



ASX Release
26 October 2023

September 2023 Quarterly Activities Report

Melbourne, Australia: 26 October 2023 - Dubber Corporation Limited (ASX:DUB) ('Dubber' or 'the Company'), the unified call recording and conversation intelligence platform designed for global Communication Service and Solution Providers, today released its Q1 FY24 Appendix 4C and is pleased to provide this Quarterly Activities Report.

Q1 FY24 Highlights

- Revenue of **\$9.8m** in Q1 FY24 **up 10%** on Q4 FY23 and 46% on Q1 FY23.
- Run-rate of \$5m quarterly cash savings from FY23 restructuring programme achieved in the quarter with operating cash costs including finance lease repayments¹ of **\$17.2m** in the quarter, **down 8%** from \$18.6m in Q4 FY23.
- Net operating cash outflows including finance lease repayments¹ of **\$8.2m** in Q1 FY24, down 3% from Q4 FY23 and down 20% on pcp.
- Operating cash receipts for the quarter were **\$9.0m**, down 12% on Q4 FY23, and down 5% on pcp reflecting expected seasonality.
- Capital raise undertaken raised **\$9.1m** (net of issue costs) in the quarter.
- Cash on hand at 30 September 2023 was **\$33.7m**.
- Deployment of Dubber Moments (Artificial Intelligence) solutions to customers underway in the quarter.
- Dubber Moments recognised as 'Best AI Product in Telecom' at prestigious CogX awards.
- Cisco Foundation programme moves to advanced revenue tier due to increased uptake.
- Continued market penetration with new network agreements signed across the Americas, Europe and APAC in the quarter, with 210+ Communication Service Providers agreements in place at 30 September 2023.
- The Company reiterates its previously advised expectations for FY24 of revenue of \$45m and costs of \$65m (excluding share based payments, goodwill impairment and FX gains/losses).

1. Net operating cash outflows including finance lease repayments is defined as net cash used in operating activities plus cash payments made in respect of finance leases which are disclosed as repayment of borrowings within Cashflows from Financing Activities in the Appendix 4C cashflow statement.



Dubber CEO and Managing Director, Steve McGovern commented:

“Quarter 1 of FY24 has seen the Company progress in line with its stated forecasts with quarterly revenue increasing by \$1m against a reduced cost base. The Company’s cost reduction programme, which commenced in Q3 FY23 delivered a full \$5m cost benefit in the Quarter. This resulted in a 3% reduction in net operating cash outflows on the prior quarter notwithstanding seasonally lower cash receipts which were as expected.

The Company’s two year investment into a unique AI capability has seen the first customers deploy the Dubber Moments solution during the quarter in Australia. The Company was also able to complete a capital raise of \$9.1m in the quarter (net of costs) to support its operating initiatives and continually develop and release further releases of new solutions with the full engagement of its Communication Service Provider partners, as the Company moves towards operating cash flow break-even expected in FY25.

The Company held its first investor event on October 4th where it demonstrated its suite of solutions, invited interaction with the senior management team and share endorsements of its strategy and operating plan via presentations from both end user customers and significant Communication Service Provider partners.”

Operational update

Unified Capture

The Company’s increase in revenue during the quarter continued to reflect its unique capability to capture conversations across multiple telecommunications networks at scale and deliver them into a single integrated view on the Dubber platform.

Dubber has a technology and a brand which is trusted by major service providers and their most significant customers. The quarter has seen continued expansion of recording for international banks and tier 1 financial institutions as they look to integrate new communications services into their infrastructure. Global banks can use Dubber solutions across their traditional telephony networks, and their Microsoft Teams, Cisco Webex and Zoom calls and they do it across multiple jurisdictions and countries via a single platform.

Compliance, cybersecurity and data sovereignty are key requirements for customers in this sector and therefore key components of the Dubber platform. The ability to provide these enterprise requirements at scale and directly from the networks is the Dubber unique selling proposition, which enables technological gain for the users and accretive revenue and engagement for our Communication Service Provider partners.

In all aspects, Dubber has a high level of trust as the acknowledged industry standard in a sector which is in rapid transition.



Artificial Intelligence Initiative

The Company has launched its 'out of the box' AI initiative which is a suite of AI products called Dubber Moments and are now being released on a scheduled basis.

Dubber Moments enables the context of a call to be summarised into a valuable insight with the first releases including areas of customer complaints and sales performance. Dubber Moments has initially gone to market with a group of Elite Communication Service Provider partners, the first customer deployments include high profile retail and local government customers in Australia, public service / healthcare customers in the UK and national retail chains in the USA.

The Dubber AI initiative has the potential to provide value to any user of a communications service, across all demographics, thereby substantially broadening the Company's addressable market. Initial market reaction from our Communication Service Provider partners is that they share the Company's belief that AI will become a standardised feature capability of every communications service.

International Award at Cog-X for Dubber Moments

In September Dubber was awarded "Best AI Product in Telecom" for Dubber Moments, its revolutionary voice AI solution, at the prestigious CogX Awards in London.

The CogX festival is the world's largest gathering of CEOs, entrepreneurs, academics, artists, activists and policy makers working together to address the biggest questions, achievements and challenges of the influential technologies shaping our future. The awards 'celebrate change makers and innovators impacting our world in the last 12 months, those innovators, visionaries, and change makers who are helping us get the next ten years right,' and are voted on by independent global industry leaders.

The award reflects the Company's long held belief that AI will be a standard feature and play a significant role in the future of telecommunications network-based services.

Capital Raise

In July the Company conducted a capital raise of \$10.25 million before costs via a two-tranche placement. The placement was completed with the existing and new institutional shareholders along with those professional investors. The board and management of the Company contributed \$1.25m following approval by shareholders.

The raise was completed at a price of 14 cents and the lead manager to the offer was Unified Capital Partners.

The capital raise was conducted as a result of continuing discussions with the Company's most significant telecommunication service provider partners as part of the strategy and procurement process relating to the launch and rollout of Dubber's solutions, particularly Dubber Moments, which requires partners to include Dubber as a continuing long-term strategy.



Dubber CEO and Managing Director, Steve McGovern commented: "We expect that AI will become a standard feature of telephony networks and we are uniquely placed to deliver this capability through the Dubber Platform. Dubber will bring the communications network to life. We are asking our partners to commit to Dubber AI from a network and a long-term strategic perspective and strengthening our balance sheet at this time is a prudent move for the Company."

Accordingly, the Company expects to roll out Dubber Moments to existing service provider partners while extending its network footprint with the addition of new Communication Service Provider partners.

Expansion of the global Communication Service Provider footprint

Dubber's goal continues to embed the Dubber Platform into the world's Communication Service Provider networks enabling them for recording and AI capability. Once the Dubber Platform is connected it is invariably the only such capability deployed by the Communication Service Provider. The Company has continued to extend its network footprint adding seven network agreements during the quarter, bringing the Company's prospective global footprint to 213.

During, and subsequent to, the quarter **Vodafone UK** completed the migration of its recording customer base from a legacy service to Dubber. Their customer base largely comprises tier 1 global banks with Vodafone citing Dubber's unique capability and future opportunity as the key driver. The Company has already commenced expanding the recording footprint of the customer base, adding other network-based subscriptions to the existing mobile recording services.

Dubber is a core component of **Cisco Webex Calling** and UCM Cloud, with the Dubber Go recording service provided as a standard feature of every subscription. Due to the growth in Webex Calling connectivity, Dubber's revenue has been upgraded to the next tier in the Foundation Partner Program, contributing a revenue stream which has been included in the Company's FY24 forecast.



Financial Update

Revenue

Revenue of \$9.8m for Q1 FY24 was up 10% on Q4 FY23 and 46% on Q1 FY23, continuing the strong organic revenue growth trend from previous quarters. This reflected solid organic growth in our existing Communication Service Provider partner relationships as well as new recurring revenues which came on stream in the quarter. The Group's annualised recurring revenue run-rate of \$39m is based on the quarterly revenue recorded, up from \$36m in Q4 FY23.

Adjusted Recurring Revenue | Q1 FY24 (AUD\$)



A quarter-on-quarter revenue growth rate of 10%+ is expected to be maintained into Q2 FY24, with the completion of the migration of the Vodafone UK recording customer base from a legacy service to Dubber being completed early in Q2, and a full quarter of revenue to be recorded in Q2.

Cash receipts and operating cash costs

Cash collected for the June quarter was \$9.0m, down 12% on Q4 FY23. This reflects timing of the receipts of certain annually billed contracts which are seasonally higher in Q2 and Q4 each year, and a release of previously deferred revenue against service delivery in the quarter. Q2 FY24 cash receipts are expected to be above the \$10.2m recorded in Q4 FY23.

Operating cash costs including finance lease repayments were \$17.2m for the quarter (including \$0.6m cash lease payments classified as repayment of borrowings in the 4C cashflow) which was down 8% from \$18.6m in Q4 FY23. This reduction reflects the achievement of the full \$5m quarterly cost savings under the restructuring programme announced in February 2023.



Net cash operating outflows including finance lease repayments were \$8.2m for the quarter, down 3% on Q4 FY24 reflecting the lower cash cost outflows offset by the expected lower seasonal cash receipts in the quarter.

Other cashflows

The capital raise undertaken raised \$9.1m (net of issue costs) in the quarter, with a further \$0.4m to complete the raise that has been received after the quarter end in Q2 FY24.

ASX Listing Rule 4.7C.3 disclosure

In accordance with ASX Listing Rule 4.7C.3, payments to related parties and their associates totalling \$346,000 outlined in Item 6 of the Company's Appendix 4C relate to director fees, salaries, and superannuation.

Outlook

The Company reiterates its expectations for FY24 released with the FY23 Annual Report.

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 Communications Service Provider agreements.

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

The Company expects to incur \$65m of costs in FY24 (excluding share-based payment expenses, impairment and FX gains/losses). 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.

The Company's primary focus remains 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.

A further update will be provided at the Company's AGM on 29 November 2023.

This quarterly activities report has been approved for release to ASX by the Dubber Board of Directors.



About Dubber:

Dubber enables Communication Service Providers to unlock the potential of the network - turning every conversation into an exponential source of value for differentiated innovation, retention, and revenue. Listed on the ASX, Dubber is one of the market leaders in conversation intelligence and unified conversational recording increasingly enabled by Artificial Intelligence (AI) capability - embedded in over 210 Communication Service Provider networks and services.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity
DUBBER CORPORATION LIMITED
ABN
64 089 145 424
Quarter ended ("current quarter")
30 September 2023

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	9,008	9,008
1.2 Payments for		
(a) research and development	(1,827)	(1,827)
(b) product manufacturing and operating costs	(6,441)	(6,441)
(c) advertising and marketing	(788)	(788)
(d) leased assets	(25)	(25)
(e) staff costs	(6,309)	(6,309)
(f) administration and corporate costs	(1,070)	(1,070)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	(148)	(148)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(7,596)	(7,596)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1)	(1)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (bonds returned/deposited)	-	-
2.6	Net cash from / (used in) investing activities	(1)	(1)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	9,884	9,884
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(744)	(744)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(583)	(583)
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	8,557	8,557

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	32,863	32,863
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7,596)	(7,596)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(1)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8,557	8,557
4.5	Effect of movement in exchange rates on cash held	(89)	(89)
4.6	Cash and cash equivalents at end of period	33,734	33,734

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	3,734	2,863
5.2	Call deposits	30,000	30,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	33,734	32,863

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	347
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Payments shown in 6.1 are in relation to Executive and Non-Executive Director remuneration (including superannuation).

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(7,663)
8.2 Cash and cash equivalents at quarter end (item 4.6)	33,734
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	33,734
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.4
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 26 October 2023

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.