



ASX Announcement  
ASX: DUB

19 June 2023

## FY23 UPDATE AND FY24 OUTLOOK

### Highlights

- Major release of world first AI product suite *Moments* available on the Dubber platform.
- On track to deliver a record revenue result of \$30m in FY23, with an annualised exit revenue run-rate of \$36m based on expected revenues for June 2023. Q4 FY23 revenue expected to be up 20% on Q3 FY23.
- Previous FY24 committed revenue run rate disclosure upgraded by \$3m to a total of \$39m.
- FY24 revenue expected to be \$45m, entering FY25 with an annualised revenue run rate in excess of \$50m.
- Cost reduction program on track with the expected FY24 cost base to be under \$65m (excluding non-cash share-based payment expenses).
- Reduced cost base supports ongoing revenue growth and substantial improvement in operating margins.
- Net operating cash outflows for FY24 are expected to be \$20m or less, with a closing cash balance in the range of \$8m-\$10m at the end of FY24.
- On track to achieve cash flow break even during FY25 within existing cash reserves.

Dubber Corporation Limited (ASX: DUB) (**Dubber** or **Company**) is pleased to provide the following market update on its FY23 results and the outlook for FY24.

During the second half of FY23 the Company has executed on its strategy to align its resources more closely with core business objectives and opportunities. This has resulted in a substantial reduction in the Company's cost base while retaining the ability to deliver groundbreaking conversational Artificial Intelligence (**AI**) products for both existing and new communications service provider partners.

The Company has released a suite of world first products for which there is universal demand, a manageable cost base, growing revenues in its core offerings, and predictable line of sight to future success.

### Release of revolutionary AI product suite, increasing revenues and decreasing cost base

#### Dubber Moments

On 30 May 2023 the Company released a new Dubber AI product suite called *Moments*, following two years of investment and product innovation by Dubber's AI research and development team.

*Moments* transforms calls carried across a communications network into actionable data with out-of-the-box outcomes.

The first two *Moments* products released focus on *Complaints* and *Actions*. The Company has developed the capability for ongoing release of new *Moments* products throughout FY24.

*Complaints* provides summarised data that enables organisations to identify and understand different types of complaints contained in communications across the whole organisation, including internal and external calls. These



outcomes are displayed in productised dashboards that present key insights, while also enabling the user to explore the underlying conversation transcription and recording, if required. There is significant pre-launch demand for *Complaints* from a number of high-profile national brands in Australia using the Telstra network.

*Actions* is a world first network feature that detects commitments made in a call and displays those action items as an SMS or e-mail at the end of the call. The Company demonstrated the capability via an Australian mobile network, highlighting the addressable market for these products.

These products realise the Company's long-standing vision for Dubber AI to be a standard feature of communications networks and have the potential to revolutionise the use of network-based communications globally.

The launch of *Moments* to communications service providers has the potential to substantially increase the average-revenue-per-user (ARPU) across a broad addressable market and is immediately available to Dubber's existing communications service provider partners who are connected to the Dubber Platform.

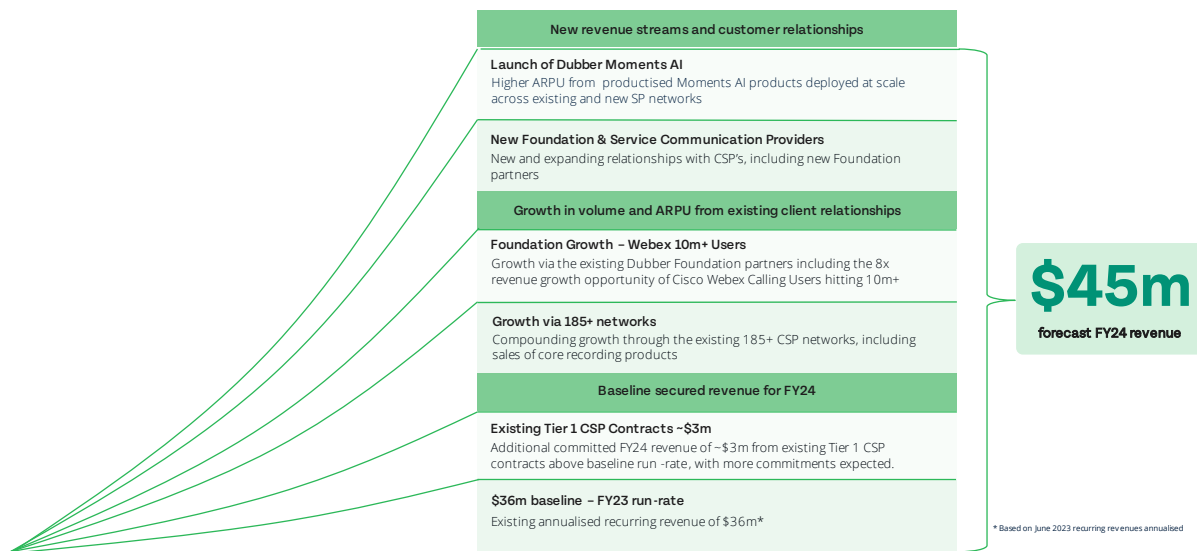
*Moments* is expected to drive an acceleration in revenue growth, particularly in the second half of FY24. Further information on *Moments* is available in the launch [video](#).

## Revenue Growth

The Company expects revenue of \$30m for FY23, with an actual annualised run rate at the end of June 2023 being approximately \$36m based on expected revenues for this month, supported by an increase in Dubber active users of over 27% for FY23 year to date. Q4 FY23 revenues are expected to be \$8.8m, up 20% on Q3 FY23.

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

This outlook is based on a series of revenue layers as illustrated in the following diagram.



The Company expects an actual annualised revenue run rate of \$36m at the end of June 2023, plus a further additional \$3m in contracted FY24 revenues, much of which relates to the continued migration of existing recording users of legacy technologies onto the Dubber platform. This is an uplift of \$3m to \$39m from the \$36m total committed revenues outlined in the Q3 FY23 quarterly activities report (**April 23 QAR**) released to ASX on 28 April 2023 and reflects an uplift in those expectations based on growth in the current quarter and the commencement of services for a portion of the contracted revenues.

The April 23 QAR also noted that Cisco has reported sales of 10 million subscriptions of Cisco Webex Calling for which 'Dubber Go' is a standard feature. The Company expects its current revenues via Cisco to grow significantly in



FY24 due to the expanded Foundation *Dubber Go* revenues on higher Cisco Webex Calling deployments and further revenues as those subscriptions are upgraded to Dubber's higher revenue products as part of this initiative.

Revenue growth via Dubber's 185+ communication service provider partners through increased ARPU and penetration is expected to be a significant contributor to achieving expected revenue for FY24 of \$45m. This will be supported by anticipated *Moments* revenue growth accelerating over FY24 as further products launch, and communications service providers ramp up the penetration of these AI products into their customer base.

Upon release of its FY23 Annual Report, Dubber will provide an update on its expected FY24 revenue as the Company continues to evaluate the impact of its launch of the *Moments* product suite.

### **Cost base reductions and future cost base flexibility**

Dubber expects to report total costs in the range of \$89m-\$92m for FY23 (excluding non-cash share-based payment expenses). 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.

The Company has identified an additional \$4m-7m of cost savings which are expected to be delivered over FY24. As a result, the Company expects \$65m of costs in FY24 (excluding share-based payment expenses), down from \$89-92m in FY23, with costs being broadly flat over the course of FY24 (excluding any timing impacts of working capital).

The restructure was implemented when the Company had developed its AI products to the point of commercial release.

The April 23 QAR outlined that \$2m of savings would be achieved in Q4 FY23 and the Company is on track to achieve these reductions. Underlying quarterly cash operating costs are expected to be \$18m, with a further \$2m of non-recurring cash restructuring costs in the quarter. A further \$2m of cash operating cost reductions are expected in Q1 FY24, which will reduce the expected quarterly cash operating costs to \$16m 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 cash reserves at 30 June 2023 to be in the range of \$28-\$29m. The Company expects net operating cash outflows to be \$20m or less for FY24, with a closing cash balance in the range of \$8-\$10m at 30 June 2024.

The Company's cost base is in place to support revenue growth in excess of 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 manage resources and costs to achieve its target of cashflow breakeven in FY25, within its existing cash reserves, 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.

Beyond FY24, the Company expects to continue to accelerate revenue growth whilst achieving economies of scale to achieve its cashflow breakeven target during FY25.



CEO Steve McGovern commented: "The Company's review of its business operations in FY23 has led to improvements in efficiencies and the appointment of key personnel at a management and board level, as well as delivery on its substantial investment in technology development over the last two years with the release of a new AI product suite, *Moments*, that has been well received by its partners and customers.

"There is an expectation globally that AI will have significant impact in our daily lives. Dubber uniquely brings that capability to communications networks, the very source of the call, backed by a brand that is trusted and widely regarded by the world's communications service providers as the leader in network-based data capture and Conversational AI.

"We have invested in delivering a world first set of products which use Conversational AI to deliver revolutionary capabilities across the telecommunications sector. The Company has long held the vision that AI will be a standard feature of telephony networks and the Dubber platform is uniquely placed to deliver this capability. The products deliver tangible 'game changing' benefits across the broadest possible addressable market and enable telecommunications service providers to become content suppliers from their core asset, being the calls going across their network. Customers can enjoy a new and widely anticipated experience from their communications devices and service providers. In short, the Dubber platform brings the communications network to life.

"Our expectations for FY24 are based on Dubber's existing run rate metrics and contracts and does not fully accommodate the growth opportunity provided by these new AI products, which we anticipate will accelerate over the second half of the year.

"The Company can manage its cost base against these recurring revenues, enabling it to have clear line of sight to cash flow positivity from its operations, with revenues growing and costs reducing at or above the rates previously prescribed."

The Company anticipates providing a further update when it releases its FY23 Annual Report including the impact of the *Moments* AI product suite release on the expected FY24 and FY25 financial outlook.

This ASX release 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 the clear market leader in conversational intelligence and unified conversational recording - embedded at the heart of over 185 Service Provider networks and services.

For more information, please visit Dubber on [www.dubber.net](http://www.dubber.net) or contact:

#### **Investors**

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

#### **Media**

Terry Alberstein  
[terry@navigatecommunication.com.au](mailto:terry@navigatecommunication.com.au)  
+61 (0) 458 484 921

