Wisr Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Wisr Limited
ABN:	80 004 661 205
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

2. Results for announcement to the market

Key information				**$A'000**
Revenues from ordinary activities	Up	280%	to	27,231
Loss from ordinary activities after tax attributable to members	Down	25%	to	(17,639)
Loss for the year attributable to members	Down	25%	to	(17,639)

Dividends paid and proposed

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

3. Statement of Comprehensive Income

Refer Financial Statements below.

4. Statement of Financial Position

Refer Financial Statements below.

5. Statement of Changes in Equity

Refer Financial Statements below.

6. Statement of Cash Flows

Refer Financial Statements below.

7. Details of individual and total dividends and payment dates

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

8. Details of dividend reinvestment plan

Not applicable.

Wisr Limited
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9. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible asset backing per ordinary security	5.46	3.35

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

On 29 March 2021, Wisr Finance Pty Ltd, 100% owned subsidiary of Wisr Limited, registered Wisr Freedom Trust 2021-1. 1, a 100% owned subsidiary of Wisr Finance Pty Ltd.

11. Details of associates and joint venture entities

Not applicable.

12. Significant information

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

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

Not applicable.

14. Commentary on results for the period

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

This report is based on accounts which have been audited.

15. Signed

Signed _____ Date: 26 August 2021

John Nantes
Director
Sydney

Wisr Limited

ABN: 80 004 661 205

Financial Report

For the Year Ended 30 June 2021

Wisr Limited
Financial report
For the year ended 30 June 2021

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Wisr Limited
Directors' report
For the year ended 30 June 2021

The directors present their report, together with the financial statements, on the consolidated entity (also referred to hereafter as the Group) consisting of Wisr Limited (referred to hereafter as the Company or Parent Entity) and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

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

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

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

Principal activities

During the financial year, the Group's primary activity was writing personal loans and secured vehicle loans for 3, 5 and 7-year maturities to Australian consumers, and funding these loans through the Wisr Warehouse.

Review of operations

Key Group highlights include:

- Operating revenue up 280% to $27.2M (FY20: $7.2M)
- Total loan originations $611M as at 30 June 2021
- Total new loan originations up 169% to $365.8M (FY20: $135.9M)
- Total portfolio arrears rate is down with 90+ Day arrears of 0.92% at 30 June 2021 (FY20: 1.44%)
- Launch of second major competitive product into market, secured vehicle loans in September 2020 (Q1FY21)
- 80% increase (FY21 compared to FY20) in the Wisr Financial Wellness Platform, with over 450,000 profiles (FY20: 250,554) as at 30 June 2021
- The Company is well capitalised with $92.4M cash ($64.8M unrestricted cash) and $3.3M liquid loan assets available for sale as at 30 June 2021 (FY20: $37.9M cash)
- An increase in committed funding into the Wisr Warehouse from $150M to $350M in March 2021
- The Company executed a term sheet to invest in European financial wellness fintech platform, Arbor (and settled it post 30 June 2021)
- The Company's inaugural $225M ABS transaction, the Wisr Freedom Trust 2021-1 (made up of personal loans), received a AAA Moody's rating for the top tranche and significantly reduced cost of funds
- The Company raised $55M ($50M institutional and $5M SPP for retail shareholders, in a strongly supported equity raise in June 2021

<u>Business model proven</u>

As at 30 June 2021, Wisr reached $611M in total loan originations since inception, with the year delivering $365.8M in new loan originations, a 169% increase on FY20 ($135.9M). This growth was supported by the introduction of Wisr's second competitive product, secured vehicle loans, delivering strong results since launch with 63% quarter-on-quarter growth for Q4FY21.

The long planned moved to a balance sheet driven, Wisr Warehouse funding model continued its significant operating benefits for the Company and allowed Wisr to achieve operating cash flow break-even for the month of June 2021. The Wisr Warehouse delivered significantly improved unit economics and operational leverage, including $27.2M in operating revenue for the year, a 280% increase on FY20 ($7.2M).

Committed funding into the Wisr Warehouse increased to $350M in March 2021 by existing senior and mezzanine investors. As at 30 June 2021, the Wisr Warehouse and Wisr Freedom Trust had a combined loan book balance of $379M, as the Company scales towards the medium-term target of a wholly owned $1B loan book.

In May 2021, the Group announced Wisr's inaugural $225M ABS transaction, the Wisr Freedom Trust 2021-1 (made up of

Review of operations (cont.)

personal loans) received a AAA Moody's rating for the top tranche, providing significant external validation of Wisr's business operations, underwriting capability, loan book quality and the mature stage the business has reached. The transaction has delivered a material reduction in Wisr's costs of funds.

In June 2021, Wisr undertook prudent steps to strengthen the balance sheet with a successfully completed $55M equity raise, led by Goldman Sachs as Sole Lead Manager and Underwriter, and included a Share Purchase Plan (SPP) to retail investors. Proceeds from the capital raise will be used to fund loan book growth, technology investment and feature enhancement, and expanding TAM by exploring new markets and growth opportunities.

Post 30 June 2021, Wisr executed an initial ownership stake of 12.5% in EU fintech Arbor, with a pathway to potentially increasing the shareholding to 45% over the next 36 months, as the model is proven out across the EU. The small but highly strategic investment by Wisr, opens up an entry pathway to a circa $1.76 Trillion (AUD) consumer finance market in the EU as the Group takes the first step in potentially taking Wisr's business model global (with low risk).

Risk and arrears

Wisr wrote prime quality credit during FY21. Total portfolio arrears were down with 90+ Day arrears of 0.92% as at 30 June 2021 (FY20: 1.44%). Throughout FY21, Wisr continually reviewed the Company's credit decisioning to drive organic growth while optimising profitability.

As at 30 June 2021, $598k or 0.14% of total portfolio loan balances were on payment assistance. COVID-19 financial assistance requests had stopped at the end of November 2020. Standard financial assistance requests have returned to pre-COVID-19 levels for the remainder of FY21. The cure rate for the segment of accounts entering COVID-19 financial assistance was 83%, 12% were written off and 5% remained on long term assistance.

Financial Position and Loan Book

The Group is very well capitalised with $92.4M cash ($64.8M unrestricted cash) and $3.3M liquid loan assets as at 30 June 2021, following a strongly supported capital raise in June 2021.

At 30 June 2021 the Group had a total loan book of $432M consisting of:
- $379M Wisr Warehouse and Wisr Freedom Trust
- $48M off-balance sheet
- $5M other

AASB 9 requires a forecast of lifetime expected credit losses that uses a three-staged approach based on the credit profile of the receivable. The total expected credit loss provision for FY21 was $9.4M or 2.5% of gross loan receivables (FY20: 4.2%) which represents $2.4M actual loss and $7.9M incremental provisions for expected future credit loss, and $0.2M recoveries.

Revenue

The Company's Wisr Warehouse funding model continued its significant operating benefits for the Company with $27.2M in operating revenue, a 280% increase on FY20 ($7.2M). This was driven by 169% growth in loan originations from $135.9M in FY20 to $365.8M in FY21.

Expenses

The Group continues to experience improvement in operating leverage driven by revenue growth and expense management which resulted in operating cash flow break-even for the month of June 2021.

For FY21, the Group had a Cash EBTDA of $(9.7)M, a 30% improvement on FY20 ($13.7M) and an accounting loss of $(17.6)M, a 25% improvement on FY20 ($23.5M), which had material non-cash items during the period including:
- Provision for expected credit loss expense of $5.7M. Net loan write-offs for FY21 were $2.2M
- Share based payment expense of $1.2M

Other expense items include:

Review of operations (cont.)

- Increase in employee benefits and marketing expense driven by scaling of the Group including through growth investment into the Wisr Financial Wellness Platform and Wisr brand
- Increase in customer processing costs driven by growth in loan volume and entrants into the Wisr Financial Wellness Platform
- Other expenses include Public Company costs, accounting, legal fees, insurance and administration items

Wisr Financial Wellness Platform

In FY21 the Group continued to deliver on the Company's proprietary channel, the Wisr Financial Wellness Platform, introducing over 200,000 new customer profiles (80% increase on FY20) taking the total platform to over 450,000 as at 30 June 2021 and on the path to 1M customer profiles. Wisr App has now paid down over $2.5M in customer high-interest debt.

The Platform allows Wisr to build better, data-driven relationships with customers at every stage of their lifecycle and has proven to be a highly cost-effective acquisition channel. In June 2021, the Platform was 88% more cost effective as a loan acquisition channel compared to the established competitive channels where Wisr also has leading customer acquisitions costs.

The Platform continues to show an impact on the financial wellbeing of Wisr customers and in some cases, helping customers to become more creditworthy. Wisr customers that frequently engage with the Platform, see a +83 increase on their Equifax credit score.

The launch of the new www.wisr.com.au website integrates the full suite of products, tools, and resources on the Wisr Financial Wellness Platform. Since launch in May 2021, the refreshed website has resonated strongly with consumers and sponsorship of the Olympic Games Tokyo 2020 coverage offered the ideal platform to introduce Wisr to a national audience for the first time.

Positioned alongside iconic global and domestic brands, Wisr reached over 16.5M Australians as the broadcast and digital sponsor of Tokyo 2020 with Seven West Media, giving it a unique presence in Australian homes throughout the event and establishing the Wisr brand for growth in the years to come.

Outlook – FY22 and Beyond

In FY21, the Group proved Wisr's purpose-led, fully digital and agile fintech business model could rapidly respond, instantly adjust operating models and succeed with significant growth through ongoing unprecedented macroeconomic changes, delivering 20 consecutive quarters of growth and a maiden cash flow break-even month (June 2021).

The Group's launch of its second major competitive product into market, secured vehicle loans, opens up a significant market opportunity and positions the Group in a prime position to build a company of significant scale, profitability and impact in the Australian consumer loan market.

While the Group remains focused on the significant growth potential in the Australian market, the investment in Arbor provides the potential to extend the Wisr model into a much bigger market over time (EU circa $1.76 Trillion consumer finance TAM in 2019). The modest upfront consideration allows for a small entry position, with any follow-on investment staged around the achievement of various milestones and entirely at the Group's option.

The innovative Wisr Financial Wellness Platform, unique in the Australian market, market-leading new brand redesign and website, differentiates Wisr by not only providing a platform to scale and grow with increased operational leverage and market leading economics, but also enables the Group to support customers and improve their financial wellness, delivering a clear competitive advantage that opens up a number of potential revenue models over the coming years.

Across all areas of the business, Wisr's team continues to deliver exceptional results. The Group continues to innovate Wisr's high-performance culture, delivering an average +75 Employee Net Promoter score for FY21, and being awarded twice as one of Australia's best places to work.

The Group is set up for continued strong revenue growth and scale in FY22, and beyond, delivering a new and fairer type of lending experience for Australian consumers.

Putting the strong balance sheet to work, key executive priorities for FY22 include:

Review of operations (cont.)

Loan origination growth
- Continue to safely grow significant market share of personal loans and secured vehicle loans
- Lead the market in operational and customer experience excellence

Loan book growth
- Achieve the medium-term target of a $1B loan book, and continue growth past this milestone
- Capital base to support establishment of additional financing facilities

Technology investment and feature enhancement
- Further invest in technology stack to take advantage of changes in the consumer finance space, and create market leading innovation and opportunities, while delivering operational leverage at scale
- Continue Wisr's current trajectory towards 1M customer profiles in Australia, providing a proprietary channel for growth and differentiation in the consumer finance space

Expanding TAM by exploring new markets and growth opportunities
- Investment into further product development and innovation, to continue to strengthen Wisr's unique position in the consumer finance market
- Creative new revenue models (beyond financial products)
- New product launch in FY22 with additional/innovative credit products and/or geographic expansion
- Growth Opex and transaction costs

Omni-Channel Product Distribution
- Grow distribution including Wisr Financial Wellness Platform, direct to consumer, and broker channel
- Increase Introducers and Aggregators through the Groups online broker portal
- Further extend Wisr's reach to Australian consumers through trusted third-party brands

People
- Ongoing growth and development of team and culture to achieve high-performance outcomes
- Continue to bring diversity and inclusion throughout all hiring areas

Dividends

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

Significant changes in state of affairs

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

Events since the end of the financial year

In March 2021, the Group announced execution of a term sheet for an investment in European fintech platform Arbor. On 5 August 2021, the Group completed its initial investment, consisting of EUR715,358 in exchange for a 12.5% ownership stake.

In addition to the 12.5%, Wisr has options in place to increase its ownership stake to 45% over three years subject to valuation thresholds and contingent upon certain milestones being achieved.

Arbor is an EU based fintech with a financial wellness platform, utilising a digital wallet to offer savings, investment and lending features.

Environmental matters

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

Indemnity and insurance of auditor

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

Information on directors

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

John Nantes	- Executive Chairman
Qualifications	- B.A.; B.Comm; LLB; Dip. Fin Planning
Experience	- Mr Nantes has over 24 years of experience in Financial Services, Private Equity, Tax and Accounting, Corporate Finance, Capital Markets, and M&A. He is also the Executive Chairman of Cashwerkz, a leading fintech in Australia, as well as a non-executive director for Thinxtra, a public non-listed IOT technology company and advises Adcock Private Equity in a CEO capacity. Mr Nantes has a strong reputation for building growth businesses especially those reliant on technology and innovation, having previously also held roles such as; Group Head of WHK/Crowe Horwath Wealth Management, CEO Prescott Securities, and Executive roles at St George Bank/ Bank SA and advisory and leadership advisory roles at Colonial State Bank.
Interest in shares and options as at 30 June 2021	- Ordinary shares held: 13,201,370 Performance rights held: 5,960,000
Former directorships (last 3 years)	- None
Other current directorships	- Income Asset Management Group Ltd (ASX: CWZ)
Craig Swanger	- Non-Executive Director
Qualifications	- BCom (Hons); SIA GD
Experience	- Mr Swanger has extensive board experience, including Macquarie Bank's major funds management entity, Macquarie Investment Management Limited and a total of 15 internal and external boards since 2003. Since Macquarie, Mr Swanger has invested in and advised a large portfolio of technology companies across finance, social impact, and health. More specifically in areas related to Wisr, Mr Swanger was Chairman of 5 of the largest debt listed investment companies in Australia and New Zealand issued over the past decade, and more recently worked with Australia's largest corporate bond and securitisation distribution specialists and is on the Investment Committee of a large SME direct lending fund.
Interest in shares and options as at 30 June 2021	- Ordinary shares held: 4,091,666 Performance rights held: 3,310,000
Former directorships (last 3 years)	- None
Other current directorships	- Income Asset Management Group Ltd (ASX: CWZ)

Christopher Whitehead	- Non-Executive Director
Qualifications	- Chartered Banker BSc, F FIN, FAICD
Experience	- Mr Whitehead has over 30 years' experience in financial services and technology, across a wide range of roles. He is currently the Managing Director and CEO of FINSIA, Australia's leading professional body in financial services. He was formally CEO of Credit Union Australia from 2009 to 2015, Regional Director at the Bank of Scotland from 2007 to 2008 and Chief Executive Retail Banking at BankWest from 2001 to 2007. Prior to this he was CIO at BankWest and Advance Bank. He worked in the IT sector for 15 years, including leading a successful start-up and in marketing and technical roles for a global technology provider. Mr Whitehead has previously served as non-executive director for Cuscal Limited, St Andrews Insurance Group and a number of other financial services, technology and community organisations.
Interest in shares and options as at 30 June 2021	- Ordinary shares held: 5,830,000 Performance rights held: 3,310,000
Former directorships (last 3 years)	- None
Other current directorships	- None

Information on company secretaries

Vanessa Chidrawi

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

May Ho

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

Indemnification and insurance of officers and auditors

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

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

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

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

Meetings of directors

The number of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Directors' Meetings		Risk Committee Meetings		Remuneration and Nominations Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
John Nantes	14	14	4	4	-	-
Craig Swanger	14	14	-	-	2	2
Chris Whitehead	14	14	4	4	2	2

Proceedings on behalf of the Company

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

Non-audit services

BDO Audit Pty Ltd were appointed Company auditor on 25 September 2020 and will continue in office in accordance with section 327 of the Corporations Act 2001. The Company may decide to engage the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The following fees were paid or payable to BDO for non-audit services provided during the year ended 30 June 2021:

	$
Taxation services	2,500

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 18 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.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2021 has been received and can be found within the financial report.

Performance rights

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

Effective Grant Date	Date of Expiry	Exercise Price	Number under Performance Rights
19 February 2019	31 July 2021	Nil	10,438,422
1 September 2019	31 July 2021	Nil	4,901,178
1 September 2019	31 July 2022	Nil	4,802,382
1 September 2019	30 June 2022	Nil	39,350,000
1 July 2020	31 July 2022	Nil	5,407,833
1 July 2020	31 July 2023	Nil	5,407,861
			70,307,676

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

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

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

Corporate governance statement

Our Corporate Governance Statement is available on our website at: www.wisr.com.au/policies-and-governance

Remuneration report

Letter from Chairperson of the Remuneration and Nominations Committee

Dear Shareholders,

On behalf of the Board, I am pleased to present Wisr's Remuneration Report (Report) for the financial year ended 30 June 2021 (FY21).

This report outlines Wisr's remuneration strategy set by the Board in 2019 and executed over the past 24 months. Wisr's remuneration framework, as outlined in the accompanying Report, reflects our commitment to deliver competitive remuneration for outstanding performance in order to attract and retain talented individuals, while aligning the interests of executives and shareholders. Most importantly in FY20 and FY21, cash conservation was and continues to be the key to protect shareholder value and avoid unnecessary dilution.

As such, performance-based non-cash remuneration forms a significant portion of Wisr's remuneration strategy. This approach is used for KMPs, directors and senior management, and the KPIs and behaviours required to qualify for awards are linked all the way through the organisation, aligning values, behaviours and shareholder-interests.

When it comes to KMPs and directors in particular, Wisr's strategy involves recipients receiving significantly less fixed (cash) remuneration than their market value. The trade-off for them is that they receive equity-based incentives that could take their total remuneration to more than their market value.

This is an "executives win only if shareholders win" remuneration strategy targeted at entrepreneurial leaders that will back themselves to deliver for shareholders. If shareholder returns don't perform at 15% p.a. at least, total remuneration will be well below market as it will be limited to fixed cash remuneration and potentially STI where applicable. If they exceed 15% p.a. but less than 30% p.a., total remuneration will be in line with market for the same individuals; and if returns reach 200% or more over the three year period, total remuneration will be above market.

Similarly and unlike the remuneration approach of many ASX-listed companies, equity-based incentives also require minimum service and behaviour standards.

The total value of these packages has been benchmarked to relevant peers on the ASX in terms of fixed (cash) remuneration components and maximum remuneration. The share price triggers were set in consultation with KMPs, with the team collectively choosing shareholder return triggers well above those typically used by peers on the ASX, allowing us greater alignment of interests while managing the cost of the total packages.

Regarding STI, each year the Board will assess several factors including the quality of the results, adherence to risk management policies, achievement against individual objectives and the effectiveness of strategic initiatives implemented to determine the extent to which the overall outcomes adequately reflect actual performance and returns to shareholders.

This Report is structured to provide shareholders with insights into the remuneration governance, policies, procedures and practices being applied. Remuneration is a complex topic, particularly when equity-based incentives are included. We trust that should you have any questions about the rationale for our approach or any of the details, that you will let us know.



Craig Swanger
Chairperson, Remuneration and Nominations Committee

Remuneration report (audited)

Wisr Limited's 2021 remuneration report sets out remuneration information for the Company's directors and other key management personnel.

The report contains the following sections:

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

a) Key management personnel disclosed in this report

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

During the year ended 30 June 2021 and up to the date of this report, the following were classified as key management personnel:

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

b) Remuneration governance

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

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

i. Our remuneration framework

Wisr's remuneration strategy is approved by the Board. A Remuneration and Nominations Committee (RNC) was established on 26 June 2020. The role of the RNC is set out in its charter, which is reviewed annually.

Remuneration report (audited) (cont.)

b) Remuneration governance (cont.)

Wisr Remuneration Framework (2019-2022)

Objectives	Attract, motivate and retain executive talent required to deliver strategy.	Appropriately balance fixed and at-risk components.	Create reward differentiation to drive performance values and behaviours.	Create shareholder value through equity alignment.
Remuneration Component	Total Remuneration (TR)	Total Fixed Remuneration (TFR)	Variable Cash Remuneration (STI)	Variable Equity Remuneration (LTI)
Amount and Range (Min Rem – Max Rem)	Min Rem 2nd-3rd quartile level for WZR current size Max Rem at 2nd – 3rd quartile at WZR market cap if LTI hurdles achieved (38.00 cents per share by 2022).	TFR set according to similar positions at ASX companies of WZR size today. This will result in fixed (cash) rem being at market if executives do not grow the Company in line with the strategy, but well under market if they do.	0-50% depending upon position. None for directors. Can be taken as equity at executive's option with 10% discount to reflect premium on cash.	LTI to form 40-70% of TR. 100% of LTI is at-risk, meaning that the minimum LTI payment is nil for all executives.
Conditions to exceed Min	Must pass all compliance KPIs to exceed Min Rem. In order to reach Max Rem, individual STI hurdles must be exceeded each year, share price hurdles of up to 200% growth over 3 years must be passed, and tenure must be at least 3 years.	n/a	Must pass all compliance KPIs to exceed nil, then performance driven according to individual but aligned KPIs.	All LTI linked to share price increases of 15%-200% from the share price of 12.51c at the time of issue (2019). LTI also requires min service and compliance KPIs to be satisfied.
Strategy behind this approach	WZR's strategy requires executives with experience well beyond what WZR can afford in cash rem. Further there are no guarantees of success, so the framework relies heavily upon at-risk components.	Conserve cash and therefore minimise shareholder dilution.	Align behaviour in short-term, including risk management and revenue growth, while conserving cash.	Align executives to manage all aspects required for shareholder growth including earnings growth, compliance and attracting shareholders.

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

ii. Remuneration Structures for non-executive directors

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

Remuneration report (audited) (cont.)

b) Remuneration governance (cont.)

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was adopted by a special resolution passed at the Annual General Meeting held on 17 November 2016 when shareholders adopted a new constitution providing for an aggregate remuneration of up to a maximum of $500,000 per year, excluding share-based payments such as performance rights.

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

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

iii. Remuneration Structures for current executives

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

- align the interests of executives with those of the shareholder; and
- ensure total remuneration is competitive by market standards in order to attract and retain talented individuals.

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

At-risk remuneration
Wisr's performance hurdles, particularly for the LTI, are at the higher end of the market (ASX peer companies) in terms of degree of difficulty. Any STI and LTI award will only have value to the executive if the performance hurdles are met to enable vesting to occur, and for performance rights related awards, if the share price on vesting exceeds the trigger price.

In the event of serious misconduct or a material misstatement in the company's financial statements, the RNC can cancel or defer performance-based remuneration and may also claw back performance-based remuneration paid in previous financial years.

In addition, all executives above have entered into a voluntary escrow agreement in which they have agreed to retain all remuneration-related equity for their full tenure (other than as required to cover any income tax liabilities relating to this equity). This was not a condition of the LTI Plan, but agreed collectively by the executives.

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

iv. Company Performance linked to remuneration

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

	30 June 2021 $	**30 June 2020 $**	**30 June 2019 $**	**30 June 2018 $**	**30 June 2017 $**
Operating revenue	27.231m	7.166m	3.043m	1.591m	1.160m
Loss	(17.639m)	(23.535m)	(7.731m)	(6.208m)	(5.432m)
Dividend	nil	nil	nil	nil	nil
Cash balance	92.410m	37.973m	11.993m	1.549m	3.479m
Share price	$0.26	$0.22	$0.15	$0.02	$0.03

Remuneration report (audited) (cont.)

c) Service agreements

The remuneration agreements of key management personnel as at 30 June 2021 are set out below:

KMP	Position held as at 30 June 2021 and any change during the year	Contract details (duration and termination)	Agreed gross cash salary per annum incl. superannuation $
J Nantes	Executive Chairman	No determined duration – subject to retirement and re-election rules of the Company's constitution. No notice required to terminate.	100,000
C Swanger	Non-executive director	No determined duration – subject to retirement and re-election rules of the Company's constitution. No notice required to terminate.	60,000
C Whitehead	Non-executive director	No determined duration – subject to retirement and re-election rules of the Company's constitution. No notice required to terminate.	60,000
A Nantes	Chief Executive Officer	No fixed term. 6 months' notice to terminate.	317,550 (base cash salary per service agreement)
A Goodwin	Chief Financial Officer	No fixed term. 6 months' notice to terminate.	317,550 (base cash salary per service agreement)

Remuneration report (audited) (cont.)

c) Service agreements (cont.)

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

KMP	VWAP share price target *	No. performance rights that will vest	Earliest determination date for vesting	Date performance rights lapse if conditions not met
J Nantes	$0.1924	2,880,000	01/07/2021	30/06/2022
	$0.3800	3,080,000	01/09/2019	30/06/2022
C Swanger	$0.1924	1,600,000	01/07/2021	30/06/2022
	$0.3800	1,710,000	01/09/2019	30/06/2022
C Whitehead	$0.1924	1,600,000	01/07/2021	30/06/2022
	$0.3800	1,710,000	01/09/2019	30/06/2022
A Nantes	$0.1924	10,010,000	01/07/2021	30/06/2022
	$0.3000	3,500,000	01/09/2019	30/06/2022
	$0.3800	5,000,000	01/09/2019	30/06/2022
A Goodwin	$0.1924	4,300,000	01/07/2021	30/06/2022
	$0.3000	1,630,000	01/09/2019	30/06/2022
	$0.3800	2,330,000	01/09/2019	30/06/2022

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

The Vesting Conditions for the Performance Rights are:

- The holder being a director/employee of the Company as at the relevant vesting determination dates specified in the table; and
- The relevant volume weighted average price (VWAP) of the Company's ordinary shares traded on ASX over any 20-day period exceeds the prices specified in the table.

Remuneration report (audited) (cont.)

d) Details of remuneration

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

	Short term benefits		Post employment benefits	Long-term benefits	Share based payments			
	Cash salary, fees & short-term compensated absences ($)	Short-term incentive schemes ($)	Superannuation ($)	Long service leave ($)	Performance Rights ($)	Shares ($)	Total ($)	Performance Related (%)
Directors (2021)								
J Nantes	106,887	-	1,446	-	33,152	-	141,485	23.43
C Swanger	54,795	-	5,205	-	18,418	-	78,418	23.49
C Whitehead	54,795	-	5,205	-	18,418	-	78,418	23.49
Total:	**216,477**	**-**	**11,856**	**-**	**69,988**	**-**	**298,321**	
Executives (2021)								
A Nantes	290,000	94,830	28,960	3,593	115,178	-	532,561	37.65
A Goodwin	290,000	64,218	27,572	3,281	49,596	-	434,667	25.74
Total:	**580,000**	**159,048**	**56,532**	**6,874**	**164,774**	**-**	**967,228**	
Directors (2020)								
J Nantes	91,324	-	8,676	-	530,113	-	630,113	84.13
C Swanger	54,795	-	5,205	-	391,487	-	451,487	86.71
C Whitehead	54,795	-	5,205	-	293,926	-	353,926	83.05
Total:	**200,914**	**-**	**19,086**	**-**	**1,215,526**	**-**	**1,435,526**	
Executives (2020)								
A Nantes	290,000	164,155	25,341	2,729	2,024,716	711,187	3,218,128	90.12
A Goodwin	290,000	65,050	23,952	2,492	1,116,069	-	1,497,563	78.87
Total:	**580,000**	**229,205**	**49,293**	**5,221**	**3,140,785**	**711,187**	**4,715,691**	

Further details of performance-related remuneration paid or accrued for FY2021 in respect of specific key management personnel are discussed below:

- *Mr A Nantes*
  Mr Nantes is eligible to receive a short-term incentive (STI) of up to $50,000 in respect of each six-month period, subject to the achievement of key performance indicators as agreed by the Board of Directors from time to time, assessed in the sole discretion of the Board and paid following the Board's approval of the Company's audited accounts for the relevant period.

- *Mr A Goodwin*
  Mr Goodwin is eligible to receive an STI of up to $34,000 in respect of each six-month period, subject to the achievement of key performance indicators as agreed by the Board of Directors from time to time, assessed in the sole discretion of the Board.

Short-term and long-term incentives established in the year for the above KMPs are also set out in Note 22 of the financial report.

Performance conditions set for KMP short-term and long-term incentives (as discussed above and in Note 22 of the financial report) align the KMP interests with the outcomes for shareholders, customers, and staff. The achievement of these

Remuneration report (audited) (cont.)

d) Details of remuneration (cont.)

performance conditions support the growth of company value whilst providing KMPs with remuneration packages that are above market rates relative to peer roles. Conversely, an underperformance of goals expose KMPs to a level of financial risk where their remuneration packages become well below market rates.

e) Equity instruments held by key management personnel

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

	Balance at the start of the year	Received as compensation	Received on exercise of options or rights	Other changes during the year	Balance at end of the year
Directors (2021)					
J Nantes	10,767,015	-	2,390,000	44,355	13,201,370
C Swanger	4,693,619	-	1,430,000	(2,031,953)	4,091,666
C Whitehead	4,450,000	-	1,330,000	50,000	5,830,000
Total:	**19,910,634**	-	**5,150,000**	**(1,937,598)**	**23,123,036**
Executives (2021)					
A Nantes	39,108,736	-	8,150,000	-	47,258,736
A Goodwin	12,871,491	5,037,412	3,900,000	-	21,808,903
Total:	**51,980,227**	**5,037,412**	**12,050,000**	**-**	**69,067,639**
Directors (2020)					
J Nantes	8,847,015	-	1,920,000	-	10,767,015
C Swanger	2,773,619	-	1,920,000	-	4,693,619
C Whitehead	3,390,000	-	1,060,000	-	4,450,000
Total:	**15,010,634**	-	**4,900,000**	-	**19,910,634**
Executives (2020)					
A Nantes	8,950,016	20,158,720	10,000,000	-	39,108,736
A Goodwin	1,704,079	5,037,412	6,130,000	-	12,871,491
Total:	**10,654,095**	**25,196,132**	**16,130,000**	**-**	**51,980,227**

f) Movement in performance rights

The table below provides the number of performance rights held by Key Management Personnel at 30 June 2020 and 30 June 2021.

Name	Rights held at 30 June 2020	Rights granted during FY21	Rights exercised during FY21	Rights lapsed during FY21	Rights held as at 30 June 2021
Directors					
J Nantes	8,350,000	-	2,390,000	-	5,960,000
C Swanger	4,640,000	-	1,330,000	-	3,310,000
C Whitehead	4,640,000	-	1,330,000	-	3,310,000
Total:	**17,630,000**	**-**	**5,050,000**	**-**	**12,580,000**
Executives					
A Nantes	26,660,000	-	8,150,000	-	18,510,000
A Goodwin	12,160,000	-	3,900,000	-	8,260,000
Total:	**38,820,000**	**-**	**12,050,000**	**-**	**26,770,000**

Remuneration report (cont.)

g) Fair value of performance rights

	Performance Rights granted			Vesting Conditions		
Directors (2021)	**Number**	**Effective grant date**	**Fair Value per right at effective grant date ($)**	**Earliest vesting determination date**	**VWAP Share Price condition ($)**	**Expiry date**
J Nantes	2,880,000	1 Sep 2019	0.02065	01/07/2021	0.1924	30 Jun 2022
J Nantes	3,080,000	1 Sep 2019	0.02284	01/09/2019	0.3800	30 Jun 2022
C Swanger	1,600,000	1 Sep 2019	0.02065	01/07/2021	0.1924	30 Jun 2022
C Swanger	1,710,000	1 Sep 2019	0.02284	01/09/2019	0.3800	30 Jun 2022
C Whitehead	1,600,000	1 Sep 2019	0.02065	01/07/2021	0.1924	30 Jun 2022
C Whitehead	1,710,000	1 Sep 2019	0.02284	01/09/2019	0.3800	30 Jun 2022
Executives (2021)						
A Nantes	10,010,000	1 Sep 2019	0.02065	01/07/2021	0.1924	30 Jun 2022
A Nantes	3,500,000	1 Sep 2019	0.03926	01/09/2019	0.3000	30 Jun 2022
A Nantes	5,000,000	1 Sep 2019	0.02284	01/09/2019	0.3800	30 Jun 2022
A Goodwin	4,300,000	1 Sep 2019	0.02065	01/07/2021	0.1924	30 Jun 2022
A Goodwin	1,630,000	1 Sep 2019	0.03926	01/09/2019	0.3000	30 Jun 2022
A Goodwin	2,330,000	1 Sep 2019	0.02284	01/09/2019	0.3800	30 Jun 2022

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

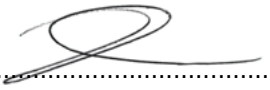
The Vesting Conditions for the Performance Rights are:

- The holder being a director/employee of the Company as at the relevant vesting determination dates specified in the table; and
- The relevant volume weighted average price (VWAP) of the Company's ordinary shares traded on ASX over any 20-day period exceeds the prices specified in the table.

The total fair value of above rights at grant date issued to key management personnel is $938,267. The value of rights differs to the expense recognised as part of each key management person's remuneration in table d) above because this value is the grant date fair value calculated in accordance with *AASB 2 Share Based Payment* whereby the expense is recognised throughout the vesting period.

This concludes the remuneration report, which has been audited.

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



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John Nantes
Director
Sydney
26 August 2021

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Level 11, 1 Margaret St
Sydney NSW 2000
Australia

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

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

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

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



Tim Aman
Director

BDO Audit Pty Ltd

Sydney

26 August 2021

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	2021 $	2020 $
Revenue	2	27,230,985	7,166,322
Other income	3	344,188	547,402
Expenses			
Employee benefits expense		(14,191,169)	(9,510,059)
Marketing expense		(6,264,211)	(4,464,333)
Customer processing costs		(3,067,701)	(1,898,724)
Property expenses		(187,949)	(244,969)
Other expenses		(4,232,284)	(3,430,393)
Finance costs		(7,614,021)	(1,351,689)
Depreciation and amortisation expense		(541,922)	(117,336)
Provision for expected credit loss expense	5	(7,934,680)	(4,097,956)
Share based payment expense	29	(1,180,559)	(6,133,091)
Loss before income tax		(17,639,323)	(23,534,826)
Income tax expense	17	-	-
Loss after income tax for the year		(17,639,323)	(23,534,826)
Loss for the year is attributable to:			
Owners of Wisr Limited		(17,639,323)	(23,534,826)
Earnings per share for loss attributable to the owners of Wisr Limited		**Cents**	**Cents**
Basic earnings per share	26	(1.60)	(2.60)
Diluted earnings per share	26	(1.60)	(2.60)
Other comprehensive loss			
Gain (loss) arising from changes in fair value of cash flow hedging instruments entered into	15	795,948	(202,842)
Other comprehensive loss for the year, net of tax		795,948	(202,842)
Total comprehensive loss for the year		(16,843,375)	(23,737,668)
Total comprehensive loss for the year is attributable to:			
Owners of Wisr Limited		(16,843,375)	(23,737,668)

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

Wisr Limited
Financial report

Consolidated statement of financial position
As at 30 June 2021

	Note	2021 $	2020 $
Assets			
Cash and cash equivalents	4	92,409,558	37,973,266
Trade and other receivables	6	1,208,633	1,023,326
Loan receivables	5	374,651,379	85,997,500
Property, plant and equipment		263,471	5,733
Other assets	7	521,759	489,569
Right of use assets	11	1,729,578	-
Derivative financial instruments	13	264,050	-
Intangible assets	8	384,544	471,760
Total assets		471,432,972	125,961,154
Liabilities			
Trade and other payables	9	3,945,333	2,512,852
Provision for employee benefits	10	872,215	541,540
Lease liability	11	1,886,648	-
Derivative financial instruments	13	-	225,129
Borrowings	12	392,472,477	86,710,392
Total liabilities		399,176,673	89,989,913
Net assets		72,256,299	35,971,241
Equity			
Issued capital	14	143,678,390	89,827,317
Reserves	15	3,250,454	3,181,186
Accumulated losses	15	(74,672,545)	(57,037,262)
Total equity		72,256,299	35,971,241

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

Wisr Limited
Financial report

Consolidated statement of changes in equity
For the year ended 30 June 2021

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2019	48,412,004	1,895,421	(33,534,592)	16,772,833
Loss after income tax expense for the year	-	-	(23,534,826)	(23,534,826)
Other comprehensive loss for the year, net of tax	-	(202,842)	-	(202,842)
Total comprehensive loss for the year	-	(202,842)	(23,534,826)	(23,737,668)
Transactions with owners in their capacity as owners:				
Issue of share capital	36,500,100	-	-	36,500,100
Costs of raising capital	(859,972)	-	-	(859,972)
Share based payment expense (Note 15)	1,318,542	4,814,549	-	6,133,091
Transfer of share based reserve to issued capital on exercise of options	3,255,476	(3,255,476)	-	-
Issue of shares as a result of exercise of options for consideration	1,201,167	(38,310)	-	1,162,857
Transfer of share based payment reserve	-	(32,156)	32,156	-
Balance at 30 June 2020	89,827,317	3,181,186	(57,037,262)	35,971,241
Balance at 1 July 2020	89,827,317	3,181,186	(57,037,262)	35,971,241
Loss after income tax expense for the year	-	-	(17,639,323)	(17,639,323)
Other comprehensive gain for the year, net of tax	-	795,948	-	795,948
Total comprehensive loss for the year	-	795,948	(17,639,323)	(16,843,375)
Transactions with owners in their capacity as owners:				
Issue of share capital	54,999,914	-	-	54,999,914
Costs of raising capital	(3,160,131)	-	-	(3,160,131)
Share based payments expense (Note 15)	-	1,180,559	-	1,180,559
Transfer of share-based reserve to issued capital on exercise of options	1,835,713	(1,835,713)		-
Issue of shares as a result of exercise of options for consideration	145,577	(37,486)		108,091
Issue of shares for services rendered	30,000	(30,000)		-
Transfer of share-based payment reserve	-	(4,040)	4,040	-
Balance at 30 June 2021	143,678,390	3,250,454	(74,672,545)	72,256,299

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

Consolidated statement of cash flows
For the year ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		24,305,699	4,814,906
Payments to suppliers and employees		(27,595,351)	(18,256,184)
		(3,289,652)	(13,441,278)
Interest received on investments and cash		11,285	48,843
Management fees received		1,176,790	1,472,386
Interest and other finance costs paid		(6,261,893)	(1,109,037)
Proceeds from R&D tax incentive		380,874	219,078
Net cash used in operating activities	25	(7,982,596)	(12,810,008)
Cash flows from investing activities			
Payments for plant and equipment		(308,875)	-
Receipts from investments		-	518,000
Net movement in customer loans		(294,052,383)	(83,078,103)
Net cash used in investing activities		(294,361,258)	(82,560,103)
Cash flows from financing activities			
Proceeds from issue of shares		54,999,914	36,500,100
Proceeds from exercise of share options		108,091	1,162,857
Costs of raising capital paid		(3,076,009)	(859,972)
Repayment of borrowings – secured notes		(1,675,000)	(425,000)
Proceeds from issuance of borrowings		309,325,000	85,600,000
Transaction costs related to borrowings		(2,552,511)	(627,773)
Payments for right of use asset		(349,339)	-
Net cash provided by financing activities		356,780,146	121,350,212
Net increase in cash and cash equivalents		54,436,292	25,980,101
Cash and cash equivalents at the beginning of the financial year		37,973,266	11,993,165
Cash and cash equivalents at the end of the financial year		92,409,558	37,973,266

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

Notes to the financial statements
For the year ended 30 June 2021

The consolidated financial statements of Wisr Limited (the Group) for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 26 August 2021. The directors have the power to amend and revise the financial report.

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

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

Note 1. Summary of significant accounting policies

a. Basis of preparation

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

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

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered within 12 months except for intangible assets, property, plant and equipment and financial instruments, for which expected term is disclosed.

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

i) Going concern

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

- strong cash reserves boosted by the successful capital raise it completed in H2FY21; and
- wholesale funding arrangements for future loan originations;

both of which support its operational commitments.

ii) New and revised accounting standards and interpretations

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

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

b. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company and all subsidiaries as at 30 June 2021, and the results of all subsidiaries for the year then ended.

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

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

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

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

c. Foreign currency transactions and balances

Functional and presentation currency

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

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

d. Impairment of assets

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

e. Investments and other financial assets

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

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

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

e. Investments and other financial assets (cont.)

(ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

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

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

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

f. Goods and services tax (GST)

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

g. Critical accounting estimates and judgments

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

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include historical collection rates along with a COVID-19 overlay.

h. Fair value measurements

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

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

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

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

h. Fair value measurements (cont.)

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

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

- Financial assets at fair value through profit & loss (investment)
- Derivative financial instruments at fair value asset or (liability). Hedging ineffectiveness being recognised through profit & loss.

(a) Fair Value Hierarchy

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

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

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

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

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

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

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

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

Interest rate swap contracts are valued using a discounted cash flow approach. Future cash flows are estimated based on observable forward interest rates and discounted based on applicable yield curves at the reporting date, taking into consideration the credit risk of the Group and various counterparties. These are deemed to be level 2 inputs as related to

h. Fair value measurements (cont.)

both quoted prices and observable inputs to the asset or liability.

i. Hedge accounting

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

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

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

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

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

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

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

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

Notes to the financial statements
For the year ended 30 June 2021

Note 2. Revenue

	Consolidated 2021 $	2020 $
Interest income on financial assets		
Effective interest income on financial assets	25,586,055	4,903,505
Other revenue from financial assets	170,806	320,887
Interest on cash	11,285	10,544
Interest from investments	-	38,299
Total income from financial assets	25,768,146	5,273,235
Revenue from contracts with customers		
Management fees	1,462,839	1,893,087
Total revenue from contracts with customers	1,462,839	1,893,087
Total revenue	27,230,985	7,166,322

Disaggregation of revenue

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

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

Interest income on financial assets

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

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

Revenue from contracts with customers

Management fees
Management fees are earned through the contracts with funders (customers) which entitle the consolidated entity to fees as a result of satisfying the performance obligation, being the monthly management of the associated loan portfolio. Revenue is recognised on an over-time basis. The allocation of the transaction price is calculated as a percentage of the loan balance managed by the consolidated entity on a monthly basis, being the satisfaction of the performance obligation.

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring services to a customer.

The consolidated entity invoice on a monthly basis which aligns to the recognition criteria noted above and as a result, there is no recognition of contract assets or liabilities required.

Notes to the financial statements
For the year ended 30 June 2021

Note 3. Other income

	Consolidated 2021 $	2020 $
R&D and other tax incentives	330,133	430,874
Gain on loan purchase	14,055	116,528
Other income	344,188	547,402

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

Note 4. Cash and cash equivalents

	Consolidated 2021 $	2020 $
Cash at bank	64,756,642	33,242,349
Restricted cash	27,652,916	4,730,917
	92,409,558	37,973,266

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

Balance as above	92,409,558	37,973,266
Balance as per statement of cash flows	92,409,558	37,973,266

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

Restricted cash is held by the Wisr Warehouse and is utilised for loan funding and not available to pay creditors of other entities within the Group.

Note 5. Loan receivables

A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

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

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

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

Note 5. Loan receivables (cont.)

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

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

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

Allowance for expected credit losses
The Group has historically adopted an off-balance sheet loan funding model which resulted in relatively low loan receivables on balance sheet. With the Wisr Warehouse Trust No. 1 going live in mid-November 2019, loan receivables on the balance sheet have increased significantly.

The ECL analysis was performed on three distinct loan receivable books:
Book 1 – Wisr Warehouse Trust - Predominantly Stage 1
Book 2 – Wisr Freedom Trust 2021-1 - Predominantly Stage 1
Book 3 – Wisr Finance - Combination of Stages 1 to 3. This book consists of seasoned, mostly legacy loan receivables which didn't qualify for sale to funding partners etc.

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

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

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

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

The Group originates loan receivables of 3, 5, and 7 year maturities to Australian consumers. These loans are retained to maturity within the Wisr Warehouse Trust No. 1 and Wisr Freedom Trust 2021-1.

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

Loan receivables which were on a COVID-19 payment arrangement, where normal loan repayments have resumed or the loan contract has been restructured, have been classified either at the stage prior to entering a payment arrangement or under the terms of the new contract. Remaining COVID-19 affected loans have been classified as a significant increase in credit risk or in default, however the number remaining in the portfolio is only 10 loans as at 30 June 2021 which is 0.07%.
.
Scenario analysis and forward-looking macroeconomic assessments were not incorporated as a result of the following factors:

- COVID-19 affected loans were specifically assessed and it was noted that as only a very small number remain in the portfolio no specific provision has been taken.
- The Group enacted tightened credit policy and reduced risk tolerance in response to the COVID-19 pandemic.
- The more recent pandemic impacts have not affected the 30 June 2021 position and new hardship assistance request post June 30 have been negligible compared to FY20 impacts.

Note 5. Loan receivables (cont.)

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

	Consolidated	
	2021	2020
	$	$
Gross loan receivables	384,091,403	89,729,432
Less provision for expected credit loss	(9,440,024)	(3,731,932)
	374,651,379	85,997,500

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

Gross loan receivables		
12-month (Stage 1)	376,868,793	84,019,478
Lifetime (Stage 2 & 3)	7,222,610	5,709,954
Total gross carrying amount	384,091,403	89,729,432
Less provision for expected credit loss		
12 month expected credit loss	5,413,601	1,970,134
Lifetime expected credit loss	4,026,423	1,761,798
Total provision for expected credit loss	9,440,024	3,731,932
Net balance sheet carrying value	374,651,379	85,997,500
Expected credit loss per gross loan receivables	**%**	**%**
12-month (Stage 1)	1.44	2.34
Lifetime (Stage 2 & 3)	55.75	30.85
Total expected credit loss per total gross loan receivables	2.46	4.16
Reconciliation of total provision for expected credit loss	**$**	**$**
Balance at 1 July	3,731,932	235,646
Expected credit loss expense recognised during the year to profit or loss	7,934,680	4,097,956
Receivables written-off during the year	(2,377,963)	(660,060)
Recoveries during the year	151,375	58,390
Balance at 30 June	9,440,024	3,731,932

Note 6. Trade and other receivables

	Consolidated	
	2021	2020
	$	$
Expected to be settled within 12 months		
Accrued management fee income	928,501	642,452
R&D tax incentive receivable	280,133	380,874
	1,208,634	1,023,326

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

The consolidated entity has applied the simplified approach to measuring expected credit losses for trade and other receivables, 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.

Note 7. Other assets

	Consolidated 2021 $	2020 $
Expected to be settled within 12 months		
Prepayments	381,772	238,394
Deposits	43,098	131,883
Cash held in trust	96,889	119,292
	521,759	489,569

Note 8. Intangible assets

	Consolidated 2021 $	2020 $
Technology assets:		
Cost	609,240	609,240
Accumulated amortisation	(237,424)	(150,208)
Net carrying amount	371,816	459,032
Technology assets under development:		
Cost	12,728	12,728
Accumulated amortisation	-	-
Net carrying amount	12,728	12,728
Total intangible assets	384,544	471,760

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

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

The recoverable amount of the group's intangible assets have been tested for impairment via a value-in-use calculation using a discounted cash flow model, based on discounted projected cashflows derived by the cash generating unit over the useful life of the assets. The cash generating unit was identified as being related to the operating cashflows earned via the Wisr App, being derived via account maintenance fees and loan referral income and is related to the intangible assets noted above. No impairment has been identified (2020: no impairment).

Note 9. Trade and other payables

	Consolidated 2021 $	2020 $
Expected to be settled within 12 months		
Trade payables	2,043,859	1,357,320
Sundry payables	597,994	274,635
Accrued expenses	1,031,724	708,354
Superannuation payable	271,756	172,543
	3,945,333	2,512,852

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

Note 10. Employee benefits

	Consolidated 2021 $	2020 $
Expected to be settled within 12 months		
Provision for annual leave	754,409	469,986
Not expected to be settled within 12 months		
Provision for long service leave	117,806	71,554
Total employee benefits	872,215	541,540

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

Note 11. Leases

The Group has a property lease which commenced in December 2020 with a 3 year and 1 month term.

The Group also had two non-cancellable property leases which expired in September 2020 at which point became month on month agreements.

	2021 $	2020 $
AASB 16 related amounts recognised in the statement of financial position:		
Right of use assets		
Leased property	2,133,146	-
Accumulated depreciation	(403,568)	-
Net right of use asset	1,729,578	-
Lease liabilities		
Lease liabilities - expected to be settled within 12 months	684,336	-
Lease liabilities – not expected to be settled within 12 months	1,202,312	-
	1,886,648	-

AASB 16 related amounts recognised in the statement of profit or loss	2021 $	2020 $
Depreciation charge related to right of use assets	403,568	-
Interest expense on lease liabilities	71,082	-
Government levies	31,758	-
Short-term lease expense prior to entering into above lease arrangement	143,357	244,969
	649,765	244,969

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 or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Note 11. Leases (cont.)

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

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 consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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

Critical accounting judgements, estimates and assumptions

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Incremental borrowing rate
An incremental borrowing rate of 6% is used as an estimate of the market borrowing rate.

Note 12. Borrowings

	Consolidated	
	2021	**2020**
	$	**$**
Secured note	-	1,675,000
Unsecured facility	6,500,000	-
Wisr Warehouse funding	388,841,736	85,598,949
Less transaction costs	(2,869,259)	(563,557)
	392,472,477	85,035,392
Total borrowings	392,472,477	86,710,392

Note 12. Borrowings (cont.)

Secured note
In FY2020, the note was used for working capital purposes through initial funding of loan receivables prior to them being sold to funding partners as part of normal business operations.

Unsecured facility
As at 30 June 2021, the Group has drawn $6.5m of its $21.5m unsecured loan facility with a 9.5% p.a. coupon and maturity in May 2023.

Wisr Warehouse funding

Wisr Warehouse funding are the facilities of Wisr Warehouse Trust No. 1 and Wisr Freedom Trust 2021-1. Both facilities fund loan receivables for 3, 5 and 7 year maturities.

At 30 June 2021, Wisr Warehouse Trust No. 1 had $361.5m (2020: $95.0m) in committed financing, $174.6m (2020: $85.9m) of which has been utilised. The facility is secured against the underlying pool of loan receivables with no credit recourse back to the consolidated entity. Wisr Warehouse Trust No. 1 consists of four classes of notes with Wisr the holder of the Class 4 note. The availability period of the facility is until November 2022. The all in cost of funds for the Wisr Warehouse Trust No. 1 is circa 3.50% per annum.

Wisr Freedom Trust 2021-1 Trust represents the inaugural securitisation for the Group with a balance of $204.7m (amortising loan book) as at 30 June 2021 and day one weighted average margin of circa 1.5% + 1 month BBSW.

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

Note 13. Derivative financial instruments

	Consolidated	
	2021	**2020**
	$	**$**
Derivative financial instruments	264,050	(225,129)

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

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

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. Other derivatives are presented as current assets or current liabilities.

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

Note 14. Issued capital

	Consolidated	
	2021	**2020**
	$	**$**
(a) Issued and paid up capital		
Ordinary shares fully paid	149,162,775	92,151,571
Costs of raising capital	(5,484,385)	(2,324,254)
	143,678,390	89,827,317

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

Note 14. Issued capital (cont.)

Ordinary shares are classified as equity and recognised at the fair value of the consideration received by the Group. No subsequent fair valuation is performed. Incremental costs directly attributable to the issue of new shares or options are deducted from the value of issued capital.

	2021		2020	
	Number of shares	$	Number of shares	$
(b) Reconciliation of issued and paid-up capital				
Opening balance as at 1 July	1,059,391,937	89,827,317	790,208,152	48,412,004
Issue of shares from raising capital	219,999,654	54,999,914	197,297,792	36,500,100
Costs of raising capital	-	(3,160,131)	-	(859,972)
Issue of shares to CEO on vesting of performance rights/for long-term incentives	8,150,000	735,650	30,158,720	2,384,173
Issue of shares to CFO on vesting of performance rights/for long-term incentives	8,937,412	506,476	11,167,412	762,226
Issue of shares to directors on vesting of performance rights	5,050,000	455,832	4,900,000	555,872
Issue of shares to staff on vesting of long-term incentives	12,901,001	137,755	2,696,079	101,273
Issue of shares on exercise of options	1,113,637	145,577	14,535,715	1,201,167
Issue of shares for service	888,303	30,000	-	-
Issue of shares to Head of Growth (former COO) as part of long-term incentive	-	-	8,428,067	770,474
Closing Balance as at 30 June	1,316,431,944	143,678,390	1,059,391,937	89,827,317

(c) Performance rights
As at 30 June 2021, there were a total of 70,307,676 (2020: 92,717,541) performance rights outstanding. Refer to Note 29.

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

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

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

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

Note 15. Equity – reserves and accumulated losses

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

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

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

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

Movement in reserves:	Employee equity benefits reserve $	Other share based payments reserve $	Cash flow hedge reserve $	Total $
At 1 July 2019	1,476,920	418,501	-	1,895,421
Share based payments expense	4,764,670	49,879	-	4,814,549
Transfer from reserve to retained earnings	(32,156)	-	-	(32,156)
Transfer from reserve on exercise of options	(3,255,476)	-	-	(3,255,476)
Issue of shares as a result of exercise of options for consideration	-	(38,310)	-	(38,310)
Gain/(loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges	-	-	(231,976)	(231,976)
Cumulative loss arising on changes in fair value of hedging instruments reclassified to profit or loss	-	-	29,134	29,134
At 30 June 2020	2,953,958	430,070	(202,842)	3,181,186
At 1 July 2020	2,953,958	430,070	(202,842)	3,181,186
Share based payments expense	1,167,984	12,575	-	1,180,559
Transfer from reserve to retained earnings	(4,040)	-	-	(4,040)
Transfer from reserve on exercise of options	(1,835,713)	-	-	(1,835,713)
Issue of shares as a result of exercise of options for consideration	-	(37,486)	-	(37,486)
Issue of shares for services rendered	-	(30,000)	-	(30,000)
Gain/(loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges	-	-	172,635	172,635
Cumulative loss arising on changes in fair value of hedging instruments reclassified to profit or loss	-	-	623,313	623,313
At 30 June 2021	2,282,189	375,159	593,106	3,250,454

	Consolidated 2021 $	2020 $
Accumulated losses:		
Opening balance	(57,037,262)	(33,534,592)
Total loss after income tax for the year	(17,639,323)	(23,534,826)
Transfer from reserve to retained earnings	4,040	32,156
Total	(74,672,545)	(57,037,262)

Note 16. Capital and lease commitments

(a) Finance lease commitments
There are no finance lease commitments (2020: nil).

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

		Consolidated 2021 $	2020 $
Payable – minimum lease payments:			
i)	Within one year	-	58,129
ii)	One to five years	-	-
iii)	More than five years	-	-
		-	58,129

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

Note 16. Capital and lease commitments (cont.)

Wisr Finance Pty Ltd had two property leases which expired in September 2020 at which point became month on month agreements and terminated in December 2020. In December 2020 the Group entered into a property lease with a 3 year and 1 month term. Due to the adoption of AASB 16, in the prior period, the Group had no outstanding operating lease commitments due at 30 June 2021.

Note 17. Income tax

	Consolidated	
	2021	**2020**
Numerical reconciliation of income tax expense to prima facie tax payable	**$**	**$**
Loss from continuing operations before income tax expense	(17,639,323)	(23,534,826)
Tax benefit at the tax rate of 26% (2020: 27.5%)	(4,586,24)	(6,472,077)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Temporary differences not recognised	2,324,309	2,539,136
- Non-recognition of current year tax losses	2,261,915	3,932,941
Income tax expense	-	-

As at 30 June 2021, the entity has unrecognised carried forward tax losses of $54,934,273 (2020: $46,234,600), the utilisation of which is dependent on the entity satisfying the requirements of the Same Business Test (SBT).

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

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

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

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

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

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

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

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

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

Note 17. Income tax (cont.)

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

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

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

Note 18. Remuneration of auditors

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

	Consolidated	
	2021	2020
BDO Audit Pty Ltd	$	$
- Audit of the financial report – assurance services	97,500	85,000
- Taxation services – non-assurance services	2,500	9,900
- Review of the half-yearly financial report – assurance services	43,699	34,000
- Accounting advice – non-assurance services	-	4,000
	143,699	132,900

The BDO entity performing the audit of the Group transitioned from BDO East Coast Partnership to BDO Audit Pty Ltd on 25 September 2020. The FY2020 comparatives include amounts received or due and receivable by BDO East Coast Partnership, BDO Audit Pty Ltd and their respective related entities.

Note 19. Contingent liabilities

There were no material contingent liabilities reportable during the period (2020: nil).

Note 20. Subsidiaries

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

Name	Status	Country of incorporation	% owned 2021	% owned 2020
Wisr Finance Pty Ltd	Registered 2 May 2006	Australia	100%	100%
Wisr Investment Management Pty Ltd	Registered 20 February 2015	Australia	100%	100%
Wisr Loans Servicing Pty Ltd	Registered 20 February 2015	Australia	100%	100%
Wisr Credit Management Pty Ltd	Registered 19 March 2015	Australia	100%	100%
Wisr Marketplace Limited	Registered 16 March 2015	Australia	100%	100%
Wisr Services Pty Ltd	Registered 13 January 2017	Australia	100%	100%
Wisr Funding Pty Ltd	Registered 9 April 2018	Australia	100%	100%
Wisr Notes 1 Pty Ltd	Registered 31 July 2018	Australia	100%	100%
Wisr Warehouse Trust No. 1	Registered 28 October 2019	Australia	100%	100%
Wisr Freedom Trust 2021-1	Registered 29 March 2021	Australia	100%	-

Note 21. Events after the reporting period

In March 2021, the Group announced execution of a term sheet for an investment in European fintech platform Arbor. On 5 August 2021, the Group completed its initial investment, consisting of EUR715,358 in exchange for a 12.5% ownership stake.

In addition to the 12.5%, Wisr has options in place to increase its ownership stake to 45% over three years subject to valuation thresholds and contingent upon certain milestones being achieved.

Arbor is an EU based fintech with a financial wellness platform, utilising a digital wallet to offer savings, investment and lending features.

Notes to the financial statements
For the year ended 30 June 2021

Note 22. Key management personnel disclosures

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

	Consolidated	
	2021	2020
	$	$
Short-term employee benefits	955,525	1,010,119
Post-employment benefits	68,389	68,379
Long-term benefits	6,874	5,221
Share-based payments	234,762	5,067,498
Total KMP compensation	1,265,550	6,151,217

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

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

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

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

Note 23. Related party transactions

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

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

(c) Transactions with related parties
As at 30 June 2021, all transactions that have occurred among the subsidiaries within the Group have been eliminated for consolidation purposes.

During the period, an amount of $100,000 in capital repayment plus $1,745 (2020: $7,192) in interest was paid to a director related party relating to their capital participation in the Wisr secured note.

There were no other related party transactions.

Note 24. Parent entity information

(a) Summary financial information

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

Statement of financial position	2021 $	2020 $
Total assets	135,597,217	76,815,933
Total liabilities	6,760,996	135,678
Shareholders' equity		
Issued capital	136,666,162	82,815,088
Reserves	2,657,348	3,384,027
Accumulated losses	(10,487,289)	(9,518,861)
	128,836,221	76,680,254
Loss for the year	(969,627)	(2,913,825)
Total comprehensive loss	(969,627)	(2,913,825)

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

(b) Contingent liabilities

See Note 19.

(c) Contractual commitments

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

Note 25. Cash flow information

	Consolidated	
Reconciliation of loss after income tax to net cash outflows from operating activities	2021 $	2020 $
Loss for the year	(17,639,323)	(23,534,826)
Adjustments for non-cash items or items for which the cash flows are investing or financing cash flows		
Depreciation and amortisation	541,922	117,336
Share-based payments and accruals	1,180,559	6,133,091
Fundraising expenses	592,044	94,419
Expected credit losses expense / loan asset impairments and write-offs	7,934,680	4,097,956
Right of use asset expenses	102,840	-
Changes in operating assets and liabilities:		
(Increase) in loan receivables	(2,536,175)	(519,999)
(Increase) in trade and other receivables	(185,308)	(582,497)
(Increase)/decrease in other assets	(32,189)	61,028
Increase in trade and other payables	1,348,359	1,070,973
Increase in provision for employee benefits	330,675	161,478
Increase in accrued finance costs	379,320	91,033
Net cash flows used in operating activities	(7,982,596)	(12,810,008)

Note 26. Earnings per share

	2021 Cents	2020 Cents
Basic earnings per share	(1.60)	(2.60)
Diluted earnings per share	(1.60)	(2.60)

Weighted average number of shares used as the denominator

	Number of shares	Number of shares
Weighted average number of shares used as the denominator in calculating basic earnings per share	1,105,463,088	904,602,487
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of ordinary shares used in calculating dilutive earnings per share	1,105,463,088	904,602,487

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

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

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

Note 27. Segment information

Management has determined that the Group has one operating segment, being the provision of personal loans to consumers. The internal reporting framework is based on the principal activity as discussed above and is the most relevant to assist the Board as Chief Operating Decision Maker with making decisions regarding the Group and its ongoing growth. The assets as presented relate to the operating segment. The Group operates in Australia only as at 30 June 2021.

Note 28. Dividends

(a) Dividends paid during the year

Ordinary shares
There were no dividends paid during the year (2020: nil).

(b) Franking Credits

	2021 $	2020 $
Franking credits available for subsequent reporting periods based on a tax rate of 26% (2020 – 27.5%)	1,542,955	1,542,955

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

Note 29. Share based payments

The share-based payment expense of $1,180,559 (2020: $6,133,091) consists of:

- KMP LTIs of $234,762 (2020: $5,067,498) accrued up to 30 June 2021 which were set in FY20 and relate to FY20, FY21 and FY22.
- Staff LTIs $933,222 (2020: $1,015,714) accrued up to 30 June 2020 and relate to FY18 – FY21; and
- Recruitment expense of $12,575 (2020: $49,879).

Note 29. Share based payments (cont.)

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

FY21 Staff LTI scheme:
Assumptions - Grant date 1 July 2020, Volatility 40%, Spot price $0.2000.

Tranche	Expiry date	Barrier price	Fair value
1	31 Jul 22	$0.23	$0.1060
2	31 Jul 23	$0.23	$0.1099

Performance rights

	2021		2020	
	Number of performance rights	Exercise price	Number of performance rights	Exercise price
Balance at beginning of year	92,717,541	Nil	38,966,725	Nil
- granted	11,645,187	Nil	91,116,364	Nil
- forfeited	(4,054,051)	Nil	(13,639,469)	Nil
- exercised	(30,001,001)	Nil	(23,726,079)	Nil
Balance at end of year	70,307,676	Nil	92,717,541	Nil

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

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

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

Note 30. Financial risk management

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

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

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

Note 30. Financial risk management (cont.)

(a) Credit risk

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

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

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

(b) Inability to recover defaulted loans

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

(c) Fraudulent borrowers

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

(d) Personal Loans may be unsecured

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

(e) Costs of acquiring loans

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

(f) Ability to source third party funding and sell loans

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

The Group seeks to manage this risk by establishing multiple sources of institutional loan buyers.

Note 30. Financial risk management (cont.)

(g) Liquidity risk

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

Maturity Analysis – Group			
2021	**Within 1 year $**	**1 – 5 years $**	**Total $**
Financial assets			
Non-derivatives			
Cash and cash equivalents	92,409,558	-	92,409,558
Loan receivables	61,941,741	312,709,638	374,651,379
Trade and other receivables	1,208,633	-	1,208,633
Other assets	139,987	-	139,987
Derivatives at fair value			
Interest rate swaps – cash flow hedges	(945,755)	1,236,631	290,876
Total financial assets	158,513,396	310,187,037	468,700,433
Financial liabilities			
Non-derivatives			
Trade creditors	2,043,859	-	2,043,859
Other payables	1,901,473	-	1,901,473
Borrowings	516,736	391,955,741	392,472,477
Total financial liabilities	4,462,068	391,955,741	396,417,809
Net financial assets	154,051,328	(81,768,704)	72,282,624

2020	**Within 1 year $**	**1 – 5 years $**	**Total $**
Financial assets			
Cash and cash equivalents	37,973,266	-	37,973,266
Loan receivables	15,242,964	70,754,536	85,997,500
Trade and other receivables	1,023,326	-	1,023,326
Other assets	251,175	-	251,175
Total financial assets	54,490,731	70,654,536	125,245,267
Financial liabilities			
Non-derivatives			
Trade creditors	1,357,320	-	1,357,320
Other payables	1,155,532	-	1,155,532
Secured notes	1,675,000	-	1,675,000
Warehouse trust funding	98,950	84,936,442	85,035,392
Derivatives at fair value			
Interest rate swaps – cash flow hedges	148,275	78,615	226,890
Total financial liabilities	4,435,077	85,015,057	89,450,134
Net financial assets	50,055,654	(14,260,521)	35,795,133

(h) Market risk

Price risk
The Group is not exposed to any significant price risk at 30 June 2021.

Note 30. Financial risk management (cont.)

(i) Interest rate risk

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

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

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

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

	Interest rate swaps	
	2021	**2020**
Hedging instruments		
Average contracted fixed interest rate	0.37050%	0.40900%
Notional principal (borrowings)	336,825,995	60,354,017
Carrying amount of the hedging instrument (liability)	264,050	(225,129)
Change in fair value used for calculating hedge ineffectiveness	710,674	6,031
Hedged items		
Nominal amount of the hedged item	336,825,995	60,354,017
Change in value used for calculating hedge ineffectiveness	797,545	14,532
Balance in cash flow hedge reserve for continuing hedges	710,674	6,031
Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied	(117,568)	(208,873)
Hedge ineffectiveness recognised in profit or loss (within Finance costs)	(51,240)	(22,287)

Directors' Declaration

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

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

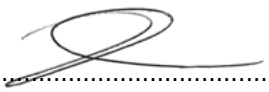
  (i) giving a true and fair view of the financial position and performance of the consolidated entity; and
  (ii) complying with Australian Accounting Standards, including the interpretations, and the *Corporations Regulations 2001*;

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

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

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

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



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John Nantes
Director
Sydney
26 August 2021

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INDEPENDENT AUDITOR'S REPORT

To the members of Wisr Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Wisr Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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Key audit matters

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

Carrying Value Loan Receivables

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 5 of the financial report, the Group holds loan receivables of $374,651,379 (2020: $85,997,500). The requirements of AASB 9 *Financial Instruments* involve significant judgements and estimates in assessing expected credit losses to be incurred based on past performance, the current economic environment, as well as expectations around future conditions. Refer to Note 5 of the financial report for a description of the accounting policy, significant estimates and judgements applied by management. The carrying value of loan receivables has been considered a key audit matter due to the subjectivity involved in determining the expected credit losses, complexity involved in the calculations and judgements made by Management.	Our procedures included but were not limited to: • Understanding and testing the control environment around the initial recognition and measurement of loan receivables. • Testing a sample of loan receivables to ensure that the balance at year end complies with the requirements of AASB 9 *Financial Instruments*. • Critically evaluating whether the expected credit loss model prepared by Management complies with the requirements of AASB 9 *Financial Instruments*. • Evaluating the completeness and accuracy of the historical data used in calculating the underlying historical loss rate. • Assessing the reasonableness of key judgements and estimates applied to the model which account for the current economic conditions, as well as expectations of future economic conditions. • We also assessed the adequacy of the Group's disclosures in relation to loan receivables.

Other information

The directors are responsible for the other information. The other information comprises the information contained in directors' report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

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

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 19 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Wisr 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.

BDO Audit Pty Ltd

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Tim Aman
Director

Sydney, 26 August 2021