

whispir

18 February 2021

# 1H FY21 Results

– Investor presentation

A S X W S P



# Agenda – Investor briefing materials

## 1. Business Update

ARR & record customer growth

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## 2. Financial Results

Ahead of FY21 half year expectations

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## 3. Outlook

Market expansion & product refinement

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## 4. Q&A

Questions & Answers

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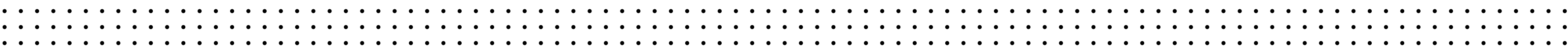
Who is presenting today?



Jeromy Wells – CEO



Justin Owen – CFO



## 1. Business Update

# ARR & record customer growth



# Strong ARR growth as momentum builds

Existing ANZ customers key driver of ARR increase

\$47.4m 

FY21 annualised recurring revenue

\$36.7m PCP

**29.2% Growth**

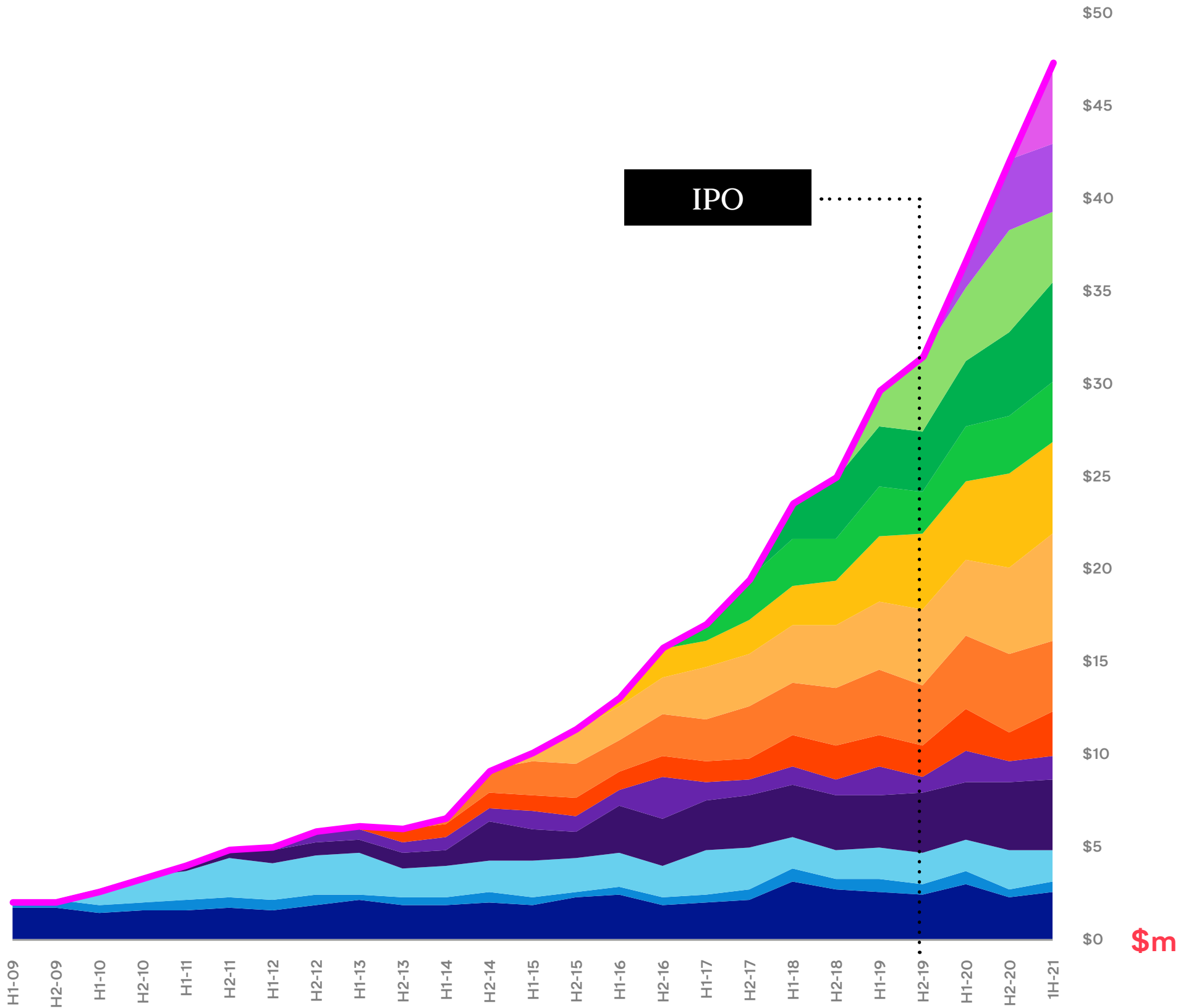


# Customer Revenue Retention of 115%

Long-term enterprise customers increasing utilisation, spending more over time

ARR growing at a CAGR of 30.5% since IPO. Organic growth from established customer base provides future revenue surety.

**Notes**  
1. \*Excludes Fluctuating Transactional Customers, also MRR is on a Gross basis



# Ahead of FY21 half year expectations

ARR, revenue and customer growth deliver Whispir’s strongest ever first half performance

\$23.1m

1H FY21 Revenue  
27.3% growth on PCP

\$320m

Lifetime value of customer cohort as at 31 December 2020  
44.1% growth on PCP

\$10.9m

Cash & Equivalents balance

60.7%

1H FY21 Gross Margin

\$(1.8)m

1H FY21 EBITDA  
61.6% improvement on PCP

# Digitisation driving customer growth

Low code/no code platform facilitating macro communications trends without IT expertise

# 707 Customers



77 net new customers in 1H FY21

509 customers PCP

Up 38.9%

# Average customer ARR reflects platform stickiness

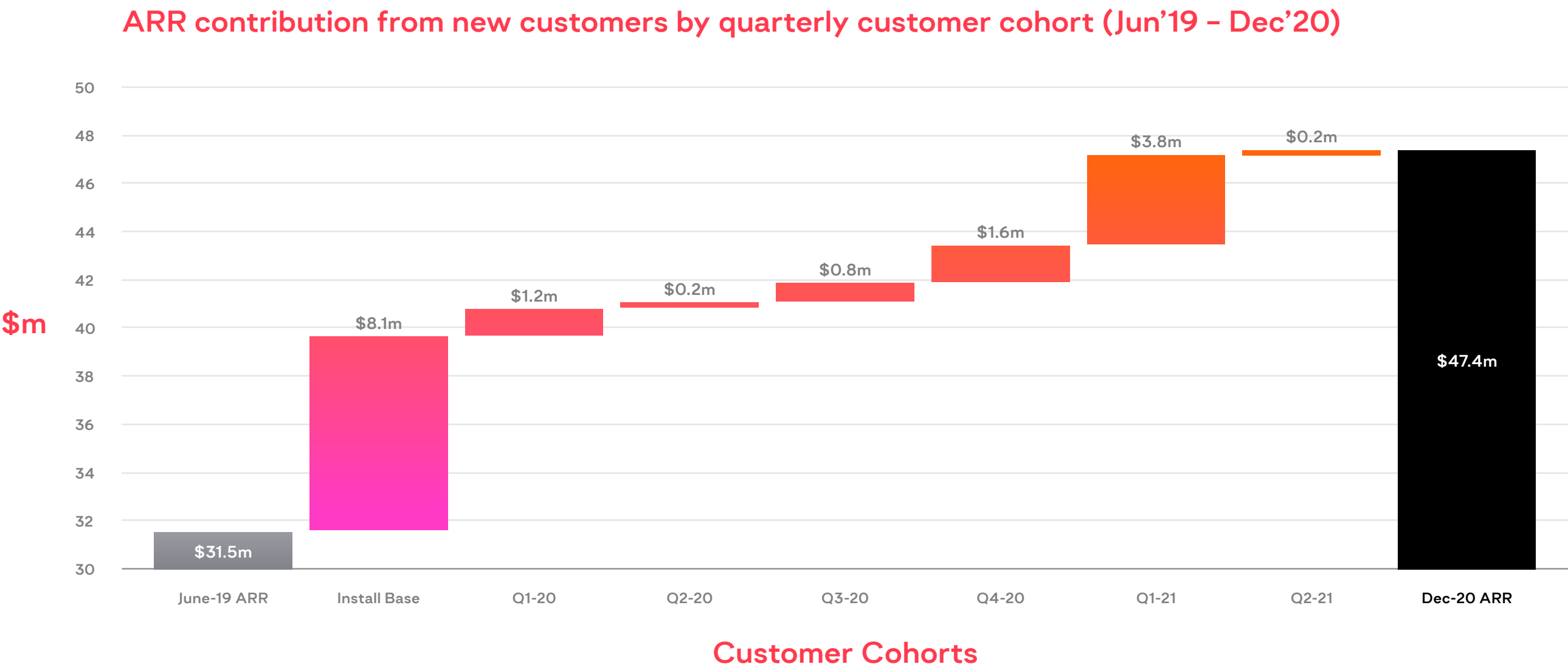
Record new customers provide long-term growth opportunities

\$67.01k

707 Customers

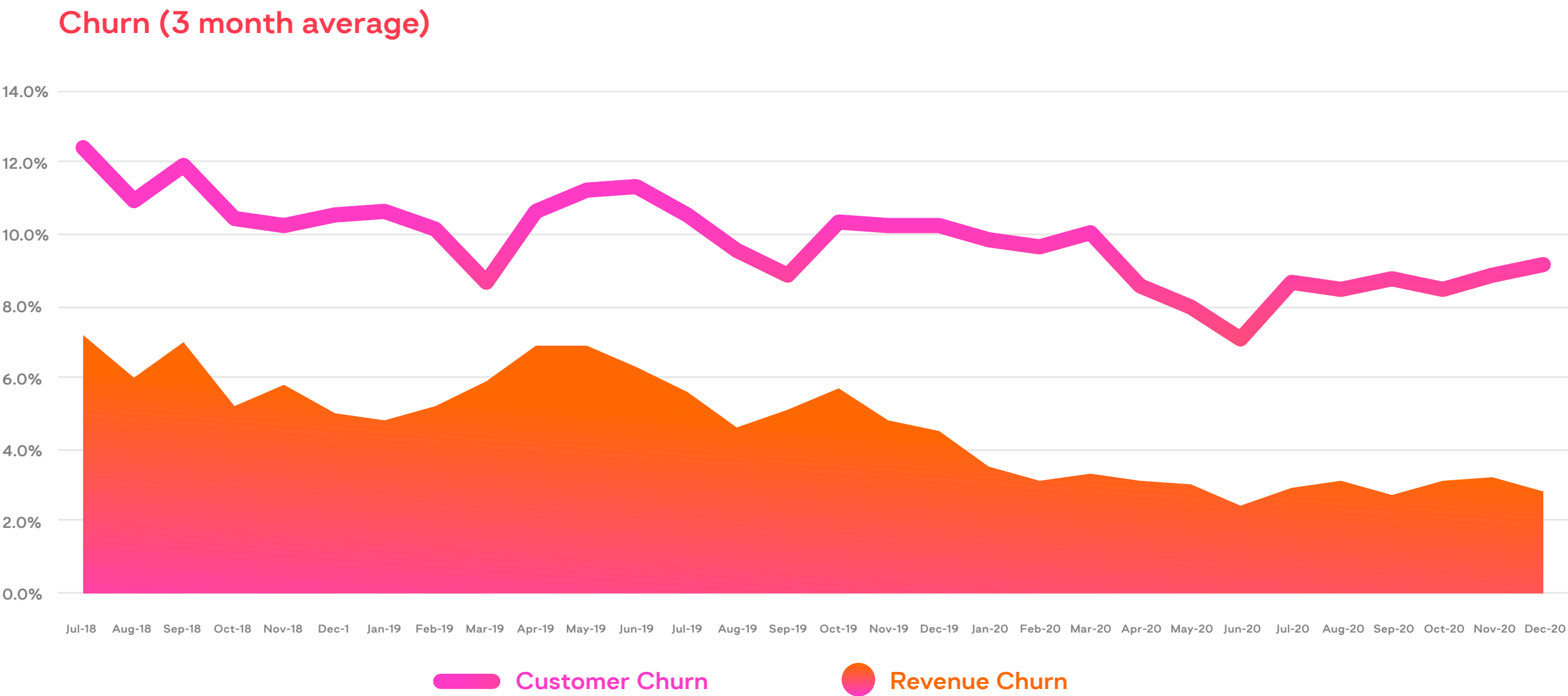
# ARR Contribution by Quarterly Customer Cohort

Install base and customers onboarded in Q1 FY21 primary contributors to ARR growth



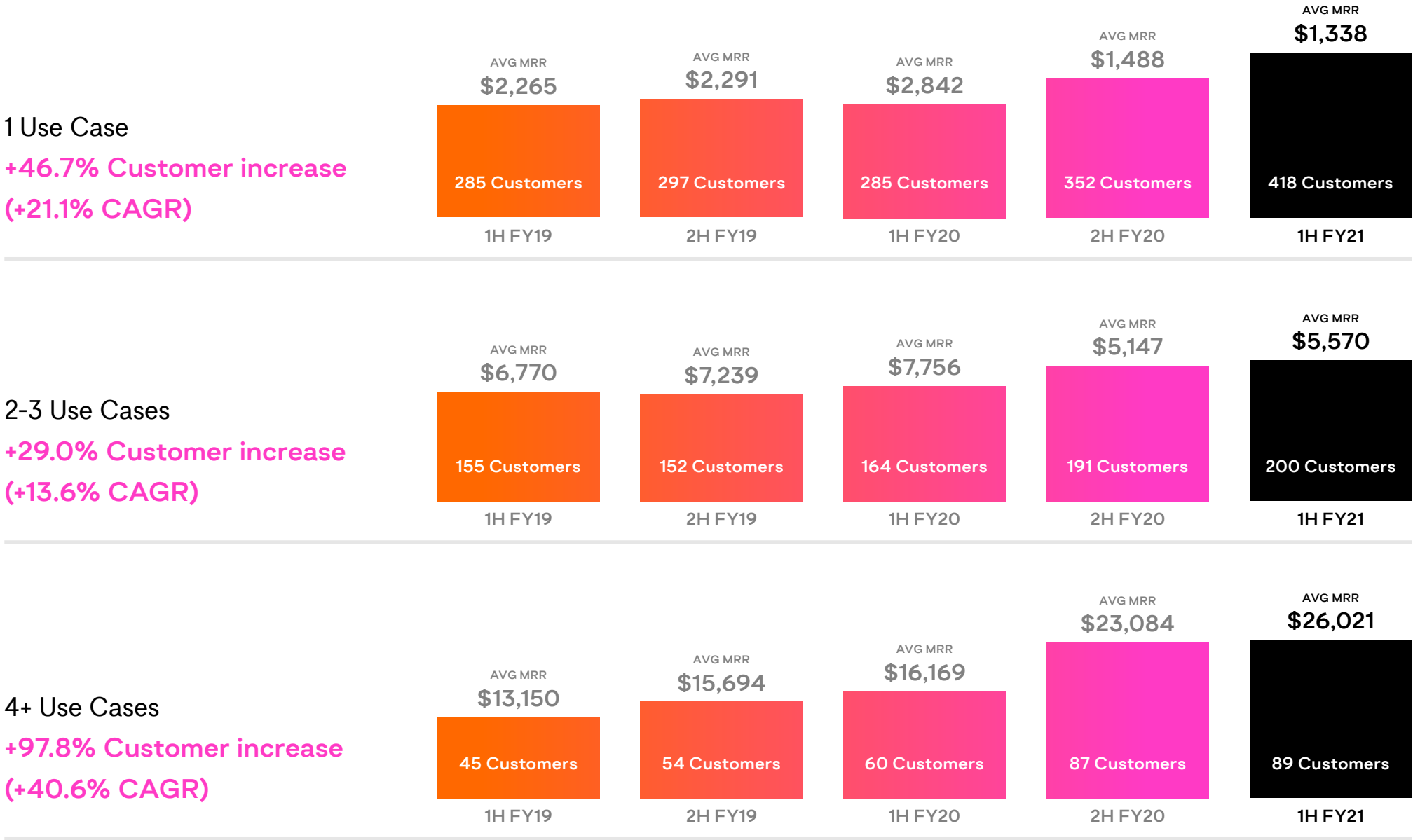
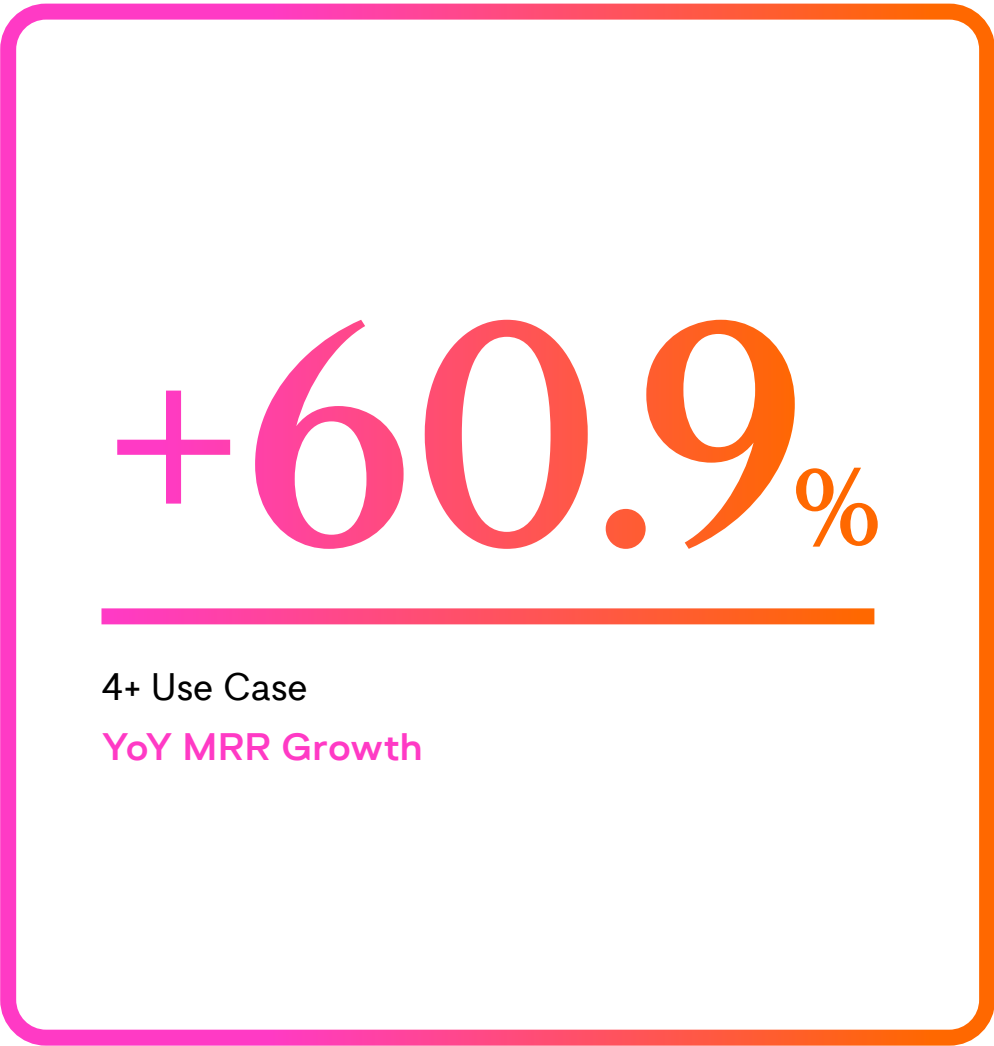
# Revenue churn trending downwards

Best-in-class net revenue churn and stable gross churn of low value customers



# Land & expand strategy increasing customer value

4+ use case customers spending more and single use case customers up 47% YOY, underpinning future growth





## Chemist Warehouse

Facilitating mobile-first customer engagement

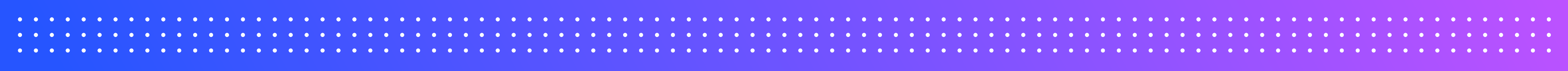
- Largest pharmacy group in Australia
- Implemented Whispir in 2016 with one use case
  - Use cases increased to 5
  - Click and collect (AU & NZ)
  - Pick-up notifications
  - Customer surveys
  - IT Incident notifications
  - ePrescription
- ARR contribution \$500,000+
- Digitising customer engagement
  - Ongoing automation of operational processes
  - Removing friction from online sales
- Enhanced customer experience now and into the future
- Growth opportunities to do more





## 2. Financial Results

# Ahead of FY21 half year expectations



# Financial Performance

Revenue growth & optimal cost management deliver first cashflow positive quarter

- Software revenue up 28.3% YOY
- Increased R&D investment to deliver product roadmap
- EBITDA of \$(1.8m), significantly ahead of expectations

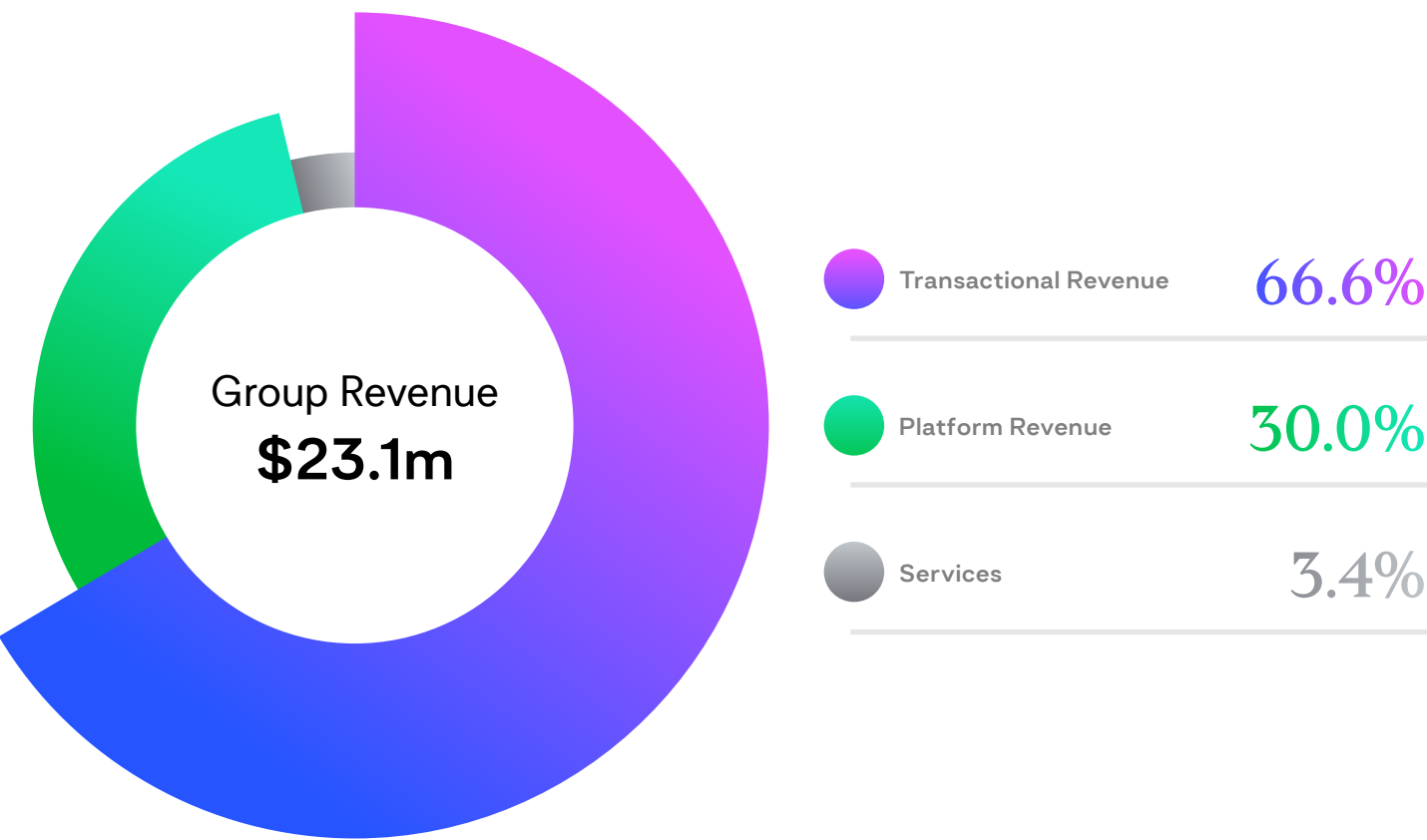
	1H FY21 (\$m's)	1H FY20 (\$m's)	YOY Change* (%)
Software revenue	22.3	17.4	28.3%
Professional services revenue	0.8	0.8	4.5%
<b>Revenue</b>	<b>23.1</b>	<b>18.2</b>	<b>27.3%</b>
<b>Gross Margin</b>	<b>14.0</b>	<b>11.3</b>	<b>24.5%</b>
Gross Margin %	<b>60.7%</b>	<b>62.0%</b>	<b>(2.1)%</b>
Sales and marketing	(8.0)	(7.0)	15.1%
Research and development	(2.2)	(2.1)	3.9%
General and administration	(5.6)	(7.0)	(18.6)%
<b>Total operating expenses</b>	<b>(15.8)</b>	<b>(16.1)</b>	<b>(1.1)%</b>
<b>EBITDA</b>	<b>(1.8)</b>	<b>(4.8)</b>	<b>(61.6)%</b>
<b>EBITDA (ex non-cash, share-based payments)</b>	<b>(0.9)</b>	<b>(3.9)</b>	<b>(75.8)%</b>

\*YOY percentage movement based on values denominated in \$'000 – refer page 40 for further details

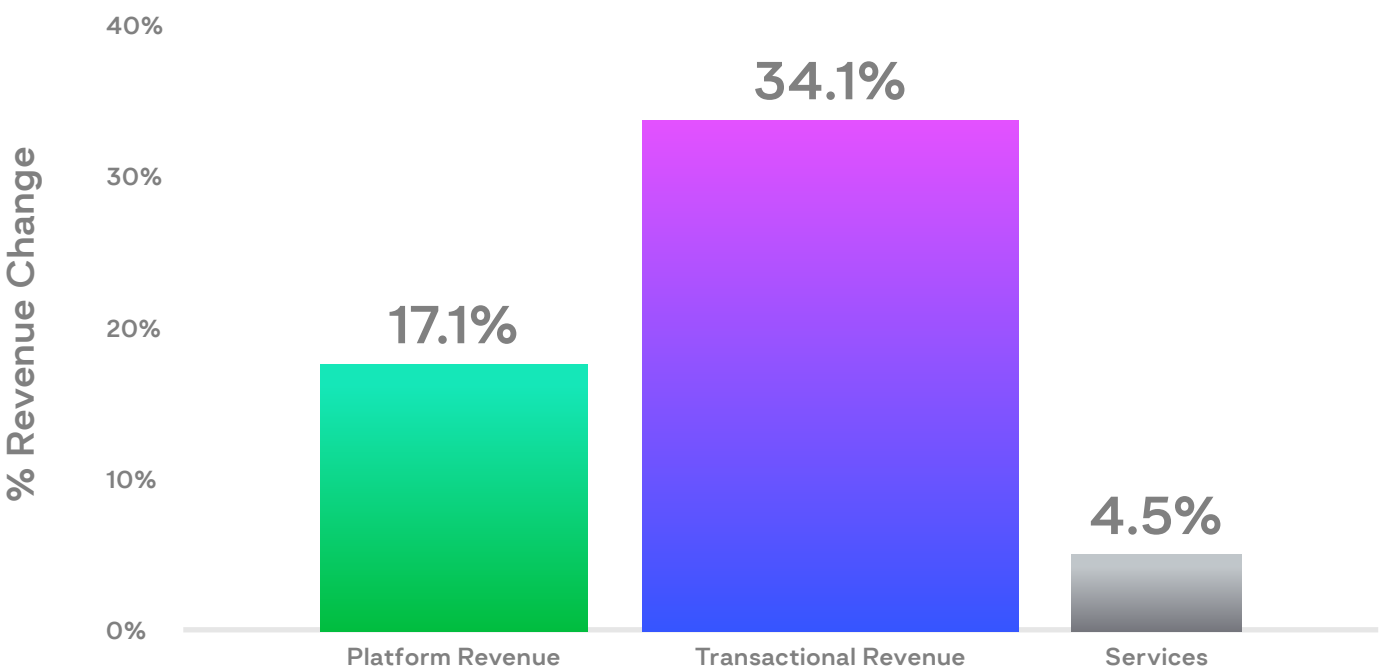
# Driving growth through the platform

Network effect within customers driving transaction & revenue growth

1H FY21 Revenue Composition



1H FY21 Revenue Growth PCP



# Balance Sheet

Healthy balance sheet and no debt

Net cash balance of \$10.9 million ahead of FY21 plan, following strong revenue growth and expense management.

A\$('m)

31 December 2020

Statutory

Assets

Current assets

Cash and cash equivalents	10.9
Trade and other receivables	5.9
Prepayments and other current assets	3.9

<b>Total current assets</b>	<b>20.7</b>
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<b>Non-current assets</b>	<b>13.3</b>
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<b>Total assets</b>	<b>34.0</b>
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Liabilities

Current liabilities

<b>Total current liabilities</b>	<b>(13.1)</b>
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<b>Total non-current liabilities</b>	<b>(3.6)</b>
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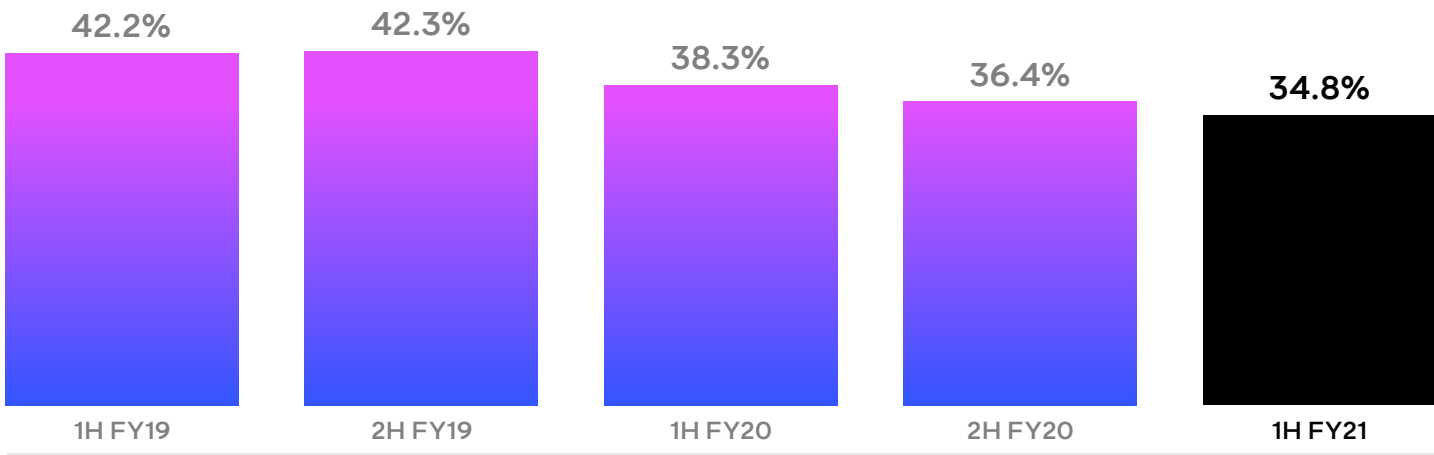
<b>Total liabilities</b>	<b>(16.7)</b>
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<b>Net (liability)/assets</b>	<b>17.3</b>
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# Improving operational leverage

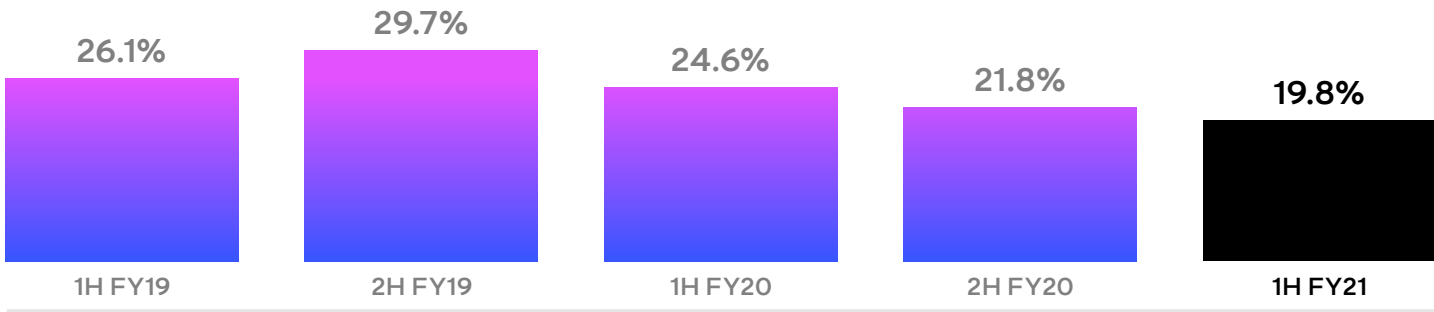
Strong revenue growth combined with ongoing cost management

## S&M as percentage of revenue

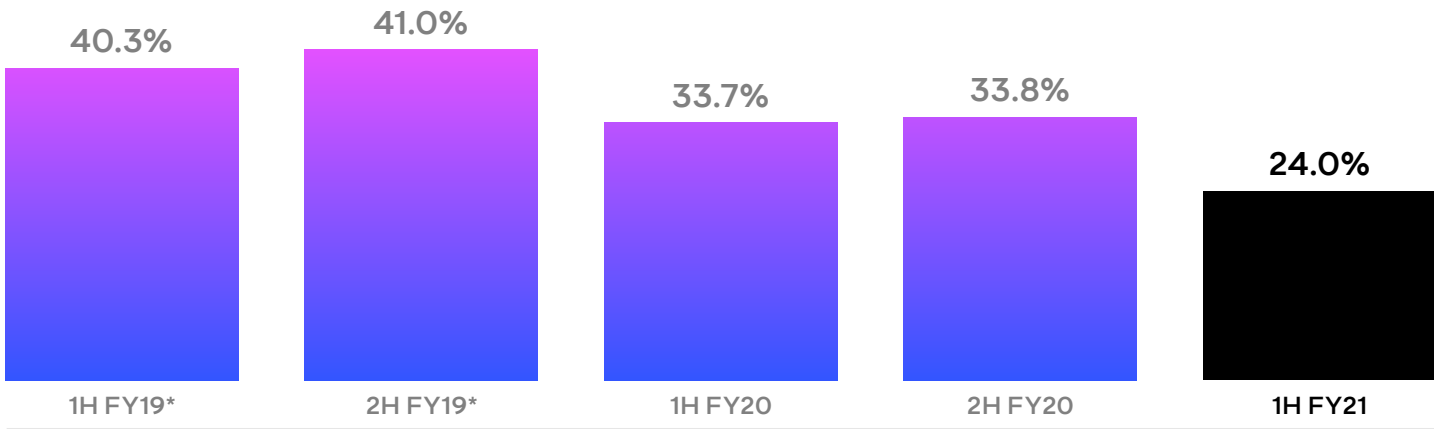


\*Calculations based on non IFRS / EBITDA based numbers

## R&D (Cash Spend) as percentage of revenue



## G&A as percentage of revenue



\*FY19 ProForma numbers

\*Calculations based on non IFRS / EBITDA based numbers



# Customer diversity

Platform supports variety of use cases across business coordination, stakeholder engagement and crisis communications



Financial Services



Emergency Services



Utilities & Infrastructure



Local Government



Federal Government



Education



IT, Telecoms & Media



Healthcare



Transport and Logistics



Resources & Mining



Consumer / Media / Technology

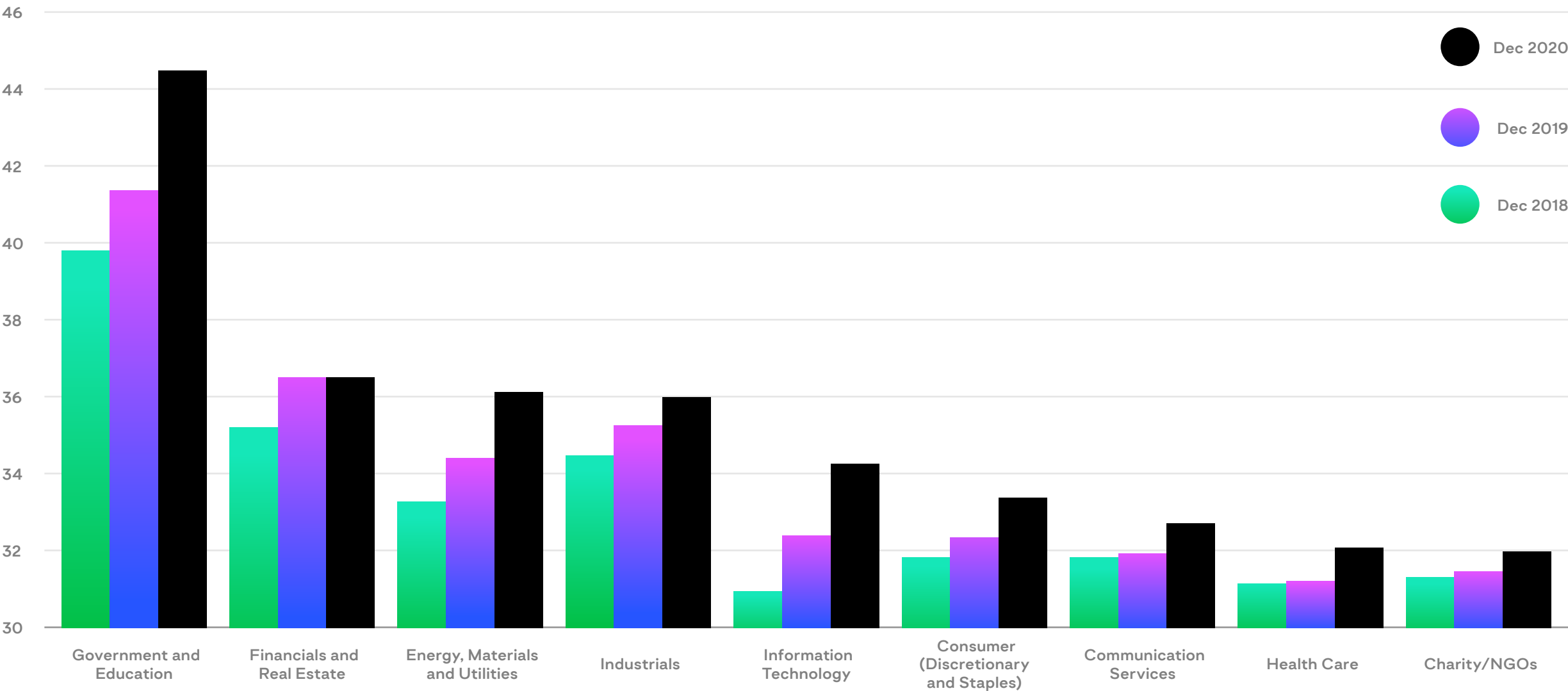


State Government

# Strong growth in a wide range of industries

Reduces reliance on individual sectors, use cases and customers

ARR by Industry Dec 20



# ANZ business delivering 30% revenue growth

Long-term enterprise customers increasing platform activity and record new customer growth

## Revenues

- Accounts for 81% of Group revenue
- \$18.9m in 1H FY21
  - Up 30% on same period last year

## Geographic

- Established brand with long-term enterprise customers across banking, government, emergency services
- Digital direct offering enabling expansion beyond enterprise segment
- Head office in Melbourne with majority of SLT

## Partnerships

- Enduring relationship with Telstra
  - Qualified opportunities and ability to match a customer's needs with our capabilities
- Digital Transformation driving new customer growth
- Opportunity to increase platform usage by existing customers

Channel partners in this region include:





# Expanding Asia operations

Solid growth from existing customers and significant opportunity to increase market presence

## Revenues

- \$3.5m in 1H FY21
- 24% growth over prior corresponding period

## Geographic

- Building Asian operations to drive long-term growth
- Increasing headcount and senior leadership in Manilla
- New customers throughout Philippines, Singapore, Indonesia, Sri Lanka and Thailand

## Partnerships

- New partner initiatives with StarHub, Vonage and Indosat
- Digitisation projects delivering new customer growth
- Prioritising growth from existing customer base, including Singapore University and Changi Airport

Channel partners in this region include:







## Malayan Insurance

Leveraging workflow to digitise organisational communications

- Leading insurance provider in the Philippines
- Customer since 2019
- Use cases increased to 4
  - Marketing
  - Customer communications
  - Internal engagement
  - Event management
- ARR contribution now \$140,000+
- Automated and personalised communications at scale
  - Customer notifications via SMS
  - Directed to personalised rich media landing pages
  - Claims progress
  - Reduced call centre volumes by 70 percent
  - Receipt submissions
  - Automated renewals
  - Customer service queries
- Event communications & smart logistics
  - Digital invites and RSVP prompts
  - Real-time event updates and notifications
- Increasing use cases to include call centre deflection





# Green shoots in North America

Onboarding new customers, growing pipeline and new partnerships

- Refined strategy targeting large addressable SME and SMB market ~150k customers
  - 7 new customers
  - Momentum building with growing pipeline
  - Executing on digital marketing strategy
- New go-to-market partnership with Nasdaq-listed communications provider 8x8
- Leveraging partnerships with Carahsoft, AWS and Vonage to target key personas
- Contemporary go-to-market partnerships
  - Systems integrators – Variedy
  - Value-added resellers - CDW
- New senior leadership to drive strategy
  - Chris Lindgren recently appointed as Americas Channel Director
- Investment in personnel
  - Increasing headcount to accelerate growth







## Sauce Labs

Using contemporary tools & channels to enhance stakeholder engagement

Headquartered in North America, Sauce Labs is the world's largest automated testing cloud for web and mobile applications.

- Commencing with a US\$80K ACV
  - Opportunity to increase use cases and activity over time
- External communications
  - Two-way customer notifications
  - Network outages, system upgrades
  - Dependent on data centre or geography
  - Automated renewals
  - Self-service capability
  - New product promotions
  - Additions to solutions by feature or full product
  - Customer support
  - Marketing messages by vertical, geography or customer size
- Customer Advisory Board communications and notifications
- Improving self-service capability and removing friction from sales/upselling process
- Selenium and Appium product notifications
  - Open-source development, code updates, new events
- Internal communications
  - Executive video communications to employees sent via SMS





# TOPLine

## TopLine

North American organisation providing mental health support for veterans

- Two-way rich messages sent via SMS
  - Short survey to assess mental health
  - No need for recipient to download an app
  - Easy-to-use
  - Messages sent in real-time
- Based on responses, veteran is automatically connected with a relevant health professional
  - Event-triggered workflows
- Easy to create templates that can be quickly modified and updated
  - Developed without IT expertise
  - Integrates with existing IT systems

“The Whispir platform is exactly what we needed. It turns sending messages into creating conversations and has made it so simple for a new recruit to check in with veterans and make sure they’re doing okay.”

**Conrad Ogletree**  
Founder and CEO of TopLine Revenue





# Investing in senior leadership

New bench strength to drive strategy & deliver growth

## Executive leadership



Jeremy Wells  
CEO and Founder



Justin Owen  
CFO



Tobias Brix  
COO

## Senior leadership team



Matt Lambie  
CTO



Brad Dunn  
CPO



Fiona Milne  
Head of AI & Data



Wayne Lee  
VP ANZ



Kerry Boys  
Head of Diversity & Inclusion



Andrew Fry  
VP ASIA



David Gilbert  
VP Americas



Chris Lindgren  
Americas Channel Director



Patrick Armitage  
Americas Digital  
Go-to-Market Strategy



Kristy Pinson  
Director of Sales  
Northern Australia



Daniel Cherin  
Group People &  
Culture Manager



Ben Erskine  
Head of Marketing



Dima Vovchak  
VP of Group Services



### 3. Outlook

# Market expansion & product refinement



# Digital transformation a growing global trend

Automation & digitisation trends providing  
short and long-term growth opportunities

- Global technology investment rapidly increasing
- Digital Experience accounts for majority of global information & communications tech investment
- Digital transformation projects fast-tracked by years
- Digital now main form of customer/stakeholder engagement
- Process automation increasing productivity
- Increased budgets for digital transformation

\$336bn



(USD) Market size value in 2020

\$1,393bn



(USD) Revenue forecast in 2027

22.5%



CAGR from 2020 to 2027

\*Refer to Slide 45 for sources of data

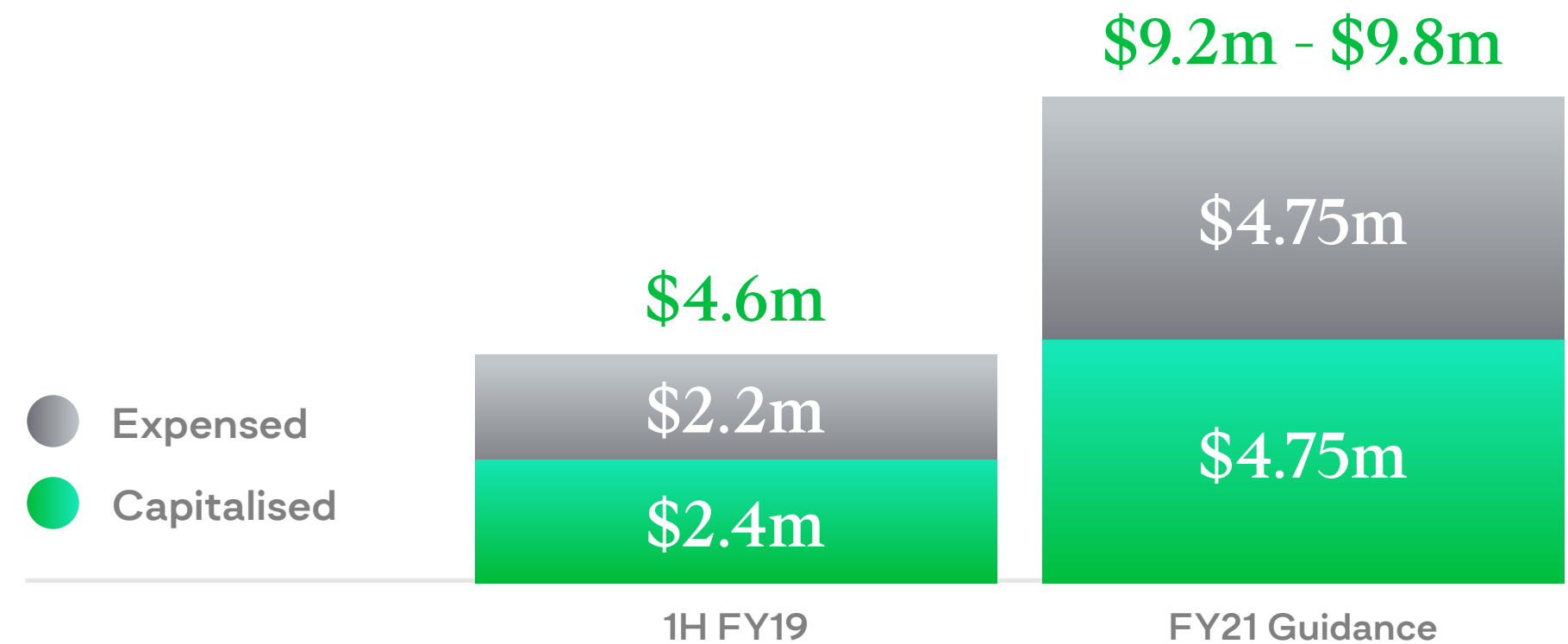


# Increasing R&D investment to accelerate roadmap

Embedding prediction, detection and automation to drive product-led growth

- Conversational messaging
  - Seamless engagement across multiple channels
- Intelligent message designer
  - Identifies spelling errors, tone
  - Message structure
  - Smart scheduling
- Simplifying message creation process
  - Reducing steps required to send a message
- SMS response
  - Automated responses based on 'body' of incoming message
- Recipient report
  - Monitors message engagement
    - Open rates
    - Length of time the recipient spent reading it
    - Calculates engagement score
- Enhanced components
  - Ability to embed video player and display map messages
  - Personalised video at scale

## 1H FY21 R&D investment



## Targeting \$9.2m - \$9.8m



# Go-to-market strategy

Cost-effective access to new markets & customers

## ANZ

- Key channel partnership with Telstra
- Effective sales force expansion with multiple sales partners
- Qualified opportunities and ability to match a customer’s needs with our capabilities

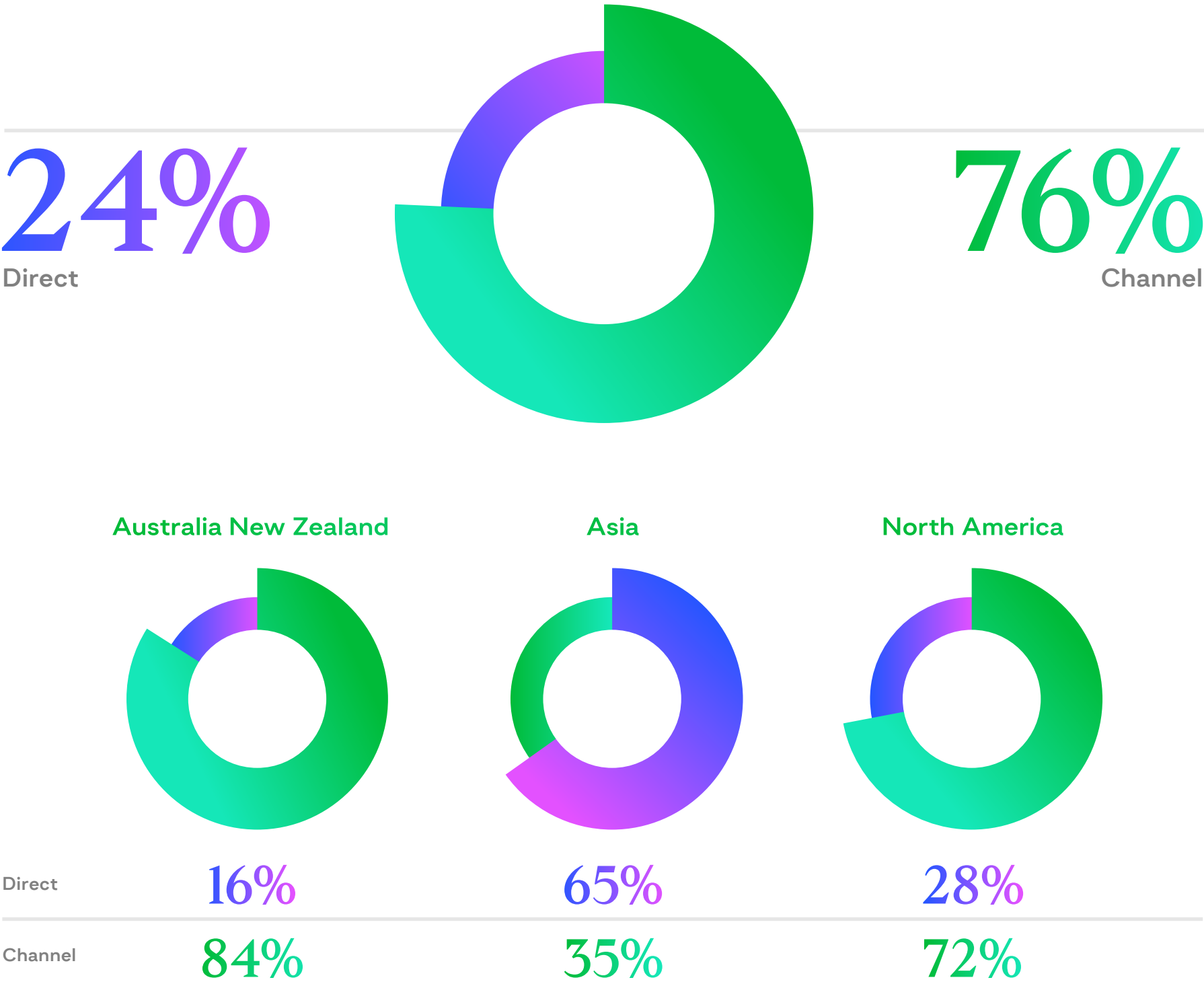
## ASIA

- Channel partnerships with StarHub, Juvare, Vonage
- Leveraging systems integration relationships Deloitte & Accenture in Asia

## NORTH AMERICA

- Channel partnerships with Nexmo, AWS, Carahsoft
- New partnership with 8X8

## 1H FY21 revenue by distribution model





# Digital direct and new paths to market

Provides cost-efficient way to attract and service larger market segments

- Enables customers of all sizes to self-discover and implement at an attractive price point
  - Automate manual processes
  - Improve customer communications and experience
  - Increase productivity
- Soft launch to ANZ SME & SMB market underway
  - Improving process, reducing friction
  - Pre-defined templates for typical use cases
    - Remote staff check-in
    - Call centre deflection
- Complements channel partner distribution model for enterprise





# Growth strategy

Multiple levers to sustain growth & increase market footprint



Increasing platform use with  
existing customer base



Acquiring new customers



Diversification of channel  
partners



New Digital Direct  
go-to-market strategy



Increasing presence within three  
key markets – ANZ, Asia and US



Increasing product offering to  
drive adoption

# FY21 guidance\*

Upgraded and updated guidance as growth momentum builds

**\$53.0m–\$55.3m**

FY21 ARR

26-31% Growth on FY20

**\$49.0m–\$51.0m**

FY21 Revenue

25-30% Growth on FY20

**\$(4.5m)–\$(3.0m)**

FY21 EBITDA

38-59% improvement on FY20

**\$9.2m–\$9.8m**

R&D Cash Investment

8-15% Growth on FY20

\*We are providing a range given the current global situation; which provides many opportunities for Whispir, but makes planning and forecasting with certainty – challenging.

## Our Purpose

Change the  
way the world  
communicates





## Our Vision

A world where  
organisations  
communicate  
like people





We Believe

Value is created,  
when people  
are engaged





## Our Promise

Enabling you to  
master connection  
and engagement  
with other people  
at scale



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- Currency All amounts in this presentation are in Australian dollars unless otherwise stated.
- FY refers to the full year to 30 June.
- Rounding Amounts in this document have been rounded to the nearest \$0.1m. Any differences between this document and the accompanying financial statements are due to rounding.

**Third party information and market data**

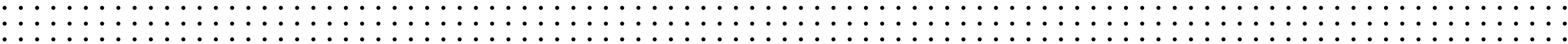
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# Glossary

Profit or loss

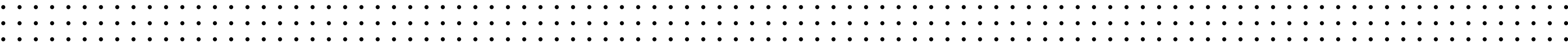
- **Software revenue:** revenue generated from collecting contracted monthly licence and transaction fees from customers based on a contracted fee per user and cost per transaction;
- **Professional services revenue:** professional fees in respect of implementation, configuration, training and integration fees;
- **Cost of service:** the costs relating to the delivery of the software including the costs of running the data centre, wages and salaries of data centre based Whispir staff and the carrier cost in delivering transactions;
- **Gross profit:** total revenue less cost of services;
- **EBITDA:** earnings (or losses) before interest, income tax, depreciation and amortisation. Amortisation of contract acquisition costs are included within EBITDA. Management uses EBITDA to evaluate the operating performance of the business. EBITDA can be useful to help understand the cash generation potential of the business. EBITDA should not be considered as an alternative to measures of cash flow under IFRS and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of the results of Whispir’s operations; and
- **EBIT:** earnings (or losses) before interest and income tax.

Cash flow

- **Capitalised development:** proportion of the wages and salaries of employees whose activities relate to the development of software;
- **Capital expenditure:** investment in property, plant and equipment including leasehold improvements and IT equipment;
- **Working capital:** trade and other receivables, contract acquisition costs, other current assets, less trade and other payables and income received in advance;
- **Operating cash flow:** EBITDA after the removal of non-cash items in EBITDA (such as share-based payments, amortisation of contract acquisition costs and net foreign exchange difference) less net interest paid and changes in working capital; and
- **Free cash flow:** operating cash flow less capital expenditure and IPO offer costs.

Financial metrics

- **Gross margin:** gross profit divided by revenue expressed as a percentage;
- **EBITDA margin:** EBITDA expressed as a percentage of total revenue;
- **EBIT margin:** EBIT expressed as a percentage of total revenue;
- **Contract acquisition cost:** commission costs incurred in winning new customers;
- **Customer acquisition cost (CAC):** expenses directly incurred in winning new customers, which includes the contract acquisition costs, divided by the total number of new customers won in the period;
- **Customer revenue retention %:** revenue earned from customers in a year/half year divided by the revenue from the same customer cohort in the corresponding prior year/half year;
- **Customer churn %:** number of customers lost in the last twelve months (LTM) divided by number of opening customers in the period;
- **Revenue churn %:** Opening MRR of customers churned in LTM compared to opening MRR of customer cohort;
- **Lifetime value of customer (LTV):** ARR per customer multiplied by the gross margin for the period, divided by the customer churn in the period. The LTV of the customer cohort represents the LTV multiplied by the number of customers at the period end;
- **Annualised recurring revenue (ARR):** recurring revenue from the final month in a period (licence and transaction revenue) multiplied by 12 months; and
- **Research and development % spend of revenue:** The total of the research and development expenditure recorded in the statement of profit or loss (excluding amortisation) and the capitalised spend in the period divided by revenue.



# Appendix

## Financial performance

EBITDA performance reported in \$'000

	1H FY21 (\$'000's)	1H FY20 (\$'000's)	YOY Change* (%)
Software revenue	22,343	17,411	28.3%
Professional services revenue	794	760	4.5%
Revenue	23,137	18,171	27.3%
Gross Margin	14,033	11,274	24.5%
Gross Margin %	60.7%	62.0%	(2.1)%
Sales and marketing	(8,010)	(6,957)	15.1%
Research and development	(2,154)	(2,073)	3.9%
General and administration	(5,697)	(7,003)	(18.6)%
Total operating expenses	(15,861)	(16,033)	(1.1)%
EBITDA	(1,828)	(4,759)	(61.6)%
EBITDA (ex non-cash, share-based payments)	(940)	(3,878)	(75.8)%

# Connect Engage Thrive

