



ASX Release
30 January 2024

December 2023 Quarterly Activities Report

Melbourne, Australia: 30 January 2024 - Dubber Corporation Limited (ASX:DUB) ('Dubber' or 'the Company'), the unified call recording and conversation intelligence platform designed for global Communications Service and Solution Providers, today released its Q2 FY24 Appendix 4C and is pleased to provide this Quarterly Activities Report.

Q2 FY24 Highlights

- Revenue of **\$10.7m** in Q2 FY24, up 9% on Q1 FY24, and **\$20.5m** for FY24 YTD, up 50% on pcp (FY23 YTD).
- 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).
- Operating cash receipts for the quarter were **\$8.8m**, down 3% on Q1 FY24, but up 6% on pcp, reflecting expected customer receipts delayed to early January 24. Including these January receipts, on a normalised basis cash receipts were \$9.7m, up 8% on Q1 FY24.
- Net operating cash outflows including finance lease repayments¹ of **\$4.1m** in Q2 FY24, reduced 50% from Q1 FY24, principally reflecting a timing benefit on cash payments which is expected to rebalance during the second half of FY24. Q2 FY24 reduced 76% on pcp (vs Q2 FY23) reflecting current quarter payment timing benefits and \$20m annualised cost reduction programme completed in Q1 FY24.
- Net operating cash outflows including finance lease repayments¹ were **\$12.3m** for FY24 YTD, down 55% on pcp due to the realisation of the \$20m annualised cost reduction programme and the impact of the current quarter payment timing benefits.
- Cash on hand at 31 December 2023 was **\$30.2m**.
- Demand for compliance-based voice recording/ capture proved strong in the quarter as enterprises continue to deploy UC services such as MS Teams, and Cisco Webex at scale.
- Dubber Artificial Intelligence (AI) based services continue to build early market share through strategic 'Elite' tier one partners.
- Continued expansion of the Communications Service Provider deployment footprint where Dubber is a core technology platform, thereby progressing the Company's

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.



strategy to be the Conversation Intelligence platform for the telecommunications sector.

Dubber CEO and Managing Director, Steve McGovern commented:

“The Company began the 2024 Financial Year with a stated strategy to grow its revenue by 50%, realise annualised cost efficiencies of \$20m and drive a higher margin recurring revenue model which targets a break-even operating cash position during the 2025 Financial Year.

At the end of the December quarter, the Company is on track to achieve those goals.

The second quarter of FY24 saw the Company continue its progress in line with its stated forecasts with revenue growing at a rate of approximately \$1m quarter on quarter against a reduced cost base.

Continued execution of this strategy will see an increase in monthly recurring revenue run rate with increasing margins which is expected to accelerate into the 2025 Financial Year supported by the continued adoption of Dubber’s world class AI based product suite. This product suite enables the Company to capitalise on the significant opportunities presented by capturing voice data at scale, directly from the network, and applying ‘out of the box’ AI insights that deliver immediate value to any business across all sectors.

Dubber’s unique proposition is to be the data capture backbone for the world’s telecommunications networks, having a long-held belief that AI based services will be fundamental to every type of network-based communication in the future. The Dubber Platform is uniquely positioned and capable of fulfilling that opportunity, being integrated into over 215 networks of the world’s most prominent Communications Service Providers, capturing voice and other communications across those networks and enabling the benefits of Conversational AI for the users of the network.

The Company had previously completed a two-year investment in a unique AI capability which has the potential to transform the telecommunications sector by enabling the possibility for AI based outcomes for every communication across a network. This investment has the Company strongly positioned to continue to expand its product suite in a rapidly growing market.

During the quarter, the Company held its first investor event where it demonstrated its suite of solutions, invited interaction with the senior management team and shared endorsements of its strategy and operating plan via presentations from both end user customers and significant Communications Service Provider partners.”

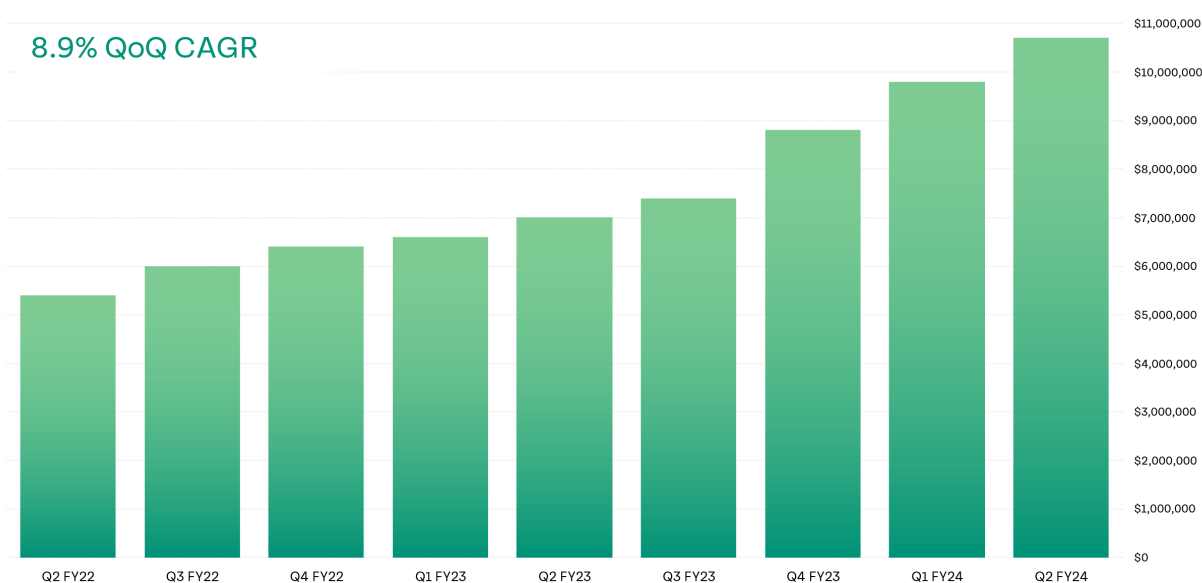


Financial Update

Revenue

Revenue of \$10.7m for Q2 FY24 was up 9% on Q1 FY24 and 50% on pcp (Q2 FY23), continuing the strong organic revenue growth trend from previous quarters. This reflected solid organic growth in our existing Communications 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 \$42m is based on the quarterly revenue recorded, up from \$39m in Q1 FY24.

Adjusted Recurring Revenue | Q2 FY24 (AUD\$)



Revenues for FY24 YTD were \$20.5m, an increase of 50% on FY23 YTD pcp of \$13.7m.

Cash receipts and operating cash costs

Cash collected for the June quarter was \$8.8m, down 3% on Q1 FY24. This reflects the timing of customer receipts that were due to be received in December 23 but were received in early January 24. On a normalised basis, including these January receipts (to be consistent with the timing of receipts in prior quarters) cash collected was \$9.7m, up 8% on Q1 FY24 and 17% on pcp.

Operating cash costs paid including finance lease repayments were \$12.9m for the quarter (including \$0.3m cash lease payments classified as repayment of borrowings in the 4C cashflow) which was down 25% from \$17.2m in Q1 FY24. This reduction largely reflects timing of payments to match the lower than anticipated customer receipts in the quarter and this timing benefit is expected to rebalance during the second half of FY24.



Net cash operating outflows including finance lease repayments were \$4.1m for the quarter, down 50% on Q1 FY24 reflecting the lower cash payments in Q2 FY24 which was largely a timing benefit in the quarter.

Other cashflows

The capital raise undertaken in July 23 was completed in the quarter with an additional \$0.5m received bringing the total capital raised in FY24 to \$9.6m (net of issue costs).

Operational update

Growth in Core Sectors

The Company's revenues are derived from growth in call recording and associated subscriptions, AI services subscriptions, and platform enablement agreements with Communications Service Providers; all three contributed to the December quarter revenue.

Dubber's Unique Role in the Global Deployment of Unified Communications Platforms

The requirement for compliance-based recording in Dubber's sector continues to grow as the technology landscape evolves and enterprises continue to deploy Cloud based Unified Communications technologies such as Cisco Webex Calling and Microsoft Teams.

Dubber is the exclusive native recording service for Cisco Webex Calling as every Cisco subscription includes 'Dubber Go' as a standard feature. Dubber's revenues are generated in two parts. Firstly, recognition for each Webex calling subscription as part of the 'Dubber Foundation' agreement, and, secondly, via enhanced recording and AI based subscriptions when a Cisco user seamlessly upgrades from their standard 'Dubber Go' feature which occurs within Cisco's own ordering and provisioning systems.

Both revenue streams continue to grow as a direct result of Cisco's own substantial growth. In its outlook for FY24 the Company outlined that its pipeline of revenue from committed sales of Cisco Webex Calling Services is likely to be a substantial multiple of its current revenue and the Company maintains that view as Cisco accelerates the migration of its own substantial customer base from legacy phone systems to its Cloud Calling services, with each service containing a Dubber subscription.

The Company expects to grow these revenues further as Cisco seeks to add more features to the 'Dubber Go' service.

Dubber also has a compelling offering for Communications Service Providers that provide Microsoft Teams services to their customers. Dubber is a single, global, multi-tenant platform which is uniquely designed for Communications Service Providers enabling them to deploy and bill Teams recordings in the same way as they provide their other services. Dubber is currently seeing significant growth in both deployment and pipeline in this sector as partners such as BT (British Telecom) and multiple other Tier 1 CSPs globally look to provide 'work from anywhere' services which require compliance capabilities. The Financial Services sector in particular provides a near term opportunity for these services.



Dubber's Unique 'Unified Capture' Opportunity

One of Dubber's unique attributes is its Unified Capture capability across multiple networks enabling the recordings and data to be accessed and managed in one platform. During the quarter, the Company completed the migration of the Vodafone recording services in the UK from a legacy service to the Dubber Platform.

The Vodafone customer base includes over 40 of the world's leading Financial Services institutions which now have access to the tangible benefit of being able to unify their mobile and UC recording requirements via the Dubber Platform. Dubber is realising immediate benefits from this opportunity in terms of revenue and pipeline expansion with important examples of major financial institutions adding Cisco Webex Calling or MS Teams to their mobile recording requirement, in some cases, across multiple jurisdictions.

World Class AI Capability Dubber Moments

Dubber has invested in and is delivering a world class AI enabled conversation intelligence capability and has a unique opportunity to capture its market sector having secured exclusive positions in over 215 communications networks globally.

The Company is currently executing two strategies in this area.

AI as an embedded capability

The Company has a long-held belief that AI will form a fundamental part of any communication: 'AI for every phone.'

Dubber is able to embed an AI capability into the network which enables every call, as required by the customer, to be summarised and provided to the call participants. This facilitates outcomes, insights and action items from calls providing value which has the potential to cross a broad demographic from enterprise to consumer. The Company believes that this type of feature will become a standard expectation of customers and Dubber is well placed to provide this high value capability, having agreements in place to be connected to over 215 Communications Service Provider networks.

The Company believes that the ability to enable AI across all communications of a network provides unlimited opportunities for valuable services as AI becomes a fundamental part of the communications landscape.

The Company demonstrated this service live at its investor event in October along with endorsements of the strategy from some key partners.

Dubber Moments Insights

Dubber Moments is an award-winning product which allows businesses to gain key insights into their business without needing to deploy additional technologies and associated integrations.

Dubber Moments is a series of 'out of the box' business insights capabilities delivered directly from the communications network to any end user of that network enabling immediate deployment to any customer of any size in any location.



Currently, Dubber Moments products include 'Complaints', 'Sales Performance', and 'Abuse' insights, each of which are managed by a user friendly comprehensive dashboard which can be viewed separately or integrated into a business' existing performance management systems.

Dubber Moments is billed by the Communications Service Provider and is priced at a point where it delivers immediate and previously unavailable insights with business value which is expected to drive market share globally.

Examples of the unique proposition include a local government body where the Dubber Moments service was sold and billed by Telstra. The organisation can now categorise all the calls, across a broad range of topics, evaluate and manage those enquiries with substantially improved efficiency. The organisation outlined the benefits at the Company's recent investor day presentation.

Dubber Moments has also been rolled out to a major retail organisation in the United States with an extensive chain of retail stores where each store is an independent operator. This retail customer is able to realise new insights via Dubber Moments that were not previously available but have potentially significant impact on how the business operates.

During the quarter, Dubber Moments has seen growth via distribution by a limited number of 'Elite' Communications Service Provider partners which include Telstra in Australia as well as a number of UK based partners. Initial take up by industry verticals include automotive, financial services and government sectors. Live demonstrations of Dubber Moments, endorsements by Communications Service Provider partners and an outline of Dubber's 'Elite Partner programme' were highlighted at the Company's investor day in October.

Continued Expansion of the Network Footprint

The Company's core strategy continues to be to deploy its unique Platform, designed for Communications Service Providers, to as many of the world's leading networks as possible.

As the world moves increasingly to cloud based solutions, the ability to deliver services, both recording / capture and AI, will provide the Company with a substantial and world leading opportunity.

The Company continued to grow its Communications Service Provider partner network footprint in the quarter, particularly in North, Central and South America with the Dubber Platform being embedded into Communications networks enabling them for recording and AI capability.

ASX Listing Rule 4.7C.3 disclosure

In accordance with ASX Listing Rule 4.7C.3, payments to related parties and their associates totalling \$247,000 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 and Investor Presentation will be provided at the release of the Company's H1 FY24 financial results in February 2024 with associated investor presentations.

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

About Dubber:

Dubber enables Communications 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 215 Communications 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")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,769	17,777
1.2 Payments for		
(a) research and development	(81)	(1,908)
(b) product manufacturing and operating costs	(5,822)	(12,263)
(c) advertising and marketing	(89)	(877)
(d) leased assets	(33)	(58)
(e) staff costs	(5,814)	(12,123)
(f) administration and corporate costs	(580)	(1,650)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	14
1.5 Interest and other costs of finance paid	(134)	(282)
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	(3,774)	(11,370)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(1)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	464	10,348
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)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(304)	(887)
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	160	8,717
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	33,734	32,863
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,774)	(11,370)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(1)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	160	8,717
4.5	Effect of movement in exchange rates on cash held	90	1
4.6	Cash and cash equivalents at end of period	30,210	30,210

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	1,480	3,734
5.2	Call deposits	28,730	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)	30,210	33,734

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	247
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).

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
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)	(3,774)
8.2 Cash and cash equivalents at quarter end (item 4.6)	30,210
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	30,210
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	8.00
<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: 30 January 2024

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.