

Appendix 4C and Activities Update – Q4FY23

Cash flow break-even clearly in sight as free cash flow up 73% on Q3

Whispir Limited (ASX:WSP, Whispir or the Company) provides its Appendix 4C cash flow and activity report for the quarter ended 30 June 2023 (**Q4 FY23, the Quarter**). The prior corresponding period is Q4 FY22 (**PCP**), and the prior quarter is Q4 FY23 (**PQ**).

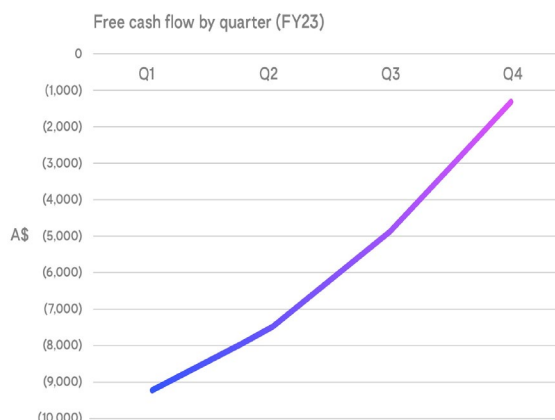
Quarterly Summary

- Free cash outflow for the Quarter of \$1.33 million is a 72.7% (\$3.54 million) improvement on the PQ of \$4.87 million
- Expenditure from operating and investing activities has reduced by 21% (\$3.89 million) on the PQ evidencing successfully completed cost reduction programs
- Receipts are down slightly by 2.6% (\$0.35 million) on the PQ to \$13.36 million (PQ \$13.71 million)
- Funds received (net of costs) of \$0.94 million from RiverFort Capital for working capital following execution of \$7.50 million debt facility during the Quarter
- Cash at bank \$4.32 million, providing cover for seven quarters (1.75 years) of free cash outflows based on the Quarter
- Positive cash flows expected to be generated during FY24 - supported by current revenue trajectory and sales pipeline, improving gross margins, and current cost base.

Quarterly performance

Free cash flow¹

This Quarter is the first quarter to show the full impact of earlier restructures, with free cash outflow improving 72.7% (\$3.54 million) over the PQ to \$1.33 million. The significant reduction in outflows during the year, as illustrated in the chart, has improved the Company's financial resilience, positioning it well to achieve positive free cash flow during FY24 as revenue growth and margins continue to improve.



¹ Cash flow from operating and investing activities, excluding transfers from restricted cash

Cash receipts

Receipts from customers for the Quarter were \$13.36 million, a 2.6% decrease on the PQ. This small decline reflects timing of collections only as underlying revenue was up 1% for the Quarter compared to the PQ. Whilst Q4 FY23 revenue was not as strong a quarter as expected, recent contract wins suggest both revenue and receipts will improve next quarter.

Cash payments

Cash payments from operating and investing activities have reduced by 21% (\$3.89 million) on the PQ following the successful execution of cost reduction programs, and continued improvement in margins. More specifically:

- Staffing costs (including capitalised development labour) were down 23% on the PQ, at \$6.90 million reflecting the down-sizing of the US operations;
- Corporate administration costs were down 28% on the PQ to \$1.14 million;
- Sales & marketing payments saw a similar sized reduction of 21% on the PQ to \$1.01 million for the Quarter; and
- Product-related cash payments were \$4.89 million, down 16% on the PQ, in part due to timing, but more importantly continued improvement in gross margins.

The Quarter includes payments to related parties of \$271k for directors' fees and CEO remuneration. Following the recent rightsizing of Whispir's board, non-executive Director remuneration will be significantly lower going forward.

Cash reserves and financing

During the quarter, the Company entered into a funding agreement with RiverFort Capital, which provided the Company with an immediate cash injection (loan) of \$0.94 million (net of costs) and access to a further \$6.50 million upon approval by RiverFort. Further information on this facility is contained in the ASX announcement dated 23 June 2023.

At the end of the Quarter the Company had \$4.32 million cash at bank, \$1.01 million of restricted cash, and a further \$6.51 million in unused credit facilities (which includes the RiverFort facility), providing cover for seven quarters of free cash flows (based on Q4 FY23).

Business news

Australia/New Zealand (ANZ)

The ANZ region has experienced positive momentum during the Quarter, including further gains in the health sector. Namely, the Company has signed a new contract via its Channel Partner to deliver electronic prescription messaging, an initiative which forms part of Australia's National Digital Health Strategy. E-prescription messaging is where a unique electronic token (in the form of a QR code) is created and sent to the patient as an SMS or email. The token is a key that unlocks the electronic prescription. Patients can provide the token to the pharmacist to enable dispense and supply of the medicines. E-prescriptions are likely to become an increasingly popular way for patients to access medications, and this contract is expected to deliver at least \$1 million revenue in FY24, starting in August.

Whispir continues to have a positive impact in the community. Since the Victorian Police launched its text-notification service "STOPIT" to help combat sexual offending on public

transport – more than 1500 notifications have been received by the police leading to 13 arrests. This initiative is the first of its kind in Australia and is powered by the Whispir platform.

Whispir has recently renegotiated a 13% discount to its SMS delivery rates with one of its largest messaging carriers effective from 1 July 2023 which will serve to improve gross margins even further in this region.

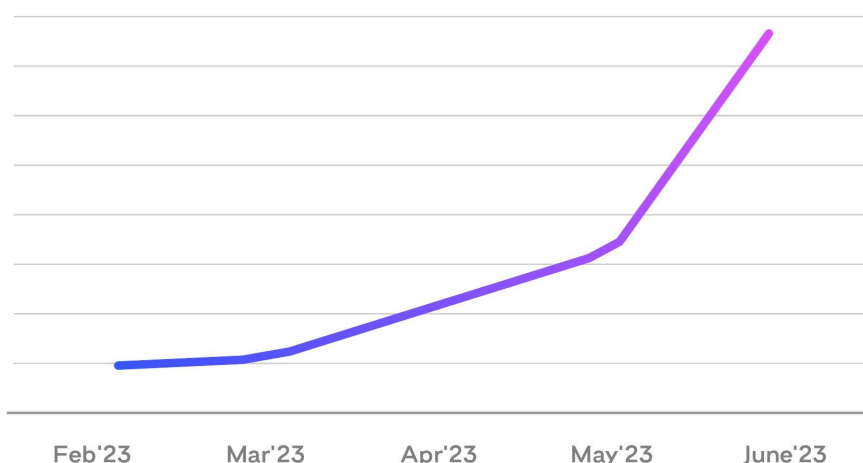
Asia

During the Quarter the region signed several new blue-chip customers, all contributing valuable entry point sales which are expected to grow significantly over time.

Recently, a large insurance company has signed a 3-year renewal and will be integrating Whispir with another large software provider to further digitize their customer engagement. Another new customer win in the region will see Whispir powering their big data marketing campaign, uplifting capability from plain SMS to rich message content. In addition, a large bank in the region will be using Whispir to automate workflow with SMS and voice.

The chart below demonstrates the growth trajectory occurring in the region via Channel Partners over the last five months (up more than 7x), showing a noticeable acceleration in the last month of the Quarter.

Channel Partner Revenue – last 5 months



FY24 outlook

Whispir CEO and founder Jeromy Wells said: “Recent contract wins, improving gross margins, and a reducing cost-base provide us with a clear line of sight to delivering a cash flow positive FY24. Whilst the initial \$1 million drawdown from our debt facility provided us with greater flexibility to manage intra-month working capital requirements, we do not intend to make any further drawdowns as the business verges on being self-sustainable.”

“We continue to see demand for digital communications from existing and new customers in ANZ, while the significant growth we are seeing in our Asian business shows no sign of slowing. We have a solid sales pipeline for the year ahead and will continue to innovate our platform to create and seize additional opportunities in our key markets. The e-Prescription support is an example of the crucial role digital communications can play in everyday life, and this is true across all the sectors we work in. With our costs now reined in, and our sales efforts focused on markets offering immediate growth, we are confident about Whispir’s prospects in FY24.”

The Company expects to release its results for the financial year ended 30 June 2023 on 24 August 2023.

-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")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	13,355	56,327
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(4,885)	(23,716)
(c) advertising and marketing	(1,014)	(4,725)
(d) leased assets		
(e) staff costs	(5,982)	(34,326)
(f) administration and corporate costs	(1,136)	(7,768)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	79
1.5 Interest and other costs of finance paid	(105)	(227)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	-	22
1.8 Other (GST payment to the ATO)	(593)	(2,029)
1.9 Net cash from / (used in) operating activities	(359)	(16,363)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(88)	(228)
(d) investments		
(e) intellectual property	(915)	(5,376)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	31	31
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities	-	(342)
2.4	Dividends received (see note 3)		
2.5	Other (term deposits)	-	617
2.6	Net cash from / (used in) investing activities	(972)	(5,298)

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	1,000	1,000
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings	(60)	(60)
3.8	Dividends paid		
3.9	Other (payment of finance lease liabilities)	(242)	(1,091)
3.10	Net cash from / (used in) financing activities	698	(138)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,969	26,078
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(359)	(16,363)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(972)	(5,298)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	698	(138)
4.5	Effect of movement in exchange rates on cash held	(16)	41
4.6	Cash and cash equivalents at end of period	4,320	4,320

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	2,809	4,455
5.2	Call deposits	1,511	514
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposits < 3 mth maturity)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,320	4,969

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	271
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p>The amount disclosed at item 6.1 is of comprised Directors' fees and the CEO's base remuneration for the current quarter.</p> <p><i>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.</i></p>		

<p>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></p>	<p>Total facility amount at quarter end \$A'000</p>	<p>Amount drawn at quarter end \$A'000</p>
7.1 Loan facilities	7,500	1,000
7.2 Credit standby arrangements		
7.3 Other (credit cards)	123	104
7.4 Total financing facilities	7,623	1,104
7.5 Unused financing facilities available at quarter end		6,519
<p>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> <div style="border: 1px solid black; padding: 5px;"> <p>Credit card facilities are utilised across two providers:</p> <ul style="list-style-type: none"> NAB AUD 50k, secured at 12.65%. Silicon Valley Bank USD 25k (AUD 38k at closing rates), unsecured at 15.60%. Amex AUD 35k, unsecured, zero interest rate with 3% late payment fee and \$1.2k annual membership fee. RiverFort convertible note facility of \$7.5M, at a rate of 12% interest per annum plus 6% drawdown fee. Further drawdowns under this facility are subject to RiverFort's approval. For a summary of the terms and conditions of this facility please refer to the ASX announcement made by the Company on 23 June 2023. </div>		

<p>8. Estimated cash available for future operating activities</p>	<p>\$A'000</p>
8.1 Net cash from / (used in) operating activities (item 1.9)	(424)
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,320
8.3 Unused finance facilities available at quarter end (item 7.5)	6,519
8.4 Total available funding (item 8.2 + item 8.3)	10,415
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	25
<p><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></p>	
<p>8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p>	
<p>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> <div style="border: 1px solid black; padding: 5px; min-height: 30px;"> <p>Answer: N/A</p> </div>	
<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> <div style="border: 1px solid black; padding: 5px; min-height: 30px;"> <p>Answer: N/A</p> </div>	

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: N/A

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: 17 July 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.