



ASX Announcement
ASX: DUB

30 April 2020

Dubber March 2020 Quarterly Activities and Business Update

Highlights:

- End user subscribers increased by over **30,000** to **152,581** in the quarter, **109%** on pcp (73,157);
- Revenue for the quarter was **\$2.61m**; an increase of 8.8% from December quarter of \$2.4m and **66%** on previous corresponding period (pcp) (March 2019 of \$1.57m);
- Annualised Recurring Revenue (ARR)¹ as at 31 March 2020 was **\$13.2m**, up from **\$10.65m** at 31 December 2019;
- Customer growth accelerated in late February and March and has continued into Q4 with **more than 12,500 subscriptions added in April**
- Agreements with Service Providers increased from **123** to **131** during the quarter;
- Telecommunications Service providers at the stage of billing increased from **65** to **77**;
- The Company is experiencing record demand due to a global increase in Business Continuity Planning (BCP);
- Signed agreement with **Verizon Communications**, the world's 2nd largest telecommunications carrier;
- Signed agreement with **Telstra**, for business and mobile network services;

Dubber Corporation Limited (ASX: DUB) ('Dubber' or 'the Company'), the call recording and data capture platform designed for communication networks, is pleased to release its Appendix 4C with the ASX for the quarter ended 31 March 2020 and provide an update on the Company's operating focus.

The Company has been focusing on executing its operating plan to:

- Deliver Call Recording and AI onto leading global telephony networks
- Develop its Cisco Webex Calling program
- Grow its customer base and associated revenues
- Turn its commercial agreements into billing deployments
- Fulfil substantial increases in demand as enterprises seek distributed workforce capabilities.

Dubber's CEO and Managing Director, Steve McGovern, said: "The March quarter was the most dynamic in the Company's history as the COVID-19 pandemic caused social and economic disruption in each of the markets in which the Company operates. Significantly for our shareholders, we are participants in an industry segment which has never been more relevant or important in the face of the current global health emergency.

"Dubber's services are part of a replacement of legacy communications and business infrastructure with flexible and highly secure cloud services. Never have these services been more important than in the current social and economic climate whereby businesses of all sizes are seeking to preserve short term operating capabilities and, crucially, ensure a comprehensive Business Continuity Plan (BCP) for a sustainable future.

"Many of our service providers connected to the Dubber platform provide cloud communications and collaboration services, such as Telstra Liberate and Cisco Webex Calling. These and similar services enable workforces to become distributed at short notice, enabling employees to securely 'work from home' when needed. As workforces utilise this flexibility, essential communication functionality, such as call recording, data capture and other management features become paramount and required.

¹ ARR is calculated by number of billable users x average revenue per user (ARPU) and does not include one-off items or discounted periods.

“The Dubber service directly enables recording, data capture and AI capability from a communications network to any device, in any location for any customer of that network. This specifically provides Dubber an advantage over any traditional method of call recording which relies on the employee remaining within the confines of the office environment to record calls. This means that a business can deploy capability immediately to replace legacy services which require ‘on premise’ infrastructure and support.”

“We now are focused on executing on what is a significant pipeline of enterprises and end users who will require our products and services which will accelerate uptake now and for the foreseeable future.”

Cisco Webex Calling

Dubber is the recording service for Cisco Webex Calling. Cisco Webex Calling is a global Unified Communication service, delivering a multi-tenant cloud-based alternative to on-premise PBXs while providing advanced cloud communication functionality as a subscription service. The Company is currently seeing substantial growth in sales and pipeline for this service across many industry verticals. There is currently a significant requirement in the global banking and financial services sector as banks and other financial service providers seek to move employees to a secure, sustainable and enterprise grade communications platform that enables their workers to operate from home while meeting their compliance obligations. As per the Company’s most recent investor presentation, Dubber currently has in excess of 95,000 potential subscribers in its confirmed pipeline and growing. To date, these requests have been processed on a ‘referral basis’ via Cisco’s sales channels. Dubber services are in the process of being added to the Cisco global price list and, importantly, the order entry system as the recording service for Cisco Webex calling. The Company expects this to be published imminently with the effect being that Cisco channel partners can seamlessly order and process recording as a required feature, as they would with any of Cisco’s own features.

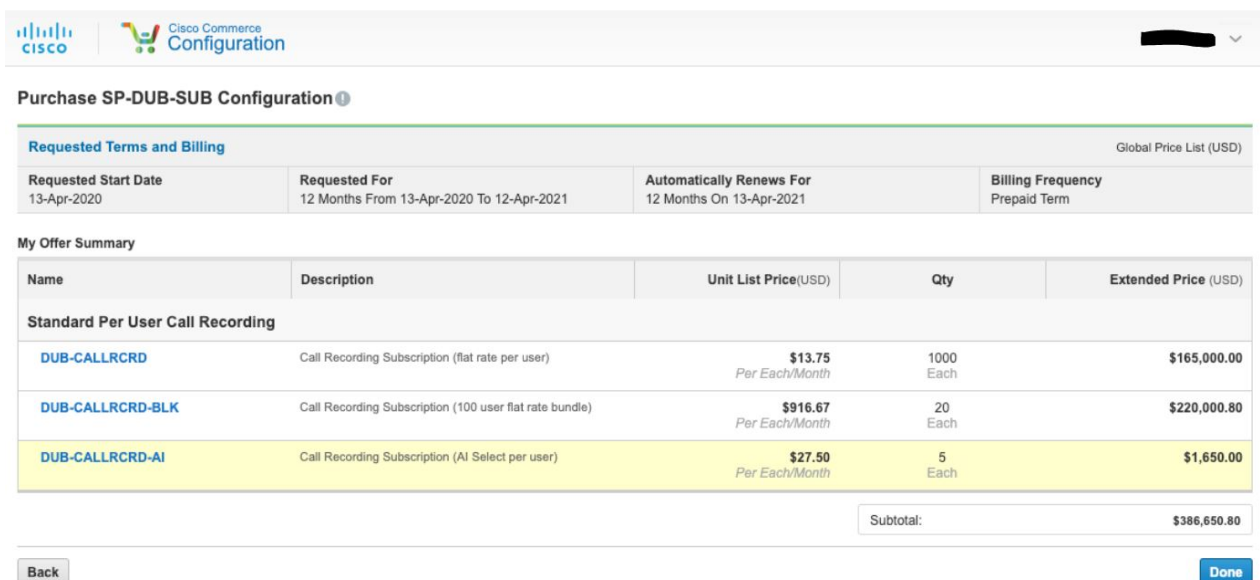


Figure 1: A screen capture of the Cisco procurement system in pre-release mode. This is an example order including various Dubber Subscriptions as could be placed by a Cisco reseller for a single customer.

This process will enable the global Cisco sales and reseller channel the ability to provision services without any requirement for direct contact with the Company. Accordingly, the Company believes that it will have a positive impact on the Company’s subscription growth via the Cisco direct and indirect sales channel.

The Company, as previously stated, will advise the market when this process has been finalised.

Telstra

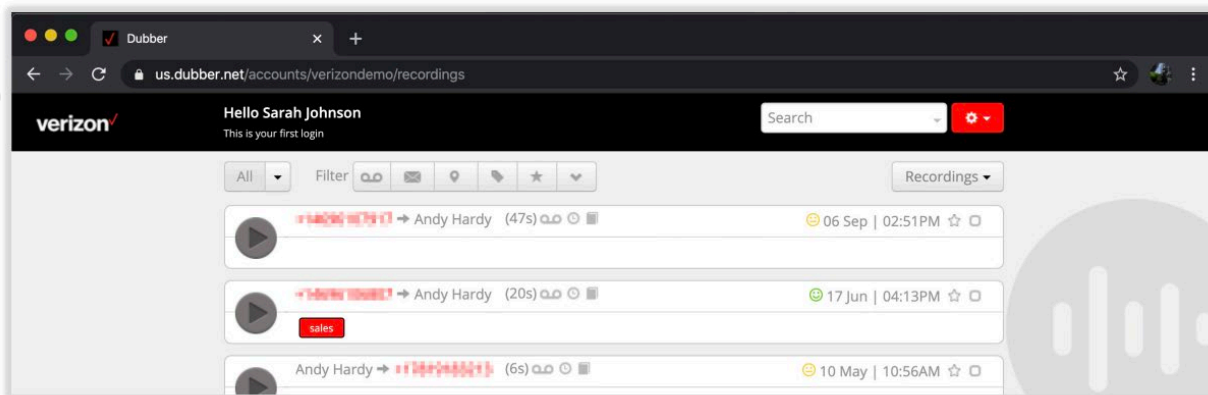
The Company announced that it has signed an agreement with Telstra for the provision of recording, data capture and Artificial Intelligence (AI) on business telephony and mobile services.

This agreement was signed with the intention of being able to provide ‘contact centre’ type recording and AI to “whole of business” customers including mobile services. The COVID-19 pandemic has seen enterprises seek to replicate ‘on premise’ solutions in a work from home environment and while, as stated, the service is not yet widely available, there is significant requirements for the service which will see customer uptake in the current quarter.

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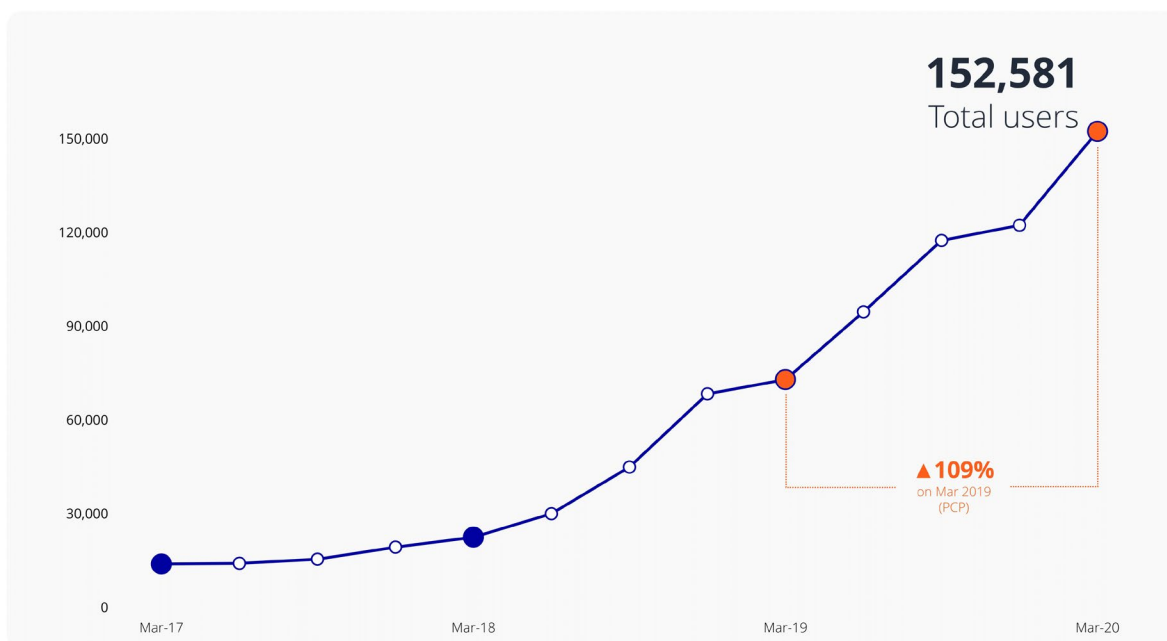
Verizon

The Company signed a Master Service Agreement (MSA) with Verizon Communications, the world's second largest telecommunications carrier. The MSA provides for Verizon to deploy Dubber to any of its networks without the need for protracted procurement processes enabling ubiquitous offerings across its customer base.



The first networks deployed are Verizon's Unified Communications offerings for which Verizon are a recognised world leader and additionally include their own Cisco Webex Calling initiative. Dubber subscriptions have been enabled from the outset of this agreement.

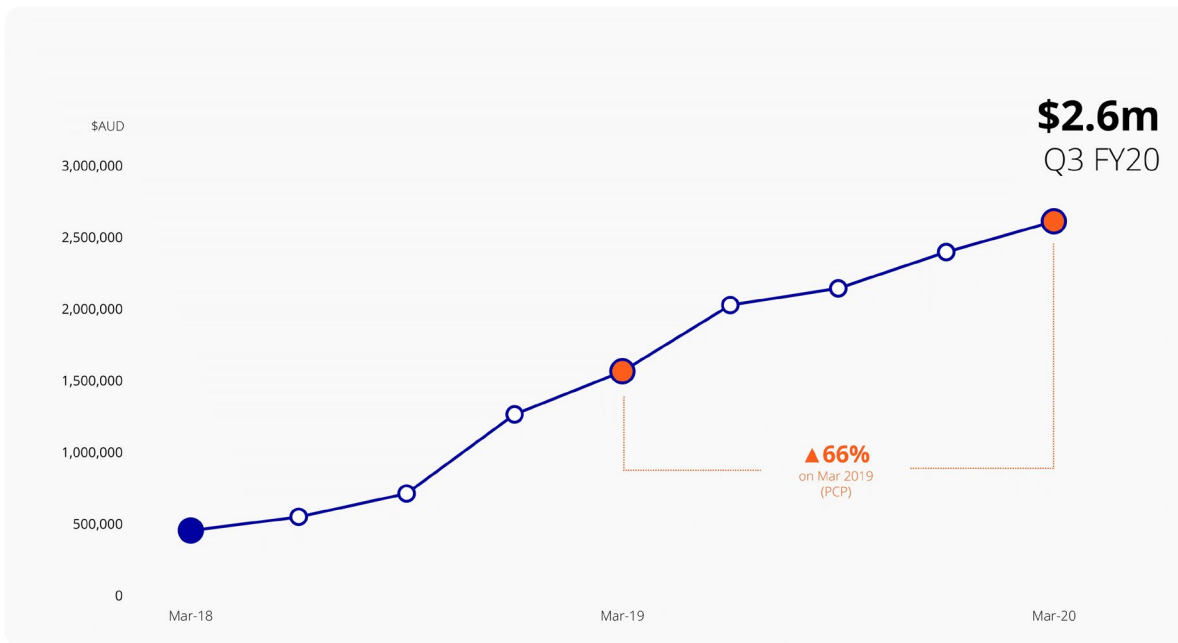
User Growth



User numbers for recording services increased from 122,549 at 31 December 2019 to 152,581 at 31 March 2020. User growth accelerated in late February and March and pleasingly it has continued into Q4 with more than 12,500 users added to the platform in April. The Company believes once it is on the Cisco price list this acceleration, in addition to other business drivers, should continue at a faster pace such is the demand for Business Continuity Planning. The end user in focus at this current point in time is enterprises, as small-medium enterprises (SMEs) have been significantly impacted due to COVID-19.

Revenue

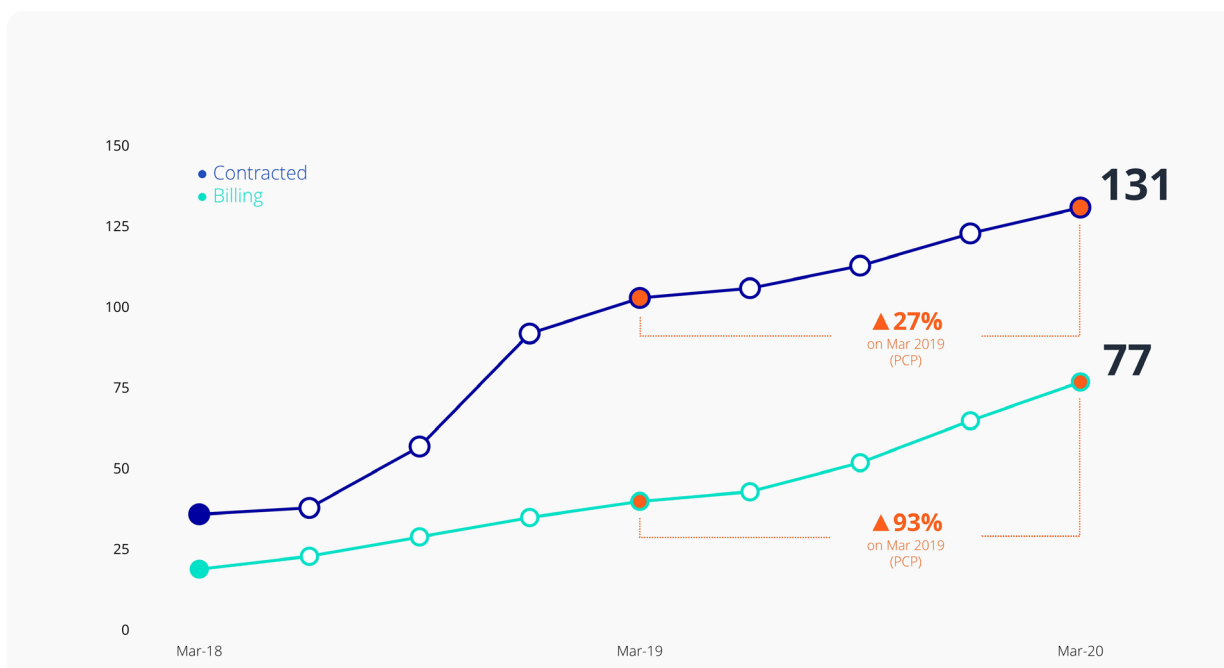
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The Company's revenues grew in the quarter by 8.8% to \$2.61m (December 2019: \$2.40m). As mentioned previously, customer growth occurred predominantly in late February and March and included various incentives in line with the Company's commercial partner offerings. These may have included free and/or discounted periods as part of an agreement but there were no free services offered. The full impact of the growth was not felt in the March quarter itself but is reflected in the growth of the Company's underlying annualised recurring revenue (ARR) which, at 31 March was **\$13.2m**, increasing from \$10.65m at 31 December 2019.

ARR is calculated by number of billable users x average revenue per user (ARPU) and does not include one-off items or discounted periods.

Service Provider Growth



During the quarter, the number of contracted service provider partnerships increased by 8, from 123 to 131, as the Company consolidates its global network footprint. The Company is currently billing 77 (up from 65 at 31 December 2019) of these network partnerships (March 2019: 40).

Capital Raising of \$10m

Immediately subsequent to the quarter, the Company successfully completed a \$10m capital raising through a placement. The decision to raise funds was determined at a critical time in the social and economic climate in Australia whereby Federal and State Governments were intimating a minimum 6 month lock down of the economy and, had diverse views on matters of social importance such as school closures.

The Company's own share price reached a low of 38c. The Company elected to conduct a placement quickly and efficiently and received substantial support, which saw the original requirement oversubscribed. After a significant scale back, the Company elected to accept subscriptions for \$10m at 60c, a 2.3% discount to the 10 day VWAP at that point in time.

CEO Steve McGovern and Director Peter Pawlowitsch offered to support the raise by subscribing to \$500,000 each which is subject to shareholder approval. The capital raising provided reinforcement to the Company's strength in a very volatile period and provided valuable assurance to its employees, shareholders and business partners.

COVID-19

The Company released an announcement outlining that the impact of COVID-19 did not have an adverse impact on the Company's operations and strategy execution. The Company is able to operate efficiently to deliver on its core objectives while maintaining the welfare of its employees. At the same time, the requirement for Dubber's services, has never been so apparent. The result has been substantial and commercially positive for the Company, resulting in immediate customer growth and the development of a deep opportunity pipeline. The impact on our commercial partners has been diverse - with some service providers with a large retail and SME base experiencing a downturn in their service usage, while others with an enterprise capability are experiencing unprecedented demand. The Company has assisted its partners where required while growing the business with those partners who are commercially flourishing.

Cash Receipts

During the quarter, payment cycles with some of its partners saw re-aligned payment strategies, with the Company receiving requests for deferral of payments and/or discounts along with some partners simply slowing down their accounts payable. At this period in the quarter, the Company was forecasting receipts in excess of \$2m (compared to actual cash receipts for March quarter of \$1.4m).

The Company has now finalised all revised payment arrangements, the majority resulting in deferred arrangements with immaterial discounting. This has not resulted in any of the quoted subscriptions being rendered free of charge. Under these arrangements the Company expects to receive in excess of \$2.5m in the current quarter with the balance of the arrangements to be collected in the first quarter of FY2021.

The Company is mindful that most of its partners are in the USA and Europe, regions which are experiencing differing social and economic conditions but the arrangements put in place reflect the agreements between our partners and their end customers, where applicable. The current initiatives which are driving user growth, are all operating on standard terms and largely from the enterprise sector rather than small business.

Outlook

The Company expects to grow all its key metrics in the current June 2020 quarter as a result of the demand for its services. The increased user growth experienced in the second half of the quarter reflected existing activity already underway. The dynamic increase in BCP requirements is expected to occur during the June quarter and beyond. The current sales pipeline reflects a combination of immediate requirements and long-term demand and is a multiple of the current user base.

The vast majority of near term demand involves sustainable implementation which is reflected in minimum term agreements. The user growth in March and April reflects the embryonic stages of that development and the Company expects to experience continued growth in subscriptions, revenues and cash receipts at record levels in the current quarter, with a strong core of secured business beyond June. The Company also believes that its core goal of using its position in carrier networks to see its services provided as a standard feature in product offerings will be advanced in the current and ensuing quarterly periods.

In addition to the current dynamic requirements, the Company, remains focussed on its underlying strategy:

- To continue to grow the footprint of networks in which it is embedded;
- Supporting Cisco's large sales and distribution channel with the launch of call recording as a key feature of Webex Calling;
- To have widespread availability for mobile and whole of business recording in Australia;
- To demonstrate its capacity to deliver on its philosophy that AI will be widely available and served directly from telecommunications networks;
- To exponentially increase growth in user numbers and revenues as a result of key long-term initiatives.

The Company has built a strong foundation to support these strategies and will continue to add multi-jurisdictional team growth, deploy resources as required together with its leading global technology and Service Provider partners.

Related Party Expenses

In line with requirements of lodgement of the attached Appendix 4C, the Company advises that payments shown in Item 6.1 of the Appendix 4C for \$173,000 are in relation to Executive and Non-Executive Director remuneration (including superannuation) and form part of the operating expenses for the March quarter.

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

About Dubber:

Dubber is the world's most scalable call recording service which has been adopted as core network infrastructure by multiple global leading telecommunications carriers in North America, Europe and Asia Pacific. Dubber is a disruptive innovator in the multi-billion dollar call recording industry, its Software as a Service offering removes the need for hardware, productisation or capital expenditure.

As the telecommunications sector moves towards Cloud services, Dubber has been integrated as the call recording and data capture service for Cisco Systems' Cloud telecommunications infrastructure across service provider and business enterprise sectors.

Dubber provides the opportunity for the capture of voice data across these networks enabling further monetising opportunities, in addition to regulatory compliance, in the areas of analytics, artificial intelligence and 'Big Data' - expanding the potential market for call recording to every phone.

For more information, please contact:

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Appendix 4C

Dubber Corporation Limited

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 2020

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	1,406	3,930
1.2 Payments for		
(a) research and development	(239)	(689)
(b) product manufacturing and operating costs	(2,589)	(6,961)
(c) advertising and marketing	(103)	(357)
(d) leased assets		
(e) staff costs	(2,425)	(6,620)
(f) administration and corporate costs	(389)	(1,030)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	67
1.5 Interest and other costs of finance paid	-	(4)
1.6 Income taxes paid	-	(1)
1.7 Government grants and tax incentives	-	1,672
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(4,339)	(9,993)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(22)	(118)
(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))	1,263	1,246
2.6	Net cash from / (used in) investing activities	1,241	1,128
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	215	1,676
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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	215	1,676
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	15,336	19,618
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,339)	(9,993)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,241	1,128

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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)	215	1,676
4.5	Effect of movement in exchange rates on cash held	3	27
4.6	Cash and cash equivalents at end of period	12,456	12,456

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	2,456	5,336
5.2	Call deposits	10,000	10,000
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)	12,456	15,336

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 | 173 |
| 6.2 Aggregate amount of payments to related parties and their associates included in item 2 | - |

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

Payments shown in 6.1 are in relation to Executive and Non-Executive Director remuneration (including superannuation).

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7. Financing facilities

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.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	-	-
7.2	-	-
7.3	-	-
7.4	-	-

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)	(4,339)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	12,456
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	12,456
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.87

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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:

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:

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:

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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: 30 April 2020

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.