

# Interim Financial Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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*dubber*





# Appendix 4D

## Half Year Report to the Australian Securities Exchange

### PART 1

<b>Name of Entity</b>	Dubber Corporation Limited
<b>ABN</b>	64 089 145 424
<b>Half Year Ended</b>	31 December 2020
<b>Previous Corresponding Reporting Period</b>	Half year ended 31 December 2019

### PART 2 – RESULTS FOR ANNOUNCEMENT TO THE MARKET

	<b>\$'000</b>	<b>Percentage increase /(decrease) over previous corresponding period</b>
Revenue from continuing operations	10,095*	61%
Loss from continuing activities after tax attributable to members	(7,473)*	(14%)
Net loss attributable to members	(7,646)*	(12%)
<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Record date for determining entitlements to the dividends (if any)	No Applicable	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Note: \*Includes a \$1.8M Research and Development Tax Rebate received in December 2020.

For further information, refer to the Review of Operations contained in the Directors' Report which forms part of the Interim Financial Report for the Half Year Ended 31 December 2020.



## PART 3 – CONTENTS OF ASX APPENDIX 4D

<b>Section</b>	<b>Contents</b>
Part 1	Details of entity, reporting period
Part 2	Results for announcement to the market
Part 3	Contents of ASX Appendix 4D
Part 4	Commentary on results
Part 5	Details relating to dividends
Part 6	Net tangible assets per security
Part 7	Details of entities over which control has been gained or lost
Part 8	Details of associates and joint venture entities
Part 9	Information on audit or review



## PART 4 – COMMENTARY ON RESULTS

Refer to the Review of Operations contained in the Directors' Report which forms part of the attached Interim Financial Report for the Half Year Ended 31 December 2020 for details.

## PART 5 – DETAILS RELATING TO DIVIDENDS

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

## PART 6 – NET TANGIBLE ASSETS PER SECURITY

	2020	2019
Net tangible asset backing per ordinary security	9.96 cents	9.93 cents

## PART 7 – DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST

Name of entity (or group of entities)	Refer to Note 7 in the attached Interim Financial Report
Date control gained or lost	Not applicable
Contribution of the controlled entity (or group of entities) to the profit/(loss) from ordinary activities during the period, from the date of gaining or losing control	Not applicable
Profit (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	Not applicable
Contribution to consolidated profit/(loss) from ordinary activities from sale of interest leading to loss of control	Not applicable



## PART 8 – DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

	Ownership Interest		Contribution to net profit/(loss)	
	2020 %	2019 %	2020 \$A'000	2019 \$A'000
Name of entity	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Associates				
Joint Venture Entities				
Aggregate Share of Losses				

## PART 9 – AUDIT/REVIEW STATUS

**This report is based on accounts to which one of the following applies:** (Tick one)

- |   |                          |  |                                     |
|---|--------------------------|--|-------------------------------------|
| The accounts have been audited  | <input type="checkbox"/> | The accounts have been subject to review           | <input checked="" type="checkbox"/> |
| The accounts are in the process of being audited or subject to review | <input type="checkbox"/> | The accounts have not yet been audited or reviewed | <input type="checkbox"/>            |

**If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:**

Not applicable

**If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:**

Not applicable

## ATTACHMENTS FORMING PART OF APPENDIX 4D

Attachment No.	Details

Signed by Director

Peter Clare

**Dated: 26 February 2021**



# Corporate Directory

## BOARD OF DIRECTORS

Peter Clare

Non-Executive Chairman

Steve McGovern

CEO & Managing Director

Peter Pawlowitsch

Executive Director

Gerard Bongiorno

Non-Executive Director

Ian Hobson

Company Secretary

## SHARE REGISTRY

Automic Registry Services

Level 2, 267 St Georges Terrace

Perth WA 6000

Telephone: +61 8 9324 2099

## AUDITOR

BDO Audit (WA) Pty Ltd

38 Station Street

Subiaco WA 6008

## SECURITIES EXCHANGE

Dubber Corporation Limited shares are listed on the Australian Securities Exchange

ASX Code: DUB

## REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Level 5, 2 Russell Street

Melbourne VIC 3000

Telephone: +61 3 8658 6111

Web: [dubber.net](http://dubber.net)

## SOLICITOR

Milcor Legal

Level 1, 6 Thelma Street

West Perth WA 6005

## BANKER

Westpac Banking Corporation Limited

150 Collins Street

Melbourne VIC 3000



Your Directors submit the financial report of the consolidated entity for the half-year ended 31 December 2020. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

# DIRECTORS

The names of the Directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated:

<b>Peter Clare</b>	Non-Executive Chairman
<b>Steve McGovern</b>	CEO & Managing Director
<b>Peter Pawlowitsch</b>	Executive Director
<b>Gerard Bongiorno</b>	Non-Executive Director



# REVIEW OF OPERATIONS

The Company came into the financial year with an internal goal against a 5-year strategy, namely to double the size of the business by the end of financial year 2021.

At the outset of the current financial year, the Company had annualised recurring revenue (ARR) of approximately \$16m, 192,000 users and \$18m cash at bank. At the half year, the Company has substantially achieved its goal for the year via sustained organic sales growth and a strategic acquisition process strongly endorsed by shareholder support. Now at the half year, the Company has approximately \$28m ARR, in excess of 300,000 users and \$42m cash at bank. Further, the addition of key personnel has placed the Company in a very strong position to accelerate against both its immediate and long-term strategy.

The Company is recognized as the global leader in its field in a sector where convergence of telecommunications services, a move to distributed workforces and an appetite for insights into customer, employee and business intelligence insights is escalating rapidly. Increasing compliance requirements and demands continue to accelerate these trends.

These trends lead to the requirement for Unified Call Recording (UCR) and Voice AI whereby any person, on any major communication service, using multiple telecommunications networks such as fixed, mobile, MS Teams, Webex etc can benefit from the same set of cloud platform applications with data available in from one centralized source.

During the half year the Company continued to expand on its core strategy of Service Provider network integrations while augmenting its capability with Cisco Webex Calling and Microsoft Teams capabilities. The Dubber platform is the only one of its kind globally and has a unique capability to deliver this UCR and Voice AI at scale for businesses of any size.

In the second half of FY21, we expect to be able to build out this network footprint further and include the capacity to bring additional capabilities such as support for Zoom and RingCentral into the Dubber platform. At the same time, we will continue to add to our partnerships and integrations such as those with Salesforce, IBM and Amazon, and mobile carriers.

The expansion of Dubber's service provider networks, combined with its unified communications capability for services such as Cisco Webex Calling and Microsoft Teams, provides a unique footprint which enables true Unified Call Recording and delivery of the Voice Intelligence Cloud at global scale.

The second half of FY21 provides an opportunity to capitalize on this capability to deliver diverse product and subscription billing models which can accelerate the Company's revenue growth as it adds consumption-based revenues to its current user based recording model. The Company is focused on increasing its ARR as its primary growth metric.





This was illustrated by the launch of Dubber across three diverse large scale AT&T networks subsequent to the half year.

These partnerships provide customers with even greater utility from their Dubber data – such as seamlessly populating Salesforce records with recordings, data and transcriptions – while also broadening Dubber's reach into new customers and application scenarios.

The half-year after tax net loss for Dubber Corporation Limited was \$7,473,194 (2019: loss of \$8,658,838).

## Operational Highlights

- Acquisition of Speik, a leading UK mobile recording company
- Launched a unified call recording and voice AI solution for Microsoft Teams
- Established global channel programme for Microsoft Channel Partners and Resellers
- Launched global channel program with Cisco Channel Partners and Resellers
- Launched Australian channel program with Telstra Partners and Resellers
- Capital raising of \$45m by way of a \$35m Placement and \$10m Share Purchase Plan (SPP)

## Key Metrics (Compared to the previous corresponding period):

- Annual Recurring Revenue increase 168% to \$28.4m (from \$10.6m)
- Operating revenue increased 62% to \$7.3M (from \$4.5M)
- Total revenue up 61% to \$10M (from \$6.2M)
- Loss decrease by 14% to \$7.4M (from loss of \$8.6M)
- Users up 145% to 300,000+ (from 122,549)
- Contracted Telecommunications Service Providers up 22% to 150 (from 123)
- Service Providers at the stage of billing increased 45% to 94 (from 65)

REVENUE: HY21	ANNUALISED RECURRING REVENUE (ARR)	CASH ON HAND
\$7.28m	\$28.4m	\$42m
+62% PCP	+168% PCP	

SUBSCRIBERS	SERVICE PROVIDERS & SOLUTIONS		CASH RECEIPTS: HY21
300,000 +	150 Contracted	94 Billing	\$6.99m
+145% PCP	+22% PCP	+45% PCP	+177% PCP

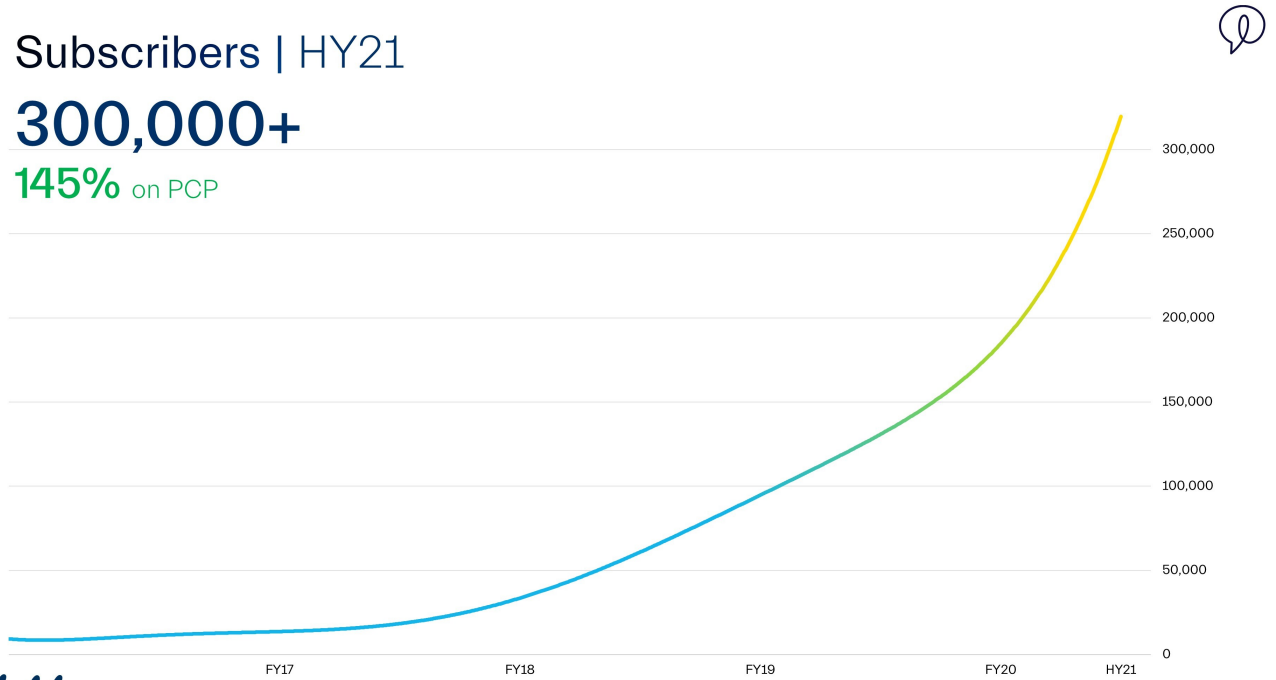


### Subscribers | HY21

**300,000+**

**145%** on PCP

*dubber*



### Revenue | HY21

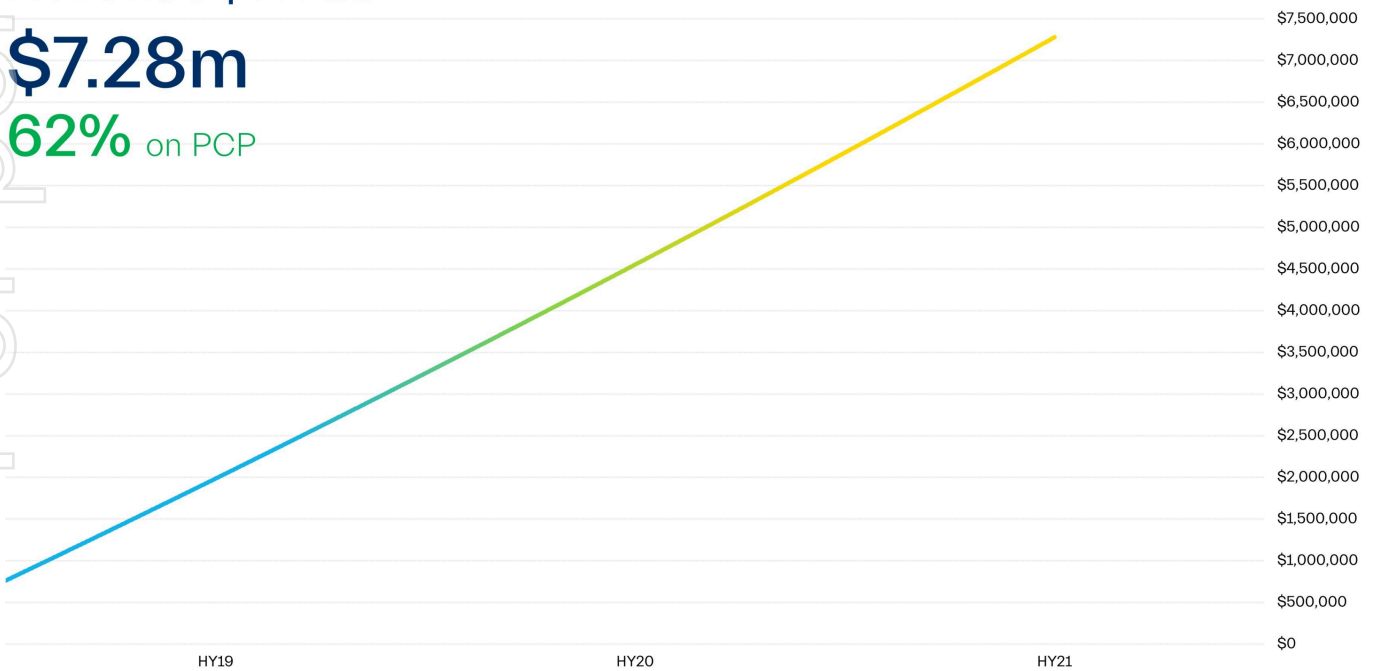
**\$7.28m**

**62%** on PCP

HY19

HY20

HY21



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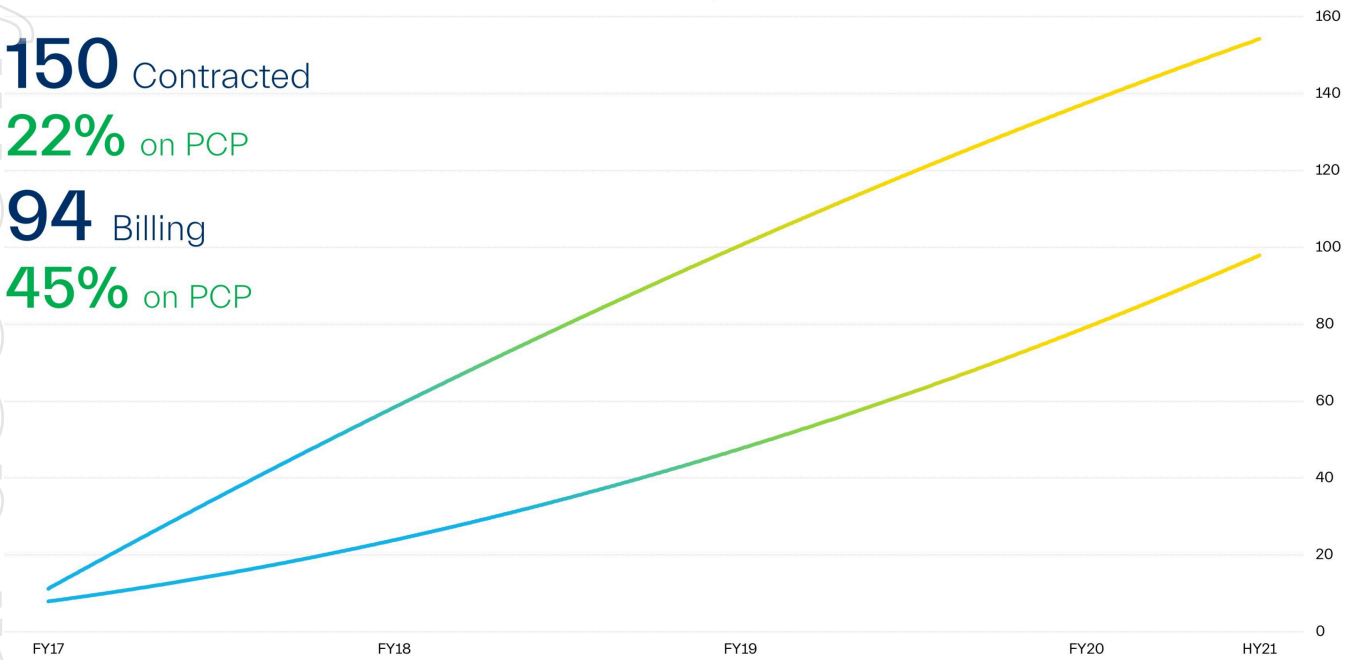
### Service Providers & Solutions | HY21

**150** Contracted

**22%** on PCP

**94** Billing

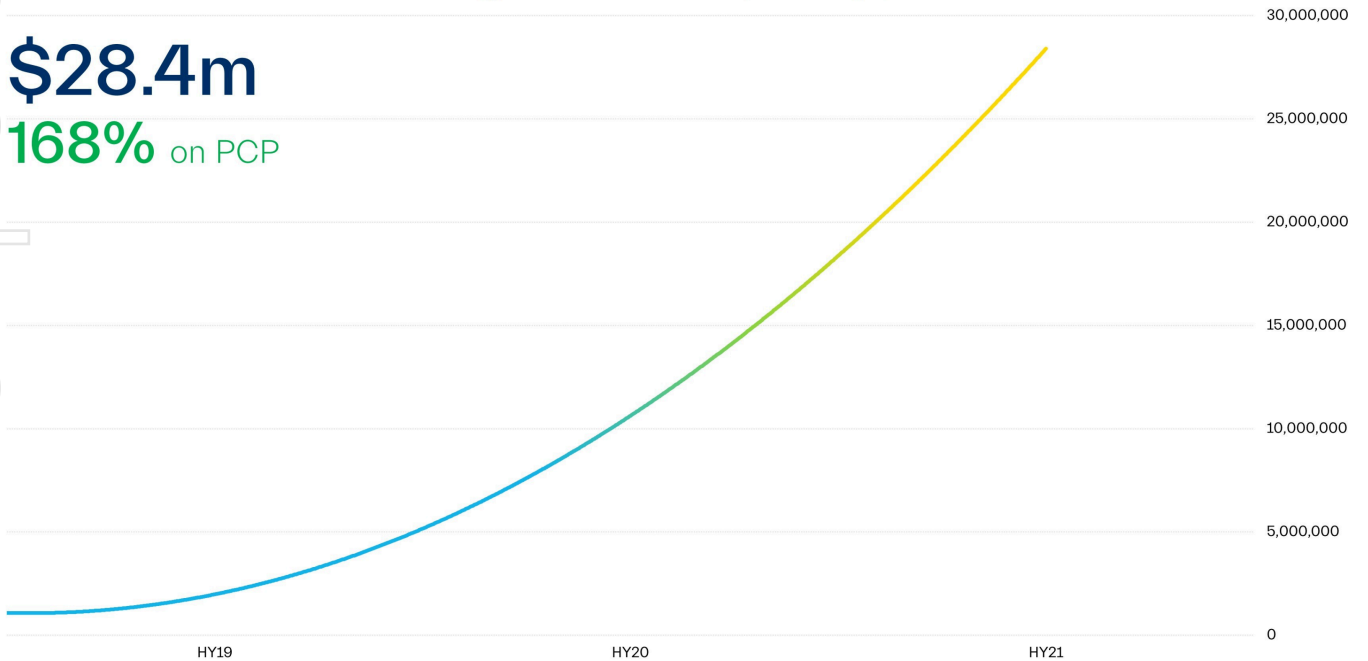
**45%** on PCP



### Annualised Recurring Revenue (ARR) | HY21

**\$28.4m**

**168%** on PCP





## Acquisition of Speik Ltd

In December 2020, Dubber announced the successful acquisition of 100% of the equity in Speik Ltd. Speik is a business created from the merger of two industry leaders in the UK market, Voxygen Ltd and Aeriandi Ltd.

Speik comprises:

- Hardware based mobile recording service embedded natively into O2 networks, the leading business mobile network in the UK, formerly owned by British Telecom and now part of the Telefonica group.
- PCI compliance solutions in conjunction with, among others, Vodafone, Gamma and '3' networks in the UK whereby its technology enables the compliant processing of credit card payments for enterprises.
- A number of related services including archive recording services for enterprises, and carriage where required, of telephony services in conjunction with their Carrier partners.
- Speik are the leading UK provider of mobile call recording and PCI payments solutions
- Speik has the most core telecommunication network integrations in the UK for recording and payments
- Profitable & growing
- Powers Telefonica's UK O2 mobile call recording solution
- Global MOTO Payment supplier to Vodafone
- Strong product synergies with Dubber with significant upsell and cross sell opportunities post acquisition

## Cisco Webex Calling

Dubber is the native, and therefore only, recording capability within Cisco Webex Calling. Cisco Webex Calling is the transformative Cloud telecommunications platform of Cisco Systems and serves telecommunications service providers and enterprises globally.

As enterprise seek to deploy carrier grade telecommunications into 'working from home' and other distributed workforce scenarios, Cisco has built a substantial sales pipeline globally and this has an impact on the requirement for Dubber, particularly where compliance based call recording is needed. The conversion timeframe whereby the Dubber pipeline converts into subscriptions is directly linked to the Cisco Webex Calling service being rolled out to the enterprise user, a process which is gaining constant momentum, and the Company sees this initiative as being a substantial contributor to the Company's revenue for EOFY 2021 and beyond.

The Company is continuing to expand its position with Cisco in terms of technology integration, product releases and sales performance. This has been reflected in the deployment, subsequent to the half year, of Dubber into AT&T's business networks HVS and HCS; their major enterprise telephony networks.

## Microsoft Teams Solution

Dubber delivered the global launch of Unified Call Recording and Voice AI solutions on Microsoft Teams, supported by a new and tailored global channel partner and reseller program.

Unified Call Recording is a first of its kind capability for Microsoft Teams and is enabled by Dubber's unique ability to capture any conversation – voice or video – on Microsoft Teams in the cloud – and to aggregate recordings, data, insights and alerts from service provider and unified communications platforms, compliantly, in one place.



Microsoft Teams is one of the world's fastest growing team collaboration suites and has more than 75 million daily active users. Dubber allows MS Teams customers to automate voice recording at scale from any device with no need for hardware. Unified call recording and voice AI are a key enabler of compliance, customer satisfaction and sales performance - delivering real-time insights, sentiment analysis, alerts, beautiful transcriptions and more.

Dubber has also built an extensive global channel partner program for Microsoft partners including partner incentives with support, deployment, and training resources. Dubber on Microsoft Teams is available from Dubber and its registered resellers and partners and can be easily activated on the MS Teams platform.

The Company is currently engaged with some of its larger Service Provider partners which are expected to generate a significant driver of ARR growth through the remainder of the calendar year

Subsequent to the half year, Dubber's Cloud Platform achieved compliance call recording certification for Microsoft Teams.

### IBM Cloud for Telecommunications

In November, IBM launched IBM Cloud for Telecommunications, a specific suite of services designed for Cloud transition for its global network of Telecommunications carrier customers. The Dubber platform was included as the recording and data capture component, the only Australian based Company to have a technology included.

By the end of the half year, IBM had commenced engagement with its telecommunications service provider customers, particularly those offering services to the banking and financial services institutions, and the Company expects to see results in the current financial year.

### Capital raise of \$45m

The Company successfully completed a capital raising to sophisticated shareholders in October 2020. The placement garnered strong support with the Company electing to raise \$35m (before costs). Subsequently, in November 2020, the Company offered existing shareholders the opportunity to participate in a Share Purchase Plan (SPP). This was also very well received and resulted in the Company accepting \$10m (before costs).

### Outlook

Dubber is the number one source of Unified Call Recording and Voice AI services and due to its unique capacity within Telecommunications networks, the only way to put voice AI on every phone and every end point. The activities during the half year illustrated this position enabling the Company to be expand on its UCR strategy with initiatives such as Cisco, Microsoft Teams and IBM.

This strategy continues to comprise:

1. To be embedded in a service providers networks as either a key or standard feature that is always on and being always on;
2. Being the preferred technology solution with the world's leading unified communications providers;
3. Unlocking the network effects with every user added through the platform; and
4. Harness our technology to drive efficient scaling through operational and technological advantage.



The Company's key and continuing focus is to scale the business to capitalise on the global opportunity and its uniquely scaleable technology.

This includes:

- Growing the number of service provider networks that are connected to the Dubber platform;
- Providing innovative solutions to extract insights from AI enriched voice data;
- To increase growth in user numbers and associated recurring revenues as a result of key long-term initiatives;
- Growing the team to deliver brand advantage, sales, account management and product growth; and,
- Strategic acquisitions.

The Company has built a strong foundation to support these strategies and will continue to add to its multijurisdictional team and deploy resources as required.

The Company's operations since being founded in 2011 has been focussed on building a global footprint of telecommunication partners which enables it to capture voice data at scale, across multiple networks and centralise that data into the Dubber platform. The requirement for call recording for compliance is growing substantially in line with changes in the global regulatory landscape and the ability to capture recordings beyond the walls of a contact centre, directly from the source of the call, continues to be a primary source of revenue for the Company.



## CHANGES IN STATE OF AFFAIRS

During the half year ended 31 December 2020 there was no significant change in the entity's state of affairs other than that referred to in the half year financial statements or notes thereto.

## SIGNIFICANT MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There are no matters or circumstances which have arisen since the end of the half year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods, other than as disclosed in Note 16 to the financial statements.

## AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year ended 31 December 2020 is included within this financial report.

Signed in accordance with a resolution of Directors.

**Steve McGovern**  
CEO & Managing Director

26 February 2021



	Note	31 Dec 2020 \$	31 Dec 2019 \$
<b>Revenue</b>			
Service income	2 (a)	7,288,641	4,501,571
Other income	2 (b)	2,806,122	1,782,745
<b>Gross revenue</b>		<b>10,094,762</b>	<b>6,284,315</b>
Salaries and related expenses		(10,468,336)	(8,956,658)
Direct costs		(3,785,656)	(3,174,270)
General and administration costs		(2,024,959)	(1,721,463)
Finance costs		(126,101)	(67,823)
Depreciation and amortisation		(1,111,207)	(980,051)
Non-operating foreign exchange gains/(losses)		(51,697)	(42,888)
<b>Loss before income tax expense</b>		<b>(7,473,194)</b>	<b>(8,658,838)</b>
Income tax expense		-	-
<b>Loss after income tax expense for the period</b>		<b>(7,473,194)</b>	<b>(8,658,838)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation differences		(172,880)	(8,150)
<b>Other comprehensive income for the period, net of tax</b>		<b>(172,880)</b>	<b>(8,150)</b>
<b>Total comprehensive loss for the period attributable to owners of Dubber Corporation Limited</b>		<b>(7,646,074)</b>	<b>(8,666,988)</b>
<b>Earnings per share attributable to the owners of Dubber Corporation Limited:</b>			
		<b>Cents</b>	<b>Cents</b>
Basic loss per share		(2.93)	(4.53)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.





	Note	31 Dec 2020 \$	31 Jun 2020 \$
<b>Current Assets</b>			
Cash and cash equivalents		42,836,591	18,408,881
Trade and other receivables	3	18,598,550	10,346,912
Sundry debtors		307,025	106,067
<b>Total Current Assets</b>		<b>61,742,166</b>	<b>28,861,860</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		648,780	241,582
Intangible assets	4	41,092,497	4,137,010
Right-of-use asset	5	1,822,045	2,102,360
<b>Total Non-Current Assets</b>		<b>43,563,322</b>	<b>6,480,952</b>
<b>Total Assets</b>		<b>105,305,487</b>	<b>35,342,812</b>
<b>Current Liabilities</b>			
Trade and other payables	6	11,048,560	5,323,337
Deferred consideration		-	116,381
Contract liabilities		2,781,158	632,623
Lease liability	5	383,331	560,630
Provisions		988,743	763,974
<b>Total Current Liabilities</b>		<b>15,201,792</b>	<b>7,396,945</b>
<b>Non-Current Liabilities</b>			
Deferred consideration	7	18,880,559	-
Lease liability	5	1,983,218	1,915,789
Contract liabilities		400,745	182,789
Provisions		336,117	300,910
Other		143,514	-
<b>Total Non-Current Liabilities</b>		<b>21,744,153</b>	<b>2,399,488</b>
<b>Total Liabilities</b>		<b>36,945,945</b>	<b>9,796,433</b>
<b>Net Assets</b>		<b>68,359,542</b>	<b>25,546,379</b>
<b>Equity</b>			
Issued capital	8	135,946,640	85,666,948
Reserves		8,469,160	8,803,497
Accumulated losses		(76,056,258)	(68,924,066)
<b>Total Equity</b>		<b>68,359,542</b>	<b>25,546,379</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2020</b>	<b>85,666,948</b>	<b>8,803,497</b>	<b>(68,924,066)</b>	<b>25,546,379</b>
Loss after income tax expense for the period	-	-	(7,473,194)	(7,473,194)
Other comprehensive income/(loss) for the period, net of tax	-	(172,880)	-	(172,880)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(172,880)</b>	<b>(7,473,194)</b>	<b>(7,646,074)</b>
<b>Transactions with owners in their capacity as owners</b>				
Securities issued during the period	52,014,903	-	-	52,014,903
Capital raising costs	(2,159,651)	-	-	(2,159,651)
Cost of share based payments	424,440	(161,458)	341,002	603,984
<b>Balance at 31 December 2020</b>	<b>135,946,640</b>	<b>8,469,158</b>	<b>(76,056,258)</b>	<b>68,359,542</b>

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2019</b>	<b>71,592,844</b>	<b>7,355,894</b>	<b>(50,923,806)</b>	<b>28,024,932</b>
Loss after income tax expense for the period	-	-	(8,658,838)	(8,658,838)
Other comprehensive income/(loss) for the period, net of tax	-	(8,150)	-	(8,150)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(8,150)</b>	<b>(8,658,838)</b>	<b>(8,666,988)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Securities issued during the period	1,461,000	-	-	1,461,000
Capital raising costs	-	-	-	-
Cost of share based payments	2,938,000	321,393	-	3,259,393
<b>Balance at 31 December 2019</b>	<b>75,991,844</b>	<b>7,669,137</b>	<b>(59,582,644)</b>	<b>24,078,337</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



	31 Dec 2020 \$	31 Dec 2019 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	6,992,209	2,524,267
Payments to suppliers and employees	(15,733,318)	(9,794,982)
Interest received	258,115	66,817
Government grants received	2,544,234	1,672,459
Interest and other finance costs paid	(1,269)	(3,842)
<b>Net cash outflows used in operating activities</b>	<b>(5,940,029)</b>	<b>(5,535,281)</b>
<b>Cash flows from investing activities</b>		
Payments for business acquisition	(13,768,880)	-
Purchase of plant and equipment	(93,244)	(96,039)
Payment of security bond and funds held in trust	(1,500,000)	(17,194)
<b>Net cash outflows used in investing activities</b>	<b>(15,362,124)</b>	<b>(113,233)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	45,999,783	-
Proceeds from exercise of share options	1,690,590	1,461,000
Payment of share issue costs	(2,346,720)	-
Principal elements of lease payments	(223,744)	(118,844)
Proceeds from borrowings	578,948	-
Repayment of combined debt conversion loan	40,000	-
<b>Net cash provided by financing activities</b>	<b>45,738,857</b>	<b>1,342,156</b>
Net increase in cash held	24,436,704	(4,306,358)
Cash and cash equivalents at the beginning of the period	18,408,881	19,618,245
Effect of exchange rate changes on cash	(8,994)	24,063
<b>Cash and cash equivalents at the end of the period</b>	<b>42,836,591</b>	<b>15,335,950</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.



## 1. BASIS OF PREPARATION

These general purpose interim financial statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by Dubber Corporation Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2011.

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period, except in relation to the matters disclosed below.

### Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

### Critical accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.



### Key estimates - Impairment

The Group tests annually whether the carrying value of goodwill and other intangibles exceed its recoverable amount to determine potential impairment requirements. The recoverable amount of goodwill and other intangibles has been calculated using a number of assumptions as disclosed in note 7. No impairment has been recognised in respect of intangibles at the end of the reporting period.

### Key judgements – Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes method. The related assumptions are detailed in Note 21. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

### Key judgements – Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

### Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

### Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

### Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.



## Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

## Key estimate relating to contingent consideration

The Group has estimated these amounts based on management's best judgement as to the actual expected outcome for this component. The amount was management's estimate of the final consideration payable.

## 2. REVENUE FROM CONTINUING OPERATIONS

	31 Dec 2020	31 Dec 2019
	\$	\$
<b>(a) Service income*</b>		
Subscriptions	7,260,151	4,501,571
Professional services	28,490	-
<b>Total</b>	<b>7,288,641</b>	4,501,571
Disaggregation of revenue by jurisdiction and geographic region:		
Australia	3,098,878	2,480,959
United Kingdom	2,655,175	910,083
United States	1,534,588	1,110,529
<b>Total</b>	<b>7,288,641</b>	4,501,571
<i>*Revenue is recognised evenly on an over time basis over the course of the contract with customers.</i>		
<b>(b) Other income</b>		
Interest	258,116	66,817
Research and development tax incentive	1,814,234	1,632,459
Export market development grant	-	40,000
Jobkeeper grant	730,000	-
Rental income – sub lease	3,772	43,469
<b>Total</b>	<b>2,806,122</b>	1,782,745



### 3. TRADE AND OTHER RECEIVABLES

	31 Dec 2020	30 Jun 2020
	\$	\$
<b>Current</b>		
Trade receivables	13,180,629	8,560,372
Less: Provision for doubtful debt	(187,279)	(187,279)
Receivable from Medulla Group Pty Ltd vendors	100,977	140,977
Other debtors	-	79,064
Prepayments	2,308,000	65,667
Deposits in trust	3,195,623	1,687,511
Other receivables	600	600
	<b>18,598,550</b>	<b>10,346,912</b>

### 4. INTANGIBLE ASSETS

	31 Dec 2020	30 Jun 2020
	\$	\$
Dubber intellectual property – at cost	8,483,031	8,483,031
Less: accumulated amortisation	(8,483,031)	(7,712,477)
	-	770,554
Acquired research and development– at cost	2,772,801	-
	2,772,801	-
Goodwill	2,008,734	2,008,734
Acquired goodwill	36,310,962	1,357,722
	<b>38,319,696</b>	<b>3,366,456</b>
<b>Reconciliation</b>		
Balance at the beginning of the period	4,137,010	4,320,395
Acquired goodwill	34,953,240	1,357,722
Capitalised research and development	2,772,801	-
Amortisation expense	(770,554)	(1,541,107)
<b>Net carrying amount at the end of the period</b>	<b>41,092,497</b>	<b>4,137,010</b>



## 5. LEASES

<b>Right of use assets</b>		
Office space	2,545,890	2,545,890
Less: accumulated depreciation	(723,845)	(443,530)
	1,822,045	2,102,360
<b>Lease liabilities</b>		
Current	383,331	560,630
Non-current	1,983,218	1,915,789
	2,366,549	2,476,419

## 6. TRADE AND OTHER PAYABLES

	31 Dec 2020	31 Jun 2020
	\$	\$
Trade payables	3,821,993	2,476,386
Statutory taxes payable and superannuation payable	5,749,832	2,712,198
Short term borrowings	767,888	-
Other	708,847	134,572
<b>Total</b>	<b>11,048,560</b>	<b>5,323,337</b>





## 7. BUSINESS COMBINATIONS

In December 2020, Dubber Corporation Limited, acquired 100% of the ordinary shares of UK based company Speik Ltd for the estimated total consideration of cash and FPO shares in Dubber corporation Limited to the value of \$35.2M. An initial consideration was made in December 2020 with the balance of the consideration dependent upon the satisfaction of agreed earn-out criteria in April 2022.

The acquired business contributed revenues of \$1,161,162 to the consolidated entity for the period ended 31 December 2020. The values identified in relation to the acquisition of Speik Ltd are provisionally accounted for as at 31 December 2020.

Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	332
Trade and other receivables	3,579
Prepayments	571
Plant and equipment	380
Intangibles	2,852
Payroll liabilities	(511)
Statutory liabilities	(937)
Trade and other payables	(1,021)
Contract liabilities	(2,214)
Employee benefits	(43)
Loans	(2,047)
Sundry	(621)
Net assets acquired	320
Goodwill	34,953
Estimated fair value of the total consideration	35,273
<b>Representing:</b>	
2,441,533 fully paid ordinary shares in Dubber Corporation Ltd issued issued to vendor	4,212
Estimated cash and/or FPO in Dubber Corporation Ltd to be issued to vendor at completion of earn-out period (deferred consideration) **	18,881
Cash paid to vendor	12,180
<b>Total</b>	<b>35,273</b>
Acquisition costs expensed to profit or loss	1,713

\*\*Refer to Note 11 for further detail on the fair value measurement policy applied to deferred consideration.



## 8. ISSUED CAPITAL

	31 Dec 2020	30 Jun 2020
	\$	\$
<b>(a) Issued and paid up capital</b>		
Ordinary shares - fully paid	135,952,285	85,666,948
<b>(b) Movement in ordinary shares on issue</b>	<b>Number</b>	<b>\$</b>
Balance at the beginning of the period	207,722,566	85,666,948
Issued pursuant to a placement	31,818,182	33,270,150
Issued pursuant to a share purchase plan	9,090,669	9,569,982
Issued on exercise of options	2,520,500	1,980,030
Issued on acquisition	2,547,132	4,324,530
Issued to directors pursuant to shareholder approval	1,666,666	1,000,000
Issued pursuant to an employee share plan	-	135,000
<b>Balance at the end of the period</b>	<b>255,365,715</b>	<b>135,946,640</b>

## 9. SHARE BASED PAYMENTS

	Value
	\$
Value of ordinary shares and unlisted employee options expensed during the half-year period	603,985

During the half year period, shareholders approved new executive services agreements with Mr Steve McGovern and Mr Peter Pawlowitsch. Included in the new agreements were short-term and long-term performance based zero priced options. The details of which are as follows:

Grant date	30 November 2020	30 November 2020	30 November 2020
Number of options	1,250,000	322,985	3,879,066
Vesting date	30/6/2021	31/7/2021	30/6/2023
Expense recognised in HY21 (\$)	\$303,237 (2020: \$-)	\$68,357 (2020: \$ -)	\$211,780 (2020: \$ -)
Dividend yield (%)	-	-	-
Expected volatility (%)	100%	100%	100%
Risk-free interest rate (%)	0.11%	0.11%	0.11%
Expected life of options (years)	2.58	2.58	4.58
Underlying share price (\$)	\$1.66	\$1.66	\$1.66
Option exercise price (\$)	\$0.00	\$0.00	\$0.00
Value of option (\$)	\$1.659	\$1.659	\$1.659



## 10. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis that it has only one main operating segment, being the Dubber technology suite. All the Group's activities are interrelated, and discrete financial information is reported to the Board of Directors as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The accounting policies applied for internal purposes are consistent with those applied in the preparation of these financial statements.

	Corporate \$	Technology \$	Total \$
<b>Half-year ended 31 December 2020</b>			
<b>Revenue:</b>			
Services revenue	-	7,288,641	7,288,641
Interest income	4,890	253,226	258,116
Other sundry income	-	3,771	3,771
Research and development tax rebate	1,814,234	-	1,814,234
Other government grants	261,500	468,500	730,000
<b>Total revenue</b>	<b>2,080,624</b>	<b>8,014,138</b>	<b>10,094,762</b>
Result: Profit/(Loss)	(1,280,121)	(6,193,073)	(7,473,194)
Acquisition of non-current assets	-	93,244	93,244
Amortisation	-	(770,554)	(770,554)
Depreciation of rights of use assets	-	(280,315)	(280,315)
Depreciation of non-current assets	-	(60,339)	(60,339)
Service platform costs	-	(3,501,873)	(3,501,873)
<b>As at 31 December 2020:</b>			
Intangible assets	-	42,914,542	42,914,542
Total assets	56,040,986	49,264,502	105,305,488
Total liabilities	(6,442,062)	(30,766,853)	(37,208,915)



## 10. SEGMENT INFORMATION (CONTINUED)

	Corporate \$	Technology \$	Total \$
<b>Half-year ended 31 December 2019</b>			
<b>Revenue</b>			
Services revenue		4,501,571	4,501,571
Interest income	3,331	63,486	66,817
Other sundry income	-	43,468	43,468
Research and development tax rebate	1,632,459	-	1,632,459
Other government grants	40,000	-	40,000
<b>Total revenue</b>	<b>1,675,790</b>	<b>4,608,525</b>	<b>6,284,315</b>
Result: Profit/(Loss)	(2,767,528)	(5,891,310)	(8,658,838)
Acquisition of non-current assets	-	96,039	96,039
Amortisation	-	(770,554)	(770,554)
Depreciation of rights of use assets	-	(179,943)	(179,943)
Depreciation of non-current assets	-	(29,555)	(29,555)
<b>As at 30 June 2020:</b>			
Intangible assets		4,137,010	4,137,010
Total assets	18,808,574	16,534,238	35,342,812
Total liabilities	(1,696,078)	(8,100,355)	(9,796,433)



## 11. FAIR VALUE MEASUREMENT

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

**Level 1:** Quoted prices in active markets for identical items (unadjusted)

**Level 2:** Observable direct or indirect inputs other than Level 1 inputs

**Level 3:** Unobservable inputs (i.e. not derived from market data)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below:

31 December 2020	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial Assets				
Total Financial Assets	-	-	-	-
Financial Liabilities				
Deferred consideration	-	-	18,880,559	18,880,559
Total Financial Liabilities	-	-	<b>18,880,559</b>	<b>18,880,559</b>
30 June 2020	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial Assets				
Total Financial Assets	-	-	-	-
Financial Liabilities				
Deferred consideration	-	-	-	-
Total Financial Liabilities	-	-	-	-



## 11. FAIR VALUE MEASUREMENT<sup>(CONTINUED)</sup>

### Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

Consolidated	Deferred Consideration	Total
Balance at 1 July 2020	-	-
Additions	18,880,559	18,880,559
Disposals		
Balance at 31 December 2020	18,880,559	18,880,559

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Deferred consideration	Call recording	5% to 10% (7.5%)	1% change would increase/decrease deferred consideration by \$228k
	Payments	5% to 10% (7.5%)	1% change would increase/decrease deferred consideration by \$116k
	Other	5% to 10% (7.5%)	1% change would increase/decrease deferred consideration by \$8k

Deferred consideration is based on Speik's budgeted revenue targets for FY22 with a multiplication factor applied, with each input above representing a separate revenue stream. Refer to Note 7 for full business combination disclosure.



## 12. DIVIDENDS

There have been no dividends declared or recommended and no distribution made to shareholders or other persons during the period.

## 13. COMMITMENTS

There has been no significant change in commitments since the last annual reporting date.

## 14. CONTINGENT LIABILITIES

As at the date of this report, the Group has no material contingent liabilities.

## 15. RELATED PARTIES

Other than the share-based payment transactions disclosed in Note 9, new executive agreements were approved by shareholders at the 2020 Annual General Meeting for Mr Steve McGovern and Mr Peter Pawlowitsch. Under these new agreements, options were issued on the basis of continued service.

Additionally, Mr Steve McGovern and Mr Peter Pawlowitsch were each issued 833,333 fully paid ordinary shares in line with a capital raising in April 2020 approved by shareholders at the 2020 Annual General Meeting at a price of \$0.60 per share.

The Group also entered into an arrangement to acquire UK based company Speik Ltd in December 2020 as disclosed in Note 7.

## 16. SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.



In the opinion of the directors of Dubber Corporation Limited (the company):

1. The financial statements and notes thereto of the consolidated entity, as set out within this financial report, are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year then ended.
2. there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

**Peter Clare**  
Non-Executive Chairman

26 February 2021



**DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF DUBBER CORPORATION LIMITED**

As lead auditor for the review of Dubber Corporation Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Dubber Corporation Limited and the entities it controlled during the period.

**BDO Audit (WA) Pty Ltd**



**Dean Just**  
**Director**

Perth, 26 February 2021

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dubber Corporation Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Dubber Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit (WA) Pty Ltd**

BDO  


**Dean Just**

**Director**

Perth, 26 February 2021

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