



28 March 2023

## Shareholder Update

Dear Shareholder

When you visit the Whispir website home page, the first thing you see is a statement that talks to the problem we solve:

**“Living in a digital world has led to information overload.  
It’s taken the humanity out of how we connect and engage with each other.”**

For our enterprise customers this problem is particularly challenging and is getting harder every day - at a time when people are seeking hyper personalised, contextual and actionable engagement.

Every email, SMS, voice call, push notification or digital chat contributes to a bigger ongoing ‘conversation’ between organisations and people. Today, these individual conversations are occurring at an unprecedented scale with more channels, more touch points and more interactions to manage. This increasing complexity creates a substantial and enduring market opportunity for Whispir.

With no developers required, users of the Whispir platform can quickly deliver automated communications processes that leverage data and insights from multiple systems of record at a fraction of the cost of traditional solutions.

Organisations benefit from rapid low-cost implementation, higher message delivery rates, better stakeholder engagement and actionable insights at the right time.

To achieve capital efficient market reach, Whispir partners with telecommunications companies (“Telcos”). In doing so, Whispir provides Telcos the ability to deliver substantially more value to their customers and realise future next generation services and revenue opportunities.

**Over the next five years we will expand our network of telecommunications company partners and anticipate scaling our transactional message volumes 100x<sup>1</sup> what we do today.**

We are ambitious and motivated by the opportunity we have created, yet we are disappointed by the disconnect between our share price and the intrinsic value of our company. This letter seeks to share insights about our business, why we are so confident about our future and goes beyond recent quarterly shareholder communications that have been largely focused on financial performance.

### **Strong competitive advantage**

The power of the Whispir platform lies in its ability to support many different use cases across an organisation from simple alerts and notifications to complex customer engagement and operational workflows. This flexibility and capacity sets Whispir apart from single channel point

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<sup>1</sup> This is a reference to volumes only, not transactional revenues.

solutions that do not provide communication workflow capabilities, nor do they enable the rich two-way, communication experience over multiple channels that Whispir does.

### **Channel partnership success**

Whispir has a strong value proposition for Telcos, enabling them to move higher up the value chain from commodity sales to more sticky, higher margin enterprise solutions. We have built strong Telco relationships in ANZ & Asia that deliver >80% of Whispir's revenue. We completed our go-to-market launch with our new Telco channel partner in Asia late last year and have since secured our first new customer sales to Singaporean organisations including a large power utility, a hospital and a university. In the last month alone, 21 of the Telco's existing customers were migrated onto the Whispir platform with another 70 targeted for migration in the months ahead.

### **Innovation is at the forefront of what we do**

We are committed to creating long term value for our shareholders and have a clear vision for the future with a self-funded product roadmap that will get us there. With our restructure now complete, and profitable operations expected from next month, we are focused on three key areas of product innovation:

#### **Compliance automation**

Our intelligent message composition assistants and expertise will help customers and Telco's ensure compliance within the evolving regulatory environment as governments seek to prevent scams, phishing and fraud to protect the community and increase trust in messaging. This will result in higher SMS deliverability rates.

#### **Whispir for X-Tech**

Whispir for X-Tech will allow the Whispir platform to integrate seamlessly with multiple business systems that use simple messaging today, leveraging data and insights, to provide highly configurable, targeted and engaging communications at scale. Organisations adopting the Whispir platform will not have to spend large sums of money coding bespoke business processes.

#### **5G solutions**

As 5G Telco network rollouts continue globally, Whispir will enable carriers to monetise new 5G service opportunities at significant scale that are more sophisticated than speed alone to increase Telco revenues and enable them to provide next generation services to their customers.

In addition – our ongoing initiatives in Artificial Intelligence, our NX Network and our Data Enablement Platform support these three areas of product roadmap focus – by extending our data capabilities to offer rapid insights, intelligence and enrichment of communications processes for the benefit of all stakeholders.

### **New use cases, markets, & integrations**

Whispir is benefiting from regulatory change in North America, Singapore and Australia which, in the interests of preventing scams and protecting the community, requires organisations sending SMS messages to meet a number of pre-conditions. This is not as straightforward as it seems but is something Whispir can do quickly and effectively, solving a real problem for organisations that often don't have the required expertise inhouse.

The development and integration of a talkbot into our platform opens up a new market. When organisations need to communicate with large numbers of customers in a short space of time the Whispir talkbot makes convincing humanistic voice calls in many languages to avoid the need to ramp up resourcing in call centres.

Notwithstanding the overall reduction in our R&D spend, we continue to enhance our platform. In the last quarter have added more than 5,000 unique endpoints that make it easier for organisations to integrate their existing business platforms and systems of record with the Whispir Platform.

One of the more recent integrations involves ChatGPT, where users of the Whispir platform can draft communications templates in a fraction of the time previously required. The templates can then be finessed from the ChatGPT starting point. Similarly, our integration of BambooHR simplifies how companies use the platform to communicate on staffing matters. This ecosystem of integrations offers a step change in the accessibility and application of the Whispir platform.

### **Our customers**

Today, we have more than 1,000 customers throughout multiple local and international locations, and across many industries – including government, banking, aviation, not-for-profit, professional services and retail, for example.

As evidence of the success of our land and expand strategy, our long-standing customers (> 5 years) include highly reputable brands such as Qantas, Westpac, Foxtel, Australian Red Cross.

Recently, we have won contracts with Westpac New Zealand (expanding on Westpac AU who are already in our install base), Energy Queensland, BASF, NSW Personal Injury Commission, and many others via our Singaporean Telco channel partner. These wins emphasise the diversity of the platform.

**“Scalable & speed to market - The plug and play nature of the Whispir platform allowed us to implement the roll out to various teams in days instead of weeks. The speed to market is incredible - enabling us to adapt and respond to our customers on demand.”**

*Hung Ho, Product Owner, ANZ Bank*

### **Our people**

Today, we have a total of 180 employees. Of these, almost half (88) are based in ANZ with most working a flexible combination of from home and our new offices at 385 Bourke Street, Melbourne. The ANZ team goes across all functions. We have 15 staff in Singapore & Indonesia - mostly in sales & marketing and customer success - driving our fast-growing Asia operation. We have an important core team of 59 located in the Philippines, who are largely dedicated to customer success and technology. While we have reduced (by 16) our resources in the US market in order to take advantage of promising opportunities in Asia, we maintain a small presence in the US to continue delivering the high standard of service our existing customers expect. This ensures we protect both our brand and the inroads made into this market.

Whilst we are not alone in having recently implemented a sizable restructure (completed in November last year) – we have retained a committed and talented team who are well placed to take this Company forward into the future and execute on our growth strategy.

### **Improving financial performance**

Revenue remains strong, with net revenue retention above 107%, and churn stabilising at around 5% at December 2022. We continue to see quarter on quarter growth in Asia in particular.

Gross margins are continuing to improve and have now ticked above 60% year-to-date. This improvement is due to the combination of increasing scale, renegotiation of pricing and minimum volume commitments with our providers, and changes in product mix.

On the cost side, the restructure we announced in November is now complete and all one-off costs of the restructure were accounted for in our first-half results. The downsizing of the US operation is also largely complete. These two initiatives are delivering \$18 million in annualised savings.

The combination of revenue growth, gross margin improvement, and a lowered cost-base provides us with confidence that our fourth quarter result (and beyond) will be EBITDA positive. This is a key financial marker in our journey as a listed company, and reaching free cashflow positive before year end will enable us to build a buffer of resilience, while also ensuring our product evolves to meet emerging customer challenges.

### **It's all about shareholder value**

We believe that a fundamental measure of our future success will be the shareholder value we create. This value creation will be the direct result of our ability to build out and scale our market leadership position. The stronger our leadership position in the marketplace, the more attractive our unit economics become. Market leadership will drive higher revenue, greater profitability and improved returns on invested capital.

The digital communications landscape is changing by the day, and Whispir is at the forefront of these changes. I hope this update has provided some context to why we are so motivated and focused on executing the company's growth agenda to realise the market opportunity we have created for the benefit of our customers, partners and shareholders.

Yours faithfully,



**Jeremy Wells, Founder and CEO**  
**Whispir**