



FY23

# Investor Update

1 September 2023 | [dubber.net](https://dubber.net)





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# FY23 Overview



- **FY23** was a year of significant improvement with accelerating revenue growth across the year, record cash receipts and a significant restructure to align the cost base with core strategy going forward.
- **Dubber Moments** launched in June 23 –game changing out-of-the-box AI powered conversation intelligence solutions with early demand proving strong.
- **The Company reiterates guidance** for FY24 – with \$45m revenues (+50% on FY23) anticipated on a substantially lower cost base.

# FY23 Financial Highlights



## FY23 Revenue



**\$30.0m**

**↑ \$5.5m**

23%\*

## FY23 Cash Receipts



**\$36.1m**

**↑ \$6.2m**

21%

## Revenue Run Rate at June 23



**\$36.0m**

## CSPs\*\*\*



**205+**

**Proforma Cash Balance \$42.5m\*\***

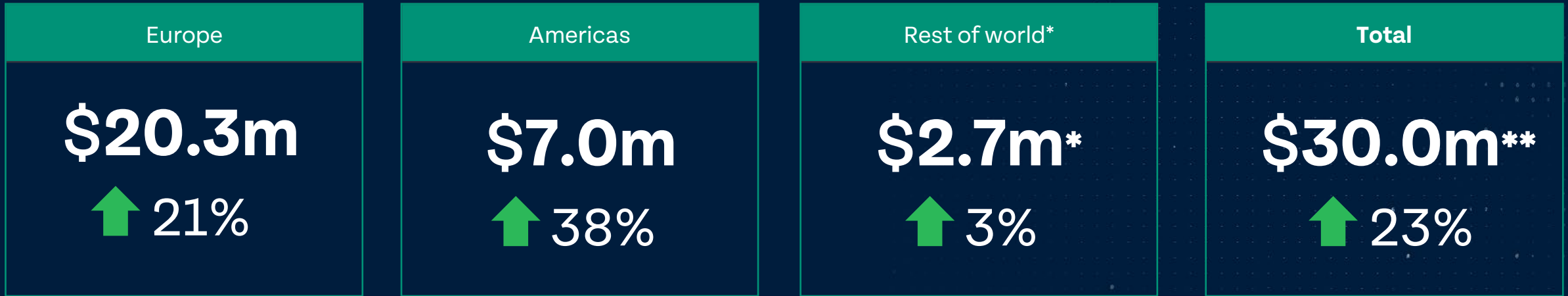
30 June 2023

\* Adjusted Revenue Growth of 23% excludes \$8.1m variable revenue reversal in FY22 which relates to periods prior to FY22

\*\* Proforma includes ~\$9.5m capital raise commitments (net of costs) undertaken in July 23

\*\*\* Communication Service Providers connected to Dubber at 30 June 2023

# Revenue by region



**Europe Revenues grew 21%** reflecting strong volume growth in end user volumes across a number of Tier 1 CSPs in the UK. Migration of Vodafone's recording customer base from a legacy service commenced in H2 with the full benefit to be realised in FY24. A number of new CSP agreements were signed, additional networks for existing partners were enabled and continuing migrations of legacy call recording bases and Microsoft Teams activations have started to contribute towards the end of the Financial Year.

**Americas Revenues grew 38%** in FY23, in part through Cisco, as the Group's key foundation partner, which ramped up the activation of Webex-Cloud users across the year and increased penetration of Dubber premium recording products to Cisco users. Microsoft Teams Service Provider requirements continued to expand in this region also as end user customers seek to unify their user experience across multiple platforms, with a range of new revenue generating network providers and enterprise customers.

**Rest of world adjusted revenues were up 3%.** By the end of FY23 the Telstra sales teams for their Unified Communications service TIPT had been activated and the Dubber Platform has been integrated natively into Optus mobile network with results to be experienced from FY24 and beyond.



\* Includes Australia

\*\* Adjusted Revenue Growth excludes \$8.1m variable revenue reversal in FY22 which relates to periods prior to FY22

# Gross Margins



AU\$m

FY23

FY22

## Gross Margin

54%

54%

Adjusted Revenue

30.0

24.5

Direct costs

(13.7)

(11.4)

Gross Profit

16.3

13.1

Gross Margin has been sustained at 54% whilst investing in:

1. Integrating many new CSP networks;
2. Launching our new AI products; and
3. Completing a significant upgrade to the Dubber Platform that improves efficiency and scalability.

These investments are expected to allow for further service volume and revenue growth within the existing cost envelope and a target margin of over 70% in FY24.



# FY23 Financial Overview

# FY23 Financial Results

## Consolidated Profit & Loss

AU\$m	FY23	FY22	% Change
Adjusted Revenue*	30.0	24.5	23
Direct costs	(13.7)	(11.4)	(21)
Adjusted Revenue less direct costs	16.3	13.1	24
Salaries and related expenses	(52.7)	(40.3)	(31)
Share based payments	(5.9)	(19.9)	70
G&A costs	(17.3)	(20.5)	16
Foreign Exchange Gains/(losses)	1.4	(0.1)	n/m
Adjusted loss before interest, depreciation, impairment and tax	(58.2)	(67.7)	(14)
Net finance income /(costs)	0.3	(1.8)	n/m
Impairment of goodwill	(3.7)	-	n/m
Depreciation and amortisation	(8.4)	(7.3)	(16)
Adjusted Net operating loss before tax	(70.0)	(76.8)	(9)

- Adjusted Revenue growth of 23% in FY23, with stronger growth rate of 26% on pcp in the second half.
- Exit annual revenue run-rate of \$36m\*\* at June 2023.
- Adjusted loss before interest, depreciation, impairment and tax reduced by 14% on FY22, with restructuring programme starting to deliver cost savings in Q4 with full run-rate of savings to be achieved in Q1 FY24.

\* Adjusted FY22 revenue of \$24.5m excludes \$8.1m variable revenue reversal relating to prior financial years as set out in HY23 interim report.

\*\* Based on annualising June 23 monthly revenue.



# Adjusted Recurring Revenue

(AUD\$)



# FY23 Other Costs

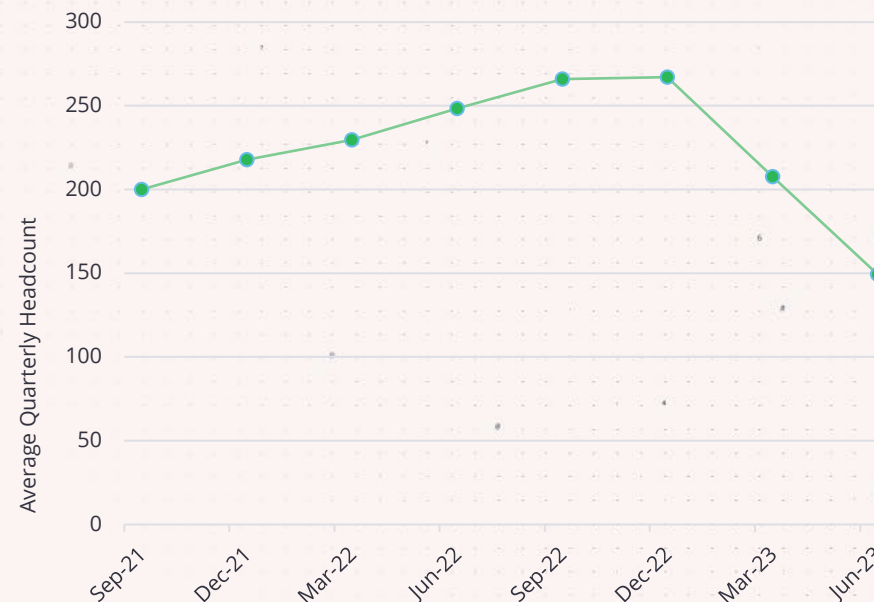


## Other Costs

AU\$m	FY23	FY22	% Change
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Foreign Exchange Gains/(losses)	1.4	(0.1)	n/m
Net finance income /(costs)	0.3	(1.8)	n/m
Impairment of goodwill	(3.7)	-	n/m
Depreciation and amortisation	(8.4)	(7.3)	(16)

- Share based payments significantly reduced reflecting lower grants of incentives and KMP LTI and other equity plan costs being substantially lower than in FY22.
- General and administration costs decreased 15% reflecting a reduction in outsourced technology costs in FY23, offset partly by higher overheads and marketing costs in the first 3 quarters of FY23. Discretionary costs significantly reduced in Q4 post restructure.
- Non-cash goodwill impairment charge of \$3.7m recorded mostly in respect of Europe segment.

## Salaries and related costs



Salaries and related expenses were up 31% in FY23 principally reflecting higher average headcount over FY23.

The completion of underlying platform development work and subsequent Group restructure programme has reduced headcount significantly by June 23 and consequently lower overall salaries and related expenses are anticipated in FY24.

# FY23 Cash and cashflow



## Proforma Cash balance

AU\$m	30 June 2023
Cash and cash equivalents	2.9
Cash on term deposit*	30.0
Capital raise committed in July 23 (net of costs)	9.6
<b>Proforma cash balance</b>	<b>42.5</b>

## Cashflow

AU\$m	FY23	FY22	% Change
Receipts from customers	36.1	29.9	21
Other operating cash outflows	(86.3)	(72.1)	(20)
<b>Net cash outflows used in operating activities</b>	<b>(50.2)</b>	<b>(42.2)</b>	<b>(20)</b>
Net cash inflows/(outflows) used in investing activities	(0.3)	(40.2)	n/m
Net cash (consumed)/provided by financing activities	(1.9)	105.0	n/m
<b>Net (decrease)/increase in cash in the year</b>	<b>(51.8)</b>	<b>22.6</b>	<b>n/m</b>
<b>Closing cash balance (reported)</b>	<b>2.9</b>	<b>54.3</b>	

- The Group is well capitalised with proforma cash of \$42.5m at 30 June 2023.
- Receipts from customers up 21% on pcp. Q4 FY23 showed record receipts of \$10.2m.
- Net operating cash outflows up 20% on FY22 as a whole, but reduced substantially in Q4 post restructuring programme implementation to \$8.4m for Q4 (vs \$16.0m for Q3 FY23) with net operating outflows to continue to reduce run-rate over FY24.
- \$10.25m capital raise undertaken in July 23 to strengthen the balance sheet (\$9.5m net of costs).

\* Cash on term deposit classified within trade and other receivables on the balance sheet based on initial maturity date.



# Moments

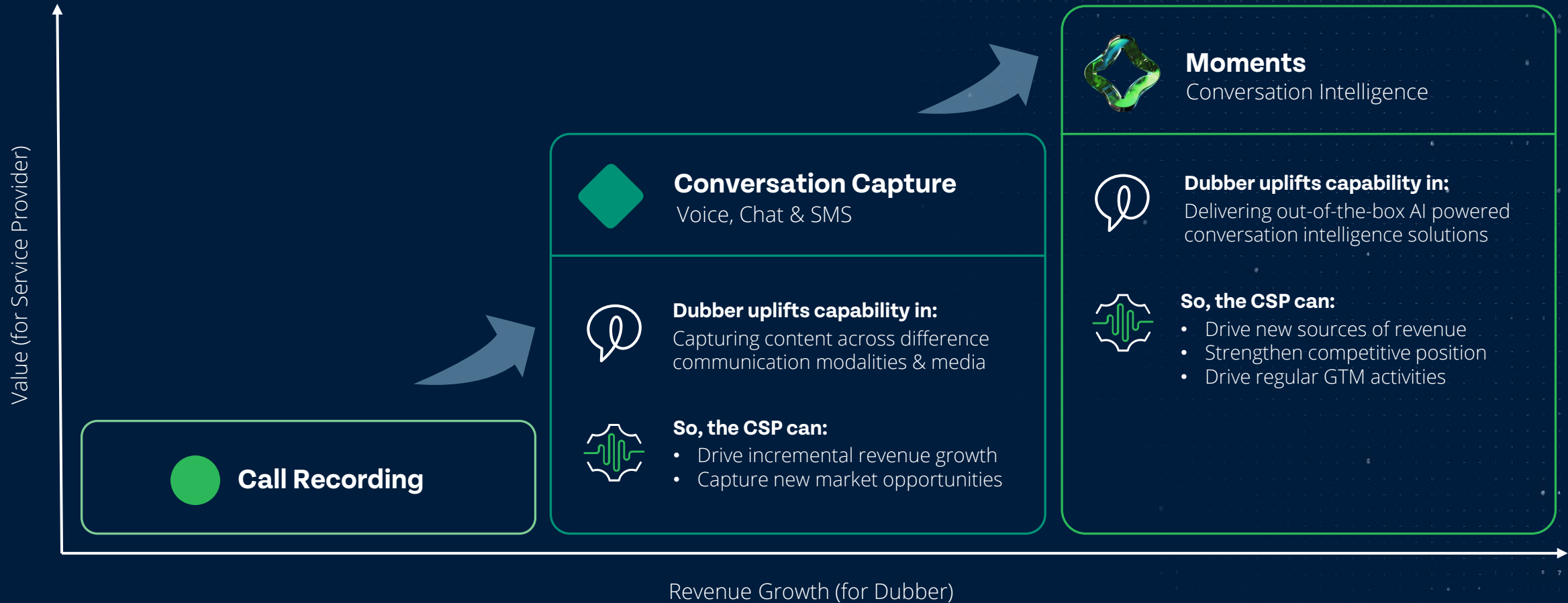
Revolutionising communication

*dubber*

# Solution Evolution Driving Revenue Growth with Partners



Communication service providers (CSP) are the centre of our universe and everything we do is designed to help them differentiate their market offering, augment product functionality, increase ARPU and deliver more value to their customers. This in turns drives revenue growth for Dubber.



# Moments Greenshoots

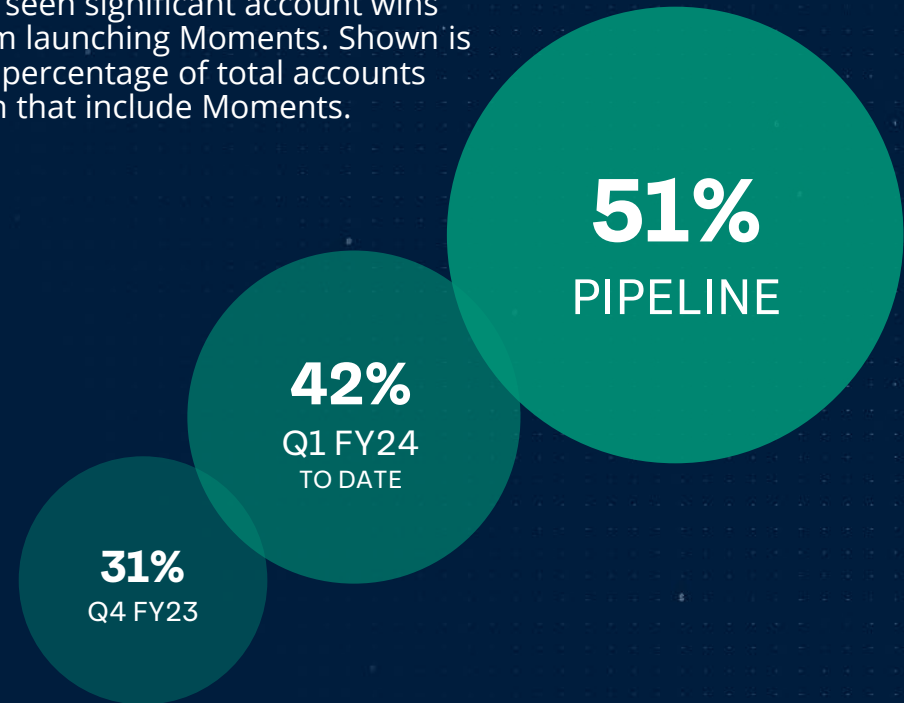


- Dubber Moments launched in all Dubber regions.
- First partners in each region have launched Moments and are seeing immediate results and pipeline growth.
- Available to all global partners with varying stage of release, dependent on language support.



## Partner Focus

The first Australian launch partner has seen significant account wins from launching Moments. Shown is the percentage of total accounts won that include Moments.





# Moments early adopter use cases

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# Leading construction industry supplier **transforms Customer Service**, through uncovering valuable insights into delivery challenges

## The Challenge


A large enterprise catering to both major and niche construction firms grappled with escalating customer grievances and slumping sales.


Conventional methods for complaint analysis proved tedious and time consuming and fell short in delivering the essential insights necessary for targeted issue resolution and the elevation of customer experiences.


## The Solution

By implementing Dubber's conversation capture across all their brands and **activating the Moment designed to identify complaints topics**, managers were able for the first time see a comprehensive analysis of the complaints across all the calls.

They now review the results daily to identify the root cause of all complaints and implement immediate actions to resolve issues. Leveraging predictive analysis, they've further unearthed a probable surge in delivery-related complaints anticipated in the weeks preceding Christmas.

 Voice of customer

 Complaints

 Unified Communication Contact Centre





# Major retailer **transforms Employee Wellbeing**, reducing response time to abusive calls from four weeks to mere hours

## The Challenge


Within a retail giant that predominantly employs young women, distressingly frequent incidents of sexually or emotionally abusive phone calls have marred the work environment.

The critical process of identifying and assisting those affected has, regrettably, extended well beyond a 4-week timeframe.


## The Solution

By implementing Dubber's conversation capture across all retail outlets and **activating the Moment designed to flag abusive calls**, store managers achieved real-time feedback following any such incident.

This transformative approach markedly enhanced the organisation's ability to swiftly identify affected individuals and significantly reduced the time required to provide them with essential support.

 Voice of customer

 Abuse

 Fixed Line



# An automotive powerhouse **transforms Sales Performance**, through identifying opportunities to improving employee sales effectiveness and implementing targeted training

## The Challenge

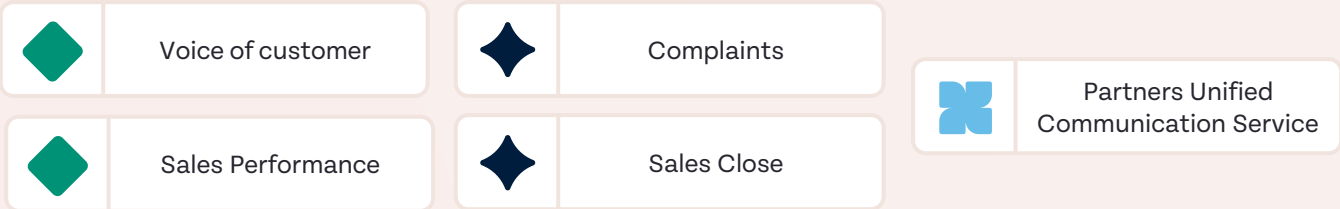
At the core of a prominent automotive powerhouse, which offers an array of services, lies a fundamental reliance on every single employee within their expansive network. Irrespective of their position, each employee has the responsibility of actively engaging with customers calling their stores to deliver a service that ultimately culminates in successful sales.

Conventional methods of accessing the caliber of these conversations was costly and ineffective, as they merely sampled a small fraction of the total customer engagements.

## The Solution

By implementing Dubber's conversation capture across all their network and **activating multiple Moment's designed to identify attempts to close sales and complaints**, managers were able to get a better understanding as to the quality of conversations employees were having with customers.

With this data they strategically implemented tailored training programs. These initiatives enhanced the calibre of customer interactions, with the outcome a notable upswing in sales and improvement in overall customer service.



# A local government **enhances Customer Service Support**, through a deeper understanding of service requests for informed council program initiatives

## The Challenge

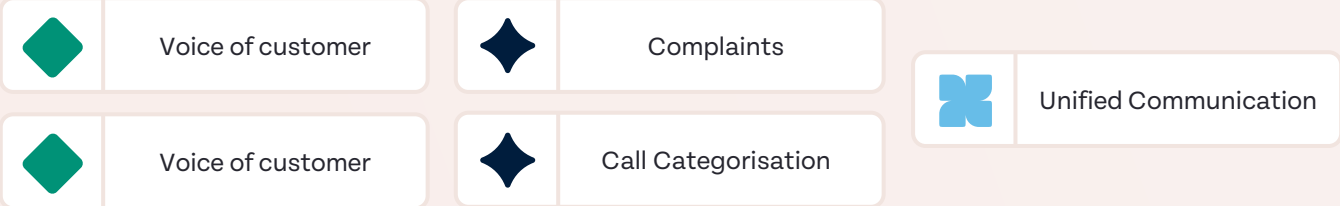
Local councils manage diverse community and business sectors, including healthcare, education, and community initiatives. They receive a large volume of calls across these areas, crucially influencing program usage and perception, and evaluating information and support effectiveness.

The challenge lies in the inability to thoroughly capture and investigate these calls, making it complex to allocate new programs or determine suitable areas for self-service initiatives.

## The Solution

By implementing Dubber's conversation capture across all their network and **activating the Moment's designed to categorise customer service requests and complaints**, managers were able to get a better understanding which areas are receiving calls and the context of the service request.

With insights and service topic trends enables more efficient allocation of funding and resourcing and influences new initiatives and programs of work across the council departments.





# FY24 Outlook

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# Outlook – Company reiterates the expectations for FY24

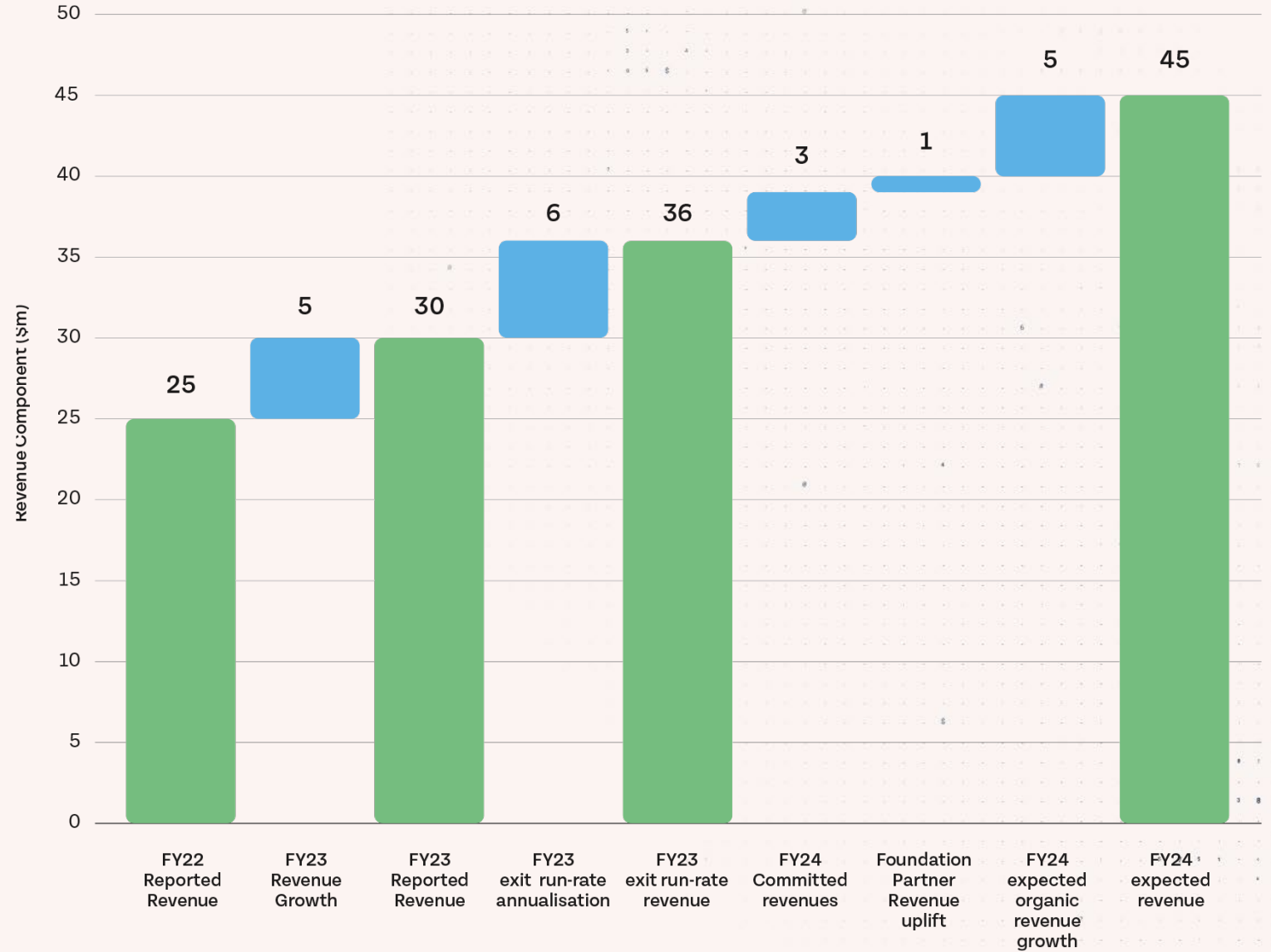


- The business continues to focus on accelerating the current recurring revenue growth rate through its organic customer uptake and expansion, as well as the realisation of the contract value of its new and expanded communication service provider agreements.
- For FY24, the Company expects revenues of \$45m in FY24 (an uplift of approximately 50% on the FY23 reported revenue), entering FY25 with an annualised run rate in excess of \$50m.
- 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 in Q1 FY24, with an additional \$3m of savings above the initial restructuring programme to be realised over FY24.
- As a result, the Company expects to incur \$65m of costs in FY24 (excluding share-based payment expenses, FX gains and losses and impairment), down from \$88m in FY23, with costs being broadly flat over the course of FY24 (excluding any timing impacts of working capital).
- Quarterly cash operating costs for Q1 FY24 are expected to be approximately \$18m and net operating cash outflow for Q1 FY24 to a range of \$8m-\$10m (depending on the timing of customer cash receipts and creditor payments).
- The Company's primary focus is to drive revenue growth and manage resources and costs to achieve its target of cashflow breakeven in FY25, assuming no material changes to trading conditions or strategy.

# Confidence in FY24 revenue expectations through activities in progress



## FY24 Expected Revenue Build Components (AUD\$)





SAVE THE DATE



# Investor Day

October 4 | Dubber HQ, 2 Russell St Melbourne



Dubber is pleased to announce its next investor day, held for the first time at Dubber’s Melbourne HQ.

Investors will have the opportunity to get a deeper and broader understanding of the business by hearing from and engaging with key management and executives.

Hosted by:



**Neil Wilson**  
Chair



**Steve McGovern**  
Chief Executive Officer



**James Slaney**  
Chief Operating Officer

Keynote speakers:

- Andrew Demery**, Chief Financial Officer
- Steve Wilson**, Chief Technology Officer
- Kimberley Axon**, Chief People Officer

- Russell Evans**, Chief Revenue Officer
- Dr Iain McCowan**, Director, R&D & AI
- Michael Wedding**, Global Director, Product

PLUS more incredible customer and partner guest speakers to be announced.

IN-PERSON EVENT

*This will be a highly interactive experience so we recommend attending in-person if possible.*

Look out for confirmation of event day and further details in the coming weeks.



# Q&A

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