



ASX Announcement
ASX: DUB

31 October 2019

Dubber September 2019 Quarterly Activities, Business Update & Appendix 4C

Highlights:

- Revenue for the quarter was **\$2.15m**; an increase of 6% from June quarter of \$2.03m and **200%** on previous corresponding period (pcp) 2018 of \$717k;
- End user subscribers increased **23%** to in excess of **117,000** in the quarter and **165%** on pcp (44k);
- Agreements with Service Providers increased from **106** to **113** during the quarter;
- Telecommunications Service providers at the stage of billing increased from **43** to **52**;
- Contracted Annualised Recurring Revenue (CARR)¹ as at 30 September was **\$10.2m**.
- Dubber to go live as the **Cisco Webex Calling** recording service today 31/10/2019
- Established large distribution channel for both its Australian and global initiatives;
- Added additional key strategic staff to scale the business operations globally.

Dubber Corporation Limited (ASX: DUB) ('Dubber' or 'the Company'), the world's most scalable cloud call recording service, is pleased to release its Appendix 4C with the ASX for the quarter ended 30 September 2019 and provide an update on the Company's operating focus.

The September quarter saw the Company continue to scale up its business in preparation for expanding demand for its services. This saw substantial enhancement and growth of Dubber's sales teams with key positions appointed in Australia, Europe and North America, including:

- Global executive roles
- Executive leadership roles in Europe
- Account managers and leadership roles in North America

The Company also expanded its marketing, development, compliance and support structures. During the quarter, 26 full-time employees were added, 15 in sales and marketing and 11 in technology.

The team is now in place to meet the requirements of Dubber's near-term growth objectives anticipated in the current quarter of:

- Dubbers position as the recording service for the Cisco Webex Calling platform
- Mobile call recording in Australia
- Further network expansion with tier one carriers in the USA
- Rolling out a global Artificial Intelligence (AI) initiative with partnering Service Providers
- Continued development of a global distribution and re-seller network

¹ CARR is calculated by number of billable users x average revenue per user (ARPU) and does not include one-off items or discounted periods.

Dubber has consolidated its leadership position in cloud call recording and data capture in three critical areas:

1. Traditional “unified communications” (UC) networks operated by traditional telecommunications carriers;
2. Mobile and “fixed-mobile-converged” (FMC) networks operated by traditional mobile phone carriers;
3. Next generation cloud-based telecommunications systems, principally disruptive UCaaS networks like Cisco Webex Calling, in multiple variants.

The Company is strongly positioned to expand and grow its footprint in each of the aforementioned areas next calendar year and beyond. The Company is also well funded in order to continue executing on its growth targets.

Cisco Webex Calling

Cisco Webex Calling is a global telephony focus for Cisco, delivering a globally available, multi-tenant cloud-based alternative to on-premises PBX, and traditional on premises phone systems, as a subscription service. The service targets businesses and enterprises with 100 seats and above and is marketed by Cisco’s traditional Systems Integrator (SI)/Value Added Reseller (VAR) channels globally which includes its existing service providers. Cisco Webex Calling is based on the cloud telephony platform formerly known as ‘BroadCloud’. Dubber has been collaboratively working on this project for over 10 months, during which it has:

- Completed ISO 27001 compliance, which has been an essential step in order to allow Cisco’s SIs and VARs to be able to sell the Dubber platform as an integrated value-added service in Cisco Webex Calling engagements. ISO 27001 is a globally recognised standard for information security management systems (ISMS).
- Subsequently completed Cisco’s own accreditation programme CASPR.
- Actively engaged in numerous sales, training, and co-marketing activities to support the call recording and data capture requirement of the SIs and VARs
- Been integrated into the Webex Calling order entry system and provisioning systems

Dubber’s service is expected to go live today, (31 October 2019 USA time), whereby the Cisco channel can activate call recording via the Cisco Control Hub provisioning system.

Dubber anticipates that, during the current quarter, the service will be published in the Cisco price list and available via the Cisco order entry system, at which point the Company will provide a detailed update regarding the addressable market and how the service is delivered, globally, at scale.

Dubber is also currently engaging directly with many of the aforementioned SIs and VARs. This will facilitate a more rapid uptake of the platform and act as a sales enabler for these channel partners where call recording functionality is required in commercial requests for proposals (RFPs) for cloud telecommunications by end user businesses.

Mobile and ‘Whole of Business’ Recording

As stated in previous quarterly reports, the Company is experiencing significant demand for Artificial Intelligence (AI) solutions.

Whilst compliance and regulatory requirements for Dubber’s services continue to grow, businesses who may have utilised call recording services for limited uses in the past (e.g. contact centres) are seeking:

- Mobile recording services
- Insights on customer interaction across the whole business

This use case requires recording directly from mobile and associated networks and the Company is working towards launching a service which will see widespread availability in the local Australian market in the current quarter.

The Company's sales and support teams are actively preparing for the launch of the service which has both direct and channel distribution opportunities. During the quarter, the Company has activated a number of key partners including completing an agreement with Schepisi Communications, recently awarded the Telstra Enterprise Mobility Carriage Partner of the Year for 2019.

Global Artificial Intelligence Initiative

In its current presentation materials, the Company states that it believes that Artificial Intelligence (AI) will be delivered on a mass scale directly from the source of the call, via telephony networks.

Dubber has previously outlined its commercial partnership with IBM and together this quarter the two companies will commence an extensive AI initiative.

The initiative will have global opportunities via Dubber's service provider partners and via IBM's global customer base.

Continued Expansion of Service Provider Partnerships

During the quarter, the Company continued to increase its service provider engagements with contracted telecommunications service providers rising from 106 to 113 and those billing from 43 to 52.

Service providers who have initially contracted with Dubber as part of a Unified Communications (UC) offering are now increasingly expanding their integration of Dubber into multiple networks in order to provide customers with a consistent set of feature rich value-added services.

CEO and Managing Director of Dubber, Steve McGovern said: "We've continued to focus on accelerating our momentum across all core markets. We've invested significant energy and resources in accelerating our growth and team composition in North America, Europe and Asia Pacific. Fundamentally, we have scaled our operations from a 'Founder led' company to one which is able to execute on the opportunities which are in multiple jurisdictions.

We are continuing to see strong uptake and engagement with our global service provider partners and have been particularly pleased about our momentum with our relationship with Cisco/BroadSoft as Cisco Webex Calling commenced its global sales roll out in the September quarter. Cisco are expected to announce via a product release, that the recording service is live and available to order today, (31 October 2019, USA time), to meet existing demand with the service to be provided via the Cisco price list and order entry system in coming weeks. This will signify a major milestone for Dubber.

The past quarter has involved a significant operational undertaking and step forward in the key areas of global distribution channels and upscaling of network based addressable markets. Whilst we would have liked to have launched one of its key near term initiatives in the quarter, we are pleased with our momentum towards facilitating wide spread uptake of the Dubber platform as a mobile or fixed mobile converged offering. The Company believes that there is significant immediate demand for these services and activation of the initiatives should see user uptake and revenues grow strongly.

We expect to see the commercial launch of the Dubber services in a mobile offering in the current quarter and expand the service into North American carriers in FY2020.

Our AI programs are continuing to gain momentum with our large partners like IBM. We are seeing strong increases in the number of enterprise customers, particularly in North America, that are interested in garnering

business insights like real time sentiment and key word spoken mentions across their entire operations. We believe that *'voice is the new keyboard'* and gaining access to real-time voice calls on an enterprise-wide basis will be a strong business driver for us going into 2020.

Throughout the remainder of FY20 we will continue to procure additional key carrier agreements, accelerate their time to billing and add new channel and systems integrator agreements to build out the global backbone of call recording. These are the foundations of growth for the next term and we are now ready to execute on these with the team we have in place."

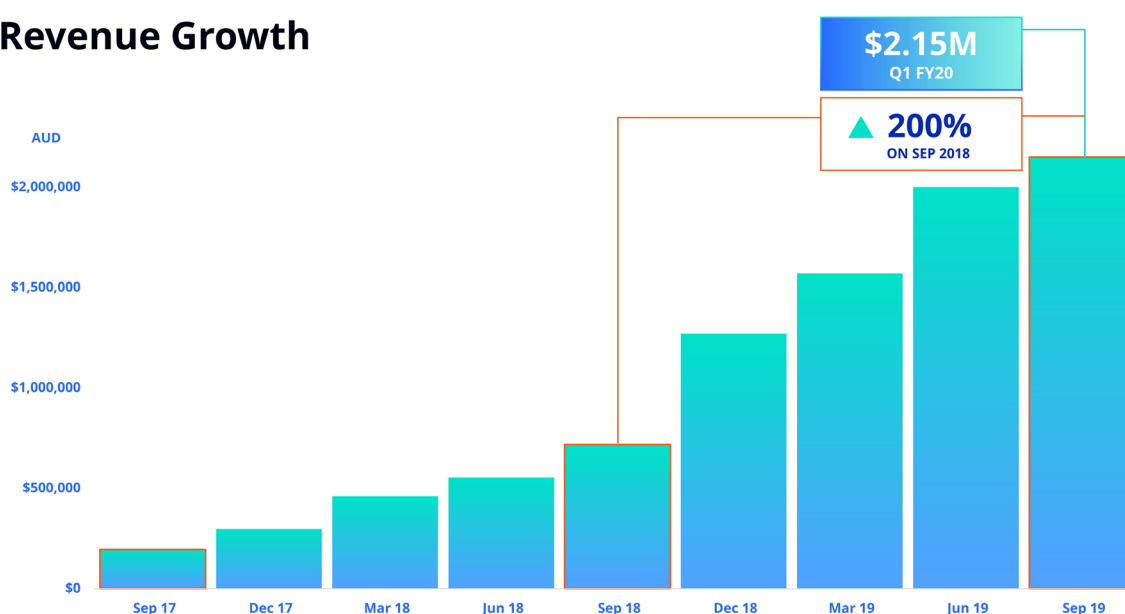
Revenue Growth

The Company's revenues grew in the quarter by 6% to \$2.15m (September 2018: \$717k). This represented a moderate increase compared with recent quarters and is attributed to;

- Atypical user growth towards the end of the quarter thereby not being reflected across the whole period;
- Incentives provided previously entitling some customers to free and/or subsidised carriage during the quarter in order to drive growth in adoption and therefore future underlying recurring revenue;
- The Company's dual focus between maintaining current key growth and operational re-structure.

The Company's progress is reflected by its underlying contracted annualised recurring revenue (CARR) which, at 30 September 2019 was **\$10.2m**. CARR is calculated by number of billable users x average revenue per user (ARPU) and does not include one-off items or discounted periods.

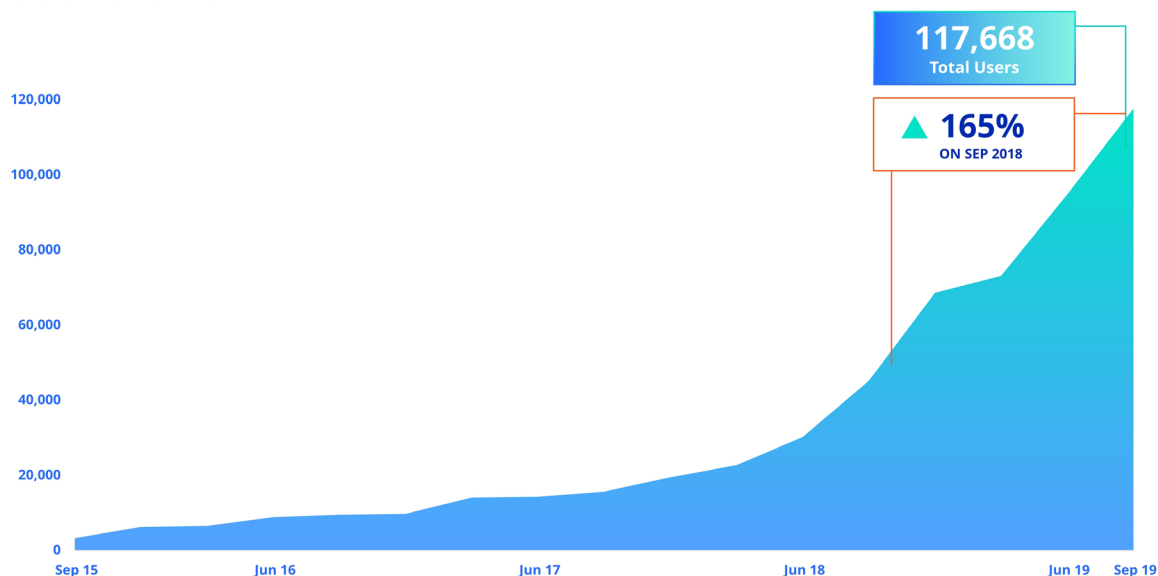
Revenue Growth



User Growth

User numbers for recording services increased by over 22,000 from 94,825 at the end of FY19 to 117,668 at the end of September 2019. The Company, whilst pleased with the growth in users in the September quarter, is concentrating on achieving significant step changes in user growth as a result of large channels driving adoption.

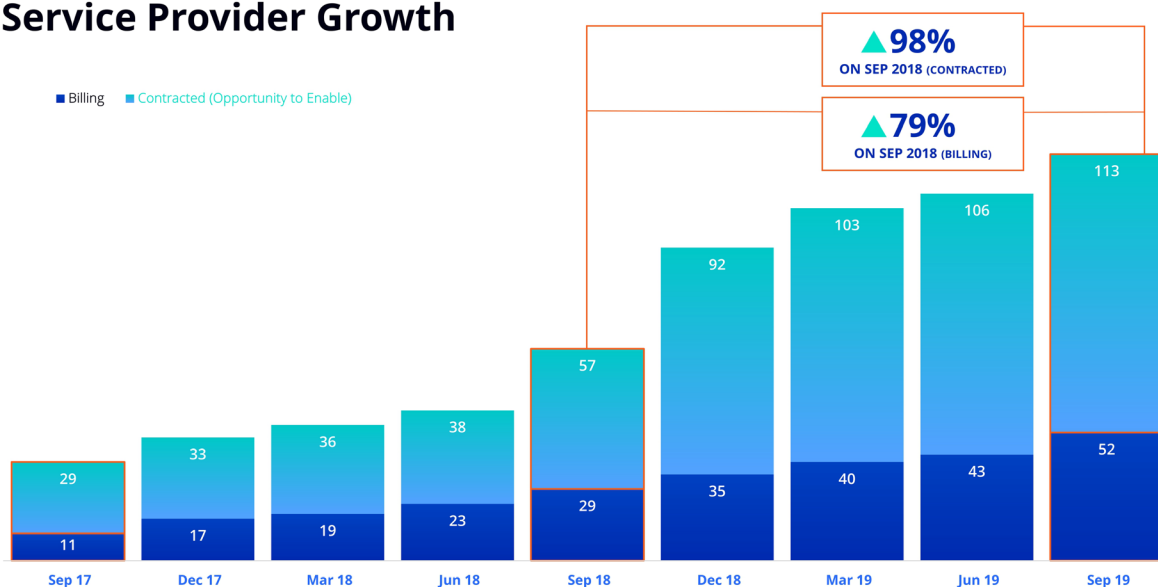
User Growth



Service Provider Growth

During the quarter the number of contracted service provider partnerships increased from 106 to 113, with 7 added in the September quarter. The Company is currently billing 52 of these network partnerships (Sept 2018: 29).

Service Provider Growth



Notes to the Appendix 4C and Financial Position

Cash Position

The Company continues to be fully funded to meet its operating plan and, having reported its cash position at the end of the quarter to be \$16.5m, expects its cash position at the end of the December quarter to be approximately \$15m.

The Company's cash receipts for the quarter reflect the nature of its engagement with larger service providers and commercial partners and the Company expects that future receipts will bear a measurable relationship to quarterly revenues.

The Company has forecast a moderate increase in outflows in the current quarter, conditional on the achievement of directly associated revenues as part of significant commercial launches in the quarter.

Near term cash flow positivity remains a key commercial goal and the Company believes that the launch of its key initiatives in the current period will expedite that goal.

Outlook

The Company is focused on the following developments in the current quarter:

- Supporting Cisco's large sales and distribution channel with the launch of call recording as a key feature of Webex Calling;
- To have widespread availability for mobile and whole of business recording in Australia;
- To demonstrate its capacity to deliver on its philosophy that AI will be widely available and served directly from telecommunications networks;
- To exponentially increase growth in user numbers and associated revenues as a result of key long term initiatives.

The Company has built a strong foundation to support these strategies and will continue to add multi-jurisdictional team growth, deploy resources as required together with its leading global technology and Service Provider partners.

About Dubber:

Dubber is the world's most scalable call recording service which has been adopted as core network infrastructure by multiple global leading telecommunications carriers in North America, Europe and Asia Pacific. Dubber is a disruptive innovator in the multi-billion dollar call recording industry, its Software as a Service offering removes the need for hardware, productisation or capital expenditure.

As the telecommunications sector moves towards Cloud services, Dubber has been integrated as the call recording and data capture service for Cisco Systems' Cloud telecommunications infrastructure across service provider and business enterprise sectors.

Dubber provides the opportunity for the capture of voice data across these networks enabling further monetising opportunities, in addition to regulatory compliance, in the areas of analytics, artificial intelligence and 'Big Data' - expanding the potential market for call recording to every phone.

For more information, please contact:

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Appendix 4C

Dubber Corporation Limited

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

DUBBER CORPORATION LIMITED

ABN

64 089 145 424

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows

**Current quarter
\$A'000**

**Year to date
(3 months)
\$A'000**

1. Cash flows from operating activities

1.1	Receipts from customers	1,290	1,290
1.2	Payments for		
	(a) research and development	(218)	(218)
	(b) product manufacturing and operating costs	(2,011)	(2,011)
	(c) advertising and marketing	(79)	(79)
	(d) leased assets	-	-
	(e) staff costs	(2,231)	(2,231)
	(f) administration and corporate costs	(251)	(251)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	66	66
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	(1)	(1)
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(3,436)	(3,436)

2. Cash flows from investing activities

2.1	Payments to acquire:		
	(a) property, plant and equipment	(51)	(51)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) 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))	(17)	(17)
2.6	Net cash from / (used in) investing activities	(68)	(68)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	468	468
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	468	468

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	19,618	19,618
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,436)	(3,436)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(68)	(68)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	468	468

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	7	7
4.6	Cash and cash equivalents at end of quarter	16,589	16,589

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	6,589	16,918
5.2	Call deposits	10,000	2,700
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)	16,589	19,618

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

195

-

Director salaries and fees, and telephony services.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	190
9.2 Product manufacturing and operating costs	2,050
9.3 Advertising and marketing	120
9.4 Leased assets	-
9.5 Staff costs	2,370
9.6 Administration and corporate costs	210
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	4,940

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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.

Sign here: 
(Company secretary)

Date: 31 October 2019

Print name: Ian Hobson

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.