

14 October 2022

Mr Dean Litis
Principal Adviser – Listings Compliance (Melbourne)
ASX Compliance Pty Ltd
Level 4, Rialto North Tower
525 Collins Street
Melbourne Vic. 3000

By email: dean.litis@asx.com.au

Dear Mr Litis

Query Letter

We refer to your letter dated 11 October 2022 to Dubber Corporation Limited (**DUB** or the **Company**). The Company responds to each of your questions as follows (using the defined terms in your letter).

1. *Does DUB consider the differences in the information contained in the Audited Accounts to the information contained in the Preliminary Final Report and, in particular the Revenue Adjustment and Debtor Adjustment, ('Information') to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

Yes.

2. *If the answer to question 1 is "no", please advise the basis for that view.*

N/A.

3. *When did DUB first become aware of the Information?*

The provisions relating to the Revenue Adjustment and Debtor Adjustment were not settled until 7 October 2022 following ongoing consultation with the Company's auditor that had continued in the weeks leading to 30 September 2022 and during the period of Suspension.

The statutory accounts were finalised on 7 October 2022 and the independent auditor's report received by the Company after close of trading on that day. These were promptly reviewed and approved by the Company's board of directors in a meeting held in the evening of 7 October 2022, and the Audited Accounts and LR 4.3D Notification were lodged shortly afterwards on MAP.

The accounting issues that were in contention with the auditor were only resolved on 7 October 2022. Until that time, the Company's accounts were not final, and detail regarding material differences between the Preliminary Final Report and Audited Accounts was incomplete and confidential, and it would not have been reasonable for the information to have been disclosed prior to that date.



4. *If the answer to question 1 is “yes” and DUB first became aware of the Information before the Suspension, did DUB make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe DUB was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps DUB took to ensure that the information was released promptly and without delay.*

No announcement was made prior to the releases made to MAP on 7 October 2022 for the reasons set out under query 3.

5. *Why and how did DUB’s revenue recognition used in compiling the Preliminary Final Report differ from what is required by AASB 15 Revenue from Contracts with Customers and from what was disclosed in the Audited Accounts?*

The Company prepared the Preliminary Final Report on the basis of its understanding that the revenue in question could be recognised in accordance with AASB 15 in FY22.

The Company’s position reached in good faith at the time of lodgement of the Preliminary Final Report was that its treatment of the revenue in question met the relevant requirements of the accounting standard in order to recognise revenue. These requirements include, in respect of each relevant contract, identifying the contract, identifying performance obligations, determining transaction price and allocating that price to those obligations. The Company was of the view that this could be supported by documentary evidence in accordance with those requirements.

The auditor had previously indicated that additional supporting information would be required from the Company in that context to provide the necessary audit evidence to justify the revenue recognition in FY22 as per the accounting standard. The Company did provide this further information in the lead up to the finalisation of the audit process. Ultimately, the auditor’s view was that this information was not sufficient to support the recognition of revenue under the recognition criteria in AASB 15, primarily as a result of outstanding collections on invoices issued in FY21 and FY22.

On that basis, the statutory accounts of the Company were changed to reflect a change to the revenue recognition for FY22 which differed from the Preliminary Final Report.

6. *Noting that the Financial Report was in the process of being audited at the time the Appendix 4E Preliminary Final Report was released, please advise what, if any, indication the Auditor had already given that the Revenue Adjustment or Debtor Adjustment may be required.*

The process leading to lodgement of the Preliminary Final Report and the Company’s consultation with its auditor in the lead up to finalising its statutory accounts is set out above.

Prior to its lodgement, the Company’s auditor did indicate that adjustments to revenue and receivable figures as shown in the Preliminary Final Report may be required unless adequate supporting evidence for their treatment could be provided by the Company.

Subsequent to lodgement of the Preliminary Final Report, the Company provided supporting information requested by the auditor however the auditor took the view that the information was not sufficient to support the Company’s view. At the time of lodging the Preliminary Final Report, the Company believed that it had sufficient information on matters concerning the Revenue Adjustment and Debtor Adjustment to support its position.



7. *Unless the Auditor had given no indication of the Revenue Adjustment or Debtor Adjustment by 30 August 2022, please advise why DUB lodged time the Appendix 4E Preliminary Final Report with those uncertainties.*

For the reasons outlined above, at the time of lodgement of the Preliminary Report, the Company's view was that no adjustment would be required for the Audited Accounts.

8. *ASX notes that in referring to the Debtor Adjustment, DUB states:*

The Company notes that its relationship with this partner is sound and expects that there will be revenues from this relationship in future periods.

- 8.1 *Please explain in detail DUB's basis for making the above statement.*

This debtor is a key global partner with whom Dubber has a well-established relationship going back approximately 5 years and continues to work closely on major accounts and strategy. The parties collaborate on joint initiatives to telecommunications, financial services and enterprise customers, and to government.

The debtor is a multinational corporation with a market capitalization in excess of \$1 billion and holds an investment grade rating by both S&P and Moodys.

Whilst the Company has been in active discussions with the partner with respect to the debt, those discussions have been focussed on a payment plan for payment of the debt. The partner has not provided any indication to the Company that the debt is disputed.

In this context, the Company has a pipeline of live commercial opportunities with the partner for substantial customer engagements and is confident of concluding these engagements going forward.

- 8.2 *Please identify the debtor.*

The debtor is a multinational corporation with a market capitalization in excess of \$1 billion and holds an investment grade rating by both S&P and Moodys. Dubber's working relationship with the debtor goes back approximately 5 years and is continuing.

- 8.3 *Please explain the circumstances surrounding the Debtor Adjustment, such as the nature of the goods or services provided; whether the debt was incurred in one or multiple periods; when the debt was initially due; etc.*

Dubber provides access to its call recording and AI platform for distribution of Dubber services by the partner, providing subscriptions to the services for a quarterly fee. The partner also supplies a variety of software and development services to Dubber to enhance its services or integrate the services into customer business applications.

The service commenced in mid-2018. Dubber has received approximately \$2.71 million in cash payments from the partner since commencement.

The debt was incurred over multiple periods and the oldest portion of the debt due is from January 2020. The partner has not indicated to the Company that the debt is in dispute and the Company has no knowledge of any reason why the debt would not be paid.



In the light of no payment plan having been agreed as at the due date for lodgment of the Audited Accounts and after further consultation with the Company's auditor, the Company determined that the receivable should be provisioned in the Audited Accounts as a doubtful debt, acknowledging that the debt is overdue.

8.4 *What was the basis for DUB not including the Debtor Adjustment amount when it released its Preliminary Final Report?*

As noted above, the Company has been in active discussions with the partner for payment of the debt including settlement of a payment plan. At the time of preparing and lodging the Preliminary Final Report, the Company anticipated that a payment plan would be finalised with the debtor and a first payment made before the due date for lodgment of the Audited Accounts, in which case the receivable would not be provisioned.

9. *Please confirm that DUB is complying with the Listing Rules and, in particular, Listing Rule 3.1.*

Confirmed.

10. *Please confirm that DUB's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of DUB with delegated authority from the board to respond to ASX on disclosure matters.*

Confirmed as approved by the Company's board of directors.

Yours faithfully
Dubber Corporation Limited

Ian Hobson
Company Secretary





11 October 2022

Reference: ODIN61154

Mr Ian Hobson
Company Secretary
Dubber Corporation Ltd
Level 5, 2 Russell Street
Melbourne VIC 3000

By email

Dear Mr Hobson

Dubber Corporation Limited ('DUB'): Query Letter

ASX refers to the following:

- A. DUB's preliminary final report for the financial period ended 30 June 2022 ('FY22'), released on the ASX Market Announcements Platform ('MAP') on 30 August 2022 ('Preliminary Final Report') including the statement under heading 'Commentary on Results' on page 1, *'The Appendix 4E Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and the Financial Report is in the process of being audited'*.
- B. The suspension of trading of DUB securities on ASX on 3 October 2022 ('Suspension').
- C. The release on MAP on 7 October 2022 of DUB's:
 - a. FY22 audited accounts ('Audited Accounts');
 - b. Notification under Listing Rule 4.3D ('LR 4.3D Notification'), which reconciled the numbers contained in the Audited Accounts with those contained in the Preliminary Final Report and stated, among other things, the following:
 - i. *'Revenue – Service Income has been adjusted in accordance with AASB 15 Revenue from contracts with customers to reflect a modification in the treatment of platform and foundation based income following consultation with the Company's auditor. A review of customer payment history and timing of recognition of invoices issued in FY2022 has led to an adjustment of revenue as stated in the Appendix 4E of \$35.6m to \$25.3m' ('Revenue Adjustment')*
 - ii. *'General and administration costs have been adjusted in accordance with AASB 9 Financial Instruments for a single debtor in the amount of \$8,160,944. This has been done due to failure of this customer to make contractual payments, the Company deciding to provide for the full amount. The Company notes that its relationship with this partner is sound and expects that there will be revenues from this relationship in future periods' ('Debtor Adjustment')*
- D. The lodgement on MAP on 10 October 2022 of DUB's announcement entitled 'Interim Appointment and Resignation of CFO' advising of the appointment of Executive Director, Peter Pawlowitsch as interim CFO and that the current CFO was stepping down.
- E. The reinstatement of DUB securities to official quotation on ASX following the release of the Audited Accounts and LR4.3D Notification.

Request for information

Having regard to the above and the relevant listing rule references below, ASX asks DUB to respond separately to each of the following questions and requests for information:

1. Does DUB consider the differences in the information contained in the Audited Accounts to the information contained in the Preliminary Final Report and, in particular the Revenue Adjustment and Debtor Adjustment, ('Information') to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. When did DUB first become aware of the Information?
4. If the answer to question 1 is "yes" and DUB first became aware of the Information before the Suspension, did DUB make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe DUB was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps DUB took to ensure that the information was released promptly and without delay.
5. Why and how did DUB's revenue recognition used in compiling the Preliminary Final Report differ from what is required by AASB 15 *Revenue from Contracts with Customers* and from what was disclosed in the Audited Accounts?
6. Noting that the Financial Report was in the process of being audited at the time the Appendix 4E Preliminary Final Report was released, please advise what, if any, indication the Auditor had already given that the Revenue Adjustment or Debtor Adjustment may be required.
7. Unless the Auditor had given no indication of the Revenue Adjustment or Debtor Adjustment by 30 August 2022, please advise why DUB lodged time the Appendix 4E Preliminary Final Report with those uncertainties.
8. ASX notes that in referring to the Debtor Adjustment, DUB states:
The Company notes that its relationship with this partner is sound and expects that there will be revenues from this relationship in future periods.
 - 8.1 Please explain in detail DUB's basis for making the above statement.
 - 8.2 Please identify the debtor.
 - 8.3 Please explain the circumstances surrounding the Debtor Adjustment, such as the nature of the goods or services provided; whether the debt was incurred in one or multiple periods; when the debt was initially due; etc.
 - 8.4 What was the basis for DUB not including the Debtor Adjustment amount when it released its Preliminary Final Report?
9. Please confirm that DUB is complying with the Listing Rules and, in particular, Listing Rule 3.1.
10. Please confirm that DUB's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of DUB with delegated authority from the board to respond to ASX on disclosure matters.

Relevant Listing Rule References

- i. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- ii. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."
- iii. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

 - *It would be a breach of a law to disclose the information;*
 - *The information concerns an incomplete proposal or negotiation;*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
 - *The information is generated for the internal management purposes of the entity; or*
 - *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."
- iv. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."
- v. Section 4.15 of Guidance Note 8, which states (relevantly):

"The disclosure of the name of the counterparty/customer with whom an entity has entered into a market sensitive contact is often particularly significant. It allows the market to assess the standing and creditworthiness of the counterparty/customer. In the case of a customer contract, it also allows the market to assess the quality of the customers the entity is dealing with and the quality of the revenue it is earning from them."
- vi. Section 4.10 of ASX Guidance Note 8 which states (in part):

"Entities should also be aware of Listing Rule 4.3D, which requires an entity to tell ASX immediately of any circumstances which are likely to affect the results or other information contained in its preliminary

final report and to explain their effect on the entity's current or future financial performance or financial position. This rule reflects the primacy of continuous disclosure obligations over periodic disclosure obligations. If particular information is market sensitive, it must be disclosed immediately and cannot be withheld until the scheduled release date for a periodic disclosure document."

vii. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEDT Friday, 14 October 2022**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, DUB's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require DUB to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceMelbourne@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in DUB's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in DUB's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to DUB's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that DUB's

obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours faithfully

Dean Litis

Principal Adviser, Listings Compliance (Melbourne)