



ASX Release
31 January 2023

December 2022 Quarterly Activities Report

Melbourne, Australia: 31 January 2023 --- Dubber Corporation Limited (ASX:DUB), the leading unified call recording and conversational intelligence platform to global telecommunication service and solution providers, today released its 2Q FY23 Appendix 4C and is pleased to provide this Quarterly Activities Report.

2Q FY23 Snapshot

- Operating cash receipts for the quarter were \$8.3m (up 48% PcP)
- Cash on hand at 31 December 2022 was \$56.7m
- First Foundation contract for Dubber Notes secured with North American Microsoft Teams Service Provider, Ziro.
- Leading UK service provider Gamma contracts initially for the launch of Dubber recording and AI services and migration of existing recording users
- Vodafone expands contract with Dubber services launched into UC and mobile networks in Europe, initially with Vodafone UK, and Vodafone Germany
- Virgin Media-02 expands existing contract to wider customer base
- US service provider NTS announces the launch of its Dubber service
- Alianza chooses Dubber as the embedded recording and AI service for its UC platform serving as a core network for over 200 Service Providers
- JB Hi-Fi Business contracts as the largest distribution partner for Telstra business services
- Ernst & Young Melbourne appointed as the Company's new auditor

Dubber CEO and Managing Director, Steve McGovern commented:

"The quarter saw substantial investment in time and resources into reviewing the finance division processes which will set up the Company for the future at a time when the delivery of its AI capture ability has been productised to a level whereby major service providers are willing to commit to the Dubber Platform as the future of a new range of services, as opposed to purchasing or re-selling individual subscription sets.



Carriers are looking to determine multiyear strategies to drive growth and revenue through their own offerings and products based on the content of their network powered by the Dubber Platform, which is the recognised platform built for the scale of Service Providers enabling this capability.

The commercial advances in the quarter with Vodafone, VM02, Gamma, Alianza, NTS and Ziro supports that Service Providers are willing to commit both financially and operationally to this model and those initiatives will add substantially to the Company's revenue growth in future quarters. To date, with the exception of pre-existing revenues from VM02, the Company currently has not recognised any revenues from these contracts.

The acquisition of Notiv instantly expanded Dubber's premium application range with Dubber Notes and created the nucleus of our world leading AI team. In conjunction with our development resources, Dubber has built an asset in its teams that can rapidly enable capabilities which have never previously been available to a Service Provider, a capability to switch on a 'manufacturing line' of products which bring the calls in a network to life.

Consumers are accustomed to voice assistant technologies such as Amazon Alexa, Google Home and Siri. The Dubber Platform brings the potential for this capability across Service Provider networks, including mobile networks enabling the prospect for AI to deliver endless use cases for both business and individuals.

Dubber can capture call data for every call across multiple networks, unifying into a single platform.

This is the result of an 18-month investment on which we are now able to capitalise.

Dubber's core objectives remain to use its unique first mover advantage to 'lock down' the world's major networks while delivering growth in all key metrics on the journey.

The Company has made significant investments into its team and infrastructure including significant non-recurring expenditure in this financial year to date.

The Company is now in a position where it will introduce a capital management strategy which optimises expenditure without affecting the ability to deliver accelerated growth in revenues.

Completion of the fundamental development of the AI technology capability enables this strategy at a time when Service Providers have a significant requirement for product differentiation and expansion."

Finance Function

During the quarter, the Company conducted a comprehensive review of its finance function with the assistance of a top-tier accounting firm. The review found a number of business process improvements that are in the process of being implemented.

In November, the Company announced the appointment of Ernst and Young in Melbourne as its auditor following the resignation of BDO Audit (WA) Pty Ltd.



In January, the Company also announced the appointment of Andrew Demery as new Chief Financial Officer. Mr Demery will commence in the role on 8 February 2023 and Interim Head of Finance, Executive Director Peter Pawlowitsch will continue in the role until 28 February to ensure a smooth transition.

Continued Expansion of Service Provider Footprint

During the quarter, the Company has continued to expand its Service Provider footprint.

Vodafone in Europe

The Company has expanded its contract with Vodafone Group for the roll out of the Dubber Platform across a selection of its European operations.

The Dubber Platform is now live and enabling mobile call recording and associated AI for Vodafone UK and Vodafone Germany business customers.

Vodafone has also commenced the migration of its own recording customers from a legacy system onto the Dubber Platform.

Dubber's Unified Communications capability is also available for Cisco, Microsoft and Zoom UC customers, enabling Unified Recording across multiple Vodafone networks.

Gamma

Gamma, a major UK and European Service Provider, launched the Dubber Platform during the quarter.

Gamma is a leading supplier of Unified Communications as a Service (UCaaS) in the UK, German, Spanish and Dutch business markets through a network of over 1,000 re-selling partners and its own direct-to-market teams.

The Dubber Platform is currently available for Microsoft Teams calling, for which Gamma has been selected as a preferred Microsoft Operator Connect Service Provider.

The Company expects to extend the provision of service to other Gamma networks as well as benefit from the migration of Gamma's existing recording customers from their own proprietary recording services in coming periods.

NTS Communications

The service under previously announced contract with North American service provider NTS is now live, providing recording and AI for Microsoft Teams users.

Virgin Media-02

Dubber has been providing mobile call recording for the leading mobile provider in the UK, 02 Networks, following the acquisition of the Speik business in late 2021.

02 merged with Virgin Media in 2021, and during the quarter this contract was expanded to cover a larger addressable market within the 02 and Virgin Media customer base with an extension of capability across the entire Virgin Media-02 network infrastructure.



Ziro

During the quarter Dubber secured its first 'Foundation' partner contract with North American Service Provider Ziro, under which every Microsoft Teams user is given a version of 'Dubber Notes' as a standard feature with the opportunity to directly upsell to fully fledged, higher ARPU services.

This agreement follows the Company's acquisition of Notiv in late 2021 and subsequent integration and productisation of the technology's AI capability for it to be delivered 'as-a-service' directly from the Dubber Platform.

Alianza

Alianza, a North American based provider of unified cloud communications to Service Providers, selected the Dubber Platform as the embedded recording and AI service for its platform which supports over 200 Service Providers.

These Service Providers will be able to supply recording and AI services as a standard feature in their UC offerings and the initiative will both expand Dubber's Service Provider footprint and drive accretive revenue.

JB Hi-Fi Business

The Company secured a contract with major Australian retailer JB H-Fi Business, the largest channel partner for Telstra business services.

The contract forms part of Dubber's current initiative to substantially extend its Telstra partnership and capability.

Revenue

The FY23 half-year review of the accounts, including for revenue for the period, is currently being undertaken by the Company's recently appointed auditor, Ernst & Young. This work will be completed towards the end of February and interim half year results announced at that time.

Cash receipts and operating cash costs

Cash collected for the December quarter was \$8.3m, a 48% increase on the prior corresponding quarter bringing receipts for the financial year to date to \$17.8m.

Operating cash costs, excluding one-off and abnormal items are tracking in the range of \$21-\$22m per quarter and are forecast to be in this range for the March quarter. The Company has been analysing its cost structure and this work is ongoing. Cash costs of \$25.4m during the quarter, being over the range of \$21-\$22m, included a number of one off/abnormal items and outstanding creditors of approximately \$3m.

Capital Management

Dubber maintains a strong cash balance of \$56.7m (as at 31 December 2022) to execute its core strategy.



The Company's near-term focus is on cementing relationships with the world's leading Service & Solutions Providers for the provision of a core network service of unified recording and conversational AI across a carrier's network.

The Company has built out its global capabilities and is utilizing its team to deliver increased recurring revenue growth to achieve operating cash flow break even.

ASX Listing Rule 4.7C.3 disclosure

In accordance with ASX Listing Rule 4.7C.3, payments to related parties and their associates totaling \$321,000 outlined in Item 6 of the Company's Appendix 4C relate to director fees, salaries and superannuation.

2Q FY23 Investor Webinar

Managing Director, Steve McGovern, and Executive Director & Interim Head of Finance, Peter Pawlowitsch, will present the December Quarter update at 9:30am AEDT, on Wednesday 1 February 2023.

To register for this webinar, please click here:

https://us02web.zoom.us/webinar/register/WN_Tq2Bc_bjR4eyzzSg0jYwiw

Investors can submit questions prior to the webinar to simon.hinsley@dubber.net or do so via the Q&A functions on Zoom.

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

About Dubber:

Dubber enables 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 the clear market leader in conversational intelligence and unified conversational recording - embedded at the heart of over 175 Service Provider networks and services.

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 2022

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	8,299	17,802
1.2 Payments for		
(a) research and development	(2,844)	(3,970)
(b) product manufacturing and operating costs	(9,704)	(18,120)
(c) advertising and marketing	(668)	(1,540)
(d) leased assets	-	-
(e) staff costs	(10,875)	(19,824)
(f) administration and corporate costs	(1,287)	(1,950)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	62	327
1.5 Interest and other costs of finance paid	(2)	(3)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(17,019)	(27,278)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(317)	(707)
(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)	-	63
2.6	Net cash from / (used in) investing activities	(317)	(644)
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	189	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	-	-
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	189	316
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	73,876	84,384
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(17,019)	(27,278)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(317)	(644)

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

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)	189	316
4.5	Effect of movement in exchange rates on cash held	(10)	(59)
4.6	Cash and cash equivalents at end of period	56,719	56,719

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	26,719	43,876
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)	56,719	73,876

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	321
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)	(17,019)
8.2 Cash and cash equivalents at quarter end (item 4.6)	56,719
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	56,719
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.33
<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: 30 January 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.