



ASX Announcement

17 February 2023

Whispir Limited

(ASX : WSP)

Whispir looks to cash accretive future as uptick in Asia, improved margins, sales pipeline, give confidence for second half

Whispir Limited (ASX:WSP, **Whispir** or **Company**), a leading software-as-a-service (SaaS) communications workflow platform that automates interactions between organisations and people, is pleased to announce its financial results for the six months ended 31 December 2022 (1H FY23).

1H FY23 Highlights

- Asia a standout performer over the half, delivering double-digit revenue growth (13.0% on PH; 25.6% on PCP), and accelerating contribution margins.
- Company anticipates revenue of \$58m-\$62m for the full year and positive EBITDA for the second half of FY23.
- Challenging environment in the United States will see the Company divert resources away from North America to ANZ/Asia – where outlook is promising with telco partnerships delivering a steady stream of customer leads.
- Half-yearly revenues of \$28.75m, down 27.1% on the record result in the PCP. Looking ahead, solid sales pipeline and uptick in Asia to help replace revenues lost in the healthcare sector following the conclusion of the COVID-19 vaccine rollout.
- Operating expenses reducing, at \$24.89m compared with \$26.92m in the PCP, when one-off restructuring costs are excluded. Restructure and North America withdrawal expected to deliver >\$18m of annualised savings.
- EBITDA loss widened to (\$8.78m) for the half from (\$6.93m) in the PCP, due to redundancy payments of \$1.1m, but new cost base positions the company for improved result in the second half.
- Cash on hand at 31 December of \$9.43m, with a further \$1.62m in restricted cash. No debt and on track for positive cashflow in the current half.

Commenting on the Company's 1H FY23 performance, Whispir CEO Jeromy Wells said: "Whispir is at a significant point in its corporate journey, offering a strong proposition to investors. Our telco partnerships and land and expand strategy are paying off, and we are seeing some healthy developments in our sales outlook in Asia. Whispir is responding to this by diverting resources from North America to focus on stronger growth opportunities in Asia and ANZ.

"The restructure announced in November 2022 together with further savings announced today, will materially reduce expenditure. Whispir will become free cash flow positive at a point during in Q3, and be cash accretive for the full final quarter.

“We continue to take a prudent approach to managing cash while focusing on what Whispir does best – supporting existing and new customers to leverage our digital communications platform to enhance business operations for better outcomes.”

Regional Dynamics

Revenue from ANZ was down 11.0% on PH and down 32.0% on PCP to \$23.92m. However, when health customers are excluded, revenues grew 5.5% (PH) and 0.7% (PCP). This demonstrates the softening headline revenue can largely be isolated to the decline in pandemic-related communications, and that the broader business is performing well. There has been continued expansion in core accounts as part of Whispir’s land and expand strategy, including ANZ Bank, Greencross and Cubic Transport. The recent acquisition of RMIT University for student communications, following a competitive tender, is an endorsement of Whispir’s position in the market. Whispir has also enjoyed new business elsewhere from the government sector, including successfully assisting the Victorian Electoral Commission in the Victorian State election voter communication.

Revenue from Asia grew 13.0% on PH and 25.6% on PCP to \$4.02m. Market conditions following COVID-19 have materially improved and Whispir has established several new strategic sales partnerships in the region. The contract signed with a major Singapore telco is delivering, with a jump in new leads translating to significant growth in the sales pipeline. Similarly, in the Philippines and Indonesia, the go-to-market strategy sees two key channel partners connecting Whispir with numerous sales opportunities. In the second quarter, Whispir signed Bank of Philippine Islands, which will use the Whispir platform across its more than 900 branches with a complex range of use cases.

North America delivered revenue growth of 5.5% on PH but well down on PCP (23.3%) to \$0.81m with longer sales cycles and more challenging market conditions. Given the contrast between prospects in North America compared with Asia, the Company will withdraw the majority of its sales and marketing resources from the North American market and prioritise more profitable growth opportunities in ANZ and Asia. This decision has been made after a rigorous review of the North America region’s past financial performance, current pipeline, and market conditions in general. A core team will remain, together with data centre infrastructure, to service the region’s existing customers.

Outlook

Whispir enters the second half of FY23 with no debt and cash on hand of \$9.43m, with a further \$1.62m in restricted cash, and heading to a free cash flow break even result for Q4 following a significant reduction in its cost base.

Partnerships in Singapore and the Philippines are driving a significant increase in customer enquiries, with numerous new customer signings expected in the second half.

The Company remains focused on increasing platform usage and signing new customers to drive revenue performance.

Mr Wells concluded: “Whispir is an established and respected player in digital communications. Our low customer churn suggests that once customers engage with Whispir, they quickly see the benefits and adopt our platform as an integral part of their business operations.”

“With a deep knowledge of each of our markets, we have refined our sales strategy to ensure we are focused on markets where we can most efficiently convert prospects to sales, and then from there grow customer relationships and their use of the platform – our “land and expand” strategy. Our partnerships are providing a steady source of new revenue potential that will underpin Whispir’s future growth.”

“Over the next three to five years, we anticipate strong organic revenue growth of more than 20% year on year, as well as an improvement in gross margins above 65% as regions scale. Whispir enters the new calendar year a leaner company, creating the baseline to generate positive cashflow. We have a strong, diverse, customer base and significant revenue growth opportunities.”

Authorised by the Disclosure Committee.

-ENDS-

For further information, please contact:

Corporate

sk@whispir.com

Sophie Karzis, Company Secretary
+61 409 540 827

Investors and Media

ir@whispir.com

Jenni Pilcher, CFO
+61 424 750 737

About Whispir

Whispir is a global communications intelligence company that supplies a no code, Communications-as-a-Service (“CaaS”) platform that enables seamless omnichannel interactions between organisations, their systems and people to solve common challenges in terms of compliance, deliverability and engagement across more than 60 countries.

Whispir operates across three key regions of ANZ, Asia and North America. More information www.whispir.com