



ASX Announcement
ASX: DUB

31 July 2019

Dubber June 2019 Quarterly Update & Appendix 4C

Highlights:

- Following the successful \$22m capital raising completed in April, the Company commenced scaling business resources in line with growth opportunities, successfully adding additional leadership team members;
- Key Metrics
 - Revenue for the June quarter increased **29%** from **\$1.57m** to **\$2.03m**, with Annual Operating Revenue increasing **269%** from **\$1.5m** to **\$5.54m**;
 - Telecommunication Service Providers at the stage of billing increased by 3 over the quarter to **106**, increasing from **36** to **106** from June 2018;
 - End user subscribers increased **222%** to **94,825** over the year (FY18: 29,405), with **21,668** being added in the June Quarter.
- Dubber's service launched with Spark New Zealand and Bell Canada;
- Cash at bank as at 30 June 2019 was \$19.6m with the Company fully funded to execute its growth strategies.

Dubber Corporation Limited (ASX: DUB) ('Dubber' or 'the Company'), the world's most scalable cloud call recording service, is pleased to release its Appendix 4C with the ASX for the quarter ended 30 June 2019 and provide an update on the growth in key performance indicators.

The June quarter saw significant development by the Company to scale up its operations to meet growing demand for its services. Market conditions, customer and partner requirements, and the continued growth in cloud voice and data services in the telecommunications sector has enabled the Company to capitalise and consolidate its position in the market. The Company believes it is strongly positioned to scale and grow its business rapidly throughout the last half of calendar year 2019. The Company is well funded to execute on its growth plan in all geographies.

During the quarter the company focussed on scaling its resources, notably, key personnel, to capitalise on the following significant commercial opportunities:

- *Wholesale provision of services to telecommunications service providers*
 - Additional sales personnel to take advantage of opportunities to procure more network agreements in Australia, North America and Europe
 - Account management personnel to assist with revenue/sales generation in Australia, North America and Europe

- *Extension of the dubberconnect.com managed service*
 - Account management personnel to assist with revenue/sales generation to meet opportunities in Australia

- *Support and 'sell through' via channels such as IBM and Cisco/BroadSoft*
 - The company has added additional channel resources to expand the reach and sales velocity with both of these organisations

- *Development of end user AI applications/ integrations*
 - Enabling third party integrations e.g. CRM systems/ trading platforms which have Dubber generated data at their core
 - Continued development of AI services targeted as value added services for telecommunications service providers

Following the successful capital raising, the Company has undertaken a major expansion of its team and resources to strategically target high growth opportunities in all geographies. The Company is scaling its operations in technology development, systems and commercial opportunities to become a global company of significant importance in the technology sector. The Company has added 14 staff to its team. During the quarter the Company was pleased to make the following senior appointments:

Russell Evans - Director of Global Sales

Russell was previously CEO of international software company Wolters Kluwer and has previously held senior positions with IBM and Vodafone.

Theo Teeder - Strategic Partnership Manager

Theo was previously the CEO of UK IT services provider, Versari. Theo has held senior positions with several ICT companies in Europe.

Chris Melican - Channel Sales Director for ANZ

Chris has an 11-year history in national roles with Telstra, particularly in the data and Intelligent Network sectors along with senior sales management roles with AAPT and other service providers in Australia.

Other roles have been filled in sales, account management and application development as outlined in the use of proceeds of funds relating to the capital raising.

Co-Founder and Managing Director of Dubber, Steve McGovern said: "In the June quarter, we have focused on building and scaling our team to enable Dubber to become a significant global player in the call recording, data capture and AI sectors.

"Our service provider and technology partnership agreements represent some of the world's largest telecommunications service providers and global technology sales channels. With a technology that is designed to meet large scale requirements, the business itself is in a position to scale to capitalise on the opportunities available to it.

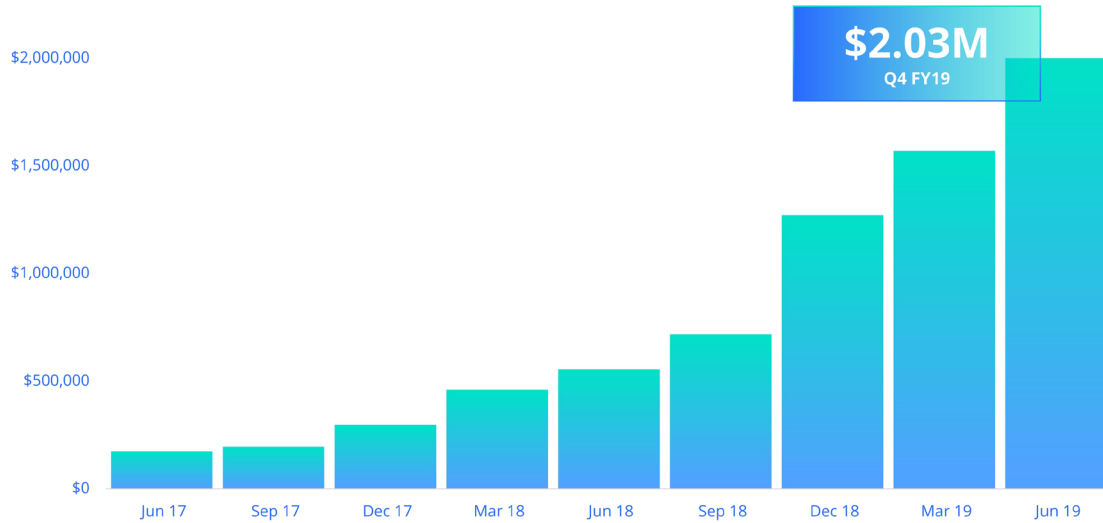
"We have seen an acceleration of large enterprise customers moving quickly towards adopting AI in their operations (and thereby call recording), particularly in Australia and the USA. There have also been extensive developments in the cloud voice and collaboration markets in the last quarter that we believe will have a profound impact on the way voice and related services will be delivered to end customers. We have been deploying the necessary resources to take advantage of these positive opportunities. I am extremely excited by our new hires which we believe help add a level of maturity to the business to execute on what is a significant market opportunity.

"The Company's short-term goals are unchanged – we will continue to procure additional key carrier agreements to build out the global backbone of call recording, to grow revenues on a quarterly basis, and to be cash flow positive on a monthly basis this calendar year end."

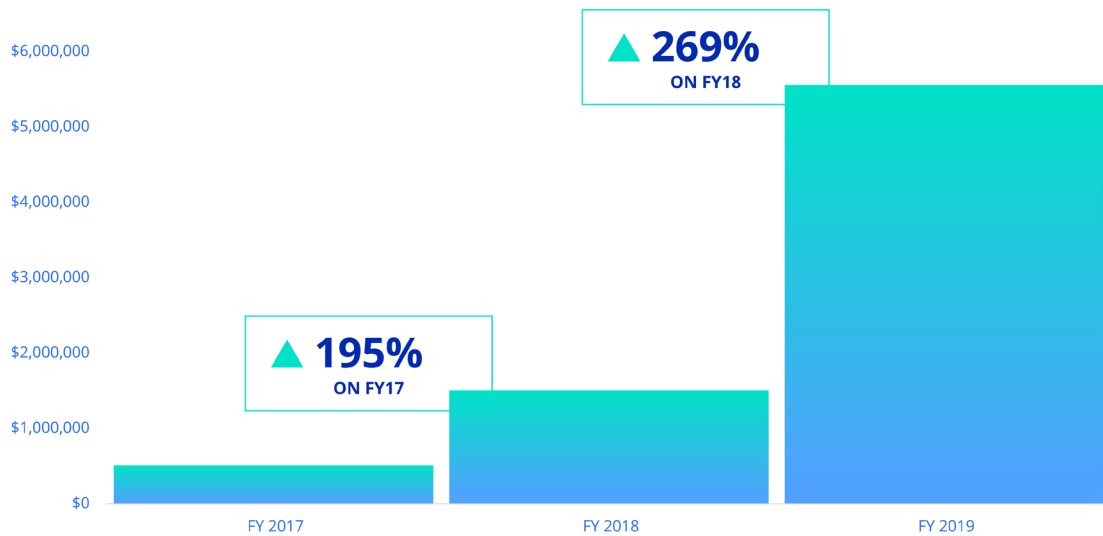
Growing Revenues

The Company's unaudited operating revenues for the year were \$5.54m, a 269% increase over the previous year (FY18: \$1.5m) with June delivering 29% QoQ growth to \$2.03m (March Quarter: \$1.57m). The Company reported in excess of \$800,000 in revenue in June reflecting growth in users throughout the quarter.

Revenue - QoQ



Revenue - YoY



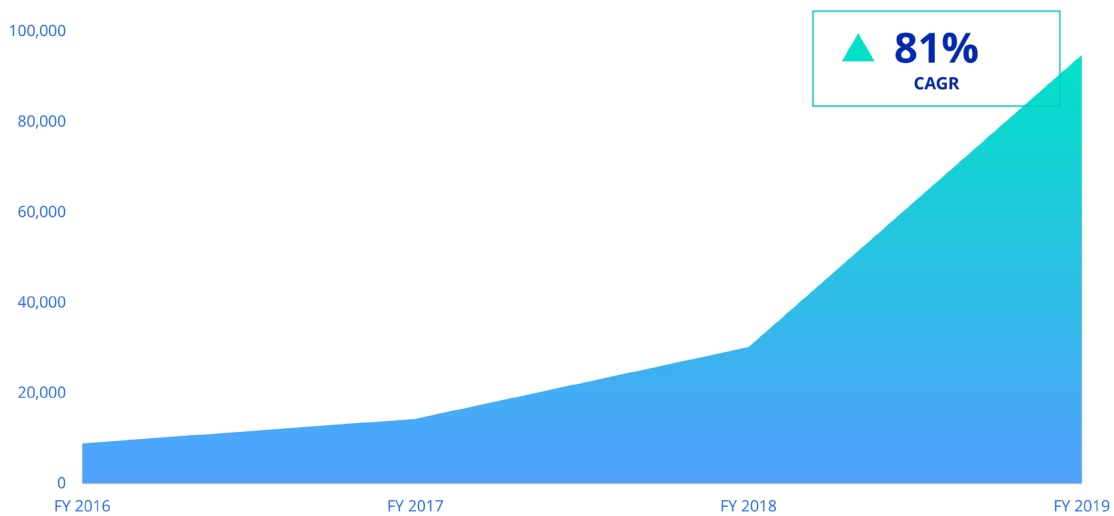
User Numbers

User numbers for recording services increased from 29,405 at the end of FY18 to 94,825 to the end of FY19. The Company was pleased with the significant growth in the June quarter adding 21,668, growth of 30%. A significant portion of user growth was achieved during the month of June.

User Growth - Historical



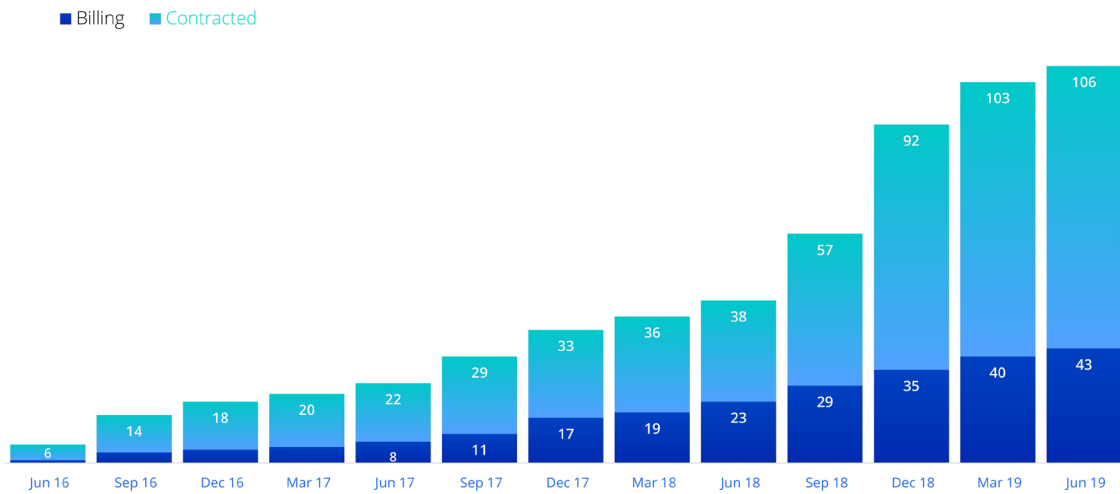
User Growth - YoY



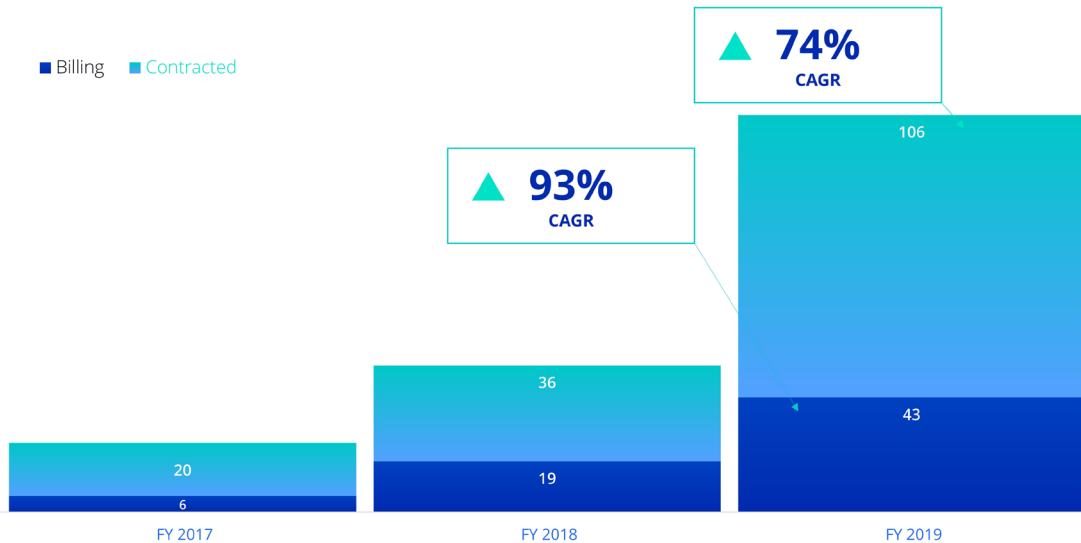
Telco Growth

During the year the number of contracted service provider partnerships increased from 36 to 106, with 3 added in the June quarter. The Company is currently billing 43 of these network partnerships (June 2018: 19 and March 2019: 40).

Telco Growth – QoQ



Telco Growth – YoY



Spark New Zealand

In June the Company announced that its service went live with Spark New Zealand on Spark's Cloud Phone service. Spark (formerly Telecom New Zealand) is one of New Zealand's largest telecommunications and IT services providers and the Cloud Phone service is powered by the Cisco BroadCloud platform, for which Dubber is the embedded recording service.

Bell Canada

Subsequent to the quarter, the Dubber service went live in North America with Bell Canada as the recording component for its Bell Total Connect Service. This service provides unified communications (UC) to medium and large enterprise clients throughout Canada. Bell Canada is the largest communications company in Canada and is supported by Dubber's partner, Solutions Oxilio Inc, along with the Company's own resources. As the service went live subsequent to the end of the June quarter, customer subscriber numbers are expected to be reflected in the current quarter and beyond.

Network based Artificial Intelligence

During the March quarter, the Company highlighted the fact that it had seen a significant increase in customer appetite for Artificial Intelligence in the March quarter. Accordingly, much of the Company's sales focus in the June quarter was developing channels through which it can take advantage of its unique market proposition. The Company believes that AI services should be available directly from the network as part of a telecommunications offering by Service Providers to their customers. The Company has tested its strategy with a number of its existing Service Provider partners with universal support. The Company expects to be able to facilitate AI services with these partners in the current and following quarters.

Performance Rights

The Company previously issued Performance Rights to senior executives which would vest upon the achievement of \$1,000,000 in revenue being achieved in consecutive months of May and June. The Company reported revenue of in excess of \$800,000 in the month of June. Whilst targets, which were set approximately 18 months ago were missed, the Company is pleased with the growth trajectory of revenue and believes it is still in embryonic stage.

Notes to the Appendix 4C

The Company's cash receipts for the quarter were lower than the revenue of the previous quarter, as a result of one significant debtor. The enterprise customer does not follow typical telco billing cycles and therefore is typical of a larger enterprise payment cycle. The Company expects to receive the outstanding amount during August.

There was an increase in expenditure during the quarter comprising a number of expenses relating to expansion of resources and scaling the business in Australia, North America and Europe. As noted in the Appendix 4C, the Company expects its average monthly operating expenditure for the current quarter to be in the region of \$1.4m per month.

Outlook

The Company is focussed on the following developments in the current quarter:

- To capitalise its position as the recording service for the Cisco BroadCloud platform in line with Cisco's expanding global strategies relating to that platform
- To raise its profile in the Australian market enabling engagement directly and indirectly to corporate enterprise customers and all sectors generally
- To demonstrate the opportunity for network based AI as a core requirement/opportunity for telecommunication service providers at scale
- Continuing growth in user numbers and associated revenues

The Company has built a strong foundation to support these strategies and will continue to deploy resources as required together with its leading global technology and Service Provider partners.

About Dubber:

Dubber is the world's most scalable call recording service which has been adopted as core network infrastructure by multiple global leading telecommunications carriers in North America, Europe and Asia Pacific. Dubber is a disruptive innovator in the multi-billion dollar call recording industry, its Software as a Service offering removes the need for hardware, productisation or capital expenditure.

As the telecommunications sector moves towards Cloud services, Dubber has also been chosen by BroadSoft, Inc., a Cisco Systems Company, for its global leading Cloud telecommunications platform, BroadCloud, as the recording and voice data capture service for its network of telecommunication Service Provider Customers.

Dubber provides the opportunity for the capture of voice data across these networks enabling further monetising opportunities, in addition to regulatory compliance, in the areas of analytics, artificial intelligence and 'Big Data' - expanding the potential market for call recording to every phone.

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 (0) 458 484 921



Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

DUBBER CORPORATION LIMITED

ABN

64 089 145 424

Quarter ended ("current quarter")

30 June 2019

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	966	3,333
1.2 Payments for		
(a) research and development	(212)	(894)
(b) product manufacturing and operating costs	(2,293)	(6,484)
(c) advertising and marketing	(101)	(311)
(d) leased assets	-	-
(e) staff costs	(1,761)	(5,783)
(f) administration and corporate costs	(452)	(1,203)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	15	27
1.5 Interest and other costs of finance paid	(1)	(8)
1.6 Income taxes paid	(4)	(8)
1.7 Government grants and tax incentives	67	1,775
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(3,776)	(9,556)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(29)	(61)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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))	(1,617)	(2,480)
2.6 Net cash from / (used in) investing activities	(1,646)	(2,541)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	22,500	27,000
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	9	553
3.4 Transaction costs related to issues of shares, convertible notes or options	(1,212)	(1,509)
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 (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	21,297	26,044

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,722	5,674
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,776)	(9,556)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,646)	(2,542)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	21,297	26,044

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	21	(2)
4.6	Cash and cash equivalents at end of quarter	19,618	19,618

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	16,918	1,022
5.2 Call deposits	2,700	2,700
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)	19,618	3,722

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

223

-

Director salaries and fees, and telephony services.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	200
9.2 Product manufacturing and operating costs	1,950
9.3 Advertising and marketing	110
9.4 Leased assets	-
9.5 Staff costs	1,750
9.6 Administration and corporate costs	340
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	4,350

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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.



Sign here:
(Company secretary)

Date: 31 July 2019

Print name: Ian Hobson

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.