



## ASX Announcement

30 April 2017

### Dubber Quarterly Activities Report – Period ending 31 March 2017

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- Successful quarter with first migration of wholesale customer bases completed
    - increasing end user customers by 35% to more than 13k
  - Customer billings increased quarter on quarter from \$125k to \$315k
  
  - Moderate increase in cash collections – timing of billings drives future cash
  - Expenses marginally ahead of internal targets, spend focused on conversion of end users to ‘billing’
  - Net cash position marginally behind internal targets – however, with anticipated cash receipts (customer billings and R&D grants), Dubber remains comfortable executing existing business plan
  
  - Following the close of the quarter:
    - Customer revenues in April anticipated to be around \$68k, primarily recurring revenues
    - FY16 R&D claim finalised (repaid R&D loan facility of \$1.1m, net additional \$460k cash)
  
  - Outlook:
    - Account managers appointed to assist telcos with their customers, to drive revenue
    - FY17 R&D claim expected to be in excess of \$1.5m, interim funding in place for that amount if required (to be drawn on a quarterly basis)
    - Cash receipts from customers anticipated to exceed \$300k for Q4 Fy2017, and growing
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Cloud-based call recording technology provider, Dubber Corporation Limited (ASX: DUB) has today lodged its Appendix 4C with the ASX for the quarter ending 31 March 2017, and provides the following background information to assist with reviewing that report.

#### March Quarter Summary

The Company’s focus in Q1 2017 was to capitalise on its relationships with its telecommunications service provider customers (telcos) to expedite deployment at both the telco and the end user customer level. The Company ultimately benefits (secures cash receipts from its customers) once end user customers have been connected by the telco providing them service, and are being billed for the Dubber component of that service.

For the larger enterprise customers on which our telco partners are initially focusing, timing of when those end user customers move to ‘billing’ status is largely dependent on their internal business processes, and

engagement with their telco service provider. Dubber now has account managers to seek to expedite these processes – both at our telco clients, and with their customers.

Cash receipts for the March quarter of \$110k was a moderate increase on the previous quarter, and this was primarily due to the time taken to activate end users with Dubber's existing telco customers. However, as Dubber's telco customers continue to implement the Company's platform within their networks, and to offer it to their respective customers, the Company remains confident that cash receipts will flow in respect of those end user customers.

A key part of the expenditure in the quarter was to expand the commercial team, with a shift from pure customer acquisition to customer support and account management, in line with the strategy to be funded by the capital raising undertaken in December 2016. While the Company has increased its focus on conversion of those opportunities into end user billing, we have also sought to establish a US based team to engage with opportunities presented by the BroadSoft Connections event in November 2016.

Billing for the quarter (for which cash will be received in subsequent periods) increased from \$125k in the prior quarter to \$315k, as a result of end user take up within our telco partners. This included a part prepayment component from one of our customers who has taken a long term agreement and had budget capacity.

User numbers have also grown, and as at 31 March 2017 the Company has in excess of 13k end users.

Two practical examples of the process to revenue and cash

In June 2016 the Company announced an agreement with UK telco AVC One. That agreement was pursued by AVC One as it had a national enterprise customer who required a specific recording capability, which Dubber is able to provide as part of its core offering. At that time, AVC One entered Stage 2 of the Company's sales process (see the Appendix for a description of that process).

During March 2017 (some 9 months from original agreement) the Company moved to Stage 4 of the sales process, migrating approximately 1500 services across to the Dubber Platform. This allowed the Company to commence invoicing AVC One at the end of March for these services (which will move the customer to Stage 5- cash receipts, in the current quarter).

During April, a further 500 or so users were connected to Dubber, and the arrangement with AVC One has the potential to further grow over time (and the Company's account managers will be working with AVC One to this end). Part of the billing in March included prepayment of contracted services in line with budget capacity, and the customer will continue to be billed in the order of \$11,000 per month from May onwards, for services above that prepaid level.

Route IT engaged with Dubber in June 2016 (Stage 1), finalised an agreement in October 2016 (Stage 2), with the companies announcing in February 2017 that Dubber had then been deployed (Stage 3).

Rout It had previously been using an alternative call recording platform, but had chosen Dubber as a superior alternative for its needs, particularly with the ability to scale quickly and easily. In April, Dubber migrated 1,700 users, with approximately 2.7m recordings, to the Company's service (Stage 4).

These customers will be billed for the first time in the June Quarter (which will trigger the subsequent Stage 5 – cash receipts).

The increase in both billing and user numbers are a direct result of the deployment of resources in the Company's account management and support teams which the Company expects to continue to grow over coming quarters.

#### Subsequent events to the close of the March Quarter

Subsequent to the close of the March quarter, the Company finalised its FY16 R&D claim, and received an additional cash inflow of \$460k after paying off the loan of \$1.1m tied to this payment.

The Company anticipates that its FY17 R&D claim will be in excess of \$1.5m (and has a track record of successfully demonstrating the validity of its R&D claims with the ATO, as the recent payment has again demonstrated). The Company again has access to an R&D funding facility which will allow it to draw down on the FY17 claim in advance of it being finalised by the ATO. That facility is for \$1.5m, available to be drawn each quarter (the Company could draw approximately \$900,000 during the current quarter if it chooses to do so).

The Company also expects to receive \$200,000 in placement funding from Chairman Peter Pawlowitsch which is subject to shareholder approval, as disclosed as part of the Company's capital raising in December 2016.

Together, these sources of funds (\$460k of FY16 R&D now received, \$900k that may be drawn against FY17 R&D, and \$200k placement (subject to shareholder approval)) provides additional cash of \$1.55m for the current quarter.

In addition, the Company is starting to see some early positive results from the account managers employed to work with our telco partners, with revenue for April being anticipated to be approximately \$68k up from approximately \$42k in March (this is revenue for accounting purposes (unaudited) where the revenue is recognised as it is earned, not billed). The Company believes that, with the addition of the account management resources, it will continue to see growth in revenue over the coming months.

#### Outlook

The Company will continue to build on the approach of deploying account managers to assist telcos with implementing Dubber services to their customers, given the success the approach has shown to date. This will continue to drive revenue, as end user customers move from 'potential' to 'billing'.

In the current quarter, the Company anticipates that cash receipts from customers will exceed \$300k. More importantly, those revenues and subsequent cash receipts are growing, reflecting the ongoing uptake of the Dubber platform by end user customers, within the Company's telco customer networks.

The Company does not anticipate that it will need to raise additional capital in the coming year to execute on its existing business plans. However, we will continue to keep an open mind on approaches which will accelerate our plans, once those approaches are proven to have a successful return on investment.

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#### About Dubber

Dubber is the world's most scalable call recording service which enables telecommunications carriers and customers to capture voice data in a way never before available. Dubber's use of a true native cloud platform is revolutionary and is revitalising the call recording industry. Its high availability, unlimited scalability and true Software as a Service (SaaS) offering enable telecommunications carriers to deploy and manage new services and revenue streams without the need for hardware, product development or capital expenditure.

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Appendix: Dubber's Telco Sale Process

