



## ASX Release

30 August 2022

### DUBBER FY22 FULL YEAR RESULTS AND MARKET UPDATE

Dubber delivered significant revenue growth and increases across all key metrics in the 2022 financial year (FY22) reflecting demand from service providers for new sources of value. Dubber's core strategy, to create value for services providers through unified recording and conversational AI<sup>1</sup> as a core network service, adds incremental revenue, retention and differentiation based on meeting the needs of every user of business communications services globally.

#### FY22 Performance Highlights & Key Metrics (pcp<sup>2</sup>)

- Substantial organic growth in all core business indicators
- Capital raise of \$110m at \$2.95 per share in July 2021; business objectives fully funded
- Completed integration of Notiv and Speik acquisitions - expanding commercial opportunities
- Investment in the AI and NLP capability on the Dubber platform to meet customer demand
- Extended relationships with service providers; expansion of Foundation Partner program
- Expanded global footprint; key executive appointments in technology, product and sales capability

AU	FY21	FY22	% Change
<b>Annual Recurring Revenue (ARR)</b>	\$39m	\$59m	51
<b>Total Operating Revenue</b>	\$20.3m	\$35.6m	75
<b>Cash Receipts</b>	\$20.2m	\$29.9m	48
<b>Cash at Bank</b>	\$32.0m	\$84.3m	163
<b>Employees</b>	101	242	139
<b>Service Providers (contracted)</b>	160	175	9
<b>Subscribers</b>	420k	580k	38

Annualised recurring revenue (ARR<sup>3</sup>) was \$59m, an increase of 51% on the prior corresponding period (pcp).

<sup>1</sup> AI and NLP - artificial intelligence and natural language processing

<sup>2</sup> pcp - prior corresponding period

<sup>3</sup> ARR is calculated as the next 12 months of subscription revenue, net of incentives



Total operating revenue was \$35.6m, up 75% from \$20.2m pcp, reflecting growth derived from new and expanded existing service provider agreements and adoption of additional Dubber subscriptions by service providers' business and enterprise customers for Dubber's cloud conversational recording.

Gross margin on call recording has progressively improved over the year to 70%, driven by increased utilisation of the platform in all regions against a substantially stable 'cloud' cost structure. The Company believes that gross margin will continue to improve as subscriber numbers and utilisation of the platform increases.

Cash receipts for the year were \$29.9m, up 48% pcp. Cash receipts can be impacted from quarter to quarter by the timing of remittance of receipts from service providers<sup>4</sup>. Some larger service provider agreements provide for extended payment terms which can result in an increase in trade debtor levels during the year as new growth revenues are added. The Company has adopted new policies and processes for customer payment terms to improve receipts in future periods.

At the end of June, Dubber had 175 contracted service and solution providers agreements, an increase of 9% on the prior year. Since inception, Dubber has had zero churn of service provider customers.

Subscription numbers rose by nearly 40% pcp to more than 580,000 users as service providers and their enterprise customers recognise the benefits of unlocking conversational data across a range of voice services on a network. Subscription numbers do not include users of Dubber's unified recording and conversational AI under Foundation Partner agreements.

### **Year of Significant Progress**

In July 2021, Dubber raised AU\$110 million in capital by way of a placement. The additional capital has allowed Dubber to accelerate the execution of its growth objectives and create accretive recurring revenue streams for service providers, optimise Dubber's first mover advantage and build its moat to drive growth into the future.

Since the placement, M&A opportunities continued to be evaluated, although high valuations resulted in Dubber deciding not to pursue some opportunities. The team will continue to evaluate acquisition opportunities close to its core business with a focus on expanding functionality on the platform and its footprint with global service providers.

The integration of Speik and Notiv<sup>5</sup> was completed during the year with both businesses fully integrated at a team and technology level.

Notiv, rebranded Notes by Dubber, allows users to transcribe any meeting or call and turn that into a set of highlights and actions. Subscribers are able to review meetings that they weren't able to attend and easily share highlights for action by others. Speik provided mobile call recording for tier 1 carriers in the UK and also has payments related technologies whereby it processes billions of dollars in phone payments securely and compliantly and is deployed into large, sophisticated, global contact centre and service provider customers.

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<sup>4</sup> Dubber's customers are large, global communications service providers. End users of the Dubber platform comprise SaaS subscriptions of enterprise customers of global service providers for Dubber's unified recording and conversational AI

<sup>5</sup> Acquisition of Speik completed in December 2020; Notiv was acquired in September 2021



## Building foundations for future Growth

During the year, Dubber invested in the Dubber platform to support growth with existing global service provider relationships and connect new service provider partners. Dubber aims to deliver an expanded suite of services that is applicable for the entire user base of the service provider network and, in doing so, will increase recurring revenues with high gross margins.

The majority of Dubber's revenue to date has been from its primary cloud call recording solutions. Dubber's cloud-scale business model can support significant increases in subscribers. Analysing conversational content across voice, mobile, text, video and unified communication platforms on a carrier's network has many use cases and provides end users with solutions that identify and action:

- content creating opportunities for more efficient and productive communication
- accurate compliance and security measures
- customer experience and satisfaction scores and
- productivity and engagement effectiveness of global workforce structures.

The Dubber platform provides opportunity to service providers to add further value from existing infrastructure and content and increase average recurring revenue per user without the need for further capex.

Investment in the platform and product development moves beyond call recording and transcription. Dubber continues to make critical investment in conversational AI to enable any conversation to be transformed into network native data that powers services and applications.

## Expansion of global partnerships

Dubber's presence in Europe<sup>6</sup> and the America's continued to expand during the year including discussions with the three largest carriers in the United Kingdom BT, Vodafone and Virgin Media O2. Foundation Partner agreements with NuWave and Ziro in the Americas were also announced during the year and are described in more detail below.

In APAC, Dubber expanded its carrier footprint with the launch of native Mobile Call recording for Optus, initially aimed at enterprises in the financial service sector. Dubber also extended its Telstra relationship and is now available via Telstra's enterprise billing system and sold by Telstra's direct and indirect sales channels.

Dubber provides call recording on core networks with these providers and expects to expand its services layer across multiple networks in each carrier, enabling the carrier to provide a consistent layer of services across those networks.

Demand for Dubber's services is growing as the aspirations of carriers shift from being primarily connectivity providers to providers of content driven features and services. The Dubber platform is uniquely placed to turn network calls and communications into usable data and content.

Dubber's investment into its product and AI capability enables carriers to deliver differentiated services which drive accretive benefits to end user customers and increase revenues at scale.

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<sup>6</sup> including Western Europe and the Nordics



## Scaling critical capabilities

The capital raised in July 2021 has enabled Dubber to attract industry leaders in key sales, technology and product roles to deliver and grow the Company globally - many with proven track records of selling core network services in and to service providers.

The second half of the year saw immediate results with key agreements and deployments achieved with Microsoft Teams 'Operator Connect' providers that now form part of the service provider landscape. 'Operator Connect' providers emerged during the global pandemic to meet business demand for cloud based infrastructure for distributed workforces.

## Foundation Partner Program underpins future growth

Dubber continued to build momentum with its Foundation Partner program during the year, signing new Foundation Partner agreements in the US and Europe. Advanced discussions with large carriers in the United Kingdom and EMEA are ongoing.

The Foundation Partner model embeds Dubber's unified recording platform as a standard service on the service provider network. Dubber, in partnership with the service provider, is then able to introduce the benefits of unified recording and conversational intelligence to transform every conversation into a source of value, unlocking additional and accretive revenue streams.

The Foundation Partner program significantly increases the size of Dubber's total addressable market.

During the year, Foundation Partnerships increased to include Nuuday (Denmark's largest service provider), and Microsoft Teams 'Operator Connect' service providers, NuWave, and Ziro. Dubber continues to focus on growing its Foundation Partners with several advanced discussions in Europe and the Americas.

## CEO Commentary

Steve McGovern, Chief Executive Officer of Dubber said:

"The last 12 months have been transformative for Dubber, a period where we have achieved three major operational initiatives at the same time as growing the business substantially across all key metrics. The Company is in a significantly improved position compared with June 2021, including having future business objectives fully funded to cash flow break even.

We have invested in infrastructure which will underpin the Company's future, integrated two businesses and doubled the size of our team including key executive appointments.

Integrating technologies into the Dubber platform will enable a production line of features and services to drive revenue at high gross margin and potentially impact the way businesses and individuals interact with their communications services going forward. Individually, each of these undertakings would be substantial achievements, together they have underlined Dubber's position as a global leader in its field and a destination Company for technology and product leaders.

We came into FY22 focussed on growth and achieved it at the same time as transforming the infrastructure and operations of the business. With that already established, we are now able to



efficiently deliver on our internal business plan in the knowledge that we have a product and sales capability that can take advantage of major transformative opportunities in a dynamic industry.

Dubber's platform is the only one of its kind that can capture voice data from mobile, legacy, video and unified communication services on the network, delivering immediate, low cost differentiation and revenue opportunities from existing voice content and existing network assets.

"Whether it be call recording in a regulatory environment, or differentiated features at a Service Provider level, Dubber's services are not discretionary expenditure for its customers and their end users. Dubber's cloud based services are even more attractive in the current economic climate as customers seek automation and efficiency in their operations."

## Outlook

The Company is confident in its strategic direction to extend its relationships with current service providers globally, expand the Foundation Partner program and secure new relationships with existing carriers and emerging providers where there is increasing demand for its services.

The Company has made significant investment in infrastructure, people and products during FY22 that will enable it to stabilise operating expenditure in FY23 with a model that sees growth in recurring revenue increasing at a faster rate than costs.

Merger and acquisition activity will remain on the Company's radar, however, a dynamic market regarding relative valuations has led the Company to focus on ensuring its capacity for continued growth of its core unified recording and conversational intelligence platform to leverage and protect its balance sheet.

ENDS

This release was approved by the Dubber Board.

## About Dubber:

Dubber enables service providers to turn existing networks and services into an exponential source of value for differentiated innovation, retention, and revenue. Listed on the ASX, Dubber is the clear market leader in conversational intelligence and unified recording - embedded at the heart of over 175 service provider networks and services and used daily by over 580,000 subscribers worldwide.

For more information, please visit Dubber on [www.dubber.net](http://www.dubber.net)

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