



ASX Announcement

ASX Code: DUB

31st January 2017

Dubber Quarterly Activities Report Period Ending 31 December 2016

Highlights:

- 18 telecommunications service providers (“telco’s”) have agreed to deploy Dubber’s cloud-based call recording technology
- Dubber’s Platform as a Service and Playback has successfully driven strong demand from BroadSoft Connections Conference held in November 2016
- More than 50 telco’s in the ‘Dubber lab’
- Dubber successfully completed \$6.3m capital raising to accelerate US expansion
- Strong company focus to increase resources across customer success in 2017, to service telco’s who have already deployed the Dubber platform and to continue to increase usage and revenues.

Cloud-based call recording technology provider, Dubber Corporation Limited (ASX: DUB) (“Dubber” and “Company”) is pleased to provide a report of its activities for the quarter ending 31 December 2016.

March Quarter Outlook:

- Dubber is confident its current commercial agreements will see revenue growth in Q1 2017, with five telco’s invoicing or ready to be invoiced as at 31 December.
- An additional telco has already been confirmed in the month of January and the Company expects others to commence billing during the March quarter.

December Quarter Summary

The focus of the Company in 2016 was to develop commercial relationships with telecommunications service providers (“telco’s”) and deliver unique technology applications which would capitalise on the industry’s move towards cloud transformation.

BroadSoft Connections 2016

The culmination of this strategy took place at the annual BroadSoft Connections event in San Antonio, Texas held in November 2016. Dubber was able to demonstrate the world’s only ‘Platform as a Service’ for call recording. The Dubber platform is a turnkey solution in a market where traditional alternatives require significant deployment processes including productisation, change management and capital expenditure, delivering a hardware based or ‘hosted’ solution with licenses attached.

Dubber demonstrated that not only does its platform remove traditional limitations but it can demonstrate significant commercial opportunities which result from having a scalable platform with a seamless API structure.

At BroadSoft Connections, Dubber could illustrate this via its Playback application which provides telco's with the opportunity to completely transform the way phone calls (fixed and mobile) are managed, how voice data can now become a valuable asset which can be monetised, and how other tools can be connected into a cloud strategy with the Dubber platform at the core.

As well as the demonstrations conducted by the Dubber team, the Dubber platform was also promoted and demonstrated by two of Dubber's technology partners, Akixi, a call management, reporting and wallboard provider, and Mondago, leaders in telephony/CRM integration.

They were able to demonstrate to their existing BroadSoft telco partners the opportunity to seamlessly integrate and manage recordings into their services.

Dubber first attended the BroadSoft Connections event in 2015, where the Company was first introduced to the international telco sector. The Company witnessed a quantum shift in the level of engagement with telco's this year, based on their own requirements for a rapid shift to cloud and the recommendation of BroadSoft account managers who recognise Dubber as a key solution. This was most noticeable with the US-based telecommunications carriers.

This engagement has been the catalyst for the decision to establish Dubber operations within the USA.

Capital Raising

Following the BroadSoft event Dubber completed a capital raising of approximately \$6.3m.

As a result, Dubber now has two 'substantial' institutional investors, Technical Investing Pty Ltd and Thorney Technologies Ltd. Aesir Capital have been providing corporate advisory services during the period and will continue to assist the Company's corporate strategy and market engagement.

The money raised is being used to fund a significant shift in the Company's strategy, with a particular focus on imminent deployment in the US.

Whilst the goals for revenue in 2017 remain as previously stated, the focus will also be to expedite growth to meet demand in both Europe and the USA.

This will see the appointment of sales, account management and support staff, some of whom will be deployed directly into larger telco partners.

The opportunity to expand the user cases for the Dubber platform beyond that of traditional call recording provides a strong impetus for such support.

US and EU Expansion

Following the successful completion of the capital raising, Dubber has taken steps to establish a US network and base. In the meantime, Dubber is servicing its US engagements from its UK office.

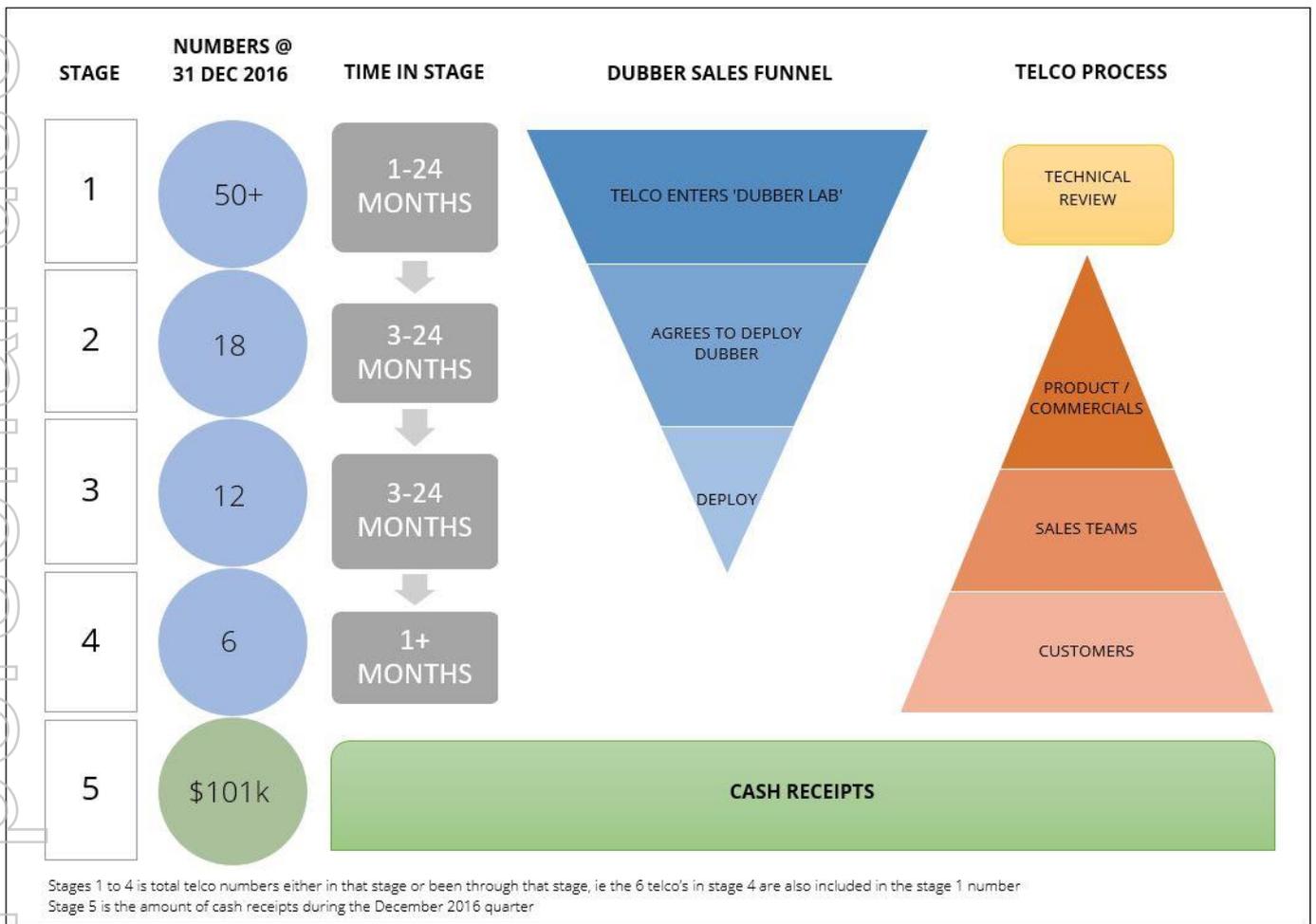
Dubber is pleased to confirm that it has appointed Lee Essex to the role of senior sales and business relationship manager. Lee is a high-profile executive within the telco recording industry with a proven track record in international markets.

Dubber will be appointing distribution partners within the US, typically, BroadSoft deployment partners who have existing relationships with mid and small tier telco service providers as their customers.

New account management and support roles will be established off the back of revenue generating contacts that have been signed with deployment scheduled.

Telco Partnerships and Process

Dubber is pleased to provide an overview of its process of selling and deploying the Dubber platform, set out in the 5 stages below.



Stage 1:

Once a telco enters the 'Dubber lab' or has commenced commercial discussions (prior to testing), the Company considers that that telco has entered into its sales process. The 'Dubber lab' has been built to enable a telco to connect and start testing Dubber's recording platform very easily with the fastest time it has taken a telco to connect being only 8 minutes.

Once in the Dubber lab, the amount of load testing varies from telco to telco depending on their specific requirements, with the time taken depending on the level of priority within the telco's business. There are many factors that can affect how long this takes, with some being:

- Variations being undertaken to the telco's unified communications platform
- Approval process in the telco
- Other products a telco is aiming to release at the same time as Dubber

Stage 2:

A telco, agrees to deploy the Dubber product. The Company considers a telco to have reached this stage if it receives any of the following:

- A signed agreement with minimum subscriber numbers
- A signed agreement based on end user uptake
- A signed MOU with indications around what the commercial terms will look like
- A letter indicating they intend deploying Dubber

The two commercial and product teams then determine a 'go to market' strategy along with finalising the deployment of the platform. There can be several factors which increase the time until deployment, with some of these being:

- Variations to the telco's unified communications platform
- Integrating Dubber into Operational Support Systems and Business Support Systems.
- Appending Dubber to an existing product launch which has a scheduled date and roadmap.

Building these first two stages has been the Company's focus during 2016, culminating in reaching agreements with 18 telco's for the calendar year (previously targeting 20). Continuing to grow this stage will remain a priority in 2017 via existing engagements and, also, the opening of new territories however, additional resources are also to be added to the final three stages.

Stage 3:

Dubber is deployed on the telco's network. From here the focus turns to ensuring the telco's sales teams are familiar with the Dubber product and the benefits of it for their customers.

As part of the recent capital raising some of the funds raised will be used to add more resources to this area of customer success, to assist in training, account management and creating user cases for Dubber's telco partners.

Stage 4:

Connecting end user customers. This may require, in the instance of a larger customer, an integration to the customer's Customer Relationship Manager (CRM), training of the employees and changes to workflow processes. Once completed, the end user is live.

The Company does not currently release end user numbers and this will continue, as Dubber invoices in a number of ways:

1. Monthly subscription – for an always on service
2. Pay as you go – with the user deciding to record a call as they call or pick-up an inbound call
3. Playback – as part of a bundled plan, where Dubber can get paid either on a monthly basis, a usage basis or a combination of the two.

Dividing the monthly revenue number by the number of users will not produce a relevant revenue per user number due to the variety of charging methods set out above.

Furthermore, there are agreements in place with telco's which prescribe a minimum user commitment over a period of time. This commitment may vary from actual users at any given time until that minimum connection figure is exceeded.

Stage 5:

Dubber can commence billing the telco with the cash receipts to follow up to 90 days depending on payment terms agreed with the telco.

During 2017, the Company intends to provide updated numbers relating to its sales process as per above as part of the Company's quarterly update.

Telco Announcement Timing

The telco industry typically regards press and investor relations announcements as being items to be released at product launch for commercial and competitive reasons.

The Company will ensure that every agreement will be notified to shareholders as soon as that agreement is material ensuring it always meets its continuous disclosure obligations whilst maintaining its commercial relationship with its customers.

Dubber's strategy for growth in 2016 was to create commercial relationships with telco's and these relationships will be the foundation for success over a long period and that remains the Company's core focus.

Notes to the Appendix 4C quarterly cash flow report

The lower cash receipts in the quarter reflect two factors:

1. The delay in the deployment of services until Q1 2017 by two customers. In one case this deployment occurred in January and billing will commence this month also. The second is scheduled to commence in Q1 2017 with a combination of 'reserved' and 'playback' users.
2. The Company's decision to provide credits to two customers who have been billed at a contracted rate, although the service had yet to be deployed at the time. These credits have been agreed for

commercial reasons with long term customers. In both cases the customers have commenced the migration of existing recording users to meet the minimum level committed in the agreements.

The Company received approximately \$1.1m by financing its 2015/16 AusIndustry Research and Development Incentive and will continue to finance its activities in relation to its 2016/17 on a quarterly basis commencing in the March Quarter to assist in managing the Company's quarterly cash outflows.

As noted, the Company completed a Capital Raising during the quarter to expand both territory and resources. As a result, there were specific expenditure items over and above the Company's original budget. These items are singular, non-recurring items such as advisory services in the finance, administration and corporate areas. The Company also had an increase in technology expenditure with an independent penetration testing report completed to meet the requirements of a high profile prospective telco partner in the US. The Company also fast-tracked expenditure of development work on two new unreleased applications. There were also some singular cash outflows relating to the proposing financing of the 2017 AusIndustry Research and Development Incentive. Finally, due to potential customer interest event and travel related activity was increased.

March Quarter Outlook

The Company is confident that its current commercial agreements will see revenue growth in Q1 2017 with five telco's invoicing or ready to be invoiced as at the 31 December. In addition, another telco has already been confirmed in January and the Company expecting others to commence billing during the March quarter.

In addition, 2017 will see some agreements finalised with telco's which will expedite the process through stages 3 to 5, whereby (in some cases), Dubber will be deployed in its own brand, but enabled and billed by the partnering telco. It is expected in most cases the branding relationship will subsequently be modified to a standard wholesale agreement once the internal procurement processes of the telco are satisfied. Dubber can offer this solution as it is a Platform as a Service and the Company seeks to use the advantages of its 'turnkey' capacity to speed up deployment.

This model has been suggested as a solution by US telco's with an immediate requirement, and has also been well received by prospective customers in both Australia and Europe when raised by the Company.