



ASX Announcement
ASX: DUB

31 January 2022

Dubber December 2021 Quarterly Activities Report

Dubber Corporation Limited (ASX: DUB) ('Dubber' or 'the Company'), the leading global Unified Call Recording & Voice Intelligence cloud service designed for service providers, government, and businesses of any size, today released its report on the Company's operating activities along with the Appendix 4C for the quarter ended 31 December 2021.

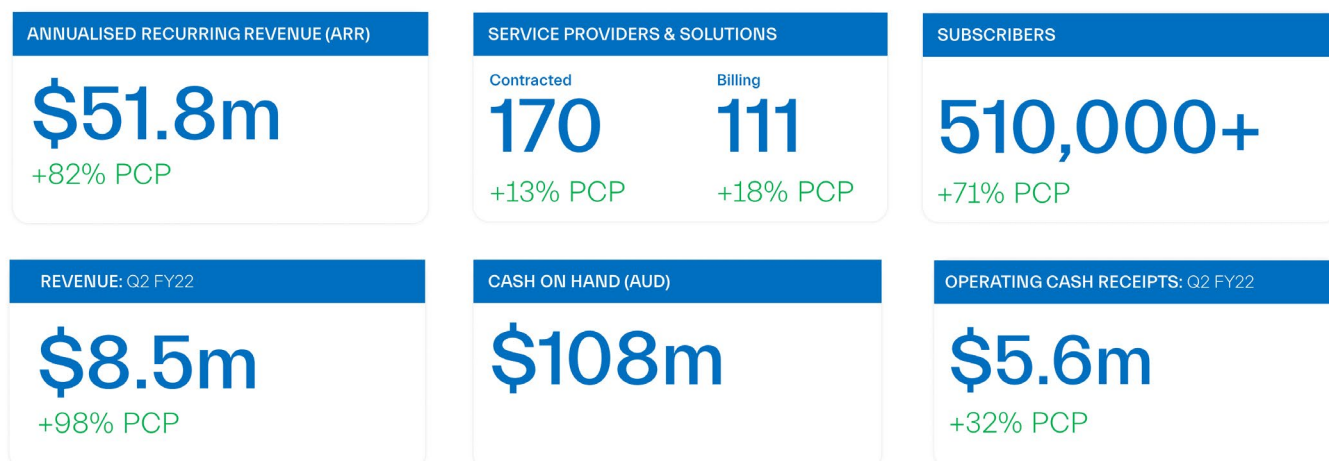
Highlights within the Quarter:

- ARR increased by \$8.3m to **\$51.8m** (82% pcp)
- Revenue increased by \$400,000 to **\$8.5m** (98% pcp)
- Dubber subscribers now exceed **510,000**
- Core OpEx of the business is currently \$5m per month, providing a strong platform to deliver operational leverage as ARR continues to accelerate faster than OpEx
- The Company has in excess of **\$108m cash on hand**
- Finalised landmark agreement with British Telecom (BT)
- Launched first native mobile recording service in Australia with Optus
- Speik acquisition earn-out payment brought forward on improved commercial terms
- A video update is available at the following link: [Dubber Quarterly Update](#)

Record Performance in growth metrics

The December quarter saw the Company reach notable milestones, achieve record growth in its key metrics and finalise landmark commercial agreements and deployments. The Company is establishing critical scale in its business in terms of fundamental additions to its leadership team and through the expansion of products and services as accretive revenue generators.

Strategy driving compelling outcomes



Users and ARR

Following on from the September quarter, subscribers continued to grow at a record rate via a combination of 'standard' SaaS and Foundation Partnership subscriptions.

The Company's 'standard' SaaS subscriptions grew organically by over 60,000 during the quarter and the Company was able to secure a number of Foundation Partner Agreements whereby a Dubber service is embedded as a standard feature of every subscription on a network. As previously stated, the Company continues a policy of not including Foundation Partner Program subscriptions in its overall numbers for reasons of consistency and commercial sensitivity. The Company will continue to re-assess its reporting of these subscriptions on an ongoing basis.

Annualised Recurring Revenue (**ARR**) grew by over \$8m, to approximately \$51.8m, a new record for the Company reflecting both organic growth, particularly in the financial services sector where enterprises are looking to their service providers to deploy Unified Communications Services such as Cisco Webex and Microsoft Teams calling platforms and, the execution of landmark service provider network agreements.

The Company's ARR is calculated as the next 12 months of subscription revenue net of any incentives.

Revenue

Revenue for the quarter was \$8.5m, an increase of 98% pcp. During the quarter, the Company finalised a landmark agreement with BT, reflecting terms which had been agreed in-principle in April 2021 but were subject to a lengthy formal procurement process. In the intervening period, BT sought Dubber's agreement to supply services to a key financial services customer prior to procurement finalisation and this was undertaken through a BT distributor in order to facilitate the transaction. This contract has now been transferred to BT directly, resulting in an adjustment of revenue relating to Q1 and two months of Q2 FY2022.

This adjustment does not impact the Company's ARR metric. The revenue for the quarter is subject to audit which will be completed at the end of February 2022.

For the purpose of clarity, revenue for the month of December exceeded \$3.7m.

Cash Receipts

Cash receipts for the quarter were \$5.6m, impacted by seasonal factors and a reduction from the September quarter where the Company received several lump payments from previous billing resulting in collections exceeding revenue.

Receipts were approximately \$1m less than that expected, largely reflecting delayed payment from a large customer of one of the Company's international subsidiaries.

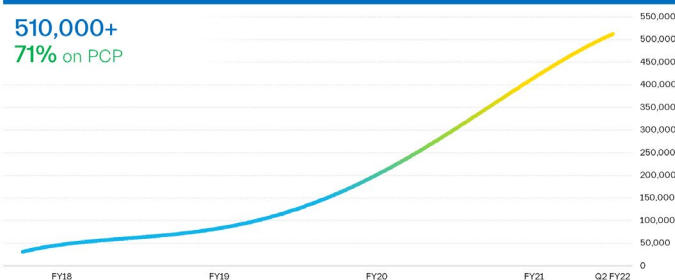
The Company's debtors are primarily large global service providers as opposed to direct end users and, while this provides certainty in future collection, delayed receipts from these accounts can have a notable impact on the Company's quarterly results.



Key growth metrics

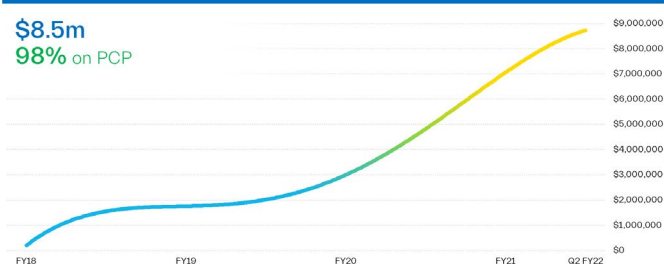
Subscribers | Q2 FY22

510,000+
71% on PCP



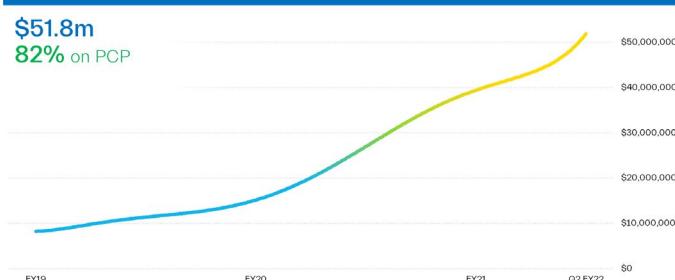
Revenue | Q2 FY22

\$8.5m
98% on PCP



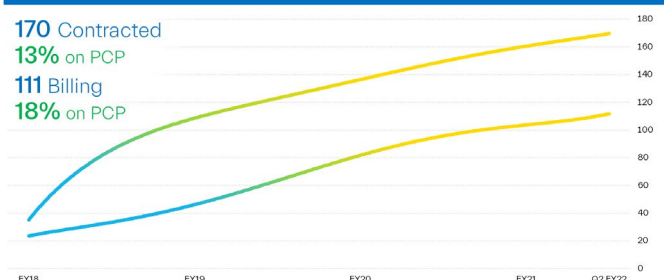
Annualised Recurring Revenue (ARR) | Q2 FY22

\$51.8m
82% on PCP



Service Providers & Solutions | Q2 FY22

170 Contracted
13% on PCP
111 Billing
18% on PCP



Telecommunications Networks Growth and Yield

During the quarter, the Company continued to expand its footprint of service provider networks along with increasing penetration and revenue yield from its current telecommunication and UC platform partners. Contracted service providers grew 13% pcp to 170 and billing service providers grew 18% pcp to 111.

Dubber's Unique Position with Global Unified Communications Service Providers

In the September 2021 activities report the Company noted that there was *a significant increase in activity in the global unified communications (UC and UCaaS) markets with service providers and enterprises (particularly in the financial services sector where compliance requires recording of voice conversations).*

This trend is continuing and a considerable amount of the Company's current growth profile is derived from this sector, where Dubber has a unique product and service offering. Large carriers are seeking to unify the provision of these cloud based offerings and Dubber's ability to be provisioned 'as a service' across all communication networks enables Unified Call Recording (UCR) as a compelling offering for financial service providers.

Dubber enjoys a unique position with Cisco via the Dubber Foundation relationship and as the sole recording option for Cisco Webex Calling. The 'Dubber Go' product is an embedded and standard feature for every Cisco Webex Calling and Cisco UCM Cloud calling subscription. There has been substantial growth for Dubber via this initiative with Cisco having already established a large customer base, which in turn is leading to increased opportunities from 'Dubber Go' to Dubber's other higher ARPU offerings.

Dubber also provides a unique offering for Microsoft Teams, offering service providers a single platform service, the same way as Microsoft Teams operates, without the requirement for the end user to maintain their own cloud infrastructure or manage recording integration.



This model does not require end user customers to incur the cost of establishing their own instance of Microsoft Azure for the purpose of managing its Dubber generated data. The Dubber model fits seamlessly into a service provider's SaaS model for delivering Microsoft Teams calling.

BT Global Services

In December 2021, Dubber finalised a landmark agreement with BT Global Services, one of the world's largest service providers, which sees Dubber sold as the default recording and conversational intelligence solution in the [BT Meetings](#) suite of managed services, spanning solutions based on Microsoft Teams, Zoom and Cisco Webex.

The agreement provides for a guaranteed minimum revenue stream for Dubber which contributed to ARR and a competitive offering for BT. BT has already provisioned the service to a number of large tier 1 banks and financial institutions on multi-year agreements, for Microsoft Teams based services.

The Company believes this sales momentum for recording and voice data services will continue to grow and that there is a strong appetite for additional data and AI driven services to be included in BT's core offering, enabling BT to be a front runner in terms of providing the ability to drive content from calls carried across its network.

Dubber is also confident that it can expand the relationship into a broader range of BT networks from UC to mobility, as BT seeks to standardise offerings across multiple networks.

Optus Mobile Voice Recording and AI - powered by Dubber

Also in December 2021, the Company announced a landmark agreement with Optus, providing the first native mobile call recording service in Australia.

The integration of Dubber services, initially Unified Call recording and AI, as a native feature means that Optus and Dubber have directly connected the mobile network to Dubber's platform in a manner that utilises the scalability of Dubber and highlights the full potential of the opportunity for both parties.

Initially, similarly to BT, the service will be aimed at the financial services sector where Optus currently holds a leading position as mobile provider for large banking institutions, and where mobile telephony has become a primary method of contact in hybrid workplace environments which requires compliance-based capability and the ability to derive insights from conversations.

Subject to Optus finalising and deploying offerings for other customer sectors, Dubber's services can be available to anyone who is connected to the Optus mobile enterprise network.



Accelerated payment of Speik earn-out consideration

In December 2020, the Company acquired UK company Aeriandi Ltd (**Speik**) on terms which included an earn out period and deferred consideration payable mid 2022.

In November 2021, the Company announced that it had accelerated payment of earn out once it had become clear that milestones relating to the earn out would be realised in full. In consideration for this accelerated payment, the Speik vendors agreed a discount of approximately 7% against the original deferred consideration amount.

The Speik transaction has been unequivocally successful in that all targets, financial or otherwise, have been met and exceeded and Dubber has inherited an expansive relationship with O2 Networks, a major mobile carrier in the UK, as well as technologies and customers for payment gateway services that fit Dubber's service provider sales strategy.

An additional overriding incentive for Dubber was the integration of the Speik team into Dubber's organisation as part of the scaling of our own business operations.

This has been completed to the point where Dubber's operating base in the UK is being established around the Speik business.

The product and technology teams are currently focussing the payments products from Speik to fit within the Dubber philosophy of delivering products and services at scale via service providers. This will provide the Company with additional complimentary services for its existing customers which can be delivered at scale, and be easily sold, provisioned and activated.

It was anticipated that the earn out payment would be made predominantly by way of cash, however the Speik vendors elected to take \$15.7m in Dubber shares, representing 95% of both the employee and non-employee vendors, and \$2.1m in cash, representing a strong endorsement of Dubber's strategic direction.

Scaling the business

The Company has focussed on building the business operations to a scale which is commensurate with its opportunities and, indeed, its platform capability. During the quarter, we have integrated highly regarded expertise in product and technology delivery, sales and, following the late September 2021 acquisition of Notiv, AI capability.

This has had an immediate impact on the business and has directly contributed to the growth experienced in the quarter and, most notably, to the potential for expansion of existing relationships. The Company has also expanded teams in finance and administration, internal recruitment, training and compliance.

In the majority of our operating territories, we have the capability to develop our business as the recognised leader in our sector. The Company now comprises approximately 240 employees, up from 152 at the same time last year.



Market Conditions - Product and Technology

The Company is experiencing a quantum shift in service provider philosophy as product directors seek differentiation and accretive revenues in a market which is being homogenised at reduced margins.

The impact of Webex, Teams and Zoom has been to increase the number of services and, indeed, the relevance of service providers, but at the cost of brand advantage and service provider margins.

The Company continues to outline that its primary goal is to continue to expand its footprint of service provider networks since this underpins the future scale of success for the Company.

The Company is able to invest in product and technology as a way of driving additional revenues to customers of existing networks either by increasing ARPU for recording users or expanding an addressable market with AI and data driven applications.

Immediately prior to the quarter the Company acquired Brisbane based technology firm Notiv, and the concept of turning communications and conversations into useable, manageable notes, insights, topics and action items 'on the fly' resonates strongly with our service providers customers, particularly mobile network operators.

As much as Dubber's customers have, to-date, been largely recording customers taking advantage of Unified Communications, the Company is heavily focussed on mobile network integration such as the Optus Mobile initiative, whereby the ability to turn calls into content has use cases for every demographic and sector.

Notes to the Appendix 4C

Cash outflows for the quarter were subject to extraordinary items in line with the Company's upscaling of operations which included:

- The cash component for the accelerated payment of the Speik earn out consideration was \$2.1M, as shown in line 2.1(a) in the Appendix 4C
- Pre-payment of cloud infrastructure and technology as the Company adopts a hybrid cloud infrastructure of \$4M over 6 months to December 2021 is shown within the outflows in line 1.2(b) in the Appendix 4C
- Establishment of office infrastructure including in Sydney, Brisbane and expansion of the Melbourne headquarters to accommodate new FTEs as shown in line 2.1(c) of the Appendix 4C
- Payment of \$1.05m for PAYE relating to previous periods as per an agreed 'Covid Relief' payment structure. This appears in line 1.2(e) of the Appendix 4C.

The amounts shown at line 6.1 of the Appendix 4C relate to director fees and salaries. The expenditure incurred on the activities described in this report are materially salaries and operating costs set out in the Appendix 4C.

The Company continues to grow its operating team to drive scale and revenue and current core operating costs for the business are approximately \$5.0m per month.



Steve McGovern, CEO, Dubber:

On Quarterly performance:

"The Company's profile has shifted significantly in recent months with its prospective and existing customers. This enables us to engage in initiatives and execute commercial agreements which are both enduring and contribute to our ARR growth. This has been reflected in our ARR growth for the quarter as we accelerate against our previously defined internal targets. We continue to add service provider network partners and drive horizontal expansion of agreements within existing service providers customers.

On Company operations:

"We continue to be very pleased with our progress in scaling up company operations.

"Given a relaxation of Covid travel restrictions, we were able to travel, for the first time, to meet colleagues with whom we have been working with for a year in the case of the UK based Speik team, and several months in the case of the Brisbane based Notiv team.

"One of the core areas of focus since completing the placement in July was to scale up business operations and, while, on face value, we acquired Speik for its relationships, revenues, and services and we bought Notiv for its technology and product suite, we have also acquired a hugely valuable asset in the form of the people and their expert capabilities.

"In the UK, we have grown the Dubber sales team organically and now have a strong operating base from which our customers and technologies can be supported. The acquisition of Speik, combined with our own recruitment has accelerated the development of an operation in Europe which would normally take years to build. As a result, Dubber has an incredible opportunity and is in a very strong position with each of the major carriers in the UK for holistic services across multiple networks.

"We have announced the first and highly significant step with BT, have expanded our opportunities with O2 following their merger with Virgin Media, and have other high-profile initiatives which we trust we can bring to market in the short term.

"Similarly, our addition of the Notiv team has allowed for an immediate expansion into a centre of excellence for AI and will allow us to significantly advance our internal product development across the company."

Expanding Networks, Product Capability and Addressable Market

"The Company's operational growth has come at a time where large carriers are looking to provide added value in required sectors, such as mobile and UC compliance recording as well as to drive differentiation in the market with applications that are attractive to their customers beyond mere connectivity, price and in the case of mobile plans, included data capacity.

"The Company will continue to strive to secure new network connectivity where, since inception, there has been effectively zero network churn. Once a service provider connects its network to the Dubber platform, we remain embedded and capable of capturing communications data at scale.

"Additional growth and revenue can now be driven by product releases into that embedded platform which move the opportunity beyond compliance call recording into broader use cases. Dubber can now turn every conversation into not just data transcripts, but meaningful insights, notes, action items, topic modelling and sentiment, opening up a broad range of use cases across every sector, not just compliance.



"These layers of product enhancement drive additional layers of revenue, and are attractive to large network service providers effectively turning those network owners into content providers.

"Dubber's unique differentiator is that we do this from a single platform, directly from the source of the communication network, as a service without any tools, applications or expenditure required at the customer's end to manage outcomes. Furthermore, calls placed on multiple networks, with multiple service providers, can all be managed in the same location, Dubber's Voice Intelligence Cloud. Large service providers are increasingly sharing a similar vision and Dubber is well placed in terms of product, credibility, and capability, to deliver on that vision.

"We view Dubber's addressable market therefore as every end point on every communications device, globally. Foundation plans and large mobile network connectivity are the first indicators of that vision being realised."

Outlook:

"The Company is in a very strong position in its market as we continue to execute on our growth plans. Our brand is achieving strong relevance for service providers as we add a critical value-added service to their networks that helps them decrease churn and improve their margin profile with their end customers. Call recording is just the first layer of service whereby the Dubber platform can capture voice data at scale and add additional value and insights to users. With continued selling into networks, and now by delivering additional revenue generating product layers on top of our fundamental platform, we are confident in our capacity to continue to accelerate growth.

"Current growth in ARR is running at a faster rate than our growth in OpEx. As at the end of December, we had ARR of over \$51m with operating costs at a run rate of approximately \$5m per month.

"Underpinning all of the Company's attributes is the strength of our balance sheet. Whether it be fundamental commercial credibility, gravitas with our customers or confidence around decision making, the Company has the financial backbone to continue to grow at a rate in excess of its original five-year plan in a market where, although we have very strong brand recognition, the journey to turn voice and video calls across the world's communication networks into useable and valuable data, is still in its early stages of growth."

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

About Dubber:

Dubber is unlocking the potential of voice data from any call or conversation. Dubber is the world's most scalable Unified Call Recording service and Voice Intelligence Cloud adopted as core network infrastructure by multiple global leading telecommunications carriers in North America, Europe, and Asia Pacific. Dubber allows service providers to offer call recording for compliance, business intelligence, sentiment analysis, AI and more on any phone. Dubber is a disruptive innovator in the multi-billion-dollar call recording industry, its Software as a Service offering removes the need for on-premise hardware, applications or costly and limited storage.

For more information, please contact:

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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")
31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,617	14,732
1.2 Payments for		
(a) research and development	(285)	(585)
(b) product manufacturing and operating costs	(8,289)	(15,541)
(c) advertising and marketing	(753)	(1,142)
(d) leased assets	-	-
(e) staff costs	(9,967)	(16,229)
(f) administration and corporate costs	(1,268)	(1,992)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	213
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	2	4
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(14,941)	(20,540)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(2,115)	(6,954)
(b) businesses	-	-
(c) property, plant and equipment	(1,109)	(1,859)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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)	(76)	(76)
2.6	Net cash from / (used in) investing activities	(3,300)	(8,889)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	110,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	42	293
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(4,477)
3.5	Proceeds from borrowings	(4)	-
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	38	105,816

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	126,663	32,041
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(14,941)	(20,540)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,300)	(8,889)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	38	105,816
4.5	Effect of movement in exchange rates on cash held	1	33
4.6	Cash and cash equivalents at end of period	108,461	108,461

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	78,461	96,663
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)	108,461	126,663

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	158
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).

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. 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)	(14,941)
8.2 Cash and cash equivalents at quarter end (item 4.6)	108,461
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	108,461
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	7.25
<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:	
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:	
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:	
<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: 31 January 2022

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.