



22 February 2022

# 1H FY22 Results

– Investor Presentation

whispir

A S X W S P



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- FY refers to the full year to 30 June.
- Rounding Amounts in this document have been rounded to the nearest \$0.1m. Any differences between this document and the accompanying financial statements are due to rounding.

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**70.4% revenue growth on PCP driven by established customer base increasing use of the Whispir platform - strong cash position maintained.**





# Agenda

## Business Update

Strong ARR, customer growth and revenue retention

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## Financial Results

Impressive revenue performance

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## Growth Strategy

Multiple levers for growth

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## FY22 Outlook

On track to deliver upgraded guidance

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**Jeromy Wells**

Founder & Chief Executive Officer



**Jenni Pilcher**

Chief Financial Officer





# Key Highlights



## Strong financial growth

- Record half year with \$39.4M Revenue – up 70.4% on PCP, 37.7% CAGR (3 yrs)
- ARR at \$60.0M – up 26.6% on PCP, 29.4% CAGR since FY19 - provides line of sight to breakeven
- Gross profit up 64.9% to \$23M on PCP with margins of 58.4% (PCP 60.4%)



## Growing global customer footprint

- Pandemic recovery increasing demand creating new revenue opportunities across ANZ supporting sustained revenue growth
- Investment in product delivering returns – a strategic deal with Asia's leading telco to accelerate growth in Asia, creates barrier to entry for competitors
- Accelerating new customer growth in North America, aligned with targeted customer personas



## Delivering Operational & ESG Excellence

- Customer loyalty at all time high driving revenue retention 122.4% and record low revenue churn 1.8%
- Supporting 200 employee-nominated not-for-profit causes and donating 1,600+ hours of employee time
- Upgraded FY2022 guidance provided in November 2021



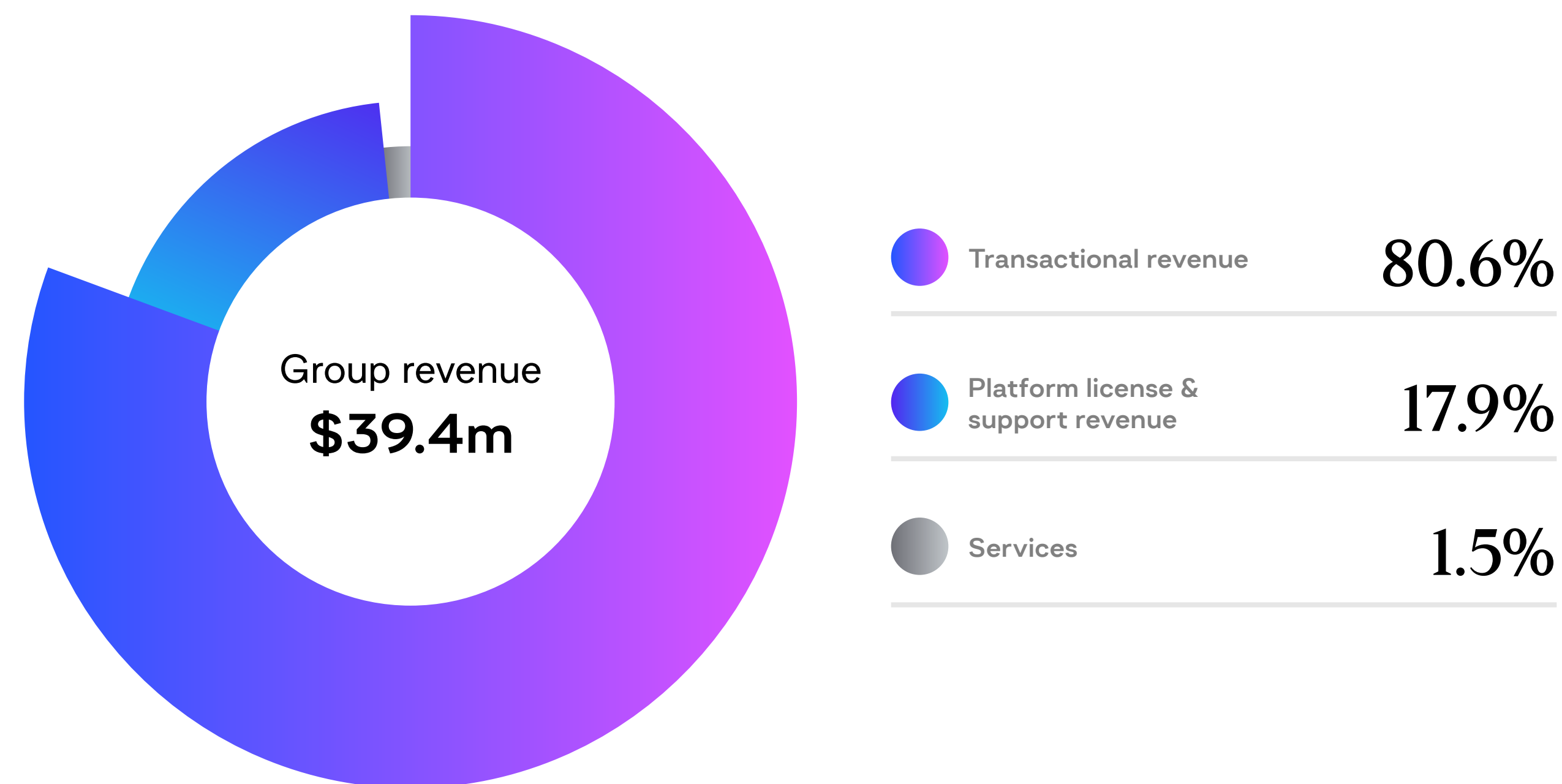


# Revenue

Strong organic revenue growth driven by established customers increasing usage

## Revenue Growth 70.4% to \$39.4M

- 37.7% CAGR over 3 years H1 revenues
- 72.2% of H1 revenue is annually recurring
- 80.6% of revenues are transactional, large increase driven by pandemic related communications
  - 54.3% annually recurring
  - 26.3% largely pandemic-related, not recurring

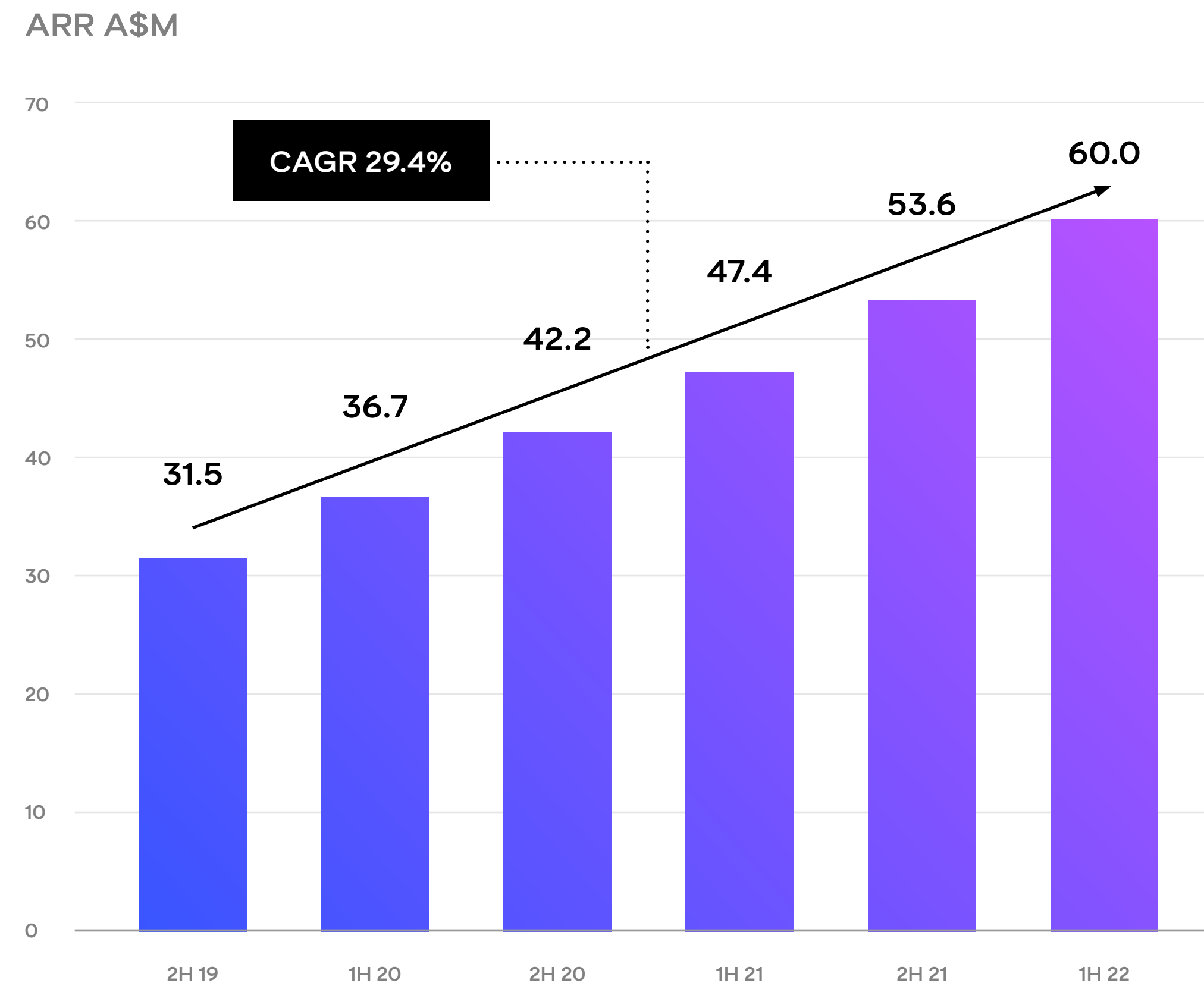


# Annual Recurring Revenue (ARR)

Consistent ARR growth provides future revenue predictability

Consistent recurring revenue growth provides line of sight to free cash flow and EBITDA breakeven

- \$60 million ARR at 31 December 2021
- 26.6% growth on PCP
- 29.4% CAGR since 30 June 2019

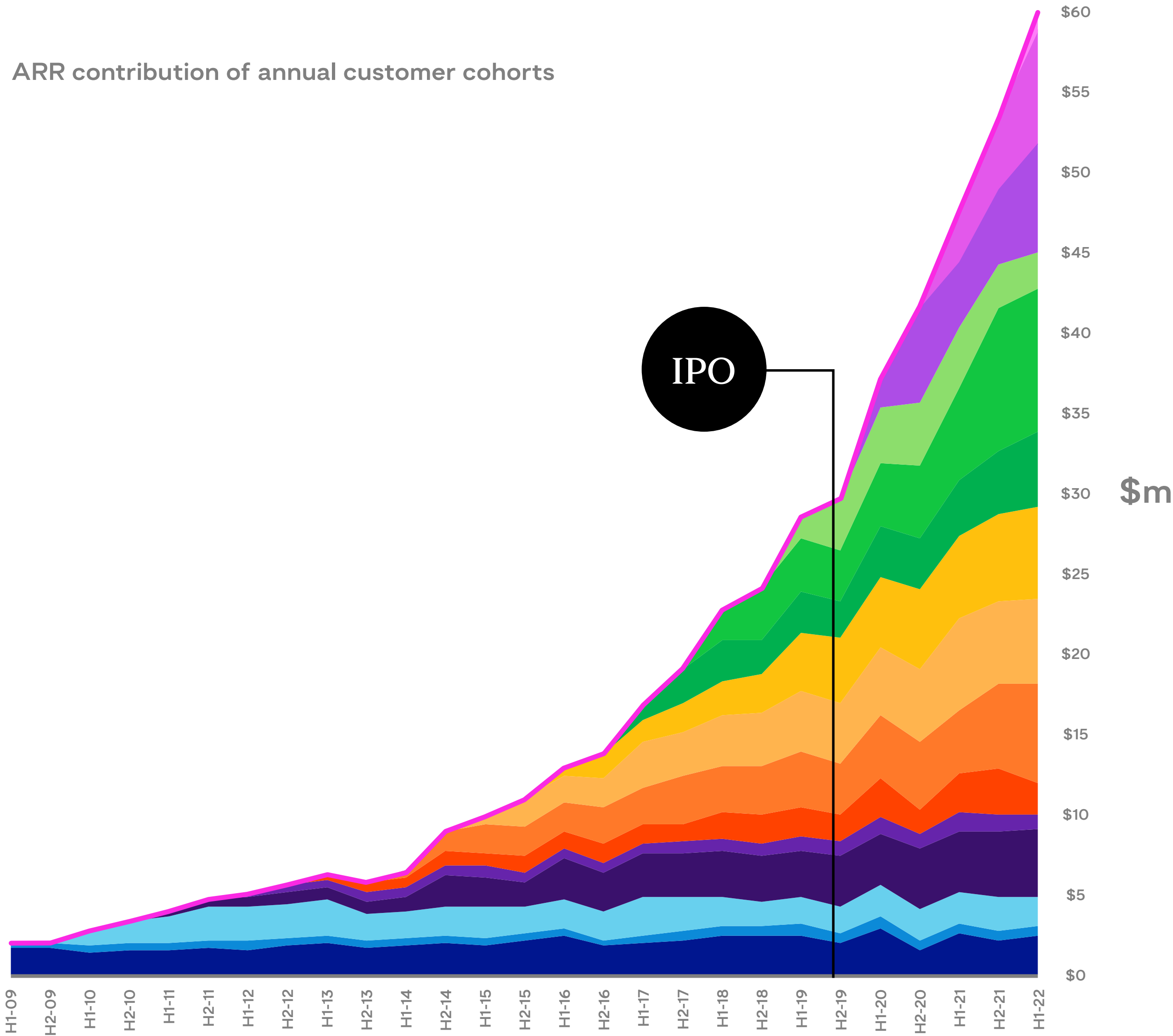




# Net Customer Revenue Retention 122.4%

Whispir’s low-code/no-code platform is easy to use so that our customers can scale and find new applications for Whispir’s technology without needing developers, driving record high Net Customer Revenue Retention (CRR) and validating the “land and expand” sales strategy.

ARR contribution of annual customer cohorts



\*Excludes fluctuating transactional customers, ARR is on a gross basis

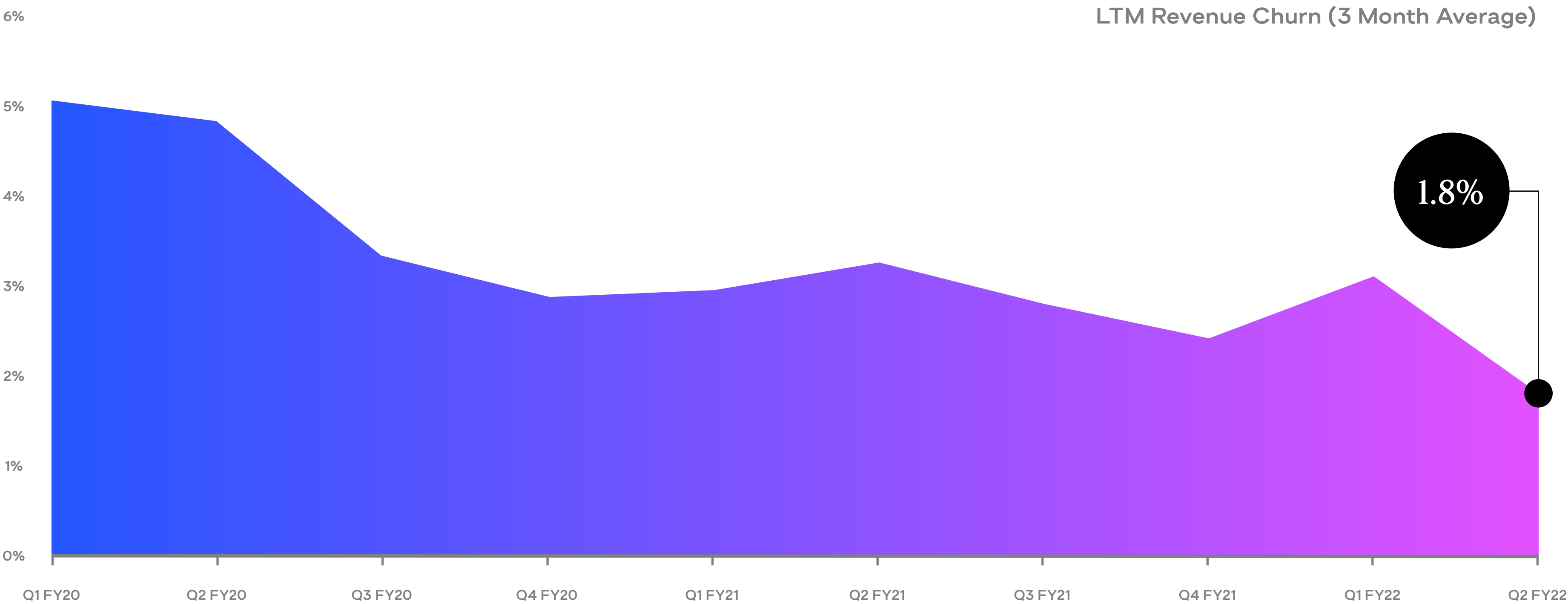




# Revenue Churn

Record, industry-leading, low churn (less than 2%) demonstrates stickiness of the Whispir platform

Revenue churn improves by 45% from 3.3% to 1.8% in last twelve months (LTM)

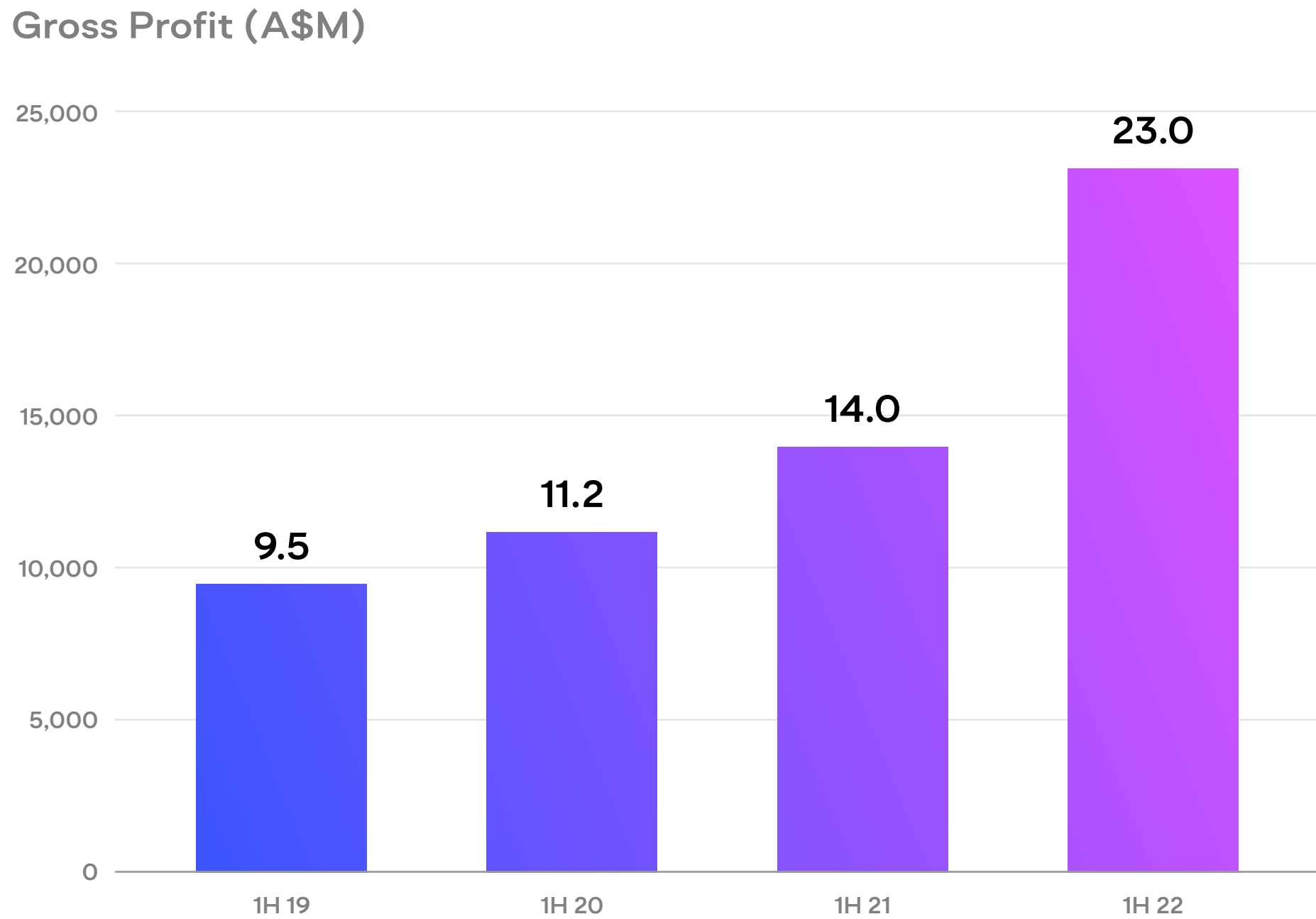




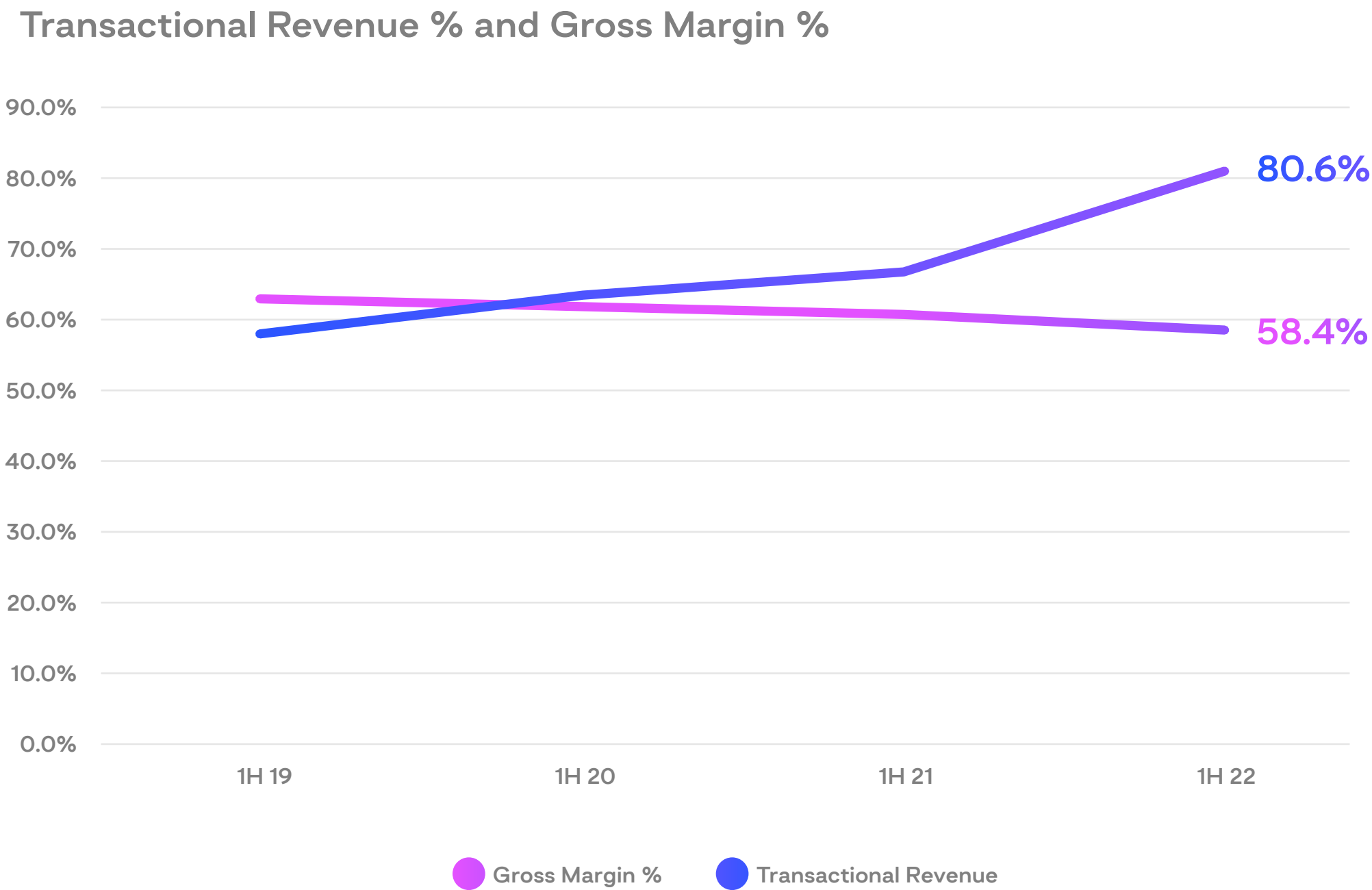
# Gross Profit + Gross Margin

Revenue growth translating to gross profit with scaled growth

Gross Profit growth remains strong at 64.9%, alongside 70.4% revenue growth



Significant increase in transactional revenue has moved Gross Margin to 58.4% from 60.4% as mix of high gross margin platform revenues shifts. Gross Margin is anticipated to return to steady state 60+% in post pandemic environment





# Cash

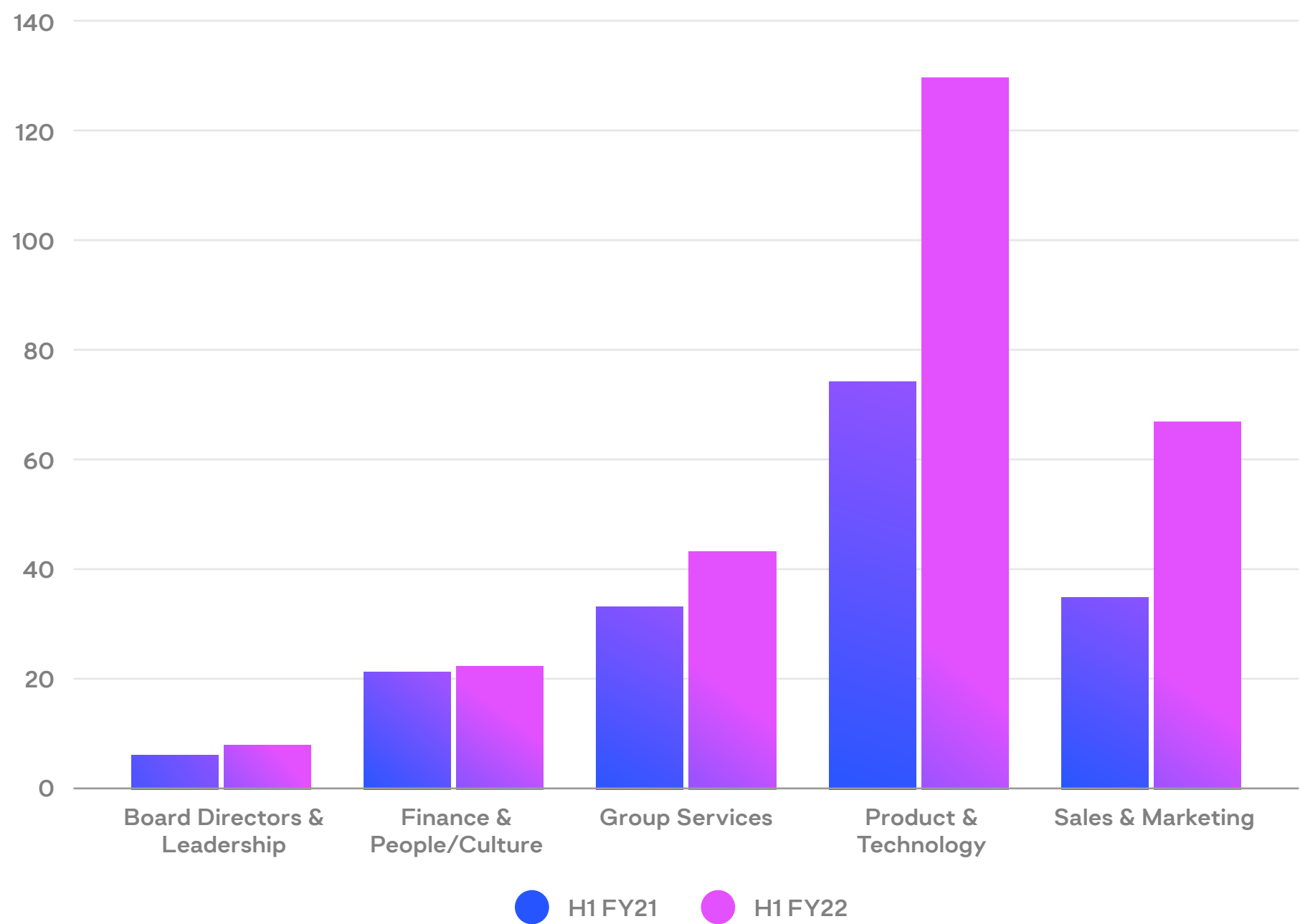
Strong cash position, no debt, line of sight to break even

Strong ARR, together with productivity and efficiency initiatives underway, provide line of sight to cash flow break even using existing cash resources

- Cash on hand at 31 Dec. 21 of \$38.1M
- Free-cash-flow \$(10.7)M
- Cash receipts \$41.7M
- Total cash payments \$52.4M
  - Operating cash payments \$32.6M (72% labour)
  - Cost of services \$17.5M
  - GST paid to ATO \$1.6M
  - Capex & term deposits \$0.7M
- R&D spend \$10.4M (39% revenue), of which \$4.1M capitalized
- Line of sight to cash-flow break-even within two years – supported by ARR trajectory and productivity and efficiency initiatives
- No requirement to raise capital to fund existing strategy

Increased staffing from 169 to 270 during last twelve months, largely across Product & Technology, Sales & Marketing to accelerate growth

Headcount





# Regional Update

High-value/high-potential contract wins in ANZ, Asia and North America provide for strong future revenue growth



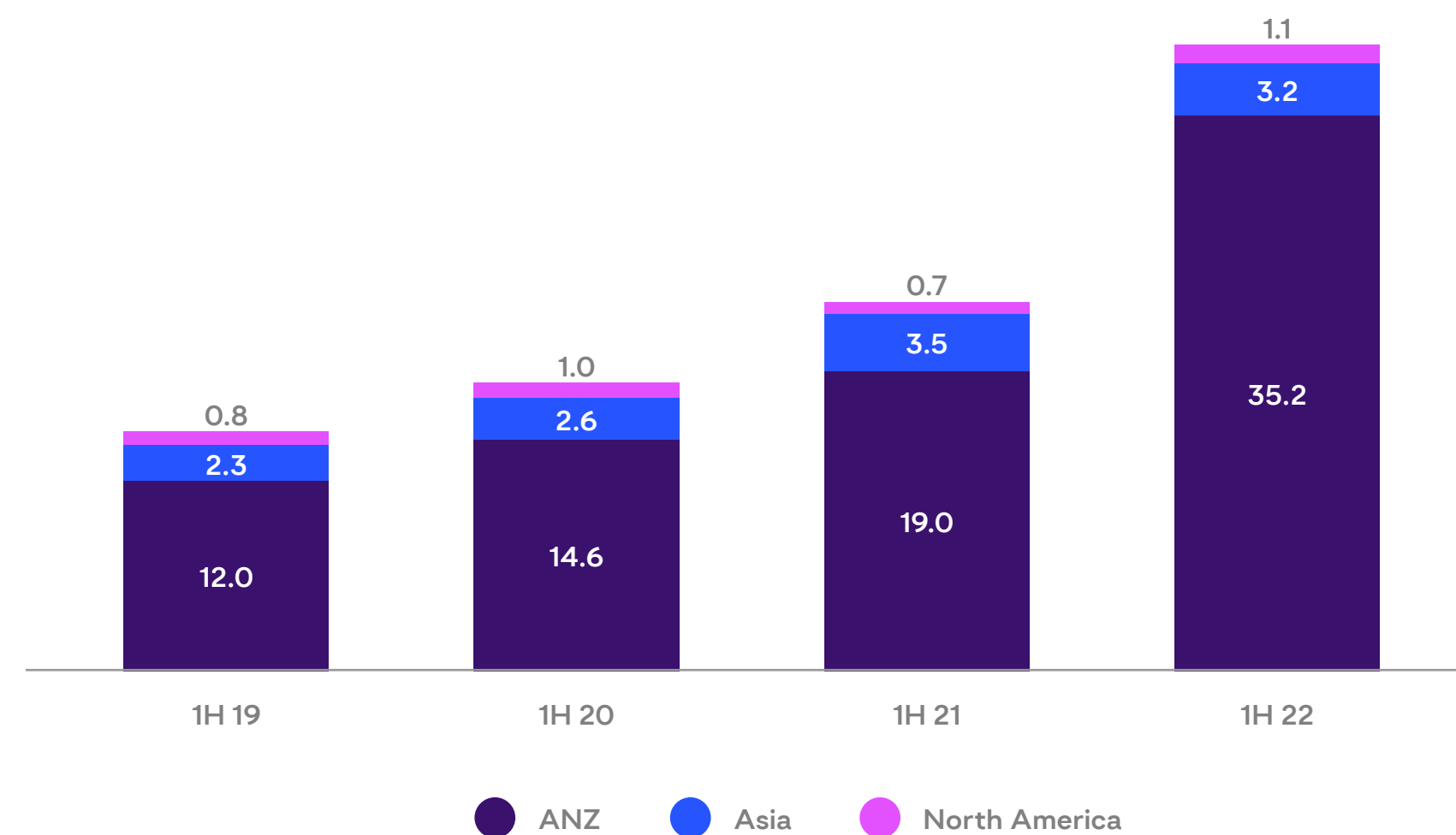


# Revenue + ARR growth by region

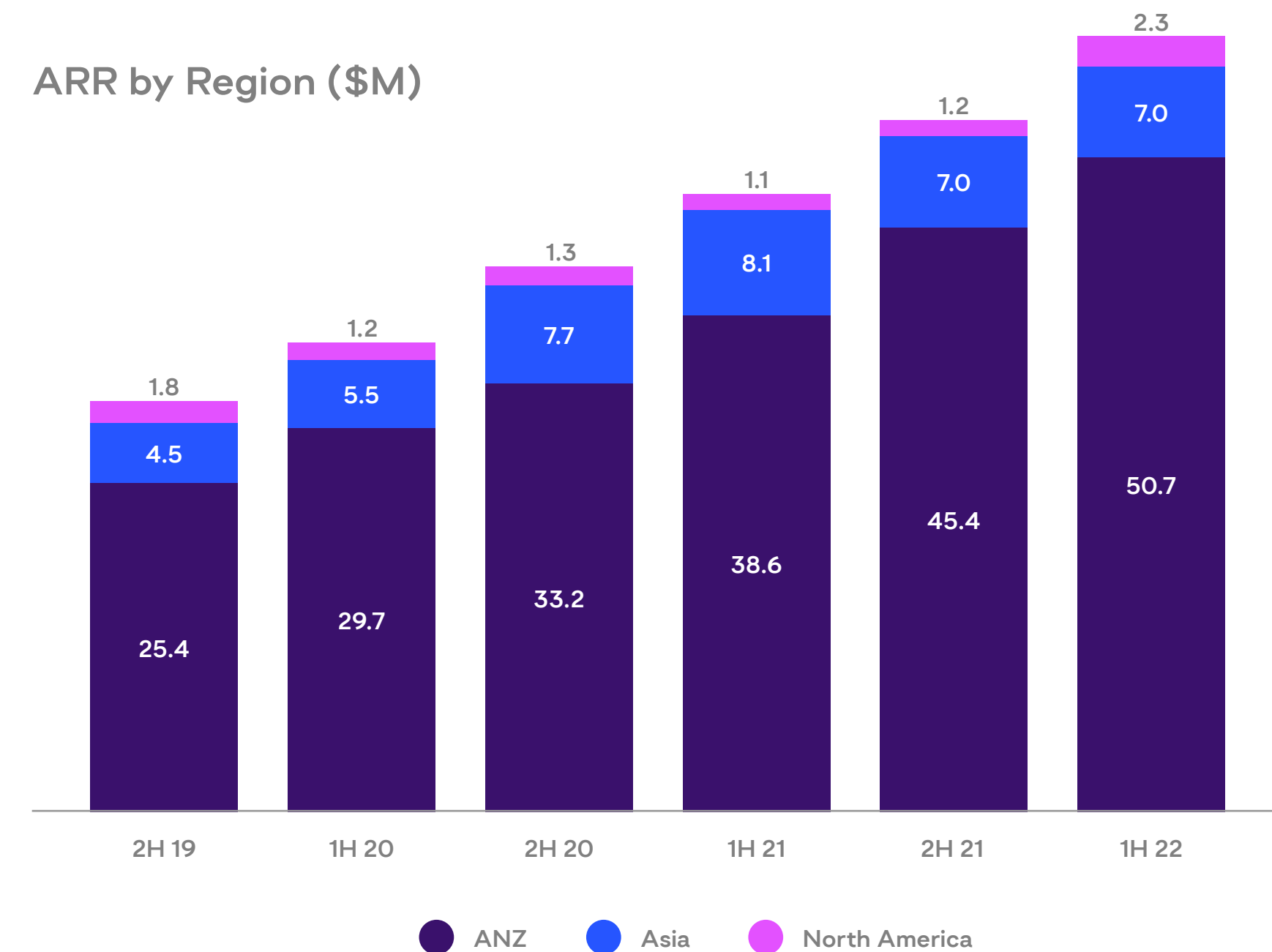
Whispir's most mature market delivers record revenue growth

- ANZ delivers revenue growth of 85.5% to \$35.2M, driven by long-established Whispir customers increasing platform use
- North America showing improved momentum with acceleration of new customer growth (50 new customers added in 1H FY22)
- Asia region temporarily impacted by negative business sentiment due to pandemic. Strategic Asian Telco contract signed December 2021 is anticipated to deliver sustained revenue and new customer growth for years to come

Region Revenue (\$M)



ARR by Region (\$M)





# Australia & New Zealand

Telstra relationship continues to thrive, with record revenue growth and new customers added in the period. Several joint initiatives are inflight to convert a substantial pipeline of opportunities into new customer sales.

## Sample of the 85 new customers added in 1H FY22



## Sample of growth customers



High-value existing contracts with multiple Government departments and related agencies, delivered a significant uplift in revenue.

Multiple Digital Transformation project wins, particularly in utilities sector to enable process and workflow automation to improve productivity and enhance Customer Experience.

Pandemic recovery reactivating a number of industries, including aviation, public transportation and health; with platform use by some existing customers already surpassing pre-pandemic levels.







– Case Study

## Multi-million dollar, 8 year contract with a significant Australian government department won in partnership with Telstra

**Whispir will digitally transform existing operational messaging processes and enable new next generation use cases with Whispir's existing off-the-shelf capabilities.**

This contract recognises the superior value of Whispir's platform and ability to provide secure, cloud-based enterprise communications services to support the digitisation of critical operational use cases at substantial future scale. Strong validation of Whispir's product market fit in the context of the security conscious Commonwealth Government.

### Initial use cases

- Emergency communications
- Communications for the activation and coordination of operations
- Deliver enhanced communications across voice, video, SMS and email
- Provide enhanced reporting across departments with actionable insights

### Customer benefits

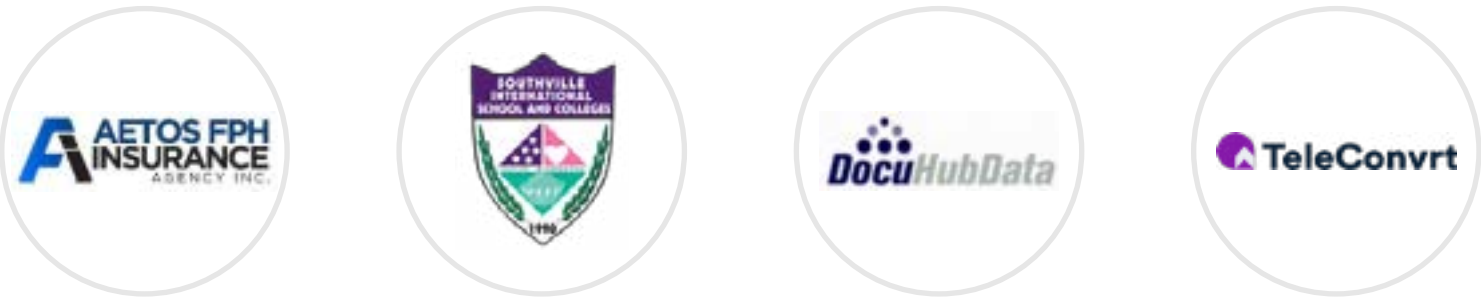
- Secure communications
- Advanced automation to reduce manual processes and unforced human error during periods of high stress
- Enhanced engagement with internal and external stakeholders
- Rapid responsiveness providing improved situational awareness and informed decision making
- A single platform with multiple workspaces to be used by teams all over Australia, and throughout the world
- Providing a consistent approach across all teams, from Logistics to HR, Emergency, Finance and more - accommodating differing roles and responsibilities with changing operational contexts



# Asia

Focused on Singapore, Indonesia and the Philippines. Investments in localised content relevant to targeted industry-based personas are delivering a growing pipeline of opportunities.

Sample of the 37 new customers added in 1H FY22



Sample of growth customers



Transformational mega deal signed with Asia’s leading telecommunications company.

High quality, multi-lingual team targeting 3 key markets – Singapore, Indonesia and the Philippines in anticipation of a significant bounce back of business sentiment in a post pandemic world.

Strong channel partnerships in place for capital efficient market reach.

Manila is now the location of Whispir’s second largest office with 54 full time employees to achieve cost savings whilst accelerating growth.







– Case Study

## Asia mega deal

### Asia's leading communications group, selects Whispir for global roll out.

A regional leader, this telco has an operational presence in Asia, Australia and Africa, with over 750 million mobile customers in 21 countries.

This landmark sale validates Whispir as the market leader in the region. 95% of the telco's complex operational requirements are supported with existing Whispir platform capabilities that are cloud-based and highly secure.

#### Initial use cases

- Replace core SMS notification systems enterprise-wide
- Consolidate >800 services/use cases onto the Whispir platform
- Provide integrated App Push, Email, Voice, WhatsApp and Rich Message services
- Replace existing client-facing SMS solution servicing existing enterprise clients
- Win new business leveraging the Whispir platform's capabilities and multi-channel value proposition

#### Customer benefits

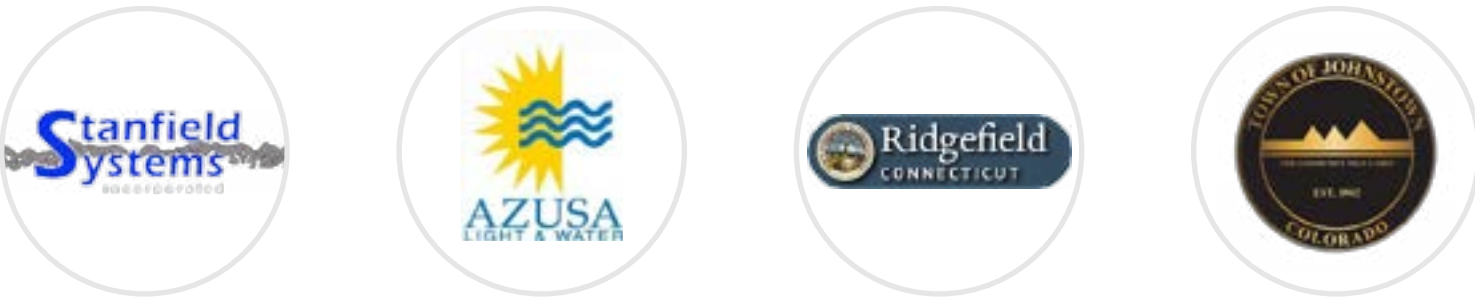
- One platform to service complex and diverse global use cases
- Reduces operational complexity and consolidates contact records from multiple sources
- Leverage Whispir platform's advanced communications capabilities to create and enhance future communications services to improve engagement with key stakeholders
- Sophisticated reporting functionality for informed decision making
- A forward-looking communications roadmap that is 100% cloud based and aligned with the group's digital transformation agenda
- Drive revenue growth from new and existing customers



# North America

Building and converting a growing sales pipeline has translated to double digit growth in customer numbers and some significant contract signings - particularly for targeted personas of government, insurance and marketing.

## Sample of the 50 new customers added in 1H FY22



## Sample of growth customers



A generational shift in the way people work is impacting most parts of the North American economy. Many of Whispir’s target SMB and SME customers are looking to overcome the constraints and limitations of traditional ways of working and are reimagining everyday working, consumer experiences and engagement.

Whispir is well placed to assist targeted industry personas in selected industry verticals; to drive productivity while keeping costs down and improving engagement.



Annie Wissner recently appointed as CMO is leading the Company’s fully formed marketing team based in Boulder, Colorado.







– Case Study

# Johnstown Colorado

**Enhancing community engagement with actionable insights and an easy to use feedback loop for citizens to report issues and incidents.**

Johnstown, Colorado is home to approximately 10,000 people, investing in a program of activities to improve the citizen experience, achieve operational efficiencies.

## Initial use cases

- Tailored communications across multiple channels via a digital 'community newsletter' updating citizens on the latest news from the Town of Johnstown
- Using AI, all issues, complaints, maintenance issues and concerns reported are automatically sorted, prioritised for action and distributed to the relevant stakeholders

## Customer benefits

- Increased community engagement through multi-channel communications
- Streamlining feedback from citizens
- Improved service delivery with increased transparency as it is easier to ensure tasks are assigned, completed and resolved
- Informed decision making as City Managers
- Sophisticated reporting functionality to help inform future newsletter content and or tailor communications



# Whispir has launched the: Engage Humanity Project

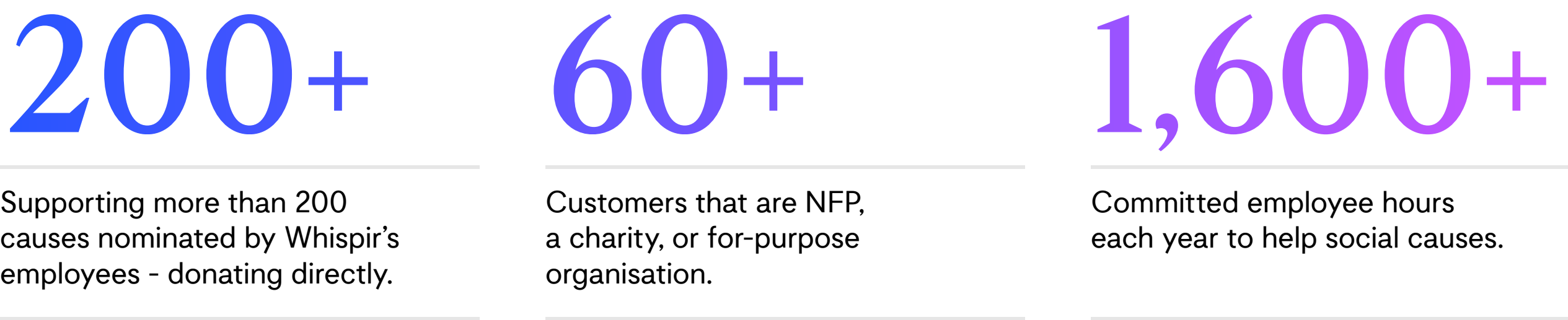
Whispir is:  
Transferring advantage to the disadvantaged

Whispir’s goal is to empower leaders in social impact and support organisations that need it most with our expertise, technology and capabilities to improve operational effectiveness and efficiencies.

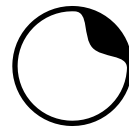
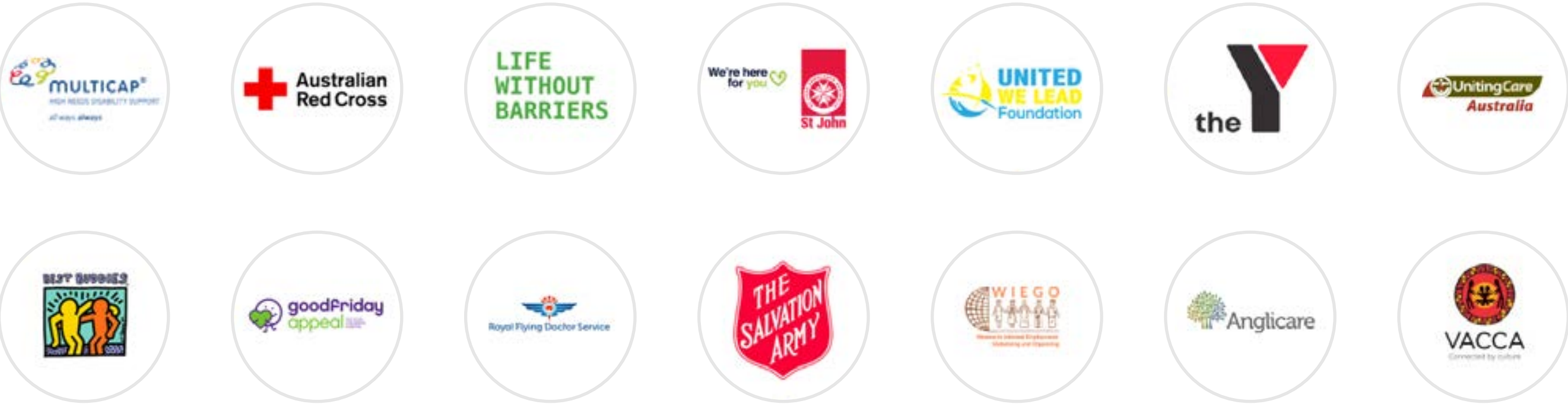
Whispir does this by:

- Supporting and optimising community service delivery and stakeholder engagement using our insights, data and technology
- Technology adoption programs to assist in improved service delivery at scale
- Accelerating the sectors digital transformation- creating greater impact with more efficient use of resources and improved transparency

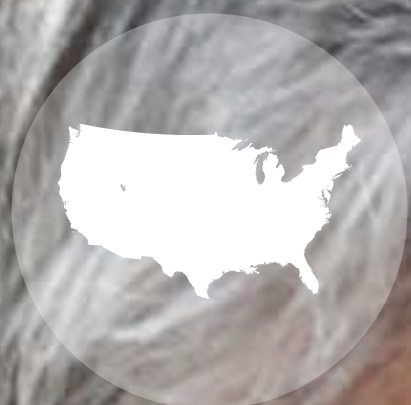
The aid sector lags furthest compared to all other industries in technology adoption - they can deliver more impact when we pass on what we know.



## Some of the causes who work with us







– Case Study

## Best Buddies

### Helping Not-for-profit organisations increase their impact.

Best Buddies is a global volunteer movement that creates opportunities for one-to-one friendships, integrated employment, leadership development, and inclusive living for individuals with intellectual and developmental disabilities (IDD).

#### Initial use cases

- Peer to peer fundraising
- Extend the reach of a Best Buddies network by enabling individuals in the community to quickly and simply engage with their personal networks and promote participation in fundraising campaigns to substantially increase the effectiveness of those campaigns

#### Customer benefits

- Increased donations for each fundraising campaign
- It is easy for the network effect of personal relationships to increase the size of the donor community for the current campaign and the next

**An 18x Return on Investment (ROI) for every message sent**



# Growth Strategy & Outlook

Whispir is becoming the world's leading Communications Intelligence platform, delivering the best engagement rates with distraction-free, highly targeted messaging and actionable insights





# Global technology mega trends provide strong and enduring tailwinds

Whispir is addressing a large and fast-growing global market that is in the relatively early stages of a significant digital transformation and digitization.

Organisations everywhere are seeking to remove manual processes wherever they can to reduce friction and costs.

While there has been a different COVID experience in different regions, there is significant pent-up demand for communications automation as organisations seek to accelerate their digitisation agendas in a post-pandemic world.

Effective engagement with people has never been more important.

Whispir's low code – no code product strategy and scaling revenue model enables customers to get started quickly without the need for developers or upfront costs.

Whispir's investments in AI, Data and Machine Learning capabilities deliver unmatched value promoting more usage over time which in turn creates sticky long term customer relationships.







– Case Study

# Queensland Corrective Services

## Delivering effective quick wins with new digital communication processes.

Queensland Corrective Services (QCS) manages numerous custodial facilities throughout Queensland, and is responsible for the health and safety of over 7,000 employees and thousands of inmates. The majority of QCS employees don't use technology in their daily working capacity and 95% of their workforce doesn't have access to email on their phone.

Whispir provides a unique interface that can be bookmarked by users, allowing them to create a simple targeted and templated SMS that gets distributed to one or many based on configurable business rules - without having to log into enterprise systems.

### Initial use cases

- Internal operational communications
- Managing rosters and shift changes
- Incident Management
- Business Continuity
- Crisis Communications

### Customer benefits

- Segment data based on a wide range of variables to ensure accurate messaging
- Reduce communications errors and breakdowns
- Fewer voice calls to save time and reduce administrative costs
- Optimised shift fulfillment
- Improved staff engagement
- Data informed decision making



# Multiple levers for growth

Accelerating Whispir’s product roadmap, driving new and existing customer growth in ANZ and Asia; and expansion across North America



## Increasing platform use by existing customers

Focused Customer Success campaigns to drive increased use and revenue from established customers.



## Targeted Personas

Leverage pre-existing strengths and demonstrable customer success to increase referenceability and accelerate new customer acquisition in North America.



## Digital Direct

Digital go-to-market strategy scales and reduces the average cost of new customer acquisition.



## Channel Partner Diversification

Aligned programs of activity to improve channel partner effectiveness for capital efficient market reach.



## Product Innovation

Enhancing competitive advantage with artificial intelligence, advanced data and machine learning functionality create new cross sell and up sell opportunities.



## Replicate Asian Mega Deal

New market opportunity to service the complex needs of large multi-national corporations operating across Asia.



## World Class Talent

Deeply experienced management and functional teams are in place, aligned and focused on improving productivity and efficiency.





# FY22 Guidance

Whispir's guidance was upgraded in November 2021 following higher than expected growth from established customers who increased their use of the Whispir platform

## Revenue

**\$64m – \$68m**

Up 12+% from \$57.2m - \$60.2m (prior guidance)

## EBITDA\*

**\$(13.2)m – \$(11.2)m**

Improved by 14+% from \$(15.5)m - \$(13.0)m (prior guidance)

## ARR

**\$65.4m - \$70.0m**

No change (prior guidance)

## R&D Spend

**\$17m - \$18m**

No change (prior guidance)

*\*excluding non-cash share-based payments*





# Whispir Investment Proposition

Strong revenue growth provides line of sight to breakeven

## Future catalysts

- Line of sight to Free Cash Flow and EBITDA breakeven milestones
- Product investment to continue to deliver enhanced competitive advantage

## Sustainable high growth, recurring revenue

- ARR 3 year CAGR 29.4%
- Revenue 3 year CAGR 37.7%

## Quality business with loyal customer base

- Low churn < 2%
- High propensity for existing customers to increase usage and revenue over time
- Sticky value proposition = long term customer engagement
- Broadly diversified high quality, high value Tier 1 government and corporate customer base
- World-class talent – focussed on execution

## Global technology megatrends provide strong tailwinds

- Early stages of digital transformation of organisations
- Fit-for-purpose, industry leading, platform & technology
- Large and growing total addressable market

## Social and community contributions

- Purpose-led, company culture
- Delivering meaningful change through the “Engage Humanity Project”





# Appendices





# Statement of Financial Performance

- Revenue growth of +70.4% driven by Whispir partnering with major healthcare providers to deliver personalised communications during Australia’s pandemic response
- Gross margin % of 58.4%, down from 60.4% (PCP) due to large increase in transactional revenues, which grew from 66.6% to 80.6% of total revenue
- Operating expenses growth of 75% reflecting increased head count from 169 (PCP) to 270, across all areas of the business, together with increased marketing spend in line with implementation of the marketing strategy
- EBITDA loss of \$4.6 million, up from \$1.8 million PCP due to fall in gross margin % and increase in operating expenditure
- Note: Amortisation of customer acquisition costs is not excluded for the purpose of calculation EBITDA

Consolidated and abbreviated	31-Dec 2021 \$'M	31-Dec 2020 \$'M	YOY Change* (%)
Revenue	39.4	23.1	70.4
Cost of services	(16.4)	(9.2)	78.7
Gross profit	23.0	14.0	64.9
Gross margin	58.4%	60.4%	
Expenses			
Sales and marketing	(12.0)	(8.1)	49.3
Research and development	(6.3)	(3.2)	97.6
General and administration	(11.6)	(5.9)	98.0
Total Operating Expenses	(29.9)	(17.1)	75.0
EBITDA	(4.6)	(1.8)	151.7
EBITDA (excl. Share-based payments)	(3.7)	(0.9)	288.5





# Balance Sheet

- Strong cash position of \$38.1M and no debt.
- Net current assets \$35.6M
- Group capitalized \$4.1M of its R&D (PCP \$2.4M)

	31 Dec 2021 \$'000	30 June 2021 \$'000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	38,121	49,173
Trade and other receivables	7,727	6,511
Prepayments	2,825	1,700
Contract acquisition costs	2,985	2,324
Interest bearing assets	811	649
<b>Total current assets</b>	<b>52,469</b>	<b>60,357</b>
<b>Non-current assets</b>		
Property, plant and equipment	1,397	1,215
Intangibles	13,251	10,806
Right-of-use assets	2,369	1,973
Contract acquisition costs	840	1,430
<b>Total non-current assets</b>	<b>17,857</b>	<b>15,424</b>
<b>Total assets</b>	<b>70,326</b>	<b>75,781</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	9,499	12,623
Contract liabilities	1,805	1,871
Employee benefits	4,542	1,703
Lease liabilities	964	605
<b>Total current liabilities</b>	<b>16,810</b>	<b>16,802</b>
<b>Non-current liabilities</b>		
Trade and other payables	1,292	917
Contract liabilities	254	156
Employee benefits	42	-
Lease liabilities	2,272	2,216
<b>Total non-current liabilities</b>	<b>3,860</b>	<b>3,289</b>
<b>Total liabilities</b>	<b>20,670</b>	<b>20,091</b>
<b>Net assets</b>	<b>49,656</b>	<b>55,690</b>
<b>Equity</b>		
Issued capital	136,200	135,413
Reserves	2,736	2,563
Accumulated losses	(89,280)	(82,286)
<b>Total equity</b>	<b>49,656</b>	<b>55,690</b>





# Glossary

## Profit or loss

- **Software revenue:** revenue generated from collecting contracted monthly licence and transaction fees from customers based on a contracted fee per user and cost per transaction;
- **Professional services revenue:** professional fees in respect of implementation, configuration, training and integration fees;
- **Cost of service:** the costs relating to the delivery of the software including the costs of running the data centre, wages and salaries of data centre based Whispir staff and the carrier cost in delivering transactions;
- **Gross profit:** total revenue less cost of services;
- **EBITDA:** earnings (or losses) before interest, income tax, depreciation and amortisation. Amortisation of contract acquisition costs are included within EBITDA. Management uses EBITDA to evaluate the operating performance of the business. EBITDA can be useful to help understand the cash generation potential of the business. EBITDA should not be considered as an alternative to measures of cash flow under IFRS and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of the results of Whispir’s operations; and
- **EBIT:** earnings (or losses) before interest and income tax.

## Definitions

- **TAM:** Total Addressable Market;
- **SME:** Small to Medium Enterprise;
- **SMB:** Small to Medium Business.

## Cash flow

- **Capitalised development:** proportion of the wages and salaries of employees whose activities relate to the development of software;
- **Capital expenditure:** investment in property, plant and equipment including leasehold improvements and IT equipment;
- **Working capital:** trade and other receivables, contract acquisition costs, other current assets, less trade and other payables and income received in advance;
- **Operating cash flow:** EBITDA after the removal of non-cash items in EBITDA (such as share-based payments, amortisation of contract acquisition costs and net foreign exchange difference) less net interest paid and changes in working capital; and
- **Free cash flow:** operating cash flow less capital expenditure.

## Financial metrics

- **Gross margin:** gross profit divided by revenue expressed as a percentage;
- **EBITDA margin:** EBITDA expressed as a percentage of total revenue;
- **EBIT margin:** EBIT expressed as a percentage of total revenue;
- **Contract acquisition cost:** commission and other direct costs incurred in winning new customers;
- **Customer acquisition cost (CAC):** expenses directly incurred in winning new customers, which includes the contract acquisition costs, divided by the total number of new customers won in the period;
- **Customer revenue retention %:** revenue earned from customers in a year divided by the revenue from the same customer cohort in the corresponding prior year;
- **Customer churn %:** number of customers lost in the last twelve months (LTM) divided by number of opening customers in the period;
- **Revenue churn %:** Opening MRR of customers churned in LTM compared to opening MRR of customer cohort;
- **Lifetime value of customer (LTV):** ARR per customer multiplied by the gross margin for the period, divided by the customer churn in the period. The LTV of the customer cohort represents the LTV multiplied by the number of customers at the period end;
- **Annualised recurring revenue (ARR):** recurring revenue from the final month in a period (licence and transaction revenue) adjusted for Monthly Messaging Days multiplied by 12 months;
- **Monthly Messaging Days:** monthly messaging days vary each month depending on days within the transactional billing cycle (26th day to the 25th day of the reporting month). To enable monthly comparisons on a consistent basis, ARR and related SaaS metrics are adjusted to a standard number of days per month to remove this volatility. The standard month is 30.4 days (365 days / 12 months); and
- **Research and development % spend of revenue:** The total of the research and development expenditure recorded in the statement of profit or loss (excluding amortisation) and the capitalised spend in the period divided by revenue.







A human-to-human future