



ASX Release
28 April 2023

March 2023 Quarterly Activities Report

Melbourne, Australia: 28 April 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 Q3 FY23 Appendix 4C and is pleased to provide this Quarterly Activities Report.

Q3 FY23 Highlights

- Strategy alignment and restructuring programme largely completed and on track to deliver \$5m+ of quarterly cost savings from FY24 financial year, with \$1m already realised and \$2m to be achieved in Q4 of FY23.
- Adjusted Recurring Revenue¹ of \$7.4m up 10% on Q2 FY23 and 17% on pcp.
- Operating cash receipts for the quarter were \$8.1m, and \$25.9m for FY23 YTD, up 12% on pcp.
- Approximately \$6m in additional revenues already committed for FY24 from existing communication service provider agreements.
- Cash operating costs excluding one-off payments reduced in the quarter by \$1m.
- Cash on hand at 31 March 2023 was \$40.2m.
- Vodafone UK customer migration commenced.
- Alianza chooses Dubber for its UC platform for 200 service providers.
- Cisco accelerates sales of Webex Calling to in excess of 10m subscriptions, each one of which will feature 'Dubber Go.'
- Expansion of communication service provider footprint into Central and South America.
- Dubber AI (Artificial Intelligence) enabled packaged solutions with out-of-the-box benefits now available via communication service providers.
- Neil Wilson appointed as Chair.
- Andrew Demery appointed as CFO.
- McLaren Formula 1 driver Oscar Piastri appointed as Dubber global ambassador.

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).



Dubber CEO and Managing Director, Steve McGovern commented:

“Quarter 3 of FY23 has been a period of substantial change for Dubber. Significant commercial growth activities and the realisation of the Dubber Artificial Intelligence programme being delivered as a continuing suite of solutions has been underpinned by a significant re-structuring of the business to align with our strategy, significantly reducing the Company’s cost base and implementing changes at Board and Executive level.”

Operational update

Next generation communications services increasingly enabled by AI – Dubber releases AI Insights

The Company has invested heavily since September 2021 in creating a unique capability to deliver AI products which are only available because the Dubber Platform is embedded into communication service provider networks.

Conversational AI has been a core strategy of Dubber’s business plan. This capability can now enable solutions that provide individual insights delivered by communication service provider networks with potential to create value for their entire customer base on that network, from business and enterprise to individuals.

Examples of these insights include enabling businesses to monitor complaints, abuse and voice of the customer in a service not previously available in terms of capability, ease of access and at a price point that is considered appropriate for the value created.

Individual consumers can access specific call summarisation and concise notes on the content of the call. This capability expands the addressable market for Dubber’s products from call recording for business use cases to insights for every individual customer.

Communication service providers will enable some solutions as a standard inclusion of their offering to create a differentiated base offer as well as providing options to charge for additional capability with the more advanced AI enabled service offers.

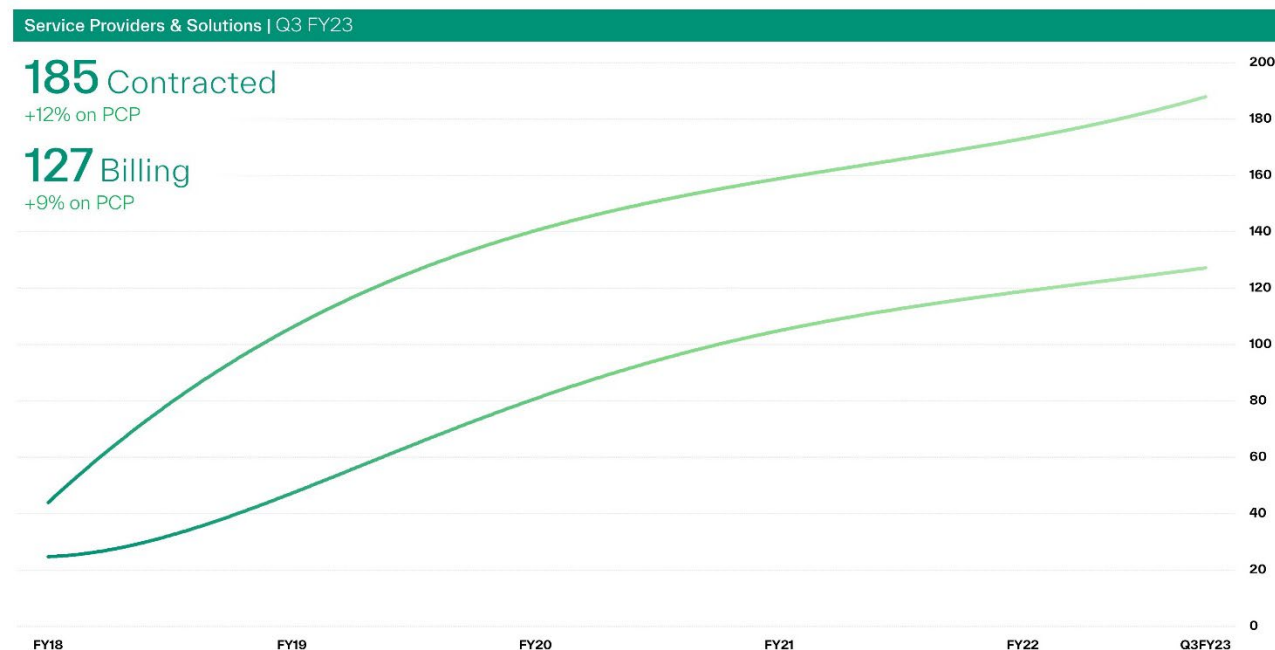
The Company is currently running deployments with several high profile businesses monitoring and summarising complaints contained in customer calls prior to widespread launch of the service in Q4 FY23 via new and existing telecommunications partners. This will generate new revenue opportunities for the Company in FY24.

An example of how Dubber is being deployed by our communication service provider partners is the approach Telstra has taken to provide Surf Life Saving New South Wales with recording and AI services, directly from the network which speeds up response times, compiles evidence for investigations and improves reporting accuracy.



Expansion of our global communication service provider footprint

Dubber's goal is to embed the Dubber Platform into the world's communication service provider networks. The Company has continued to extend its network footprint in Europe, North America and, for the first time, Central and South America.



Vodafone UK has commenced the migration of its recording customer base from a legacy service to Dubber. This will future proof their mobile call recording approach and open up the addressable market from the enterprise to the broader business and Small and Medium Business (SMB) sectors.

Cisco Systems has reported that it has sold over 10 million Webex Calling services, which will incorporate 'Dubber Go' as a standard feature as part of their deployment. The Company is realising consistent growth via Cisco for upgrades from 'Dubber Go' to higher value average revenue per user recording and AI services as part of its Foundation Partner Programme and anticipates that this would substantially accelerate with the growth in Cisco Webex Calling deployments.

Alianza is a Unified Communications (UC) platform supplying UC telephony for over 200 Tier 2 communication service providers globally and has chosen Dubber as its native recording and AI service.

Virgin Media O2 Networks completed an expanded agreement with Dubber in December 2022 and the Company is realising the benefits of that agreement including access to the expanded SMB sector.

The Company sees significant service expansion opportunities with existing network relationships and to create new network communication service provider relationships globally, with forward visibility of approximately \$6m in incremental, committed annual recurring revenues for FY24 from Tier 1 communication service provider contracts already signed this financial year.



Neil Wilson appointed as Dubber Chair

Neil Wilson was appointed as new Non-Executive Chair in mid-February 2023.

Neil holds a number of high profile technology and sport administration roles, including being the current Chair of the Victoria Racing Club, Neil is an experienced business leader and entrepreneur with corporate, start up, founder and public company experience. He has a strong focus on the value of data and information for organisations and is considered a thought leader in this area.

Following that appointment, Peter Clare stepped down as Chair and, resigned from the board with effect from the end of February.

Andrew Demery appointed as CFO

Andrew Demery commenced in the role of Chief Financial Officer in early February 2023.

Andrew brings significant experience to the role having previously been CFO at ASX listed technology businesses carsales.com Ltd and BikeExchange Ltd.

Oscar Piastrri takes role of Dubber global ambassador

McLaren Formula 1 driver Oscar Piastrri has accepted the role of Dubber global ambassador. The initiative follows nearly a year of preparation by Dubber and Oscar's management team and takes advantage of synergies with Dubber partners such as Cisco who is a major commercial sponsor of McLaren.

While the Company is pleased to benefit from the branding opportunities, Oscar will be interacting directly with Dubber's current and future customers at an executive level as part of the Company's plans to extend its network footprint and demonstrate how insights can drive significant advantage to any business.

The Company has already realised significant commercial benefits from this initiative at the Australian Formula 1 Grand Prix, which was the first event since Oscar's role was announced. The Company sees similar opportunities around the globe as the Formula 1 season progresses.



Financial Update

Revenue

Adjusted Recurring Revenue of \$7.4m for Q3 FY23 was up 10% on Q2 FY23 and 17% on Q3 FY22. Total adjusted revenues were up 8% Q3 FY23 on Q2 FY23. This reflected solid organic growth in our existing service provider relationships as well as new recurring revenues which came on stream in the quarter.



Cash receipts and operating cash costs

Cash collected for the March quarter was \$8.1m, bringing receipts for the financial year to date to \$25.9m, up 12% for the YTD on pcp. Q2 FY23 cashflows contained receipts for certain UK annually billed contracts and excluding these, underlying cash receipts continued to increase in Q3 FY23.

Reported operating cash costs were \$24.0m for the quarter, down from \$24.6m² in Q2 FY23. Excluding one-off restructuring costs and other abnormal non-recurring items, cash costs were in the range of \$20m-\$21m for the quarter, which is approximately \$1m lower than previous underlying cash cost guidance and reflects initial restructuring cost savings achieved in the quarter.

The restructuring programme has been largely completed and the business is on track to deliver \$5m+ of quarterly cost savings from FY24 financial year, with \$1m achieved in Q3 FY23 and approximately \$2m of those savings expected to be realised in Q4 FY23. Further one-off cash costs relating to the restructuring of approximately \$2m are expected to be incurred in Q4 FY23.

2. Q2 Reported operating cashflows of \$24.6m restated from \$25.4m due to a change in the presentation of finance lease cashflows.

ASX Listing Rule 4.7C.3 disclosure

In accordance with ASX Listing Rule 4.7C.3, payments to related parties and their associates totalling \$307,000 outlined in Item 6 of the Company's Appendix 4C relate to director fees, salaries, and superannuation.

Outlook

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 communication service provider agreements, such as through the Vodafone customer migration from a legacy solution.

The Company has forward visibility of approximately \$6m in incremental, committed annual recurring revenues for FY24 from Tier 1 communication service provider contracts signed this financial year, in addition to the compounding existing service provider growth and further growth from the launch of the Dubber AI suite.

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 higher ARPU Dubber services in the coming year.

Underlying cash costs are expected to reduce to \$18m-\$19m in Q4 FY23 as restructuring savings are achieved with further reductions in Q1 FY24. Further one-off cash costs relating to the restructuring of approximately \$2m are expected to be incurred in Q4 FY23. The Company is targeting to achieve cashflow breakeven by FY25.

Investor Webinar

Managing Director, Steve McGovern, and Chief Financial Officer, Andrew Demery, will present the March Quarter update at 10:30am AEST, on Friday 28 April 2023 via a webinar. Ahead of the webinar the Company will also release a separate investor presentation detailing further information about the prospects for the business, which will be lodged with the ASX following release of this Report.

To register for this webinar, please click here:

https://us02web.zoom.us/webinar/register/WN_v6d319YkTyGljGDiDO5a6Q

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 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 of over 185 communication service provider networks and services.

For more information, please contact:

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dubber



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 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date ¹ (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,118	25,920
1.2 Payments for		
(a) research and development	(1,833)	(5,803)
(b) product manufacturing and operating costs	(9,053)	(25,908)
(c) advertising and marketing	(939)	(2,478)
(d) leased assets	(4)	(4)
(e) staff costs	(10,372)	(30,197)
(f) administration and corporate costs	(1,758)	(3,709)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	34	361
1.5 Interest and other costs of finance paid	(158)	(558)
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	(15,965)	(42,376)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(54)	(761)
(d) investments	-	-
(e) intellectual property	-	-

1) In the Year to date cashflows \$869k of finance lease principle repayments for Q1 and Q2 FY23 have been reclassified from product manufacturing and operating costs as previously presented to repayment of borrowings in line with AASB 16.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date¹ (9 months) \$A'000
	(f) other non-current assets	-	-
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	(54)	(698)
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	(703)	(1,571)
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	(703)	(1,255)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	56,719	84,384
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(15,965)	(42,376)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(54)	(698)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date¹ (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(703)	(1,255)
4.5	Effect of movement in exchange rates on cash held	160	102
4.6	Cash and cash equivalents at end of period	40,157	40,157

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	10,157	26,719
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)	40,157	56,719

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	307
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)	(15,965)
8.2 Cash and cash equivalents at quarter end (item 4.6)	40,157
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	40,157
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.52
<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: 28 April 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.