



ASX Announcement

30 January 2023

Whispir Limited

(ASX : WSP)

Appendix 4C and Activities Update – Q2 FY23

Restructure complete – December month nears cashflow break-even

Whispir Limited (ASX:WSP, **Whispir** or **the Company**) provides its Appendix 4C cash flow and activity report for the quarter ending 31 December 2022 (**Q2 FY23, the Quarter**). The prior corresponding period (**PCP**) is Q2 FY22, and the prior quarter is Q1 FY23 (**PQ**).

Quarterly Summary

- Free cash outflow of \$5.28 million¹ significantly improved on PQ of \$9.19 million following recent restructure
- On track to being cash accretive (positive free cash) following a near free cashflow breakeven result in December
- Cash receipts for the Quarter of \$14.84 million; up 3% on PQ of \$14.42 million
- Cash on hand at 31 December of \$9.43 million, with a further \$1.62 million in restricted cash
- Strengthening global sales pipeline combined with new sales partnerships in Asia as region's market conditions improve post COVID

Quarterly performance

Free cash flow

Q2 FY23 free cash outflows of \$5.28 million¹ delivered a 42.6% improvement on the PQ of \$9.19 million. The significant improvement reflects the recent restructure (announced on 15 November 2022) which was largely completed by early December. Benefits from the restructure are already being realised with December free cash flows being almost breakeven at only -\$0.11 million. Whilst not every individual month is likely to be cash flow positive for the remainder of FY23, the Company expects to be cash accretive (positive free cash flow) on a quarterly basis from Q3 FY23 and beyond.

Cash receipts

Receipts from customers for the Quarter were \$14.84 million, a 3.0% increase on the PQ, and an 8.9% decrease on the PCP which included COVID-19 vaccine roll-out related revenues which have now largely ceased. The quality of this quarter's result highlights the excellent health of the business post COVID 19, which is expected to grow as opportunities in the sales pipeline are realised.

¹ Cash outflows from operating and investing activities, excluding non-repeatable redundancy payments of \$1.21 million, fit-out costs for a new office lease of \$0.40 million which will be reimbursed next quarter, and internal transfers to term deposits not included in reported cash on hand.

Cash payments

Cash payments have reduced significantly compared to the PQ and are in line with expectations following the recent restructure. Reductions were realised across most major categories reported on the Appendix 4C, with the largest decrease being in staff costs (including capitalized R&D labour), which were down 10.5% on a normalised basis² compared to the PQ. Staff costs for the Quarter include \$0.29 million as payment to Directors (being related parties) for Directors' fees and CEO remuneration.

Cash reserves

The Company finished the Quarter with \$9.43 million of cash and cash equivalents, and an additional \$1.62 million held on term deposit and/or subject to bank guarantees disclosed as restricted cash.

Business news

Asia

After several quarters of flat performance in Asia, primarily due to the adverse impacts of COVID-19, market conditions have materially improved and Whispir has established several new strategic sales partnerships in the region. Both have contributed to the Company building a healthy sales pipeline leading into the second half of FY23.

The Company has recently executed a Go-To-Market partnership agreement with its major telecommunication partner in the region which is providing access to many new customers. Whispir has also contracted with three new Go-To-Market partners in Philippines which has significantly increased the Company's market presence in the country. These partnerships have already generated new business including the Bank of Philippine Islands which intends to use the Whispir platform to facilitate communications across more than 900 bank branches.

Australia/New Zealand (ANZ)

ANZ remains Whispir's most significant market, where the Company enjoys the benefits of being an established player with a record of delivering proven value to customers. There has been continued expansion in core accounts as part of the land and expand strategy, including ANZ Bank, Greencross and Cubic Transport, while the recent acquisition of RMIT University for student communications, following a competitive tender, is an endorsement of Whispir's position in the market.

COVID-19 vaccine roll-out programs by the Australian State health departments are largely completed and the management of COVID-19 related communication is now being handled by the local district health authorities. This has led to a reduction in use of the Whispir platform by those State departments, however the Company is now in the process of signing several of the local district health authorities as customers. Whispir has enjoyed new business elsewhere from the government sector, including successfully assisting the Victorian Electoral Commission in the Victorian State election voter communication.

² Normalised basis means \$1.21 million of redundancy costs and \$1.6 million of annual STI payments excluded from staff costs for the Quarter and PQ respectively.

North America

In the United States, general economic conditions are impacting business confidence and leading to longer sales cycles. This has resulted in several deals previously expected to be signed in Q2 being pushed into Q3.

While this puts greater pressure on our sales team to demonstrate Whispir's strong return on investment (ROI) for customers, the ROI for customers is a key part of the Whispir story. Whispir's platform provides the opportunity to use digital communications to increase sales, customer loyalty and business efficiencies, such that use of the platform ceases to be seen as a net cost. As a result, Whispir continues to successfully sign new clients despite the challenging environment, while retaining and renewing existing customers.

Importantly, product innovation is enhancing Whispir's product offering in a way that builds further benefits and appeal for customers. Such innovations ensure the stickiness of the Whispir product and strong customer loyalty, driving use case adoption and revenue. The Company's new Pay by Text feature launched in Q2 was the most successful feature launch ever in terms of quickly generating traffic and product demonstrations. This new feature is expected to contribute to driving sales in North America in Q3.

FY23 half year results

The Company expects to release its half year results on 17th February 2023 and will provide a more fulsome discussion on its financial performance including revenues (including annual recurring revenue), EBITDA and regional financial performance at that time.

FY23 2H outlook

Whispir CEO, Jeromy Wells, commented: "The restructure implemented in Q2 has significantly strengthened Whispir's financial position. The outcome we are seeing in free cash flow – demonstrated most clearly in December with the near breakeven result - gives us every confidence we will become cash accretive following Q3. From there, we can continue to focus on revenue growth and product innovation, producing a strong, financially secure, business for our shareholders.

"With some of the world's most recognised companies and brands relying on our platform and integrating our technology into their business operations and customer interactions, Whispir has proven time and again that the benefits of digital communications far outweigh the actual and perceived costs. Our loyal customer base stands testament to that and this proven ROI is also key to our resilience in markets which have become more cautious. Three key factors continue to underpin Whispir's promising future - our ability to lead industry innovation (both platform and services), the opportunity to grow revenue from within our blue-chip customer base, and our successful expansion of regional partnerships. I look forward to giving a more detailed update at our half year results on 17th February."

-ENDS-

Authorised by the Disclosure Committee.

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About Whispir

Whispir supplies a no code, Communications-as-a-Service (“CaaS”) platform enabling seamless omnichannel interactions between organisations, their systems, and their people to solve common challenges in terms of compliance, deliverability, and engagement.

Whispir operates across three key regions of ANZ, Asia and North America and its platform is used across more than 60 countries. More information www.whispir.com.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

WHISPIR LIMITED

ABN

89 097 654 656

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	14,842	29,265
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(6,113)	(13,037)
(c) advertising and marketing	(1,213)	(2,481)
(d) leased assets		
(e) staff costs	(9,936)	(20,695)
(f) administration and corporate costs	(2,858)	(5,056)
1.3 Dividends received (see note 3)		
1.4 Interest received	23	62
1.5 Interest and other costs of finance paid	(19)	(37)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	22	22
1.8 Other (GST payment to the ATO)	(373)	(857)
1.9 Net cash from / (used in) operating activities	(5,625)	(12,814)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(42)	(105)
(d) investments		
(e) intellectual property	(1,213)	(3,154)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(f) other non-current assets		
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (term deposits)	(604)	(61)
2.6 Net cash from / (used in) investing activities	(1,860)	(3,321)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options	-	13
3.4 Transaction costs related to issues of equity securities or convertible debt securities		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (payment of finance lease liabilities)	(196)	(598)
3.10 Net cash from / (used in) financing activities	(196)	(585)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	17,126	26,078
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(5,625)	(12,814)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,860)	(3,321)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(196)	(585)
4.5	Effect of movement in exchange rates on cash held	(12)	75
4.6	Cash and cash equivalents at end of period	9,433	9,433

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	8,923	16,012
5.2	Call deposits	510	510
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposits < 3 mth maturity)	-	604
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	9,433	17,126

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	286
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Payments to related parties and their associates during the quarter totalled \$0.286 million. These comprised Directors' fees for Q2 FY23 and the CEO's base remuneration for Q2 FY23.

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements		
7.3 Other (credit cards)	105	60
7.4 Total financing facilities	105	60
7.5 Unused financing facilities available at quarter end		45
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>Credit card facilities are utilised across three providers:</p> <ul style="list-style-type: none"> • NAB AUD 50k, secured at 12.65%. • Silicon Valley Bank USD 20k, unsecured at 15.35%. • Amex AUD 35k, unsecured, zero interest rate with 3% late payment fee and \$1.2k annual membership fee. 		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(5,625)
8.2 Cash and cash equivalents at quarter end (item 4.6)	9,433
8.3 Unused finance facilities available at quarter end (item 7.5)	45
8.4 Total available funding (item 8.2 + item 8.3)	9,478
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.7
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer: No. As announced to the ASX on 15 November 2022, the entity has recently completed (December) a restructuring which resulted in a ~30% reduction of roles. Excluding restructuring costs (and some smaller non-repeatable payments), the month of December was almost breakeven (\$0.1 million of free cash outflows).</p>	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
<p>Answer: No.</p>	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes. The entity expects to be breakeven (or very near to) going forward on a quarterly basis given the restructuring described above in 8.6.1.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 January 2023

Authorised by: By the Disclosure Committee
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.