customers' operational processes. We have seen the application of Whispir's product evolve from event-driven or crisis response management into a multi-stakeholder engagement tool.

Our ability to demonstrate to both new and existing customers that Whispir can improve productivity and extract more value for their business will only continue to drive platform utilisation for years to come.

An example is the Department of Health and Human Services Victoria, one of the many State Health Departments across Australia utilising Whispir for end-to-end COVID-19 vaccine communication. Whispir is a trusted service provider in supporting the Department, across multiple use cases, including appointment confirmations and post-vaccination surveys. We work hard on optimising these communications as we continue to navigate our way through the pandemic.

Our experience within the Australian government sector is an important reference for targeting local municipalities within North America, a key target market. We have refreshed our go-to-market team in North America and have made investments in our people and capability to drive growth.

The local municipality of Oak Hill, Tennessee, is one such success story. Having signed up to streamline city maintenance, they have increased their use of Whispir to automate this service following positive citizen engagement. This simple idea of creating a space for citizens to report maintenance issues, and see them resolved, improves community engagement. Whispir's flexibility in driving engagement is evident in our sign-up of customers and revenue growth contribution generated by the team in North America.

Our business in Asia is key to revenue growth and our base in Singapore provides us with a geographical advantage to reach customers across Asia. Despite the challenges of COVID-19, we were able to activate new customers in this market, including FWD Insurance.

FWD Insurance is the fourth largest insurer in the Philippines, focused on simple, digitally-led products. Whispir's rich message communication workflows complete their digital approach and provide FWD customers with a personalised and frictionless experience.

Chief Executive Officer's Report (continued)

EBITDA for the year improved 15.1% on the prior corresponding year, with a loss of ($6.1) million compared to a ($7.3) million loss in FY20. This reflects the increasing operating leverage we are achieving, despite a slight tightening in gross margin due to an increasing number of low-margin, high-volume customers. The Company has a solid cash and equivalents balance of $49.2 million on 30 June 2021, supported by the capital raise in the third quarter of FY21. We enter FY22 in a strong financial position to invest in further growth.

Our momentum is building as the structural shifts towards digital stakeholder engagement, cloud-based software and faster innovation cycles continue across the globe. We've already delivered well over 11,000 use cases across 60 countries. Our customers are generally long-term and increase their platform use as we continue to support them in enhancing their communications.

We have a clear strategy for accelerating the product roadmap and investment in the development of new, innovative technologies to stay ahead of the curve. Whispir is building real, defensible intellectual property grounded in three key concepts of Prediction, Detection, and Automation.

We continue to deepen our competitive advantage and capitalise on growing demand by investing further in the capacity and capability of our people. We have hired sought-after technologists who have already boosted our product roadmap with next-generation AI models. Our Head of AI & Data, Fiona Milne, has utilised a growing dataset to deliver innovative tools that are empowering customers to produce smarter, more engaging communications.

During FY21 we strengthened the balance sheet with fresh capital to drive strategic growth across three areas: accelerating the product roadmap; driving customer growth in ANZ and Asia; and expansion in the substantial North American market.

Driving new and existing customer growth in ANZ and Asia remains a key focus and Whispir onboarded a diverse set of new customers including Worksafe New Zealand, Dulux, and Ubimet during the year. We continue to leverage channel partnerships with trusted brands such as Telstra – renewing our partner agreement for a further three years to the calendar year 2024 – and Amazon Web Services to cost-effectively acquire new customers.

Asia currently represents 14.1% of our total customer base – a figure we plan to increase over time as we grow our operations in the region through our digital-direct strategy, leveraging our channel partners and increasing points of presence via regional hubs.

New customers added during the year included OCBC Bank, one of Singapore's largest banks, and PropertyHub. We remain very confident in this market's appetite for digital investment and our platform's ability to facilitate cost-effective digital communications across the region.

Our largest opportunity is the North American market and we are well-positioned to increase investment and drive organic growth. We are motivated by the progress made during the year and the efficacy of our persona-led marketing strategy which saw our customer pipeline grow by 50% in Q4 FY21. We are focused on converting these customers while evolving our US culture and building even more capability in this market.

Chief Executive Officer's Report (continued)

We now have a team of over 200 employees servicing our growing, global client base and during FY21 we increased new hires across all areas, in particular product development and operations.

We remain committed to creating the best possible workplace for our people with a clear and purposeful approach to inclusion. Kerry Boys has been appointed as Head of Diversity and Inclusion to develop and drive Whispir's Diversity & Inclusion strategy, a key focus for FY22.

At Whispir, we seek to build and foster a diverse and inclusive team through equitable hiring and personal development, expanding our culture of belonging, leading by example, and maturing the Whispir platform to be inclusive and accessible to all. Our varying backgrounds, perspectives, and life experiences help us build strong connections with our customers and power innovation.

Thank you to all our staff for another excellent year. I would also like to thank our shareholders for supporting us as we evolve into a communications intelligence company and continue to build our customer base, market share, and revenues through FY22 and beyond.

Jeromy Wells
Founder and Chief Executive Officer
Executive Director

Melbourne
21 October 2021

Section 3.

Operational and Performance Metrics

$53.6m

FY20 – $41.7m
28.5% Growth YOY

Annual Recurring Revenue

$47.7m

FY20 – $39.1m
22.0% Growth YOY

Total Revenue

801

FY20 – 630
27.1% Growth YOY

Customers

$413m

FY20 – $379m
9.0% Growth on FY20

Lifetime Value of Customer Cohort

What does Whispir do?

Whispir is a global Software-as-a-Service (SaaS) company that helps its customers to modernise their business processes through enhanced stakeholder engagement.

Whispir offers a low-code/no-code software platform that simplifies the automation and management of communications at scale, without the need for IT expertise.

Founded in Australia in 2001, Whispir now services 801 enterprise customers across three regions who are using the platform to solve a broad range of business challenges, from operational coordination through to enhanced customer engagement and crisis management.

Designed to be used without IT expertise, Whispir's open architecture easily integrates with existing IT systems making it simple to use, adopt and implement.

The need for Whispir's platform is universal, servicing customers in almost every industry vertical, from banking and finance to education, healthcare and emergency communications providers.

Whispir's workflow tools are the foundation of its platform, allowing customers to automate manual business processes quickly and reliably with rules-based sequences. Featuring a drag-and-drop template builder, it enables users to monitor communications across all their workspaces, view responses in real time, and take action across any channel from SMS to email, voice, social, and web.

Chemist Warehouse

As a long-term customer, Chemist Warehouse has significantly increased their platform usage over the past few years.

They represent the largest and most recognised pharmacy retailer in Australia. Chemist Warehouse implemented Whispir with one use case in 2016 and has since grown to six use cases. This includes their successful utilisation of the Whispir platform in rolling out their ePrescription model and COVID-19 communications.

As the company fast-tracks its digitisation, we assist them in enhancing the customer experience through:

- contactless click & collect
- automating operational processes

The pandemic has accelerated the need for digital transformation, in particular contactless, digitised services for organisations.

Whispir is well positioned to support this dynamic and to support our customers in providing a seamless user experience to their consumer base.

Over the last 18 months we've seen customers compress years-long digital transformation into days and weeks in order to pivot and adapt.

Chemist Warehouse

A land and expand customer

Chemist Warehouse implemented Whispir with one use case, which has now grown to six use cases including ePrescriptions and COVID-19 vaccination communications.

Using Whispir, Chemist Warehouse has enhanced the customer experience through frictionless online sales, contactless click and collect services and automating operational processes.

- **2016** — Whispir engaged to facilitate ‘Click and Collect’ notifications across Australia and New Zealand
- **2019** — IT incident notification use case created to streamline and enhance IT maintenance across all retail stores
- **2020** — In-Store pick-up notification use case to align with COVID safety protocols
- **2021** — ePrescription service goes live with COVID vaccination booking, confirmation and reminders rolled out in June

Brian Oakley, Ph.D.
Product Analyst

"It's clear that online communication is changing drastically. My team plays a part in ensuring the changes will benefit humanity, rather than degrade it, by applying scientific methods to problem-solving and strategy at Whispir."

Maria Beatriz Adversalo
Chief Information Officer
Malayan Insurance

"At Malayan Insurance, we needed to target our customers on a granular level, for a quick and caring experience. Whispir's advanced 'turn key' solution didn't require heavy integration with our existing systems and eliminated the need for a costly digital app. Thanks to Whispir, we can engage with our customers on a personal level, and the wider market, to respond in real-time."

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 people, research & development with a five-year product roadmap that will utilise intelligence-based datasets to enrich and enhance customer contact information.

In our evolution to a communications intelligence company, Whispir is harnessing future communications trends where the power will shift from managing channels and outputs to enhancing engagement rates through AI and machine learning.

AI and machine learning capability infuses prediction, detection and automation features throughout the Whispir 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. Detection is about seeing something as it happens and helping customers to avoid making mistakes. Increased automation – via setup of accounts, onboarding, and message sending and receiving – will enable Whispir's customers to extract value faster.

Through an ongoing feedback loop with our customers, new functionality under focus in FY21 included:

- Message type predictor (84% accuracy)
- Tone of voice analyser (94% accuracy)
- Engagement score to measure engagement levels across all channels for each message sent out

Whispir continues to deepen our competitive moat with data insights that serve to enhance messaging value for our customers.

Building world class capability

We have built a strong leadership team to support our talented staff in driving innovation, and generating positive customer experiences.

We have made some key changes to support our growth and commitment in becoming a communications intelligence company, including appointing:

- Chris Regan, Chief People Officer
- Patrick Armitage, Global Chief Marketing Officer
- Kerry Boys, Head of Diversity and Inclusion
- Fiona Milne, Head of Data and AI

As a company that's committed to creating a workplace that's inclusive for all, FY21 marked the first of many Women of Whispir events – led by our Head of Diversity & Inclusion, Kerry Boys – with the aim of connecting an incredible global network of women to support one another in overcoming barriers due to gender inequities.

Whispir is also proud to be sponsoring Grad Girls in 2021, a 1-year pathway program run by Vic ICT for Women and focuses on supporting women in STEM and actively working to change this gender diversity gap.

Kerry Boys
Head of Diversity and Inclusion

"Diversity and inclusion drives innovation and growth. That doesn't happen by accident though - it takes effort and focus. Whispir has made this an absolute priority. Already this year we have worked with our entire business to jointly create a Diversity & Inclusion strategy. We are constantly looking for ways to improve our processes and evolve our conversations around how we can create a work environment that encompasses and values all individuals. We know that it takes work, but it's work well worth doing."

Chris Regan

Chief People Officer

Chris is an experienced People and Culture leader with expertise in fast-growth businesses, SaaS, Technology, and Financial Services. Having built HR functions from the ground up and supporting the journey from startup to scaling business, Chris brings this valued approach to the Whispir team.

Patrick Armitage

Global Chief Marketing Officer

Patrick has almost 20 years of experience in strategic marketing and growth for global companies, SMEs, and startups across London and North America. Having worked with investors, sales, marketing teams, and c-suite leadership, he brings a wealth of knowledge and expertise to Whispir.

Kerry Boys

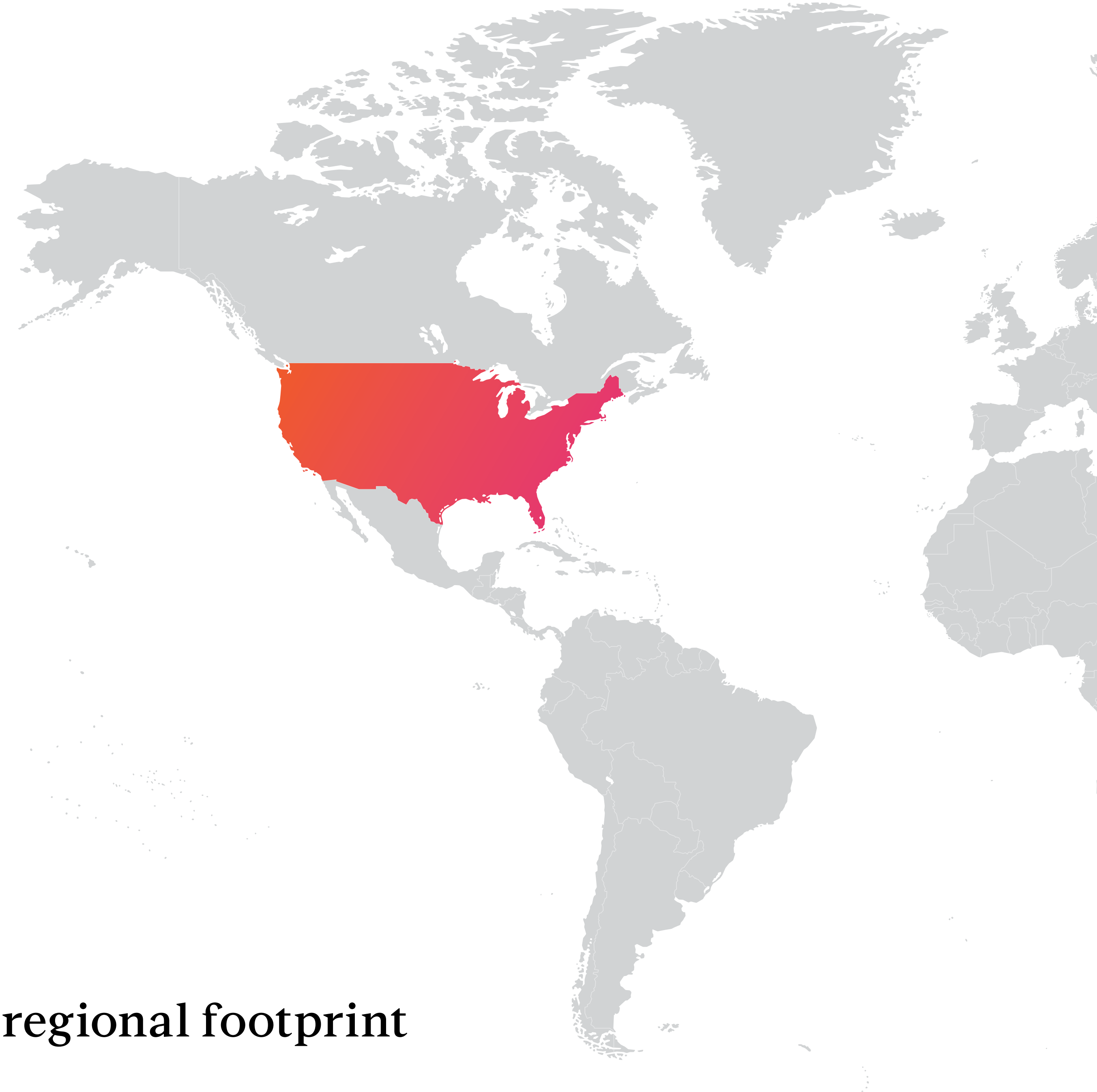
Head of Diversity and Inclusion

Kerry has 16 years of experience in corporate business & marketing strategy, with a focus on supporting leaders in embedding social impact strategies into their organisations. As Head of Diversity and Inclusion, she is driving positive change within the business, leading the Diversity and Inclusion strategy at Whispir.

Fiona Milne

Head of Data and AI

Fiona has almost 16 years of experience in data science, machine learning, and AI, having worked for Eliiza, Unlockd and MYOB, amongst others. She pioneers and drives innovation at Whispir, using her depth of experience to create the best products for Whispir customers.



Our regional footprint

ANZ

ANZ remains the most significant market for Whispir with 83% of total group revenue in FY21.

- ANZ delivered $39.7 million or 29% growth over FY20.
- We onboarded 107 net new customers in FY21, taking total ANZ customers to 641.
- Increasing use-case adoption by our existing enterprise customers, particularly across the Government and Healthcare industries, are key drivers of this revenue result.

Asia

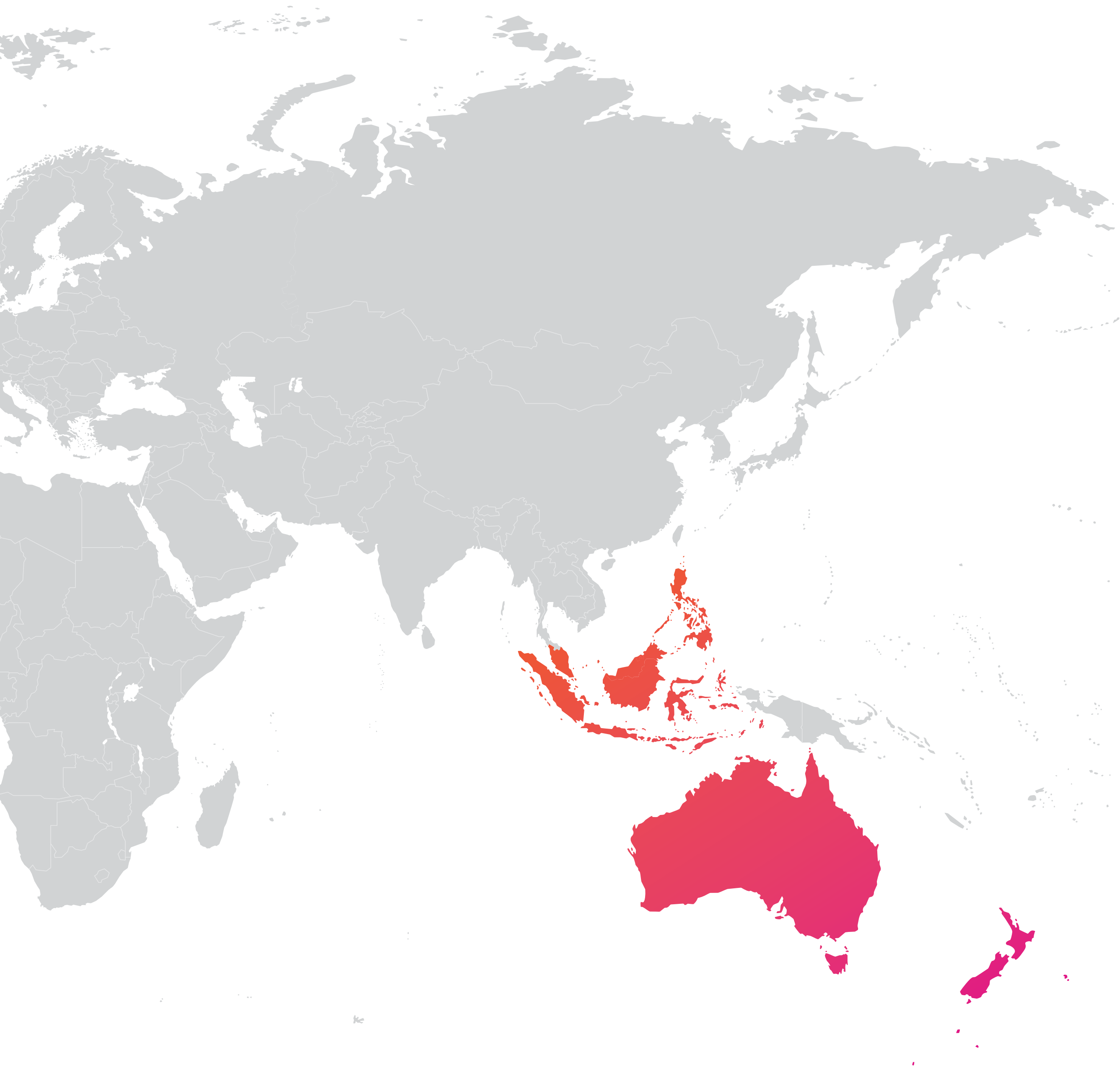
A resurgence of COVID-19 resulted in a short-term revenue deferral from new and existing customers in Asia.

- We added 46 net new customers in FY21 – an increase of 360% on FY20 – taking total customers in the region to 124.
- COVID-19 impacted existing customer's activities as customers juggled competing priorities and held off activating campaigns until vaccination rates are at 80%.
- Distribution in Asia is dominated by our direct channels, while we also partner with established local brands to cost-effectively acquire new customers.

North America

North America presents our greatest opportunity and we have a strong product market fit in the underserved SME and SMB sectors, where our low-code/no-code capability is well placed to meet customer needs.

- The US currently represents less than 5% of Whispir's group revenue.
- We are focused on sustainably increasing our footprint within this market where our biggest opportunity exists.
- North American revenue was $1.3 million in FY21, declining from $1.5 million in FY20.



New Customers

Dulux
UBIMET WEATHER MATTERS
BEL USA
FPI
OCBC Bank
DefendEdge
KOODI

Growth Customers

agl
FEPOC
BHP
accenture
AIA
Southern

Channel Partners

IBM
VONAGE
aws
JUVARE
carahsoft
8x8
indosat ooredoo

Section 4.

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 2021.

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
Sarah Morgan
Sara La Mela
Aled Miles – Appointed 1 December 2020
Shane Chesson – Resigned 6 November 2020

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, relevant and contextual conversations between people and organisations, wherever they are. The Group currently has more than 800 customers using its software to improve their business communications through automated workflows.

Operating and financial review

The loss for the Group after providing for income tax and non-controlling interest amounted to $9.7 million for the year ended 30 June 2021 ('FY21') (30 June 2020 ('FY20'): $9.9 million).

In FY21 the Group continued to build upon the success of FY20 despite the continuing complex market environment caused by the pandemic. The Group finished the year with 801 customers, 27% growth over FY20 and Annualised Recurring Revenue ('ARR') of $53.6million representing an increase of 29% year on year ('YOY'). This growth in customer numbers, as well as increased transactions and use cases by existing customers resulted in revenue increasing by 22% YOY. The revenue growth was underpinned by a strong performance in Australia and New Zealand while Asia was adversely impacted by the pandemic which delayed new customer activations. The North American go-to-market strategy, implemented in November 2020, demonstrated customer wins in line with the persona customer strategy but was not expected to contribute to revenue growth in FY21.

Following the successful capital raise in March 2021, Whispir increased its investment in various initiatives to drive its longer-term strategic objectives including additional resources and go-to-market initiatives in North America, as well as additional research and development spend to accelerate the product development roadmap. The Group remains in a strong position to execute on its strategy with $49.2 million in cash at 30 June 2021:

	2021 $'000	2020 $'000	Change $'000	Change %
Software revenue	46,275	37,361	8,914	24%
Total revenue	47,731	39,095	8,636	22%
Gross profit	28,558	24,325	4,233	17%
Gross margin %	60%	62%	-	(2%)
Net loss after interest and tax	(9,654)	(9,874)	220	2%

FY21 revenue increased 22% on the prior year to $47.7 million. Revenue growth is underpinned by the onboarding of new customers driven by the demand for digital transformation solutions and increasing demand for communications software services within the existing customer cohort.

New revenue growth was driven by 171 net new customers, which increased the total customer base to 801 as of 30 June 2021. Strong customer growth was experienced across all regions. Revenue from existing customers increased due to low customer churn, higher platform utilisation, and additional use cases. Customer revenue retention of 116% was supported by long standing enterprise customers. Both new and existing customers contributed to strong growth in recurring software revenue with ARR increasing 27% over the corresponding period to $53.6 million.

The Group operates in three reporting segments – ANZ, Asia and North America.

FY20 and FY21 revenue by segment comprised:

	2021 $'000	2020 $'000	Change $'000	Change %
Australia & New Zealand	39,695	30,829	8,866	29%
Asia	6,714	6,756	(42)	(1%)
North America	1,322	1,510	(188)	(12%)
Total	47,731	39,095	8,636	22%

ANZ continues to be the strongest region for the Group, increasing to 83% of total Group revenue and increasing 29% YOY. The flat performance of the Asian segment reflects the challenge of driving growth in a COVID-19 constrained environment. However, the business has remained resilient in response to working with new and existing customers and sales were still strong in the region, particularly in the second half of the year. The North American revenue reduction is reflective of a strategic pivot to target the underserved SME market, with momentum expected in the second half of FY22 on the back of increasing customer numbers. Refer to Note 4 to the financial statements for further information on the operating segments.

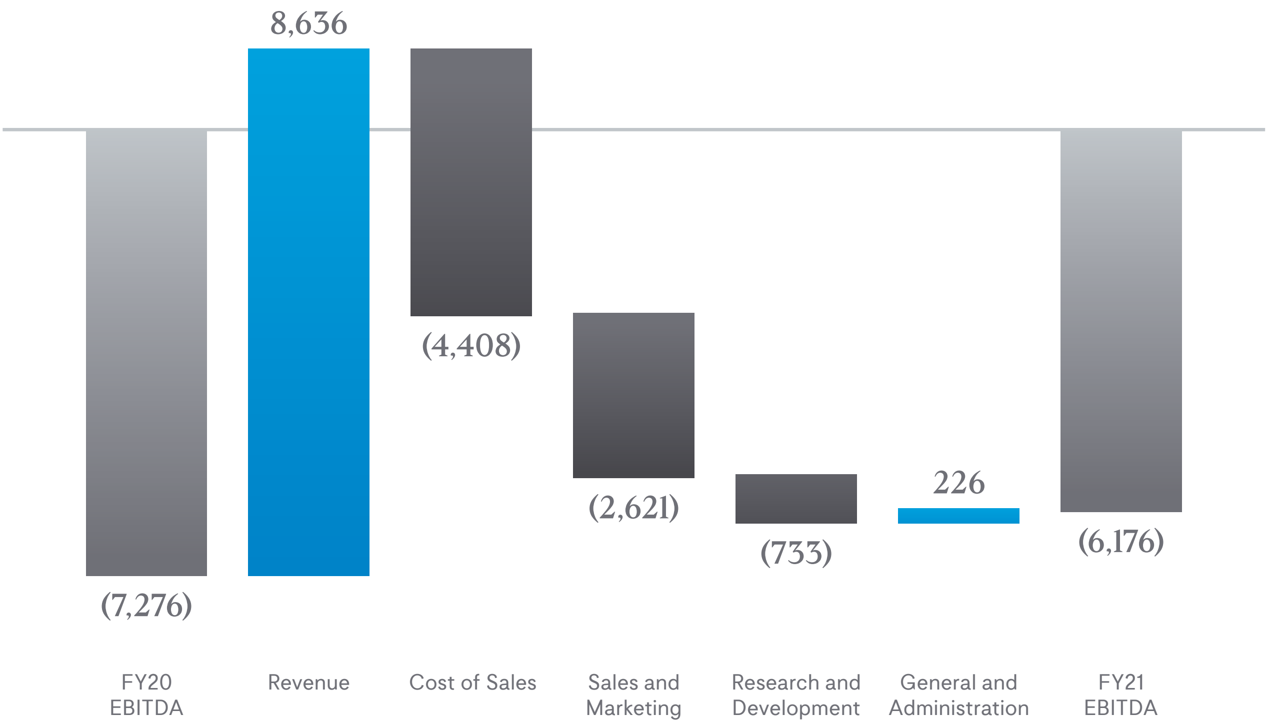
EBITDA is a key earning measure considered by management in operating the business. This non-IFRS financial information, not subject to audit, has been extracted from the financial statements, which has been subject to audit by the external auditors.

Reconciliation of net loss after interest and tax to EBITDA

	2021 $'000	2020 $'000	Change $'000	Change %
Net loss after interest and tax	(9,654)	(9,874)	220	2%
Add: Income tax expense	112	-	112	n/a
Add: Net finance costs	272	304	(32)	(11%)
Add: Depreciation and amortisation*	3,094	2,294	800	35%
EBITDA	(6,176)	(7,276)	1,100	15%
Add: Non-cash share-based payment expenses	1,523	1,638	(115)	(7%)
EBITDA: excluding non-cash share-based payment expenses	(4,653)	(5,638)	985	17%

*Amortisation of contract acquisition costs are included in sales and marketing and are not added back.

Reconciliation of FY21 EBITDA ($'000)



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

Cost of service increased by $4.4 million YOY representing a gross margin of 60% (FY20: 62%). The decline reflects increased transaction volumes and associated additional costs, as well as additional investment in customer support teams to prepare for future growth.

Sales and marketing expenses include commissions paid to channel partners, corporate branding expenses, and customer account management, including renewals and new customer acquisition costs. The increase in costs reflects the investment in strategic market expansion into all regions with specific allocation to North America and Asia.

Investment in research and development ('R&D') remains a key objective of the Group with investment increasing 14% in FY21 or $1.2 million YOY. Investment in R&D delivered outcomes supporting the strategic imperatives of prediction, detection and automation. The Group focused on the accelerated five-year product roadmap released in FY20. 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.

	2021 $'000	2020 $'000	Change %
Research and development - EBITDA basis	4,982	4,249	17%
Development cost - capitalised	5,044	4,539	11%
Total research and development cost	10,026	8,788	14%

The reduction in general and administration costs of $0.7 million or 5% YOY reflects expense management across the year, and travel restrictions imposed by COVID-19.

Significant changes in the state of affairs

COVID-19

Whispir remained well equipped to manage remote working conditions due to COVID-19 physical distancing restrictions. The technology infrastructure, strong team culture and improved team dynamics ensured the transition to working from home 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 deliver sales during this period. A second half resurgence of COVID-19 in Asia resulted in a delay in new customer revenue activations, delaying revenue growth in the region.

The Group continues to monitor the global economic impact of COVID-19 across the geographical business segments and its customer base.

Capital Raise

In March 2021 the Group successfully completed a capital raising which included a $45.3 million institutional placement and a share purchase plan of $0.6 million.

The capital raising strengthens the Group's financial position and liquidity, and positions the Group to capitalise on the expansion strategies of accelerating the product roadmap and customer growth objectives. The funds are allocated to the North American market expansion, acceleration of the product roadmap, securing new and existing customer growth in Asia, Australia and New Zealand, and strengthening the balance sheet.

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

No other matter or circumstance has arisen since 30 June 2021 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 and investing in capability.

Growth is being driven by:

- accelerating the product roadmap, enhancing platform functionality and the development of higher margin products;
- driving new and existing customer growth in ANZ and Asia, by increasing the utilisation of existing customers and harnessing digital transformation trends to generate new growth; and
- the North American market expansion, the Group's largest market opportunity, via a focused, persona led market strategy.

Acceleration of capability is being delivered through increased investment into:

- engineering; to increase product development capability;
- operations and support; to improve performance and reliability;
- security; to safeguard the platform and protect existing and future customers;
- on-boarding initiatives; to secure high trial conversion rates;
- development of new messaging channels; and
- data science and mathematics expertise to bring artificial intelligence and machine learning programs to market.

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;
- exposure to new geographic regions and the risks associated with doing business in these regions, including 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. 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 Group Limited (ASX:GFY).
Other current directorships:	None
Former directorships (last 3 years):	Godfreys Group Limited (ASX:GFY) from November 2014 to May 2018.
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:	70,000

Name:	**Jeromy Wells**
Title:	Chief Executive Officer ('CEO') and Executive Director
Qualifications:	Jeromy holds a Bachelor of Architecture (Hons) from RMIT University.
Experience and expertise:	Jeromy is the co-founder of Whispir with 20 years of experience in the business. Jeromy began his career as an architect in Melbourne, before turning to 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:	12,062,170
Interests in options:	920,520
Interests in rights:	634,209

Name:	**Sarah Morgan**
Title:	Non-executive Director
Qualifications:	Sarah holds a Bachelor of Engineering (Hons) and a Master of Business Administration ('MBA') from the University of Melbourne, a Post Graduate Diploma in Contemporary Art from the University of Manchester 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. Sarah is also a Non-Executive Director of Skalata Ventures, a seed venture fund manager.
Other current directorships:	Adslot (ASX:ADS) from January 2015, Future Generation Global Investment Company (ASX:FGG) from July 2015 and Nitro Software (ASX:NTO) from November 2019.
Former directorships (last 3 years):	Hansen Technologies (ASX:HSN) from October 2014 to December 2019.
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

Information on directors

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:	Damstra Technology (ASX:DTC) from October 2020.
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

Name:	**Aled Miles**
Title:	Non-executive Director
Appointed:	1 December 2020
Qualifications:	Aled holds a Bachelor of Arts from St. Mary's University, London.
Experience and expertise:	Aled is a highly credentialed North American executive with more than 30 years' experience in the US and UK technology sectors, including over 20 years at Symantec. He was previously CEO of Telesign which was sold to BICS for $300m and is currently the President, Chief Executive and Executive Director of Sauce Labs, an automated testing business for mobile and web applications. Aled is also active in a range of private and not for profit businesses including Sapien, a leading Australian cyber security business.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	Nil

Name:	**Shane Chesson**
Title:	Non-executive Director
Resigned:	6 November 2020
Qualifications:	Shane holds a Bachelor of Laws and Commerce from the University of Western Australia, and an 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:	Nil

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, 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 2021, 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	2	2	4	4
Jeromy Wells	10	10	-	-	-	-
Shane Chesson	3	3	1	2	-	-
Aled Miles	7	7	-	-	-	-
Sarah Morgan	10	10	2	2	4	4
Sara La Mela	10	10	-	-	4	4

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 1,495,726 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 $0.34.

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 477,957 ordinary shares of Whispir Limited issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report. The shares were issued at a weighted average exercise price of $0.26.

Shares under performance rights

There were 1,765,540 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 345,196 ordinary shares of Whispir Limited issued on the exercise of performance rights during the year ended 30 June 2021 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.

	2021 $	2020 $
Non-audit services fees paid or payable to Ernst & Young:		
Employee Share Scheme	-	5,000
Total non-audit service fees	**-**	**5,000**

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

The directors are of the opinion that the services as disclosed in Note 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.

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
25 August 2021

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 executives 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 2021 ('FY21')
8. Other transactions with KMP

1. Persons covered in this remuneration report

Non-executive Directors	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. Resigned 6 November 2020
Aled Miles	Non-executive Director, appointed on 1 Dec 2020

Executive KMP	Role
Tobi Brix	Chief Operating Officer ('COO'), appointed on 1 August 2018
Justin Owen	Chief Financial Officer ('CFO') appointed on 3 June 2020, resigned 7 April 2021 with effect 6 August 2021, providing 4 months' notice as per contractual terms
Gareth Roberts	Chief Financial Officer ('CFO'), appointed on 19 October 2015, resigned 2 June 2020. Continued as a consultant until 30 September 2020 and not considered as KMP from 2 June 2020 or in the FY21 financial year

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) and Sarah Morgan of which both are considered independent. While membership is less than three members, maintaining the independent position ensures the integrity and independence of the committee. The Board has considered the current membership and has deemed that it is practicable given the size and composition of the Board.

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. The board is satisfied that the recommendations provided are free from undue influence by the members of the KMP to which the recommendation relates.

During the financial year AON provided services pertaining to the preparation of the relative total shareholder return peer group for the executive LTI plan. The consideration payable for the recommendation totalled $5,000.

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 2020 general meeting, which is currently fixed at $600,000 per annum.

Non-Executive Director fees	Base Director fee $	Committee Chair fee $	Total fee $
Brendan Fleiter	170,000	15,000	185,000
Sarah Morgan	85,000	15,000	100,000
Sara La Mela	85,000	-	85,000
Aled Miles	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 fees:	Base Director fee $	Committee Chair fee $	Total fee $
Shane Chesson	85,000	-	85,000

*Shane Chesson resigned on the 6 November 2020. Pro-rated remuneration is disclosed in section 7.

Movement in non-executive director performance rights

There were no options or rights issued or issuable to non-executive directors during the reporting period.

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

Name	Balance 1 July 2020	Granted during the reporting period	Exercised during the reporting period	Balance 30 June 2021	Vested during the reporting period	Vested and exercisable 30 June 2021	Vested but not exercisable 30 June 2021
Brendan Fleiter	70,000	-	-	70,000	17,500	52,500	-
Sarah Morgan	35,000	-	-	35,000	8,750	26,250	-
Sara La Mela	35,000	-	-	35,000	8,750	26,250	-
Total	140,000	-	-	**140,000**	**35,000**	**105,000**	-

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
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 regarding 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 North America, 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

Name and Role	Effective date	Annual fixed remuneration FY21 (SGD)	Annual fixed remuneration FY21 ($)*
Jeromy Wells, CEO*	1/07/2021	556,416	553,306
Tobi Brix, COO*	1/07/2021	400,000	397,765

*Converted at a daily-weighted 1-year average FX rate of 1.00562.

Name and Role	Effective date	Annual fixed remuneration FY21 (AUD)	Annual fixed remuneration FY21 ($)
Justin Owen, CFO	1/07/2021	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. Targets were assessed and established by the Nominations and Remuneration Committee, in line with the remuneration principles outlined in section 2.

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:

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

(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 are granted at the beginning of each year and 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 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 TSR for the Group and comparator companies is measured over three financial years (e.g. 1 July 2020 to 30 June 2023 for the FY21 grant).

The comparator companies for the FY21 grant are as follows:

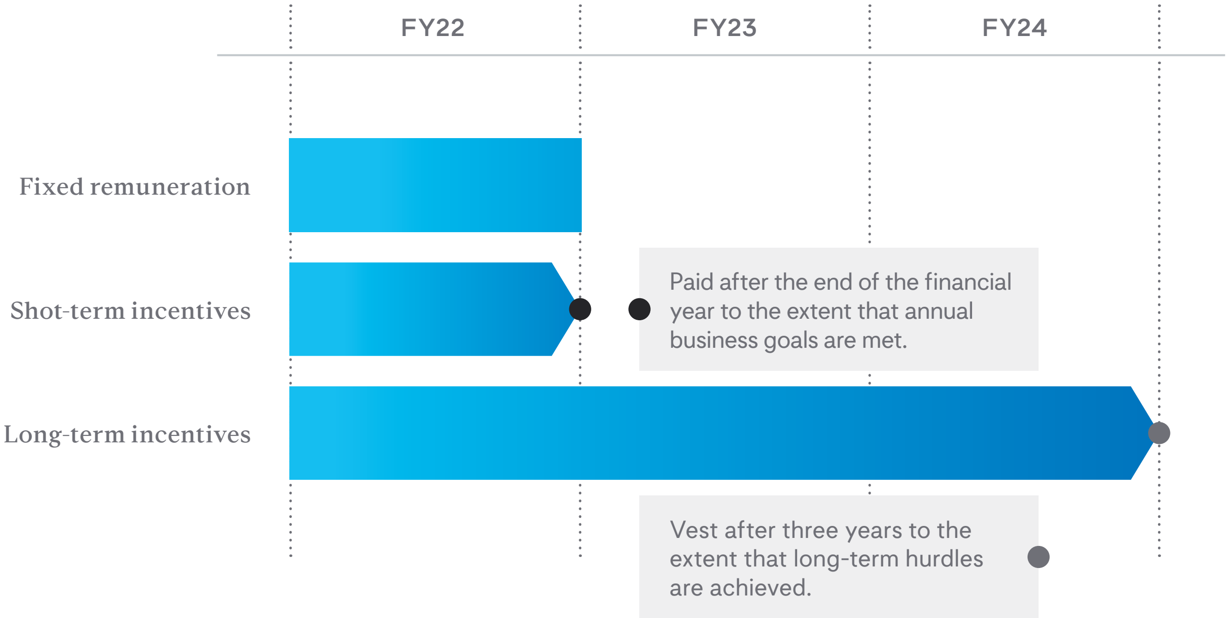
Life360, Inc.	**Objective Corporation Limited**	**Bravura Solutions Limited**
Elmo Software Limited	**WiseTech Global Limited**	**Integrated Research Limited**
Nearmap Ltd	**Bigtincan Holdings Limited**	**Praemium Limited**
Technology One Limited	**IRESS Limited**	**Class Limited**
BidEnergy Limited	**Over the Wire Holdings Limited**	**LiveHire Limited**
Hansen Technologies Limited	**Xero Limited**	**ReadyTech Holdings Limited**
Reckon Limited	**LiveTiles Limited**	**Dubber Corporation Limited**

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').

Name and 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

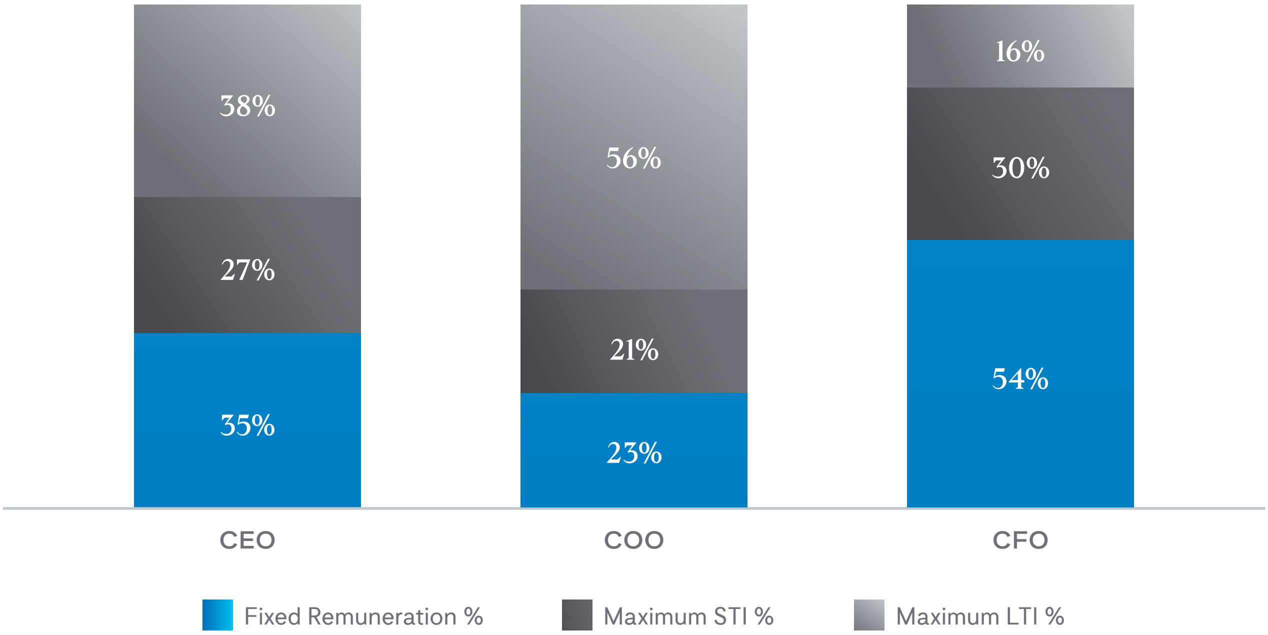
The following chart shows the timeline of various components of remuneration. Executives will realise the full value of their annual remuneration only if 3-year performance targets as determined by the Board are achieved.



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.

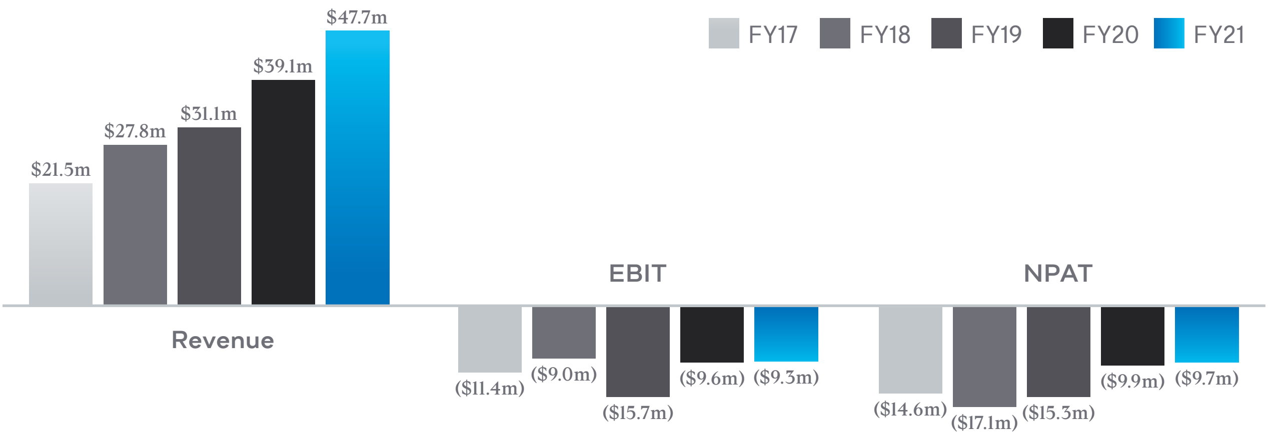
KMP Maximum Remuneration Mix - FY21



5.2 Financial performance

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

Whispir 5 Year Financial Performance



Share Price

5.3 Short-term incentive ('STI')

5.3.1. FY21 STI outcomes for KMP

At the beginning of FY21 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 FY21, the maximum STI they could earn was capped at this target amount. Performance measures and targets are set at levels in line with the groups mid term plan.

The following tables detail the FY21 STI performance outcomes for Whispir's KMPs:

FY21 STI Performance Outcomes

Name and Role	Target STI FY21	Actual STI FY21	Actual STI as % of Target
Jeromy Wells, CEO*	276,653	264,674	96%
Tobi Brix, COO*	248,603	251,644	101%
Justin Owen, CFO	120,000	100,291	84%
Total	**645,256**	**616,609**	-

*These amounts were set and paid using SGD. They have been converted to AUD using a daily-weighted 1-year average FX rate of 1.00562.

FY21 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 Threshold
ACV (New and Growth)	20%	Exceeded Target
EBIT	20%	Exceeded Target
Engagement	10%	Exceeded Threshold
Staff attrition	10%	Not achieved

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

Revenue	30%	Exceeded Threshold
US Revenue	10%	Not achieved
ACV (New and Growth)	20%	Exceeded Target
EBIT	20%	Exceeded Target
Product Roadmap	20%	Achieved Target

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

Revenue	40%	Exceeded Threshold
Gross Margin	25%	Exceeded Threshold
EBIT	25%	Exceeded Target
Engagement	10%	Not achieved

5.3.2. FY22 STI plan

As in FY21, the FY22 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 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.

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

Revenue	50%
ACV (New and Growth)	20%
EBITDA excluding non-cash share-based payments	20%
Engagement	10%

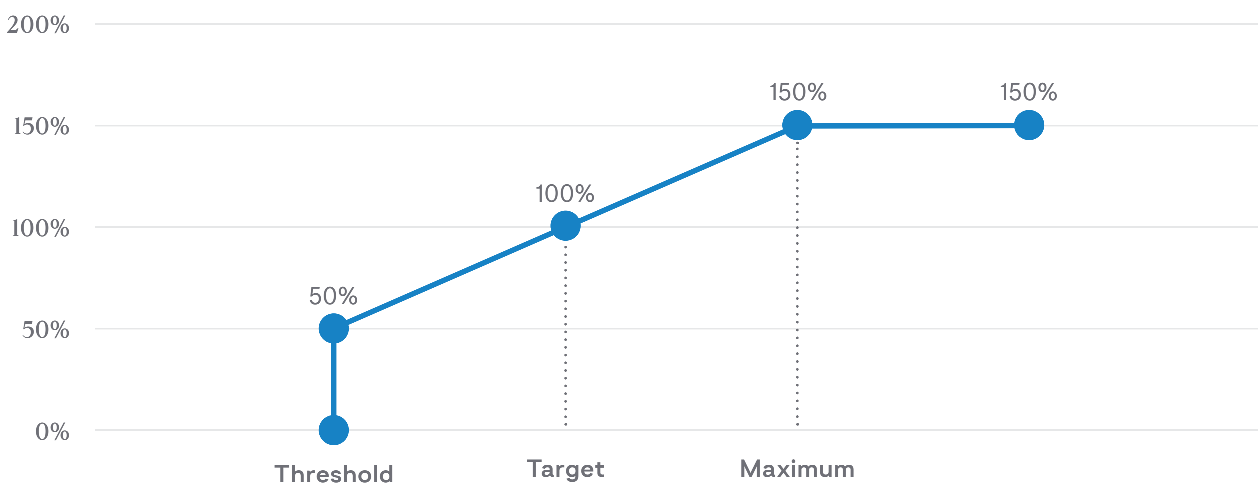
The COO's STI will be paid based on Whispir's performance on the following key performance metrics:

Revenue	30%
US Revenue	15%
ACV (New and Growth)	20%
Product Roadmap	35%

The determination of the CFO STI remains in progress and will be implemented in conjunction with the recruitment process and onboarding of the new CFO.

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 37 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 executives are 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 PRP 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 performance rights

Performance rights 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 FY21 to satisfy the contractual entitlement to LTI. FY21 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 vest on 30 June 2023.

Performance conditions are split equally with 50% attached to revenue compound annual growth rate 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 (CAGR) of 20% to vest where awards will vest in full for performance at or above a three-year CAGR of 35%.

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

Name	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	23/11/2020	18/12/2035	30/06/2023	221,506	$3.37 for non-market $2.46 for market	645,690
Tobias Brix	23/11/2020	18/12/2035	30/06/2023	370,548	$3.37 for non-market $2.46 for market	1,080,147
Justin Owen	23/11/2020	18/12/2035	30/06/2023	35,716	$3.37 for non-market $2.46 for market	104,112

5.4.2 Options Awarded, vested, exercised, cancelled and lapsed

There were no employee options granted to KMP in FY21. The number and value of outstanding options granted to KMP is set out below:

2021 Option holdings of KMP

Name	Balance 1 July 2020	Granted during the reporting period	Exercised during the reporting period	Lapsed during the reporting period	Balance 30 June 2021	Vested and exercisable 30 June 2021	Vested but not exercisable 30 June 2021
Jeromy Wells	920,520	-	-	-	920,520	776,089	-

2021 Performance rights holdings of KMP

Name	Balance 1 July 2020	Granted during the reporting period	Exercised during the reporting period	Lapsed during the reporting period	Balance 30 June 2021	Vested and exercisable 30 June 2021	Vested but not exercisable 30 June 2021
Jeromy Wells	412,703	221,506	-	-	634,209	-	-
Tobias Brix	690,392	370,548	345,196	-	715,744	-	-
Justin Owen	-	35,716	-	35,716	-	-	-
Total	**1,103,095**	**627,770**	**345,196**	**35,716**	**1,349,953**	**-**	**-**

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:

2021 Movement in Shares

	Balance at 1 Jul 2020	Shares issued in FY21 upon exercise of vested options or rights	Addition of shares	Disposal of shares	Balance at 30 June 2021
Ordinary shares					
Brendan Fleiter, Non-executive Director	250,000	-	-	-	250,000
Sarah Morgan, Non-executive Director	53,125	-	-	-	53,125
Aled Miles, Non-executive Director	-	-	-	-	-
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	-	-	(3,296,850)	12,062,170
Tobi Brix, COO	659,866	345,196	-	(450,000)	555,062
Justin Owen, CFO**	-	-	9,186	-	9,186
	25,177,308	**345,196**	**9,186**	**(12,592,772)**	**12,938,918**

* Shane Chesson's shares are held by OSV Hush Holdings Pte Ltd (Openspace Ventures)
** Shares purchased on market
*** 2,296,850 shares in Whispir held by Wells Family Holding Company No. 2 Pty Ltd ('WFHC2') had been financed by a third party unrelated to Jeromy Wells. The third party elected to convert its debt to equity in WFHC2 on 9 September 2020 at which point Jeromy Wells no longer held an interest in these shares.

7. KMP statutory remuneration details for the year ended 30 June 2021

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).

2021 KMP Statutory Remuneration Details

	Short Term				Share Based Payments			Post-Employment		
	Base salary $	Benefits* $	Other Benefits** $	STI $	NED Performance Rights $	LTI Performance Rights $	LTI Options $	Super/CPF $	Total $	Performance Related $
Non-Executive Directors:										
Brendan Fleiter	168,950	-	308	-	25,855	-	-	16,050	211,163	12%
Aled Miles	28,333	-	-	-	-	-	-	-	28,333	0%
Sarah Morgan	91,324	-	328	-	12,927	-	-	8,676	113,255	11%
Sara La Mela	77,626	-	347	-	12,927	-	-	7,374	98,274	13%
Shane Chesson	29,692	-	-	-	-	-	-	-	29,692	0%
Executive Directors:										
Jeromy Wells	553,619	6,960	50,304	264,674	-	272,833	220,669	-	1,369,059	55%
Other KMP:										
Tobi Brix	386,399	-	29,722	251,644	-	606,295	-	16,881	1,290,941	66%
Justin Owen***	304,375	-	23,182	100,291	-	-	-	25,625	453,473	22%
Totals	**1,640,318**	**6,960**	**104,191**	**616,609**	**51,709**	**879,128**	**220,669**	**74,606**	**3,594,190**	-

* Provision of car parking facilities
** Other benefits include accrual of annual leave, long service leave entitlements and working from home allowance
*** Resigned 7 April 2021

2020 KMP Statutory Remuneration Details

	Short Term					Share Based Payments			Post-Employment		
	Base salary $	Benefits** $	Other Benefits*** $	STI $	IPO Listing Bonus**** $	NED Performance Rights $	LTI Performance Rights $	LTI Options $	Super/CPF $	Total $	Performance Related $
Non-Executive Directors:											
Brendan Fleiter	168,950	-	-	-	-	74,691	-	-	16,050	259,691	29%
Sarah Morgan	91,324	-	-	-	-	37,345	-	-	8,676	137,345	27%
Sara La Mela	77,625	-	-	-	-	37,345	-	-	7,375	122,345	31%
Shane Chesson	85,000	-	-	-	-	-	-	-	-	85,000	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	-	12,666	211,929	-	-	214,639	-	19,256	889,280	48%
Justin Owen*	22,831	-	2,363	-	-	-	-	-	2,169	27,363	0%
Totals	**1,898,448**	**6,960**	**38,023**	**752,303**	**749,057**	**149,381**	**301,475**	**785,025**	**53,526**	**4,734,198**	-

* Appointed on 3 June 2020, resigned 7 April 2021 providing 4 months notice as per employment contract
** Relates to provision of car parking facilities
*** Other benefits include accrual of annual leave and long service leave entitlements
**** Final IPO listing bonus was subject to and approved by shareholder vote at the 20 November 2019 AGM

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
25 August 2021

Section 5.

Auditor’s Independence Declaration

Building a better working world

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Auditor's Independence Declaration to the Directors of Whispir Limited

As lead auditor for the audit of the financial report of Whispir Limited for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

Ernst & Young

David McGregor
Partner
25 August 2021

Section 6.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Note	Consolidated 2021 $'000	2020 $'000
Revenue			
Software revenue		46,275	37,361
Professional services revenue		1,456	1,734
Total revenue	**5**	**47,731**	**39,095**
Cost of services		(19,173)	(14,770)
Gross profit		**28,558**	**24,325**
Interest revenue		185	231
Expenses			
Sales and marketing		(17,151)	(14,386)
Research and development		(7,564)	(5,909)
General and administration		(12,923)	(13,628)
Expected credit loss		(190)	28
Finance costs		(457)	(535)
Total expenses	**6**	**(38,285)**	**(34,430)**
Loss before income tax expense		**(9,542)**	**(9,874)**
Income tax expense	**7**	(112)	-
Loss after income tax expense for the year attributable to the owners of Whispir Limited		**(9,654)**	**(9,874)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(12)	69
Other comprehensive income for the year, net of tax		(12)	69
Total comprehensive income for the year attributable to the owners of Whispir Limited		**(9,666)**	**(9,805)**
Loss for the year is attributable to:			
Owners of Whispir Limited		(9,654)	(9,874)
		(9,654)	**(9,874)**
Total comprehensive income for the year is attributable to:			
Owners of Whispir Limited		(9,666)	(9,805)
		(9,666)	**(9,805)**
		Cents	**Cents**
Basic earnings per share	**30**	(8.93)	(9.53)
Diluted earnings per share	**30**	(8.93)	(9.53)

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

Section 7.

Statement of Financial Position

As at 30 June 2021

	Note	Consolidated 2021 $'000	2020 $'000
Assets			
Current assets			
Cash and cash equivalents	8	49,173	15,217
Trade and other receivables	9	6,511	5,544
Prepayments		1,700	1,267
Contract acquisition costs	10	2,324	2,448
Interest bearing assets		649	502
Total current assets		**60,357**	**24,978**
Non-current assets			
Property, plant and equipment	11	1,215	480
Intangibles	12	10,806	7,930
Right-of-use assets	13	1,973	2,564
Contract acquisition costs	10	1,430	1,475
Total non-current assets		**15,424**	**12,449**
Total assets		**75,781**	**37,427**
Liabilities			
Current liabilities			
Trade and other payables	14	12,623	9,133
Contract liabilities	15	1,871	2,315
Employee benefits	16	1,703	1,270
Lease liabilities	17	605	546
Total current liabilities		**16,802**	**13,264**
Non-current liabilities			
Trade and other payables	14	917	1,317
Contract liabilities	15	156	235
Employee benefits	16	-	18
Lease liabilities	17	2,216	2,835
Total non-current liabilities		**3,289**	**4,405**
Total liabilities		**20,091**	**17,669**
Net assets		**55,690**	**19,758**
Equity			
Issued capital	18	135,413	90,362
Reserves	19	2,563	2,028
Accumulated losses		(82,286)	(72,632)
Total equity		**55,690**	**19,758**

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

Section 8.

Statement of Changes in Equity

For the year ended 30 June 2021

Consolidated	Issued Capital $'000	Reserves $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2019	89,687	808	(62,758)	27,737
Loss 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, net of transaction costs	188	-	-	188
Share-based payments	-	1,638	-	1,638
Transfer on exercise of options	487	(487)	-	-
Balance at 30 June 2020	**90,362**	**2,028**	**(72,632)**	**19,758**

Consolidated	Issued Capital $'000	Reserves $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2020	90,362	2,028	(72,632)	19,758
Loss after income tax expense for the year	-	-	(9,654)	(9,654)
Other comprehensive income for the year, net of tax	-	(12)	-	(12)
Total comprehensive income for the year	**-**	**(12)**	**(9,654)**	**(9,666)**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	44,075	-	-	44,075
Share-based payments	-	1,523	-	1,523
Transfer on exercise of options	976	(976)	-	-
Balance at 30 June 2021	**135,413**	**2,563**	**(82,286)**	**55,690**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Section 9.

Statement of Cash Flows

For the year ended 30 June 2021

	Note	Consolidated 2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers		46,201	37,651
Payment to suppliers and employees		(49,102)	(43,944)
Interest received		185	231
Interest expense		(444)	(525)
Other finance costs paid		(13)	(10)
Income tax expense		(114)	-
Net cash used in operating activities	**29**	**(3,287)**	**(6,597)**
Cash flows from investing activities			
Payments for property plant and equipment	11	(1,092)	(280)
Payments for intangibles	12	(5,044)	(4,538)
Payments for/(from) security deposits		(144)	128
Net cash used in investing activities		**(6,280)**	**(4,690)**
Cash flows from financing activities			
Proceeds from the issue of shares	18	45,951	-
Share issue transaction costs	18	(2,002)	-
Proceeds from the exercise of options	18	126	188
Repayment of lease liabilities	29	(540)	(580)
Net cash from/(used in) financing activities		**43,535**	**(392)**
Net increase/(decrease) in cash and cash equivalents		33,968	(11,679)
Cash and cash equivalents at the beginning of the financial year		15,217	26,827
Effects of exchange rate changes on cash and cash equivalents		(12)	69
Cash and cash equivalents at the end of the financial year	**8**	**49,173**	**15,217**

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

Section 10.

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 25 August 2021. 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 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.

The following Accounting Standards or interpretations adopted during the year are most relevant to the group, however it is noted that adoption of these did not have any material impact on the financial position or performance of the group.

- AASB 2021-2 Amendments to AASB 108 –Definition of Accounting Estimates
- AASB 2019-1 Amendments to AASs – References to the Conceptual Framework
- AASB 2018-6 Amendments to AASs – Definition of a Business 1 January 2020
- AASB 2019-3 Amendments to AASs – Interest Rate Benchmark Reform [Phase 1]
- AASB 2018-7 Amendments to AASs – Definition of Material 1 January 2020

In April 2021, the IFRS Interpretations Committee (IFRIC) published an agenda decision for configuration and customisation costs incurred related to implementing Software as a Service (SaaS) arrangements. The Group is currently assessing the impact of the agenda decision on its current accounting policy, which may result in previously capitalised costs needing to be recognised as an expense.

The process to quantify the impact of the decision is ongoing. The assessment is ongoing due to the effort required in obtaining the underlying information from historical records covering multiple projects and assessing the nature of each of the costs. At the date of this report, the impact of the IFRIC agenda decision on the Group/Company is not reasonably estimable.

Note 2. Significant accounting policies (continued)

Basis of preparation

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

Historical cost convention

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

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 2021 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 noncontrolling 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.

Note 2. Significant accounting policies (continued)

Foreign currency transactions

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

Foreign operations

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

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

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

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

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, 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.

Note 2. Significant accounting policies (continued)

Interest

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

Other revenue

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

Income tax

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

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

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

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

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

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

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

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

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

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

Research and development

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

Impairment of non-financial assets

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

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

Trade and other payables

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

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 the present value of lease payments to be made over the lease term. 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.

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.

Note 2. Significant accounting policies (continued)

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.

Share-based payments

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

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 is measured at fair value on grant date. Fair value is independently determined using either the Stochastic 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 any conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is 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.

Note 2. Significant accounting policies (continued)

Issued capital

Ordinary shares are classified as equity.

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

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

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

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

A number of amendments and interpretations applied for the first time in this reporting period. 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.

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

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 because 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.

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 because 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.

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

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 North America. Prior Financial Reports refer to the North American segment as the United States. The purpose of renaming the segment is to present consistently with Whispir's North American strategic objectives. The nature of change is in name only, there are no associated financial impacts.

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 North America

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 North America.

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)

Consolidated - 2021	Australia & New Zealand $'000	Asia $'000	North America $'000	Total $'000
Revenue				
Sales to external customers	39,695	6,714	1,322	47,731
Total revenue	**39,695**	**6,714**	**1,322**	**47,731**
Segment margin	**25,180**	**2,977**	**401**	**28,558**
Interest revenue				185
Sales and marketing				(17,151)
Research and development				(7,564)
General and administration				(12,923)
Expected credit loss				(190)
Finance costs				(457)
Loss before income tax expense				**(9,542)**
Income tax expense				(112)
Loss after income tax expense				**(9,654)**

Consolidated - 2020	Australia & New Zealand $'000	Asia $'000	North America $'000	Total $'000
Revenue				
Sales to external customers	30,829	6,756	1,510	39,095
Total revenue	**30,829**	**6,756**	**1,510**	**39,095**
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				(13,628)
Expected credit loss				28
Finance costs				(535)
Loss before income tax expense				**(9,874)**
Income tax expense				-
Loss after income tax expense				**(9,874)**

Note 5. Revenue from contracts with customers

Disaggregation of revenue

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

	Consolidated	
	2021 $'000	**2020 $'000**
Major product lines		
Platform and software revenue	13,795	12,491
Transactional revenue	32,480	24,870
Professional services and configuration revenue	1,456	1,734
	47,731	**39,095**
Geographical regions		
North America	1,322	1,510
Australia	38,328	29,641
New Zealand	1,367	1,160
Singapore	5,933	6,505
Malaysia	281	-
India	230	-
Others	270	279
	47,731	**39,095**
Timing of revenue recognition		
Services transferred over time	**47,731**	**39,095**

Note 6. Expenses

	Consolidated	
	2021 $'000	**2020 $'000**
Loss before income tax includes the following specific expenses:		
Depreciation		
Furniture, fixtures and fittings	109	88
Computer equipment	248	248
Right-of-use assets	569	673
Total depreciation	**926**	**1,009**
Amortisation		
Development expenditure	2,168	1,285
Contract acquisition costs*	3,302	2,831
Total amortisation	**5,470**	**4,116**
Total depreciation and amortisation	**6,396**	**5,125**
Finance costs		
Interest cost on lease	444	525
Other interest	13	10
Finance costs expensed/(credits)	**457**	**535**
Rental expense relating to operating leases		
Expense relating to short-term leases (included in administrative expenses)	112	171
Variable lease payments (included in administrative expenses)	136	145
Employee benefits expense		
Wages and salaries	22,674	20,247
Defined contribution superannuation expense	1,692	1,458
Payroll tax	835	658
Other employee benefits expense	1,460	1,086
Share-based payments	1,523	1,638
Total employee benefits expense	**28,184**	**25,087**

*Amortisation of contract acquisition costs pertain to sales commissions and are included in sales and marketing expense.

Note 7. Income tax

	Consolidated 2021 $'000	Consolidated 2020 $'000
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	**(9,542)**	**(9,874)**
Tax at the statutory tax rate of 26% (2020: 27.5%)	(2,481)	(2,715)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income		
Impact of different tax rates	501	485
	(1,980)	**(2,230)**
Current year temporary differences not recognised	1,584	1,780
Share-based payments	396	450
Whispir Holdings Inc Income Tax Expense	1	-
Whispir Holdings Pte Ltd Income Tax Expense	111	-
Income tax expense	**112**	**-**

	Consolidated 2021 $'000	Consolidated 2020 $'000
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Contract liabilities	568	646
Accrued expenses	1,399	966
Right-of-use assets/lease liability	216	184
Tax losses and research and development credits	15,720	11,232
Customer acquisition costs/capitalised research and development	(1,550)	(1,415)
Total deferred tax assets not recognised	**16,353**	**11,613**

Deferred tax liabilities of $1,550 thousand (2020: $1,415 thousand) have been offset by deferred tax assets. The Group has tax losses and research and development credits that arose in Australia, Singapore and United States of America 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.

Deferred tax assets not recognised have been recast using a 30% tax rate for the Australian Income Tax Consolidated Group as aggregated turnover of Whispir Limited will be over $50 million in FY22.

	Consolidated 2021 $'000	Consolidated 2020 $'000
Deferred tax liability		
Customer acquisition costs/capitalised research and development	(1,550)	(1,415)
Recognition of deferred tax assets to the extent of deferred tax liabilities	1,550	1,415
	-	-

Note 8. Cash and cash equivalents

	Consolidated 2021 $'000	2020 $'000
Current assets		
Cash at bank	48,663	3,361
Cash on deposit	510	11,856
	49,173	**15,217**

Note 9. Trade and other receivables

	Consolidated 2021 $'000	2020 $'000
Current assets		
Trade receivables	6,808	5,654
Less: Allowance for expected credit losses	(300)	(110)
	6,508	5,544
Other receivables	3	-
	6,511	**5,544**

Allowance for expected credit losses

The Group has recognised a net impairment of $190,000 (2020: net gain $28,000) 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 75% (2020:77%) 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		Allowance for expected credit losses	
Consolidated	**2021 %**	**2020 %**	**2021 $'000**	**2020 $'000**	**2021 $'000**	**2020 $'000**
0 to 30 days	0.05%	0.05%	5,698	4,721	3	2
31 to 90 days	16.99%	5.92%	359	437	61	26
Over 90 days	31.42%	16.40%	751	496	236	82
			6,808	**5,654**	**300**	**110**

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

	Consolidated 2021 $'000	2020 $'000
Opening balance	110	138
Additional provisions recognised	190	18
Unused amount received	-	(46)
Closing balance	**300**	**110**

Note 10. Contract acquisition costs

	Consolidated	
	2021 $'000	2020 $'000
Current assets		
Contract acquisition costs	2,324	2,448
Non-current assets		
Contract acquisition costs	1,430	1,475
	3,754	**3,923**

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

	Consolidated	
	2021 $'000	2020 $'000
Opening balance	3,923	3,137
Additions	3,133	3,617
Amortisation	(3,302)	(2,831)
Closing balance	**3,754**	**3,923**

Note 11. Property, plant and equipment

	Consolidated	
	2021 $'000	2020 $'000
Non-current assets		
Furniture, fixtures and fittings - at cost	1,354	799
Less: Accumulated depreciation	(612)	(626)
	742	**173**
Computer equipment - at cost	1,186	764
Less: Accumulated depreciation	(713)	(457)
	473	307
	1,215	**480**

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 2019	158	378	536
Additions	103	177	280
Depreciation expense	(88)	(248)	(336)
Balance at 30 June 2020	173	307	480
Additions	678	414	1,092
Depreciation expense	(109)	(248)	(357)
Balance at 30 June 2021	742	473	1,215

Note 12. Intangibles

	Consolidated	
	2021 $'000	2020 $'000
Non-current assets		
Development expenditure - at cost	14,655	9,611
Less: Accumulated amortisation	(3,849)	(1,681)
	10,806	**7,930**

Reconciliations:

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

Consolidated	Development expenditure $'000
Balance at 1 July 2019	4,677
Additions	4,538
Amortisation expense	(1,285)
Balance at 30 June 2020	7,930
Additions	5,044
Amortisation expense	(2,168)
Balance at 30 June 2021	10,806

Note 13. Right-of-use assets

	Consolidated 2021 $'000	2020 $'000
Non-current assets		
Right-of-use assets	**1,973**	**2,564**

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 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
Additions	19	-	19
Disposals	(41)	-	(41)
Depreciation expense	(529)	(40)	(569)
Balance at 30 June 2021	1,939	34	1,973

Note 14. Trade and other payables

	Consolidated 2021 $'000	2020 $'000
Current liabilities		
Trade payables	5,466	2,515
Commissions payable	1,699	1,985
Other payables and accruals	5,458	4,633
	12,623	**9,133**
Non-current liabilities		
Commissions payable	917	1,317
	13,540	**10,450**

Note 15. Contract liabilities

	Consolidated 2021 $'000	2020 $'000
Current liabilities		
Contract liabilities	1,871	2,315
Non-current liabilities		
Contract liabilities	156	235
	2,027	**2,550**

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

	Consolidated 2021 $'000	2020 $'000
Opening balance	2,550	2,420
Payments received in advance	2,269	3,037
Revenue recognised during the year	(2,792)	(2,907)
Closing balance	**2,027**	**2,550**

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 $22,328 thousand as at 30 June 2021 ($21,900 thousand as at 30 June 2020) and is expected to be recognised as revenue in the future periods as follows:

	Consolidated 2021 $'000	2020 $'000
Within 12 months	14,815	14,255
Over 12 months	7,513	7,645
	22,328	**21,900**

Note 16. Employee benefits

	Consolidated 2021 $'000	2020 $'000
Current liabilities		
Annual leave	1,531	1,100
Long service leave	172	170
	1,703	**1,270**
Non-current liabilities		
Long service leave	-	18
	1,703	**1,288**

Note 17. Lease liabilities

	Consolidated	
	2021 $'000	2020 $'000
Current liabilities		
Lease liabilities	605	546
Non-current liabilities		
Lease liabilities	2,216	2,835
	2,821	**3,381**

Note 18. Issued capital

	Consolidated			
	2021 Shares	2020 Shares	2021 $'000	2020 $'000
Ordinary shares - fully paid	**116,911,275**	**103,834,402**	**135,413**	**90,362**

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	1 Jul 2019	103,200,618	89,687
Shares issued on exercise of options	8-Aug-19	196,059	66
Shares issued on exercise of options	13-Aug-19	35,000	12
Shares issued on exercise of options	23-Dec-19	121,071	43
Shares issued on exercise of options	31-Jan-20	181,596	33
Shares issued on exercise of options	16-Apr-20	32,463	11
Shares issued on exercise of options	11-Jun-20	67,595	23
Transfer from share-based payment reserve on exercise of options			487
Balance	30 Jun 2020	103,834,402	90,362
Shares issued on exercise of options	16-Aug-20	41,236	15
Shares issued on exercise of options	23-Sep-20	45,429	16
Shares issued on exercise of options	30-Sep-20	297,594	63
Shares issued on exercise of options	7-Oct-20	42,653	17
Shares issued on exercise of options	19-Jan-21	28,884	7
Issue of shares on capital raising	8-Mar-21	12,091,010	45,341
Shares issued on exercise of performance rights	8-Mar-21	345,196	-
Issue of shares on capital raising	26-Mar-21	162,710	610
Shares issued on exercise of options	9-Apr-21	6,240	2
Shares issued on exercise of options	7-Jun-21	15,921	6
Share issue transaction costs, net of tax			(2,002)
Transfer from share-based payment reserve on exercise of options			443
Transfer from share-based payment reserve on exercise of performance rights			533
Balance 30 June 2021		**116,911,275**	**135,413**

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 2020 Annual Report.

Note 19. Reserves

	Consolidated	
	2021 $'000	**2020 $'000**
Foreign currency reserve	(660)	(648)
Share-based payments reserve	3,223	2,676
	2,563	**2,028**

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.

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 financial year are set out below:

Consolidated	Foreign currency $'000	Share-based payments $'000	Total $'000
Balance at 1 July 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
Foreign currency translation	(12)	-	(12)
Share-based payments	-	1,523	1,523
Transfer to share capital	-	(976)	(976)
Balance at 30 June 2021	(660)	3,223	2,563

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. The Group's finance team 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 calculated 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 current global status of the Coronavirus (COVID- 19) pandemic, the calculation of expected credit losses as at 30 June 2021 remains unchanged. The basis for the assessment is that 75% 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 behaviour 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 2021	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	5,466	-	-	5,466
Commissions payable	1,699	917	-	2,616
Other payables	5,458	-	-	5,458
Interest-bearing - fixed rate				
Lease liability	968	2,773	396	4,137
Total non-derivatives	**13,591**	**3,690**	**396**	**17,677**

Note 21. Financial instruments (continued)

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 22. Fair value measurement

There were no assets and liabilities carried at fair value as at 30 June 2021 and 30 June 2020.

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	
	2021 $'000	2020 $'000
Short-term employee benefits	2,368	3,445
Post-employment benefits	75	53
Share-based payments	1,151	1,236
	3,594	4,734

Note 24. Remuneration of auditors

	Consolidated	
	2021 $'000	2020 $'000
Audit services - Ernst & Young		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	310	295
Other services - Ernst & Young		
Other assurance services	-	5
	-	5
Total fees to Ernst & Young Australia	**310**	**300**
Fees to overseas member firms of Ernst & Young		
Fees for auditing the financial report of any controlled entities	21	20
Total Fees to overseas member firms of Ernst & Young	**21**	**20**
Total auditor's remuneration	**331**	**320**

Note 25. Contingent liabilities

There are no contingent liabilities as at 30 June 2021 and 30 June 2020.

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 KMP 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 Whispir Chairman Brendan Fleiter is Chairman and a Non-executive Director; Kennards Hire and Interactive. The services to both companies were provided through channel partners on normal commercial terms and conditions.

The Group provides the Whispir platform and associated services to Sauce Labs of which Whispir Non-executive Director Aled Miles is President and CEO. The services provided to this company are provided on normal commercial terms and conditions.

There were no other transactions with related parties in FY21.

Note 26. Related party transactions (continued)

Receivable from and payable to related parties

Whispir has recorded a trade receivable from Sauce Labs of $10,581. There were no other 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	
	2021 $'000	**2020 $'000**
Loss after income tax	(3,363)	(5,017)
Total comprehensive income	**(3,363)**	**(5,017)**

Statement of Financial Position

	Parent	
	2021 $'000	**2020 $'000**
Total current assets	**47,015**	**13,011**
Total assets	**110,546**	**70,532**
Total current liabilities	**395**	**678**
Total liabilities	**395**	**678**
Equity		
Issued capital	136,327	91,290
Share-based payments reserve	3,709	2,676
Accumulated losses	(29,885)	(24,112)
Total equity	**110,151**	**69,854**

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 2021 and 30 June 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

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 Australian Accounting Standards and International Financial Reporting Standards:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2021 %**	**2020 %**
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 2021 $'000	2020 $'000
Shares issued under employee share plan	976	487
	976	**487**

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

	Consolidated 2021 $'000	2020 $'000
Loss after income tax expense for the year	(9,654)	(9,874)
Adjustments for:		
Depreciation and amortisation	6,396	5,125
Share-based payments	1,523	1,638
Foreign exchange differences	(12)	69
Finance costs	457	535
Change in operating assets and liabilities:		
Increase in trade and other receivables	(968)	(1,571)
Increase in prepayments	(432)	(135)
Increase in contract acquisition costs	(3,133)	(3,617)
Increase in trade and other payables	3,330	803
Decrease in contract liabilities	(1,209)	130
Decrease in other provisions	415	300
Net cash used in operating activities	**(3,287)**	**(6,597)**

Changes in liabilities arising from financing activities

Consolidated 2021	**Lease liabilities $'000**	**Total $'000**
Balance at 30 June 2019	**3,879**	**3,879**
Net cash used in financing activities	(580)	(580)
Additions	82	82
Balance at 30 June 2020	**3,381**	**3,381**
Net cash used in financing activities	(540)	(540)
Termination of lease	(20)	(20)
Balance at 30 June 2021	**2,821**	**2,821**

Note 30. Earnings per share

	Consolidated	
	2021 $'000	2020 $'000
Loss after income tax attributable to the owners of Whispir Limited	**(9,654)**	**(9,874)**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	108,101,051	103,555,480
Weighted average number of ordinary shares used in calculating basic earnings per share	108,101,051	103,555,480

	Cents	Cents
Basic Earnings Per Share	(8.93)	(9.53)
Diluted Earnings Per Share	(8.93)	(9.53)

Stock options and performance rights 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 stock options and performance rights to incentivise employees and key management personnel. The share-based payment expense for the year was $1,523 thousand (2020: $1,638 thousand).

Share option plan:

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 2021	Number 2020	WAEP 2021	WAEP 2020
Balance at the beginning of the year	2,044,999	2,976,391	$0.35	$0.34
Options granted during the year	-	-	$0.00	$0.00
Forfeited during the year	(71,316)	(297,608)	$0.35	$0.35
Exercised during the year	(477,957)	(633,784)	$0.26	$0.30
Expired during the year	-	-	$0.00	$0.00
Balance at the end of the year	**1,495,726**	**2,044,999**	**-**	**-**

Note 31. Share-based payments (continued)

913,722 options have vested and are exercisable as at 30 June 2021 (2020: 1,032,917). The weighted average remaining contractual life of options outstanding at the end of the financial year was 11.4 years (2020: 12.5 years).

The range of exercise prices for options outstanding at the end of the year was $0.00 to $0.353 (2020: $0.00 to $0.353). The weighted average share price during the financial year was $3.51 (2020: $1.59).

There were no options granted in the current or previous financial year.

Vesting requirements and the method of settlement:

Options are issued to employees (including key management). 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 Board. The Board does not have a past practice of cash settlement for these awards.

Performance rights:

During the financial year 831,161 performance rights were granted (2020: 1,596,665).

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 30 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. The performance rights vest on either 18 months or three years after the grant date.

Note 31. Share-based payments (continued)

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 comparator group of ASX-listed tech 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 37%. (2020: 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 30 June 2023 (2020: 30 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 30% (2020: 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 2021	Number 2020
Balance at the beginning of the year	1,404,054	-
Performance rights granted during the year	831,161	1,596,665
Forfeited during the year	(124,479)	(192,611)
Exercised during the year	(345,196)	-
Expired during the year	-	-
	1,765,540	1,404,054

Performance rights exercisable as at 30 June 2021 were 105,000 (2020: 70,000). The weighted average remaining contractual life of performance rights outstanding at the end of the financial period was 13.6 years (2020: 14)

Note 31. Share-based payments (continued)

Key valuation assumptions	2021 Performance Rights Three Year	2020 Performance Rights Three Year	2020 Performance Rights 18 Months
Dividend yield (%)	0.00%	0.00%	0.00%
Expected volatility (%)*	71.15%	42.24%	42.24%
Risk-free interest rate (%)	0.10%	0.72%	0.78%
Weighted average share price	$3.37	$1.57	$1.57
Fair value at grant date	$2.46	$1.06	$0.93
Model used	Stochastic	Stochastic	Stochastic

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

Note 32. Events after the reporting period

No matter or circumstance has arisen since 30 June 2021 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.

Section 11.

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 2021 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
25 August 2021

Section 12.

Independent Auditor's Report to the Members of Whispir Limited

Building a better working world

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Independent Auditor's Report to the Members of Whispir Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Whispir Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of 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 2021 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.

Building a better working world

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 totalled $10.8 million and costs incurred during the year included in this amount were $5.0 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 capitalised 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 amortisation expense for the period.
- We assessed the adequacy of the related disclosures made in the financial report.

Building a better working world

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 within the Statement of Financial Position, as invoices are issued in advance of performance obligations being satisfied. The balance of contract liabilities as at 30 June 2021 is $2.0 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 a sample of new customer contracts signed during the period ensuring correct amounts had been deferred and recognized as contract liabilities. • 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 2021 annual report, but does not include 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 accordingly we do 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, 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.

Building a better working world

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, actions taken to eliminate threats or safeguards applied.

Building a better working world

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

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 27 to 40 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Whispir Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

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

Ernst & Young

Ernst & Young

David McGregor

David McGregor
Partner

25 August 2021
Melbourne

Section 13.

Additional Securities Exchange Information

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 15 September 2021 (Reporting Date).

The distribution of holder of equity securities on issue in the Company as at the Reporting Date is as follows:

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 1000	7,713	2
1,001 to 5,000	4,853	15
5,001 to 10,000	933	3
10,001 to 100,000	673	6
100,001 and over	41	2
Total	**14,213**	**28**

Unmarketable Parcels

The number of holders with less than a marketable parcel of ordinary shares based on the closing market price as at the Reporting Date is as follows:

Unmarketable Parcels	Minimum Parcel Size	Holders
Minimum $500 parcel at $2.17 per unit	**231**	**1,903**

Equity security holders

Twenty largest quoted equity security holders

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

	Number held	% of total shares issued
J P Morgan Nominees Australia Pty Limited	18,224,243	15.59%
National Nominees Limited	10,289,096	8.80%
Wells Family Company Pty Ltd (Wells Family A/C)	9,773,120	8.36%
CS Third Nominees Pty Limited (HSBC Cust Nom Au Ltd 13 A/C)	7,554,858	6.46%
Gobleg Pty Ltd (Blackburn Family A/C)	4,500,000	3.85%
Citicorp Nominees Pty Limited	4,147,736	3.55%
HSBC Custody Nominees (Australia) Limited	3,872,855	3.31%
UBS Nominees Pty Ltd	3,240,433	2.77%
Wells Family Holding Company No 2 Pty Ltd	2,296,850	1.96%
Wells Family Holding Company Pty Ltd	2,289,050	1.96%
Brispot Nominees Pty Ltd (House Head Nominee A/C)	2,094,474	1.79%
CS Fourth Nominees Pty Limited (HSBC Cust Nom Au Ltd 11 A/C)	1,980,662	1.69%
BNP Paribas Noms Pty Ltd (DRP)	1,087,072	0.93%
Confluent Services Pty Ltd (Ghent Family A/C)	757,950	0.65%
BNP Paribas Noms (Nz) Ltd (DRP)	655,221	0.56%
BNP Paribas Nominees Pty Ltd (IB Au Noms Retailclient DRP)	576,998	0.49%
Mr Tobias Michael Brix	555,062	0.47%
Netwealth Investments Limited (Wrap Services A/C)	488,666	0.42%
Mr Richard Light	437,580	0.37%
BNP Paribas Nominees Pty Ltd Hub 24 Custodial Serv Ltd (DRP A/C)	395,595	0.34%
	75,217,521	**64.34%**

Additional Securities Exchange Information (continued)

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	1,495,726	28
Performance rights over ordinary shares issued	1,765,540	22

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Regal Funds Management Ltd	12,612,445	10.79%
Jeromy Wells	12,062,170	10.32%
Pie Funds Management Limited	9,468,958	8.10%
Australian Super Pty Ltd	7,141,740	6.11%

Voting rights of Equity Securities

The only class of equity securities on issue in the Company which carry voting rights is ordinary shares. 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.

Voluntary Escrow

There are no securities on issue in the Company that are subject to voluntary escrow.

On Market Buyback

There is no current on-market buy-back program in place.

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.

Issues of Securities

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed.

Securities purchased on-market

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

Section 14.

Corporate Directory

Corporate Directory

Directors	**Brendan Fleiter – Independent Non-Executive Chairman** **Jeromy Wells – Chief Executive Officer and Executive Director** **Sara La Mela – Independent Non-Executive Director** **Aled Miles – Independent Non-Executive Director** **Sarah Morgan – Independent Non-Executive Director**
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
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 (Fourth 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 government 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.

ASX WSP