



ASX Release
21 July 2023

June 2023 Quarterly Activities Report

Melbourne, Australia: 21 July 2023 - Dubber Corporation Limited (ASX:DUB) ('Dubber' or 'the Company'), the unified call recording and conversational intelligence platform designed for global telecommunication service and solution providers, today released its Q4 FY23 Appendix 4C and is pleased to provide this Quarterly Activities Report.

Q4 FY23 Highlights

- Adjusted Recurring Revenue¹ of **\$8.8m** in Q4 FY23 up 18% on Q3 FY23 and 34% on pcp, with FY23 revenues of **\$30.0m** up 23% on FY22.
- Operating cash receipts for the quarter were a record **\$10.2m**, up 26% on Q3 FY23, and **\$36.1m** for FY23, up 21% on pcp.
- Approximately **\$3m** in additional revenues already committed for FY24 from existing communication service provider agreements.
- Strategy alignment and restructuring programme completed and expected to deliver **\$5m** of quarterly cost savings from Q1 FY24 financial year, with **\$3m** already realised in Q4 FY23.
- Net operating cash outflows of \$8.4m in Q4 FY23, down 47% from \$16.0m in Q3 FY23.
- Cash on hand at 30 June 2023 was **\$32.9m**.
- Launch of revolutionary 'world first' Dubber AI (Artificial Intelligence) solutions.
- Vodafone UK customer migration largely complete.
- Continued market penetration with new network agreements signed across the Americas, Europe and APAC in the quarter.

Dubber CEO and Managing Director, Steve McGovern commented:

"Quarter 4 of FY23 has seen a number of important advancements achieved, as early indications of the impact of the consolidation of the strategic and operational direction established in the previous quarter.

On 19 June 2023 the Company provided an update on its alignment strategy including expected revenues and cost base for FY24. At the end of Q4 the Company is on target for both the established revenue and cost base expectations. Significantly, since the re-

1. Adjusted recurring revenue excludes one-time revenues/income (such as professional services fees) and is adjusted to remove any revenues recorded in a quarterly period that have been subsequently reversed due to changes in the Company's interpretation of accounting standards (as set out in the FY22 Annual Report).



structure in March, the Company is continuing the delivery of new solutions and supporting a growing partner and customer base in a more efficient, effective and cost-effective manner.

In a landmark event, the Company launched its 'world first' AI products which have the propensity to revolutionise the global telecommunications industry by capitalising on its proven call recording and data capture platform to be part of the industry growth opportunity associated with its AI capability."

Operational update

Artificial Intelligence - Dubber's unique position in the global growth opportunity.

The expected growth in demand and capability of AI based services provides the Company with significant opportunities for which the Dubber Platform was developed and is uniquely placed.

Dubber captures the communications contained in a communications service provider network and converts them into data, a data set which is content rich, highly nuanced and previously untapped.

For any business or individual seeking to apply AI to their voice communications Dubber has the only solutions directly available from its communications service provider.

On 31 May 2023 the Company announced the launch of its initial 'productised' AI insights, *Moments*, the first of a continuing line of product releases which provide immediate tangible outcomes.

The uniqueness of this capability is not limited to contact centres or business silos but is available to any user on that network.

The initial *Moments* comprise summarisation of calls delivering actions discussed in the calls and an 'out of the box' Complaints service which enables businesses to identify and manage complaints across their businesses.

These network-based AI products are 'world firsts' and have the potential to revolutionise the role of communications service providers, enabling them to become content providers for every customer. Conversational AI has been a core strategy of Dubber's business plan and the Company has invested heavily in creating a unique capability to deliver AI products which are only available because the Dubber Platform is embedded into communication service provider networks.

Initial market reaction from our communication service provider partners is that they share the Company's belief that AI will become a standardised feature capability of every communications service.

The initial *Moments* services are orderable in July and the Company expects to be able to provide an initial update on the commercial progress of its AI initiatives around the time of release of its FY23 Annual Report.



Expansion of the global communication service provider footprint

Dubber's goal continues to embed the Dubber Platform into the world's communication service provider networks enabling them for recording and AI capability. Once the Dubber Platform is connected it is invariably the only such capability deployed by the communications service provider. The Company has continued to extend its network footprint adding network agreements in the Americas (7) including the first agreement in Brazil, Europe (2) and Singapore.

These agreements add significantly to the total addressable market for the Company's services, and with these networks now AI enabled provides an enormous opportunity to grow revenue from each communications service provider.

Around the time of the release of its FY23 Annual Report, the Company will provide an update on the extent of the global network footprint at the end of FY23.

Vodafone UK has completed the majority of its migration of its recording customer base from a legacy service to Dubber. Their customer base comprises, largely, tier 1 global banks with Vodafone citing Dubber's unique capability and future opportunity as the key driver. The migration will be completed in the current quarter and the Company has already commenced expanding the recording footprint of the customer base, adding other network-based subscriptions to the existing mobile recording services.

Extended Use Cases increase the Total Addressable Market

The relevance of the Dubber platform continues to grow in the recording sector, particularly for compliance-based organisations which are adopting cloud communication services, for which Dubber provides a unique capability.

The introduction of productised network-based AI capability, provides an extension of the addressable market in a high growth area.

Current examples of end user deployments and agreements finalised during the quarter include:

The **Vodafone UK** migration comprises a number of major financial institutions now recording their mobile calls via Dubber. The first of the contract extensions is a tier one globally recognised bank based in the UK deploying MS Teams recording that substantially extends its compliance footprint across a broader employee base.

Following a comprehensive POC, in conjunction with **BT**, a large, Australian bank will deploy Dubber, initially on MS Teams, across its UK institutional banking team for compliance requirements. This is part of a project which will extend into a larger scale, global roll out of Dubber on Zoom in FY24 Q2-Q3 across multiple functional groups.

Cisco Systems, via one of its tier one distribution partners in the UK, has converted a high profile regional bank from the included 'Dubber Go' feature to compliance-based call recording with a subsequent deployment of Dubber *Moments* for a 'Voice of Customer' solution.



In addition, **Cisco Systems**, via one of its tier one distributors in the US, will facilitate a POC for a high profile national sporting goods retailer to deploy Dubber's *Moments* for a 'Voice of Customer' solution, with the objective of deploying across its stores nationally following the successful completion of the POC.

The Dubber AI Centre of Excellence team has provided a tailored version of the Dubber *Moments* Complaints module to an Australian local government council, a **Telstra** customer, to provide insights relating to potential service delivery issues calls from ratepayers across a large geographic region. There is an opportunity to deploy this tailored solution to other Telstra government customers with similar requirements.

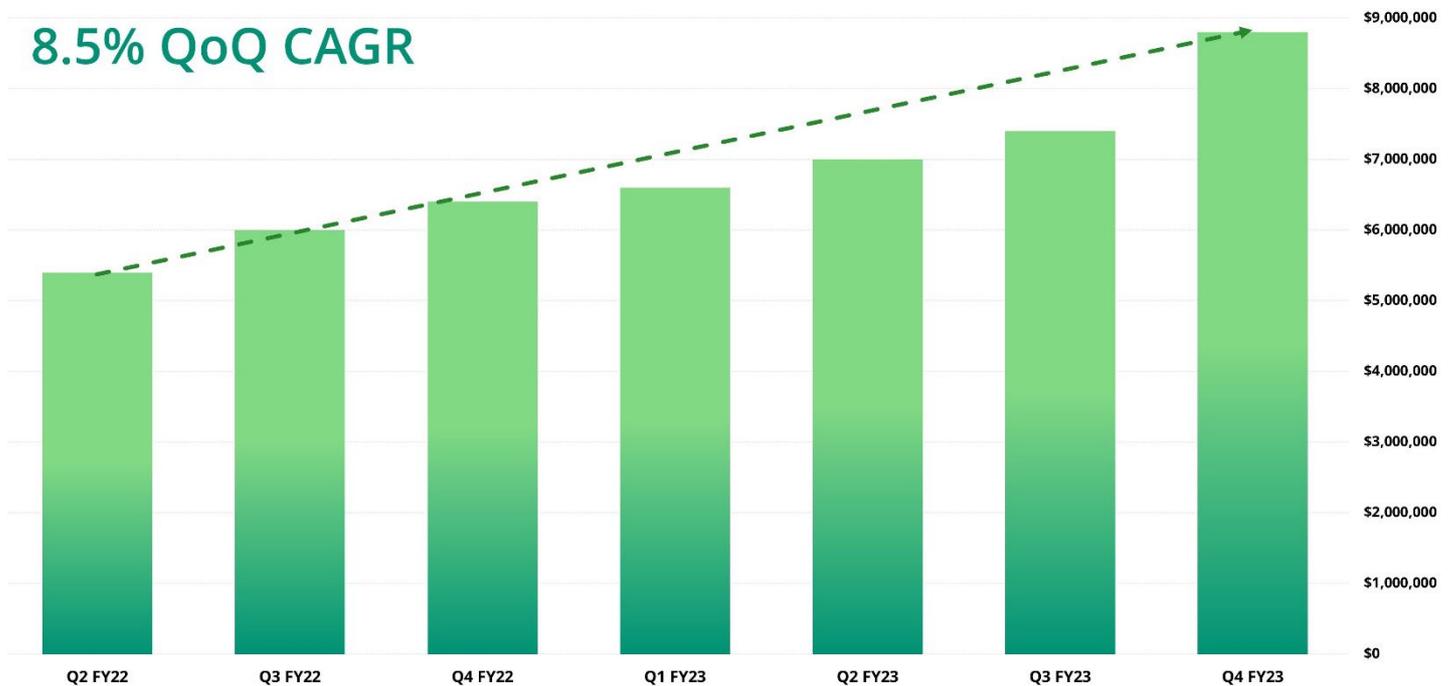
Financial Update

Revenue

Adjusted Recurring Revenue of \$8.8m for Q4 FY23 was up 18% on Q3 FY23 and 34% on Q4 FY22, representing an acceleration of the Quarter-on-Quarter growth rate of 10% in Q3 FY23. This reflected strong organic growth in our existing service provider relationships as well as new recurring revenues which came on stream in the quarter. Total Adjusted Recurring Revenues for FY23 were \$30.0m, up 23% from \$24.5m in FY22, with an annualised recurring revenue run-rate of \$36m based on the month of June 23.

Adjusted Recurring Revenue | Q4 FY23 (AUD\$)

8.5% QoQ CAGR



A key benefit of the restructuring programme has been to refocus the business on the core opportunities, products and customers and the benefits of this focus have started to be realised in Q4 with an accelerating revenue growth rate.



Cash receipts and operating cash costs

Cash collected for the June quarter was a record \$10.2m, up 26% on Q3 FY23, bringing receipts for the financial year to \$36.1m, up 21% on pcp.

Reported operating cash costs were \$18.6m for the quarter, down from \$24.0m in Q3 FY23. Excluding one-off restructuring costs and other abnormal non-recurring items, cash costs were \$18.2m for the quarter, which is approximately \$2m lower than the underlying cash costs for Q3 FY23 and reflects further restructuring cost savings achieved in the quarter.

The restructuring programme has been completed with a cumulative \$3m of quarterly savings achieved to Q4 FY23 and the full \$5m quarterly cost savings expected to be delivered from Q1 FY24.

Net cash operating outflows were \$8.4m for the quarter, nearly 50% lower than the \$16.0m of cash outflows in Q3 FY23 reflecting the realisation of the restructuring cost savings and increased quarterly cash receipts in line with the Company's accelerating revenue growth.

The Group expects to record a net loss after tax of \$68m-\$71m for FY23.

ASX Listing Rule 4.7C.3 disclosure

In accordance with ASX Listing Rule 4.7C.3, payments to related parties and their associates totalling \$250,000 outlined in Item 6 of the Company's Appendix 4C relate to director fees, salaries, and superannuation.

Outlook

The Company reiterates its expectations for FY24 provided on 19 June 2023.

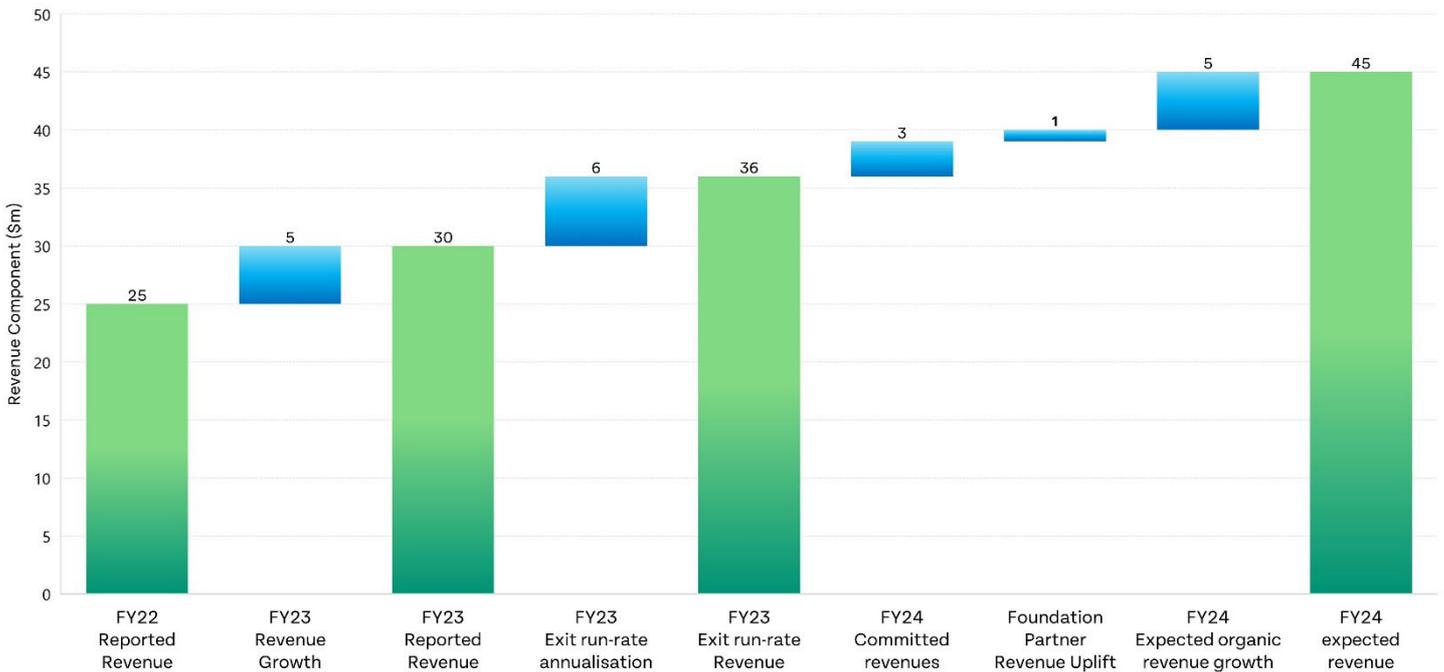
The business continues to focus on accelerating the current recurring revenue growth rate through its organic customer uptake and expansion, as well as the realisation of the contract value of its new and expanded communications service provider agreements.

For FY24, the Company expects revenues of \$45m in FY24 (an uplift of approximately 50% on the FY23 reported revenue), entering FY25 with an annualised run rate in excess of \$50m.



The Company has confidence in the expected \$45m of FY24 revenues based on the activities in progress to support the following revenue build components.

FY24 Expected Revenue Build Components (AUD\$)



The Company has forward visibility of approximately \$3m in incremental, committed annual recurring revenues for FY24 from Tier 1 communication service provider contracts agreed in the FY23 financial year.

Foundation partner revenues are expected to grow by at least \$1m over FY24. As a key Foundation partner, Cisco Systems has announced in excess of 10 million sales of Webex Calling subscriptions, each of which will include a 'Dubber Go' subscription as a standard feature. This provides substantial opportunity for growth in Dubber Go deployments and further revenues as those subscriptions are upgraded to Dubber's higher revenue products.

The remaining \$5m of revenue growth is consistent with the rate of revenue growth from FY22 to FY23 and is anticipated to be delivered through compounding existing communications service provider volume growth and further growth from the launch of the Dubber AI suite.

The Company's cost reduction program through its restructure of operations, announced to ASX on 28 February 2023, remains on track to deliver \$5m of quarterly cash cost savings by Q1 FY24, with an additional \$2m-\$5m of savings above the initial restructuring programme to be realised over FY24.

As a result, the Company expects to incur \$65m of costs in FY24 (excluding share-based payment expenses), down from \$87m-\$90m in FY23, with costs being broadly flat over the course of FY24 (excluding any timing impacts of working capital).



Quarterly cash operating costs for Q1 FY24 are expected to be approximately \$17m and net operating cash outflow for Q1 FY24 to a range of \$7m-8m (depending on the timing of customer cash receipts).

The Company expects net operating cash outflows to be \$20m or less for FY24, with a closing cash balance in the range of \$11-13m at 30 June 2024.

The Company's cost base is in place to support revenue growth above the expected \$45m in revenue for FY24, with recurring revenue being largely independent of that cost base. The Company has flexibility to manage the cost base in response to changes in trading conditions without impacting the expected revenue. Consequently, the Company's primary focus is to drive revenue growth and manage resources and costs to achieve its target of cashflow breakeven in FY25, assuming no material changes to trading conditions or strategy.

The Company's cloud infrastructure costs can support significantly expanded usage volume and revenues for its core recording and platform business with higher gross margins expected as utilisation grows.

The Company expects to achieve both gross margin and operating margin expansion across FY24 as revenues grow and the Company delivers further technical efficiency and benefits from increasing economies of scale.

A further update will be provided with the release of the FY23 Annual Report.

This quarterly activities report has been approved for release to ASX by the Dubber Board of Directors.

About Dubber:

Dubber enables communication service providers to unlock the potential of the network - turning every conversation into an exponential source of value for differentiated innovation, retention, and revenue. Listed on the ASX, Dubber is one of the market leaders in conversational intelligence and unified conversational recording increasingly enabled by Artificial Intelligence (AI) capability - embedded in over 185 communication service provider networks and services.

For more information, please contact:

Investors

Simon Hinsley
simon.hinsley@dubber.net
+61 (0) 401 809 653

Media

Terry Alberstein
terry@navigatecommunication.com.au
+61 458 484 921



Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

DUBBER CORPORATION LIMITED

ABN

64 089 145 424

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	10,227	36,147
1.2 Payments for		
(a) research and development	(1,121)	(6,924)
(b) product manufacturing and operating costs	(9,071)	(34,977)
(c) advertising and marketing	(1,069)	(3,548)
(d) leased assets	(10)	(14)
(e) staff costs	(7,127)	(37,324)
(f) administration and corporate costs	(939)	(4,648)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	755	1,116
1.5 Interest and other costs of finance paid	(154)	(714)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	127	127
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(8,382)	(50,759)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(10)	(771)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	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 (bonds returned/deposited)	1,000	1,063
2.6	Net cash from / (used in) investing activities	990	292

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	-	316
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(66)	(1,637)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(66)	(1,321)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	40,157	84,384
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(8,382)	(50,759)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	990	292

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)	(66)	(1,321)
4.5	Effect of movement in exchange rates on cash held	164	267
4.6	Cash and cash equivalents at end of period	32,863	32,863

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	2,863	10,157
5.2	Call deposits	30,000	30,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	32,863	40,157

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	250
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<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>		

Payments shown in 6.1 are in relation to Executive and Non-Executive Director remuneration (including superannuation).

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(8,382)
8.2 Cash and cash equivalents at quarter end (item 4.6)	32,863
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	32,863
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.9
<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 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
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?	
Answer: N/A	
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	
<i>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.</i>	

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: 21 July 2023

Authorised by: By the Board
(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.