



ASX Announcement
Issued 23 October 2023

Whispir Limited
(ASX : WSP)

Appendix 4C and Activities Update – Q1 FY24

First deal landed for Whispir Verify post-launch this quarter

Whispir Limited (ASX:WSP, **Whispir** or **the Company**) provides its Appendix 4C cash flow and activity report for the quarter ending 30 September 2023 (**Q1 FY24, the Quarter**). The prior corresponding period (**PCP**) is Q1 FY23, and the prior quarter is Q4 FY23 (**PQ**).

Quarterly Highlights

- Major federal government department signs up for Whispir Verify services, expected to generate >\$1 million of annual revenue
- New product launches and established sales pipeline with telco partners present strong growth opportunities
- Further new shoots in ANZ health sector alongside continued customer signings in Asia
- Free cash flows¹ ("FCF") of -\$1.98 million, and -\$0.8 million when normalised for redundancy and annual incentives payments, compared with PQ of -\$1.33M
- Cash on hand at 30 September of \$2.04 million (down from \$4.32M for PQ)

Quarterly cashflow performance

Free cashflow

Free cash flows were -\$1.98 million for the quarter, 48% (\$0.65 million) more than PQ, but down (improved) 78.5% on the PCP of -\$9.19 million. This quarter included \$0.4 million of one-off redundancy payments and \$0.8 million of annual incentives. Free cash flows would be -\$0.80 million when normalised for these items. Additionally, the first quarter of every year has certain annual cash payments to vendors (annual fees) that will not repeat for another year (see below sections for more detail). The significant improvement of \$7.21 million on the PCP reflects the successful restructuring programs undertaken in Q2 and Q3 of last year. The Company continues its trajectory towards cash flow positive, and is focused on generating free cash flow from 2H FY24 onwards as previously guided.

Cash receipts

Cash receipts for the Quarter were \$13.71 million, a 0.9% increase on the PQ and 6.6% decrease on the PCP respectively. The increase on the PQ reflects a strong contribution from Asia, which saw a 13.6% growth in customer receipts over the quarter, whilst ANZ was flat. The decline from the PCP result reflects the reduction in COVID-19 related revenues which largely ceased from Q2 FY23 onwards.

¹ Cash flows from operating and investing activities, excluding transfers from/to restricted cash

Cash payments

Cash payments to supply messaging (reported under “product manufacturing and operating costs”) reduced by 10% (\$0.50 million) on PQ primarily due to the Company delaying payment of \$0.65 million to a messaging supplier as it awaits an associated credit note to reflect recent pricing reductions.

Cash outflows for administration costs reduced by 6.4% (\$0.14 million) to \$2.06 million on the PCP due to overheads reducing as expected with less staff. Administration costs have increased by 88% (\$0.92 million) on the PQ due to certain annual payments to vendors which fall in the first quarter of every year, for example audit fees, ASX listing fees, insurance renewals and certain annual software licenses. Administration costs are therefore expected to be lower for the remaining quarters.

Cash outflows for staff costs (including capitalised labour) reduced by 43.9% (\$5.58 million) to \$7.13 million on the PCP reflecting the restructuring which occurred in the second and third quarters of last financial year. Staff costs this quarter included payments for annual incentives (\$0.8 million) and redundancies (\$0.4 million). When excluding these annual/one-off items – staff costs have decreased by 14.1% (\$0.97 million) to \$5.93 million on the PQ as the Company continues to find efficiencies. Staff costs are expected to remain at this level (i.e. approximately \$6 million) for the remaining quarters of this financial year. Staff costs includes payments to related parties of \$229k for directors’ fees and CEO remuneration, which have reduced by 15.5% (from \$271k) on the PQ following the recent changes to Whispir’s board.

Cash outflows for advertising and marketing reduced by 6.9% (\$0.09 million) to \$1.18 million on the PCP reflecting cost saving initiatives during the year, but have increased by 16.4% (\$0.17 million) on last quarter due to a higher proportion of sales through the reseller channel.

Cash reserves and financing

At the end of the Quarter the Company had \$2.04 million cash at bank, \$1.07 million of restricted cash, and a further \$6.57 million in unused credit facilities (which includes the RiverFort facility).

Business news

Platform innovation and new product offerings are an important aspect of Whispir’s strategy to grow revenues with existing customers while also attracting new customers. Whispir expects to launch at least one new product each quarter in FY24 and started the year strongly with four new offerings launched in Q1. These were:

- **Whispir Talkbots** - Driving conversion with Voice AI
- **Content Assist** - Harnessing GenAI to optimise content
- **Compliance Automation** - Cross-border messaging compliance
- **Whispir Verify** - Secure E2E Identity Verification

These products have been extremely well-received by the market, with several expressions of interest having since converted into new business. Q1 saw the signing of the first significant government deal for Whispir Verify, involving a program with a major Australian federal government department that is expected to go live during the current quarter and generate annual revenues of more than \$1 million. Whispir Verify will provide multi-factor authentication (MFA) every time members of the public sign on to the department’s portal, with a projected log-in level of more than 12 million times per year. With 30% of traffic predicted to come from Australians based overseas, it was essential that the selected provider could ensure compliance with message registration management in multiple international jurisdictions. It was particularly pleasing in this context that Whispir’s proposal was accepted ahead of that of a major international technology company, and a strong endorsement of our capabilities in this area.

The new products have also generated significant interest in Asia, particularly Whispir Verify and Whispir Talkbots. This quarter, a major Indonesian telco implemented a customer campaign using Whispir Talkbot to facilitate customer contract renewals with greater efficiency and effectiveness. This campaign saw over 160,000 calls made

in the past 4 months, with an average connection rate of 48% compared with 15-20% using traditional human callers in this region. Importantly the renewal rate achieved was 16-22% without human engagement, up from zero, as this mobile prepaid audience had not previously been serviced and thus, generally did not renew their contracts. The Talkbot also identified and categorised reasons for not renewing, triggering further actions for the Telco to offer alternative mobile plans.

During the Quarter Whispir signed 12 new enterprise logos in ANZ across a range of sectors. New customers include a city airport (the fourth major airport now using the platform), as well as Australia's leading online recruitment platform. A major international retailer will use the platform for internal and human resources communications.

Whispir has made further progress in the health sector, adding another Local Health District (LHD) in NSW to bring the total to five, with discussions continuing with a further three, including the state's largest. Each of these contracts has the potential to generate significant messaging as LHDs communicate with patients.

In Asia, telco relationships continue to drive new sales leads. CocaCola (Philippines) has selected Whispir to enhance its incident and crisis management systems across all aspects of its business from manufacture and bottling to customer deliveries. Whispir has also signed a contract with a major US provider of dental practice management as the company enters the Asian market. Whispir will facilitate all patient communications including appointment reminders and health updates.

FY24 outlook

Whispir CEO, Jeromy Wells, commented: "The strong interest in our new products, including several signed deals during the quarter, validates our decision to invest in innovation. By continuing to enhance and extend our product offering, we ensure we remain market leaders in digital communications while at the same time securing relationships and revenue streams into the future. Early implementation of these products indicate they will reward our customers with significant efficiencies and increased sales, providing a strong ROI case in further business development discussions."

"The Company remains focused on generating free cash flow in the second half of the financial year as previously indicated. We look forward to updating the market as we launch additional products during the year, and reporting on further take-up of those launched in the first quarter."

-ENDS-

This announcement has been authorised for release by the Board.

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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 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	13,471	13,471
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(4,386)	(4,386)
(c) advertising and marketing	(1,180)	(1,180)
(d) leased assets	-	-
(e) staff costs	(6,058)	(6,058)
(f) administration and corporate costs	(2,058)	(2,058)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	21	21
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(2)	(2)
1.7 Government grants and tax incentives	-	-
1.8 Other (GST payment to the ATO)	(622)	(622)
1.9 Net cash from / (used in) operating activities	(814)	(814)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(95)	(95)
(d) investments		
(e) intellectual property	(1,067)	(1,067)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	(f) other non-current assets 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)		
2.6	Net cash from / (used in) investing activities	(1,162)	(1,162)

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	1	1
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)	(310)	(310)
3.10	Net cash from / (used in) financing activities	(309)	(309)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,320	4,320
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(814)	(814)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,162)	(1,162)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(309)	(309)
4.5	Effect of movement in exchange rates on cash held	6	6
4.6	Cash and cash equivalents at end of period	2,041	2,041

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	2,041	2,041
5.2	Call deposits	-	-
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)	2,041	2,041

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	229
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>		

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	7,500	1,000
7.2	Credit standby arrangements		
7.3	Other (credit cards)	124	47
7.4	Total financing facilities	7,624	1,047
7.5	Unused financing facilities available at quarter end		6,577
7.6	<p>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> <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 39k 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. 		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(814)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,041
8.3	Unused finance facilities available at quarter end (item 7.5)*	6,577
8.4	Total available funding (item 8.2 + item 8.3) <i>*Includes unused debt facility with RiverFort of \$6.5M. Any further drawdowns from this facility are subject to RiverFort approval.</i>	8,618
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	11
	<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	<p>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> <p>Answer: N/A</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?

Answer: N/A

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: 23 October 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.