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Quarterly Activities Report

March 2022



ASX Announcement
ASX: DUB

28 April 2022

March 2022 Quarterly Activities Report

Dubber Corporation Limited (ASX: DUB) ('Dubber' or 'the Company'), the leading global Unified Call Recording & Voice Intelligence cloud platform which provides innovative world leading products directly via Service Provider networks, today released its report on the Company's operating activities along with the Appendix 4C for the quarter ended 31 March 2022.

Highlights within the Quarter:

- ARR increased by \$5.1m QoQ to **\$55.1m** (62% pcp)
- Revenue for 12 months to March 2022 was **\$33.7m** consistent with reported ARR at March 2021
- Revenue increased by \$900,000 QoQ to **\$9.25m** (40% pcp)
- Cash receipts increased by \$2.9m QoQ to **\$8.5m**
- Net cash outflows decreased by **\$7.1m**
- Dubber subscribers exceed **540,000**
- Launch of Notes by Dubber at Mobile World Congress
- Finalised multiple network UCR agreement with TDC Nuuday of Denmark
- Established core infrastructure for acceleration of future growth
- Dubber is fully funded with in excess of **\$97.5m cash on hand**
- A video update is available at the following link: [Dubber Quarterly Update](#)

Continued growth in key metrics, reduction in cash outflows, expansion of Total Addressable Market

The March quarter saw the Company continue to grow its customer base and revenues, scale its core infrastructure to accelerate future growth while reducing cash outflows.

Most of the Company's activities were conducted in the UK, Europe and North America and saw shifts in foreign exchange rates. For reasons of comparative performance evaluation, a constant currency comparison has been added to applicable metrics.

Strategy driving compelling outcomes

ANNUALISED RECURRING REVENUE (ARR)		SUBSCRIBERS		REVENUE: Q3 FY22	
\$55.1m +62% PCP	\$56.8m constant currency basis	540,000+ +39% PCP		\$9.25m +40% PCP	\$9.85 constant currency basis
CASH ON HAND (AUD)		SERVICE PROVIDERS & SOLUTIONS		OPERATING CASH RECEIPTS: Q3 FY22	
\$97.5m	\$97.8m constant currency basis	Contracted 171 +10% PCP	Billing 117 +17% PCP	\$8.5m +30% PCP	\$9m constant currency basis

constant currency is a non-IFRS measure and has been calculated by translating the financial metrics used in this presentation at the effective exchange rates at the period 6 months prior.



Subscribers

In a quarter which is typically subject to seasonal fluctuations due to telecommunications service provider 'embargo' periods, the Company added \$5.1m to its Annualised Recurring Revenue, reflecting growth of circa 10% in the quarter via a combination of 'standard' SaaS and Foundation Partnership subscriptions. On an adjusted basis, which takes into account foreign exchange fluctuations, the Company has ARR of \$55.1m. (\$56.8m on a constant currency basis).

The Company's 'standard' SaaS subscriptions grew organically by over 30,000 during the quarter and the Company was able to secure Foundation Partner agreements whereby a Dubber service is embedded as a standard feature of every subscription on a network. As previously stated, the Company continues a policy of not including Foundation Partner Program subscriptions in its overall numbers for reasons of consistency and commercial sensitivity. The Company will continue to re-assess its reporting of these subscriptions on an ongoing basis.

Annual Recurring Revenue (ARR)

The Company's ARR is calculated as the next 12 months of subscription revenue net of any incentives. Demonstrating this, the Company reported an ARR number of \$34m to the ASX on 29 April 2021, with actual revenue for the 12 months to March 31 2022 of \$33.7m in-line.

The Company advises that its December 2021 Monthly Recurring Revenue (MRR) figure reported in the Company's most recent investor presentation contained an item of professional services revenue, which was non-recurring, thereby creating an incorrect expectation of \$450k of actual revenue in the March quarter. The reported ARR was correct.

For commercial reasons, the Company reached an agreement with a major global service provider, whereby it would provide a subsidy in Q3 FY22 as part of offsetting cancellation costs associated with the migration of a substantial legacy recording customer base to Dubber. Quarterly revenue relating to this service provider is forecast to be in excess of \$700k.

The Company's current reported ARR is unaffected and as previously stated is expected to generate ~\$55.1m revenue over the next 12 months to 31 March 2023.

Revenue

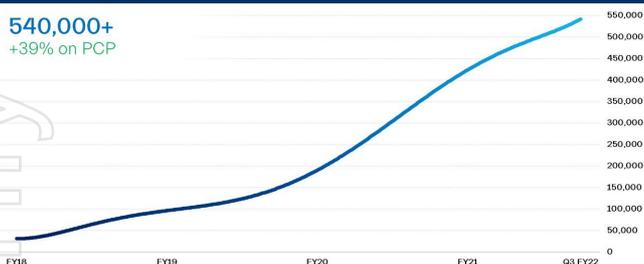
Revenue for the quarter grew by over \$900,000 to \$9.25m (\$9.85m on constant currency basis), an increase of 40% pcp. Total Operating Revenue for FY2021 was \$20.33m, this has been surpassed in the third quarter with the Company recognising revenue in excess of \$25.6m for FY2022 to date.



Key growth metrics

Subscribers | Q3 FY22

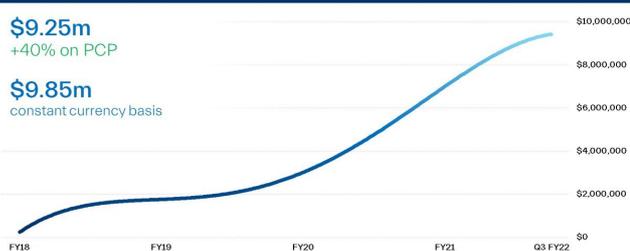
540,000+
+39% on PCP



Revenue | Q3 FY22

\$9.25m
+40% on PCP

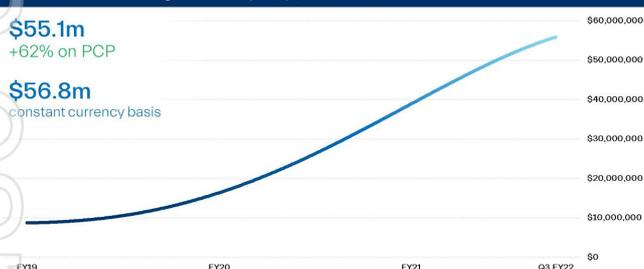
\$9.85m
constant currency basis



Annualised Recurring Revenue (ARR) | Q3 FY22

\$55.1m
+62% on PCP

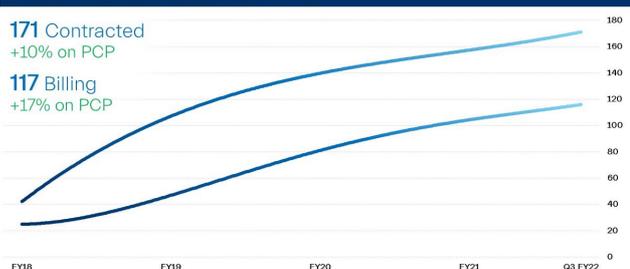
\$56.8m
constant currency basis



Service Providers & Solutions | Q3 FY22

171 Contracted
+10% on PCP

117 Billing
+17% on PCP



constant currency is a non-IFRS measure and has been calculated by translating the financial metrics used in this presentation at the effective exchange rates at the period 6 months prior.

Cash Receipts, Net Outflows and Current Position

Cash receipts for the quarter were \$8.5m (\$9m on constant currency basis) to bring receipts for FY2022 to \$23m.

The Company was able to significantly reduce its net cash outflows without impacting its underlying growth strategy. Net cash outflows were reduced by \$7.1m compared with the previous quarter as a result of the combination of increased receipts and reduction of previously reported extraordinary items including those relating to the establishment of future growth infrastructure. The March quarter also included some extraordinary items over core operating costs and are outlined in Notes to Appendix 4c (below).

Closing cash balance at 31 March was in excess of \$97.5m (\$97.8m constant currency), providing excellent balance sheet strength and demonstrating that the Company's long-term business plans remain fully funded.

The Company's core operating cost structure does not relate to maintaining its current revenue levels but, rather, to enable future accelerated growth against its operating plan.

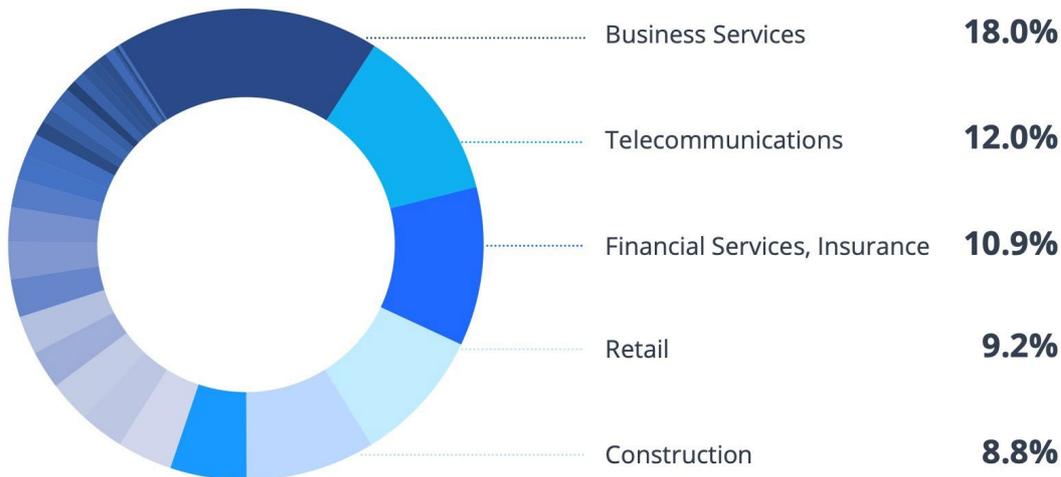
Use Case Diversity and Total Addressable Market

Dubber's business plan disrupts traditional legacy recording models in that it is a uniquely scalable platform served from the source of the calls, the communications network, as opposed to on-premise, hosted and/or contact centre infrastructure. Dubber's customers are the carriers of communication traffic, the Service Providers, and, once available, the Dubber services can be switched on immediately as a network service without any deployment delays or associated costs.



Dubber, therefore, has a substantially broader addressable market than legacy providers where there is a strong perception and reality that call recording is aimed primarily at compliance and regulatory requirements for the financial services sector. Dubber is capable of, and will continue, to serve this sector but its business philosophy and platform allows for the ability to capture *all* calls and convert those calls into a usable and content rich source of data.

Major Industry Segments



Based on Dubber customer accounts that have an identified industry

To Dubber, call recording, as a standalone product, is merely one of the use cases in the long-term business model. To date the Company reports user numbers largely associated with call recording solutions, however its end user customer base is significantly broader than strict compliance, with financial services customers reflecting 11% of the total customer base, currently.

The expansion of business operations and delivery of advanced product offerings such as 'Notes' creates an opportunity whereby the total addressable market is the entire customer base of a connected network with the potential for multiple services in each account.

To date, Dubber has experienced zero 'churn' with regards to network connectivity and, almost without exception, the Dubber Platform is the only recording service connected to the networks with which we operate. Expansion of network footprint remains a priority for the Company, augmented by the continual release of additional revenue generating products and services to the core network capability.

Agreement with TDC Nuuday

During the quarter, the Company finalised an agreement with TDC Nuuday, the national carrier of Denmark. The agreement provides for the Dubber platform to be connected to multiple networks including mobile and Unified Communications, and the migration of existing recording users to the Dubber platform, delivering Unified Call Recording for Nuuday customers. The agreement also establishes a footprint for Dubber in the Nordics, an area of focus for additional expansion.



'Notes' by Dubber released at Mobile World Congress

A landmark event for Dubber was the release of 'Notes' which coincided with the Company's attendance of Mobile World Congress, the premier annual event for mobile network operators. A common theme at the event was the appetite for carriers' to seek innovative solutions which generate revenue and provide differentiation in a sector which has traditionally been underpinned by utility models relating to price and data usage.

'Notes' by Dubber, enables calls on a network to be transcribed with AI outcomes delivering a comprehensive capability which automates typical note taking requirements, providing speaker separation and identification, topics discussed, action items and calendar/meeting co-ordination. As a stand-alone product 'Notes' has appeal for all users of a network across all demographics, meaning that the Dubber platform services enjoy a Total Addressable Market of potentially every user on a given network.

The Dubber Platform has attained recognition as the industry standard and the desire to turn communication across an entire mobile network into a usable and previously untapped data source is a compelling proposition for mobile network operators. The Dubber Platform has a unique capability to deliver on these industry requirements and the Dubber brand resonates with carriers, representing proven reliability, capability and innovation.

'Notes' by Dubber was also a core product demonstration for Samsung at the event, highlighting the advanced user experience with the Samsung flip phone range.

'Notes' is a standalone product which is available as a Foundation Partner solution, an individual product or in conjunction with other Dubber services from the Dubber Platform, however, the underlying data is the fundamental asset from which Dubber's network data capability can be expanded with unlimited use cases and revenue potential for the Company, its service provider partners, and their end user customers.

The 'Notes' launch is a landmark step towards the original business philosophy of the Company, namely that the Dubber Platform is capable of delivering *'AI for every phone.'*

Dubber's Unique Position with Global Unified Communications Service Providers

Dubber continues to maintain a unique and valuable position in the Global Unified Communications sector where its products are offered as a standard feature of every Cisco Webex Calling subscription and a unique capability for Unified Recording via Microsoft Teams service providers.

The Company continues to benefit from this position in terms of its current and near-term user growth and aims to establish deeper commercial relationships with both Cisco and Microsoft accordingly.

Scaling the business

As previously reported, the Company has focussed on building its business operations to a scale which is commensurate with its opportunities and, indeed, its platform capability. During the quarter, the Company continued to successfully integrate the business operations of acquired companies Speik and Notiv, expanding the team and product capability. The Company has been successful in attracting world class talent to fill key roles, many of whom have held significant roles with major organisations including some of our service provider partners.



The Company's business plan includes significant operating leverage from its single global cloud infrastructure which can deliver gross margin at 'Cloud' scale when utilisation is achieved. The scaling of the business has not been achieved to maintain current and near-term recording revenues relating to that business mode but, rather, to accelerate Dubber's future position as a global presence following the capital raise in July 2021.

The Company now comprises approximately 260 employees, up from 160 at the same time last year.

Notes to the Appendix 4C

Cash outflows for the quarter were subject to a decreased number of extraordinary items, in line with the Company's upscaling of operations which included:

- Payment of \$1.35m for PAYE relating to previous periods as per an agreed 'Covid Relief' payment structure. This appears in line 1.2(e) of the Appendix 4C attributed to Staff Costs
- Technical Consultants which appears in line 1.2(a) Research and Development
- Continued investment into footprint infrastructure including in Australia and the UK to accommodate new FTEs as shown in line 2.1(c) of the Appendix 4C

The amounts shown at line 6.1 of the Appendix 4C relate to director fees and salaries. The expenditure incurred on the activities described in this report are materially salaries and operating costs set out in the Appendix 4C.

Steve McGovern, CEO, Dubber:

"The Company was able to maintain its growth trajectory established in the last year, in a quarter which is typically seasonally challenging due, largely to Service Provider embargoes which restrict 'adds, moves and changes' to network infrastructure over the year end/new year period. Growth continues across the entire business when compared with the full year results for FY2021.

"Underpinning our financial results, we have built a core operating team which has strength across the business, including the successful integration of the Speik and Notiv business units and their teams. This will enable us to develop the Company towards our goal of becoming a significant global operator in our field. The commitment to the development of platform capability and release of additional revenue generating products will accelerate the Company's performance against its original 5-year plan, which was largely based on continuing to sell recording services to additional carrier customers.

"We have largely borne the infrastructure costs associated with our growth plan and were able to significantly reduce cash outflows during the quarter, without restricting those plans. Our investments into cloud infrastructure in previous quarters should provide economies of scale which will enable greater gross margins as we increase our utilisation of the Dubber Platform.

"The over-riding belief of the Company is that we are well positioned, with great capability at scale, at a time when our Service Provider customers are seeking value added service revenue in the face of potentially stagnating or declining utility revenues.

"Service Providers carry enormous amounts of content rich data in their calls and communications. To date, this rich source of commercially valuable data has remained untapped. As Service Providers seek to derive value from that content, Dubber is uniquely positioned and fully funded with a technology and brand which has enabled us to establish ourselves in a market leading position."



This ASX release has been approved for release to ASX by Steve McGovern, CEO & Managing Director.

About Dubber:

Dubber is unlocking the potential of voice data from any call or conversation. Dubber is the world's most scalable Unified Call Recording service and Voice Intelligence Cloud adopted as core network infrastructure by multiple global leading telecommunications carriers in North America, Europe, and Asia Pacific. Dubber allows service providers to offer call recording for compliance, business intelligence, sentiment analysis, AI and more on any phone. Dubber is a disruptive innovator in the multi-billion-dollar call recording industry, its Software as a Service offering removes the need for on-premise hardware, applications or costly and limited storage.

For more information, please contact:

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About Dubber

Dubber is unlocking the potential of voice data from any call or conversation. Dubber is the world's most scalable Unified Call Recording service and Voice Intelligence Cloud adopted as core network infrastructure by multiple global leading telecommunications carriers in North America, Europe and Asia Pacific. Dubber allows service providers to offer conversational recording from virtually any source – turning them into AI-enriched insights for compliance, revenue, customer and people intelligence. Dubber is a disruptive innovator in the multi-billion-dollar call recording industry. Its Software as a Service offering removes the need for on-premise hardware, applications or costly and limited storage.

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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 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,506	23,238
1.2 Payments for		
(a) research and development	(469)	(1,054)
(b) product manufacturing and operating costs	(7,272)	(22,813)
(c) advertising and marketing	(792)	(1,934)
(d) leased assets	-	-
(e) staff costs	(9,125)	(25,354)
(f) administration and corporate costs	(1,061)	(3,053)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	216
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	303	303
1.8 Other (provide details if material)	1	4
1.9 Net cash from / (used in) operating activities	(9,907)	(30,447)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(2)	(6,957)
(b) businesses	-	-
(c) property, plant and equipment	(865)	(2,724)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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)	(18)	(93)
2.6	Net cash from / (used in) investing activities	(885)	(9,774)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	110,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	155	448
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(4,477)
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	155	105,971

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	108,462	32,041
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(9,907)	(30,447)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(885)	(9,774)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	155	105,971
4.5	Effect of movement in exchange rates on cash held	(383)	(349)
4.6	Cash and cash equivalents at end of period	97,442	97,442

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	67,442	78,461
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)	97,442	108,461

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	158
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. 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)	(9,907)
8.2 Cash and cash equivalents at quarter end (item 4.6)	97,442
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	97,442
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	9.84
<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:	
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:	
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:	
<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: 28 April 2022

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.