



ASX Announcement
ASX: DUB

31 July 2020

Dubber June 2020 Quarterly Activities and Business Update

Highlights:



- Dubber has added more users over the past 12 months than entire history prior;
- Substantial pipeline of confirmed orders in the enterprise sector awaiting telephony deployment;
- Increase in Business Continuity Planning (BCP) globally continues to drive strong demand;
- Full integration of Dubber as the native Cisco Webex Calling recording service completed;
- The Company has taken significant steps towards its “AI for every phone” initiative;
- Completed the acquisition of Australian call recording company CallN;
- Successfully raised \$9m leaving the Company fully funded with \$18.4m cash at bank as at 30 June 2020, with additional \$1m to come subject to shareholder approval

Dubber Corporation Limited (ASX: DUB) (‘Dubber’ or ‘the Company’), the Unified Call Recording & Voice Intelligence cloud service designed for service providers and businesses of any size, is pleased to release an update on the Company’s operating focus and attaching Appendix 4C for the quarter ended 30 June 2020.

During the quarter, the Company has continued its focus on executing its core operating plan to:

- Deliver Call Recording and AI onto leading global telephony networks
- Grow its customer base and associated revenues
- Convert commercial agreements into billing deployments
- Fulfil substantial increases in demand as enterprises seek distributed workforce capabilities
- Develop its Cisco Webex Calling program
- Develop its go to market program for wide availability in Australia via Telstra

Dubber’s CEO and Managing Director, Steve McGovern:

“We took significant steps forward during the quarter against a backdrop of economic and social volatility in most of our key markets. Our telecommunications service provider partners experienced widely diverse outcomes in their own markets. A large number of tier two and challenger service providers saw decreased campaigns and initiatives as a consequence of many of their target businesses in the SME market impacted by business closures due to COVID-19.

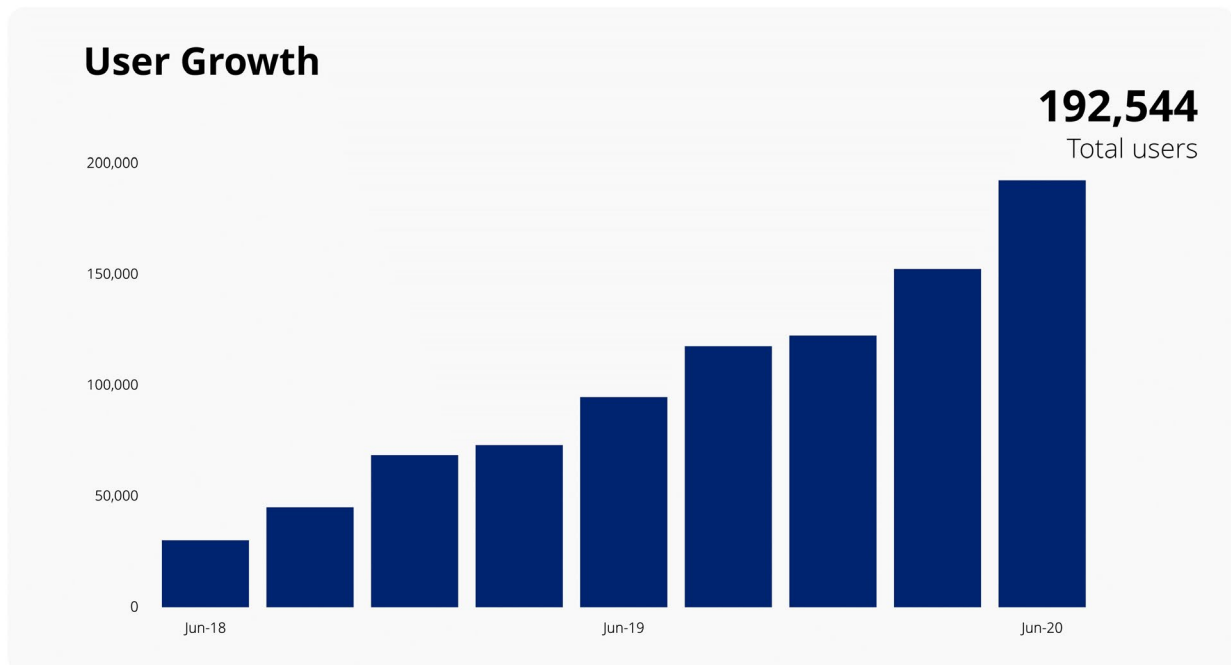
The enterprise sector, however, has moved at significant pace with companies seeking to both replicate existing workplace capabilities in a work from home (WFH) environment and determine future operating infrastructure as part of Business Continuity Planning (BCP) programs. As challenger service providers have experienced slower demand in their markets, conversely Dubber is seeing substantial activity from its larger partners, notably US Tier One Carriers and Cisco Webex Calling. This activity has provided the Company with a clear line of sight towards executing its longer term strategies while achieving its short term goals.

BCP and WFH demand has created requirements which highlight the advantages of Dubber's technology in two specific areas as set out below.

Enterprises are requiring core infrastructure to be deployed without the luxury of lengthy scoping periods, significant infrastructure change management programs or pre-defined capital expenditure budgets. This is particularly relevant for some large contact centre operations, financial institutions and health care providers who are, for the first time, not able to record calls in the compliant manner they are used to. Many companies in these sectors may have had a 'Cloud Communications' strategy on their business roadmap but are now fast-tracking these initiatives. The ability to switch on call recording 'as a service' directly from the network facilitates these time sensitive deployments.

Many Service Providers are increasingly seeing the requirement to have call recording as a standard feature in their Unified Communications (UC) offerings in the same way that, for example, voicemail is a standard feature in mobile telephony. The Company has been working with its partners on these 'Foundation' relationships and this is a fundamental part of its strategy. A 'Lite' version of Dubber as a standard feature provides the opportunity for substantially increased users of the Company's core services as well as being a significant accelerator for its 'AI4' (Artificial Intelligence for every phone) philosophy. The Company believes that customers will expect features delivered by Dubber's Voice Intelligence Cloud as part of every phone plan. In a significant step for the Company, a tier one carrier in North America has embarked on a substantial development program specifically to enable Dubber as the data capture and recording layer for its mobile services, something which the Company believes will mark an inflection point in FY2021."

User Growth



User numbers for recording services has increased from 152,581 at 31 March 2020 to 192,544, a record for the Company. The Company has benefited from an increasing pipeline of confirmed orders, the provision of which is directly related to the deployment of the associated telephony service.

Cisco Webex Calling

Dubber is the recording service for Cisco Webex Calling. During the quarter the service became available as part of the standard ordering and provisioning process via CCW and Cisco Control Hub. Previously, Cisco channel partners were required to engage with Dubber directly on a referral basis. The Dubber service enables call recording and associated services to be ordered and switched on as part of the Cisco Webex Calling feature stack without the need for scoping, hardware or professional services. The Cisco Webex calling program has seen engagement with large enterprise customers, particularly in the banking, financial services and health care sectors. The lead time from ordering a new service to deployment and, thereby, billing can be 60 days for a typical medium sized business. Where the business is a large enterprise, there may be additional compliance processes and documentation which are required as a part of the sales process. Currently Dubber has strong demand from these types of enterprises in USA, Canada and Europe. These engagements will provide the Company with a measurable and predictable growth profile as demand increases globally.

Telstra

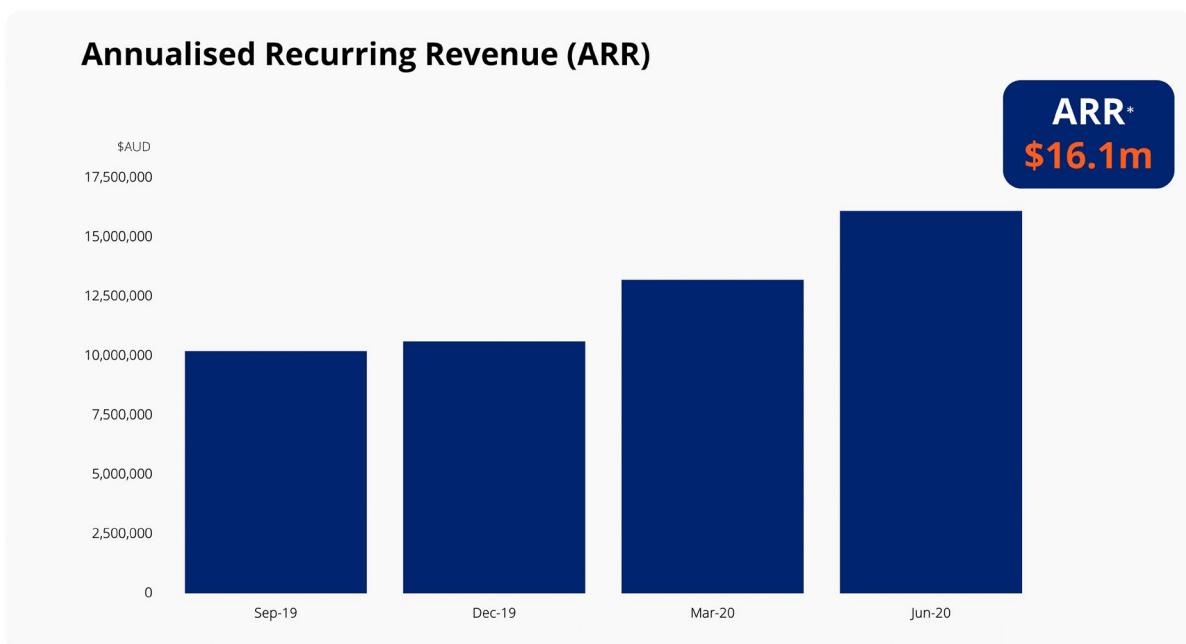
Dubber services went to general availability via the Telstra TIPT, SIP Connect and Liberate services at the end of June. Initially the Company had focussed on providing services in a limited deployment process for pre-engaged customers. As with the Cisco Webex Calling initiative, there is a requirement for BCP solutions at an enterprise level where, particularly in the financial services sector, mobile recording directly from the network has significant scope. The Company is currently undertaking limited deployment programs with two national financial services firms for mobile recording, with a view to broadening the scope subsequently. Wide availability for recording on Dubber via Telstra TIPT, SIP Connect and Liberate will be co-launched via Telstra's internal sales and external dealer channel during this quarter.

CallN

The Company completed the acquisition of CallN at the end of June, with final consideration being paid in July. CallN is an Australian based call recording company with a hybrid on-premise/cloud model aimed directly at end user businesses. CallN was formerly owned by a Telstra subsidiary and a large proportion of its customers are linked to Telstra networks, having been previously sold by selected Telstra dealers.

There is a high propensity for transition of existing CallN customers, along with any new services, to the Dubber platform. CallN also has agreements and arrangements in place with Telstra and its channels which the Company believes will be accretive to the Company. CallN has approximately \$1m ARR, which has been included in Dubber's ARR for the quarter.

Revenue



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

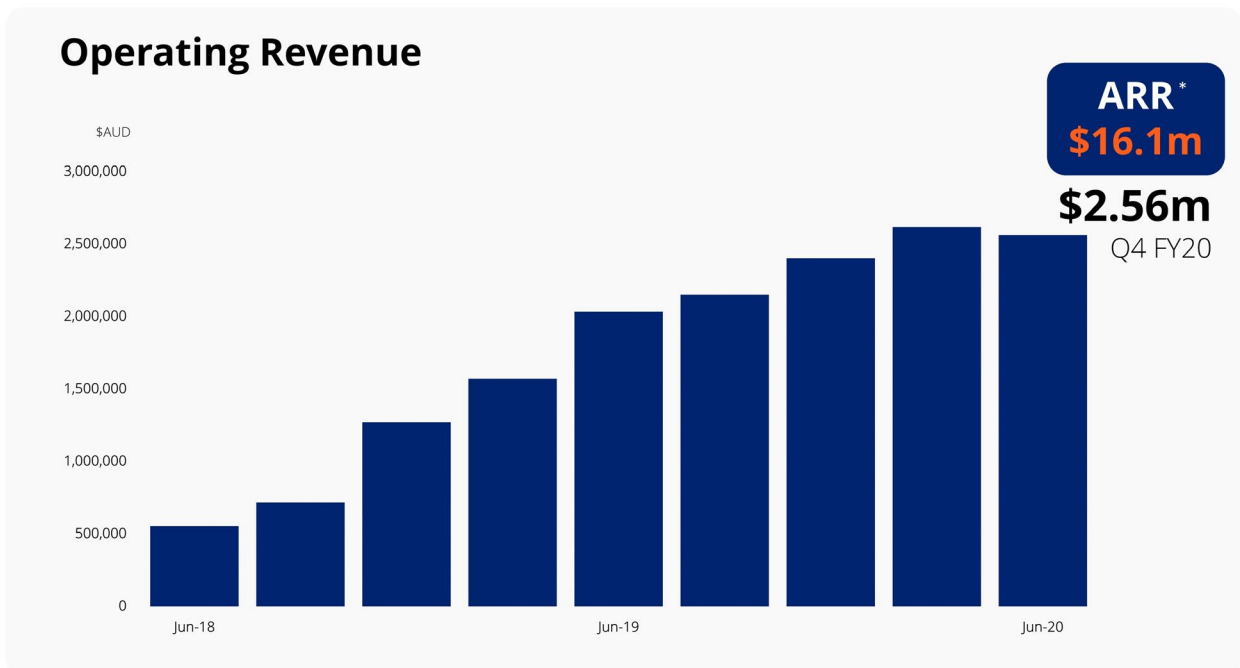
During the quarter, the Company's billings grew in each jurisdiction including:

- North America 12%
- Europe 7%
- APAC 4%

As a result of volatility in the Foreign Exchange (FX) rates between reporting dates, particularly with USD, the Company's reported revenue decreased 2% to \$2.56m. On a constant currency basis¹, revenue for the June Quarter would have been \$2.81m.

The Company has supported some partners as required through COVID-19. As a consequence of these support arrangements with some service providers, the Company has been successful in procuring several new 36 month agreements with minimum spend figures in return for a deferred billing during the COVID-19 period. During this period, the Company believes that its current position is best represented by its user number and Annualised Recurring Revenue metrics. The underlying Annualised Recurring Revenue (ARR) at the end of the quarter was \$16.1m, up from \$13.2m at the end of March 2020.

The Company has not entered into agreements to provide free services.



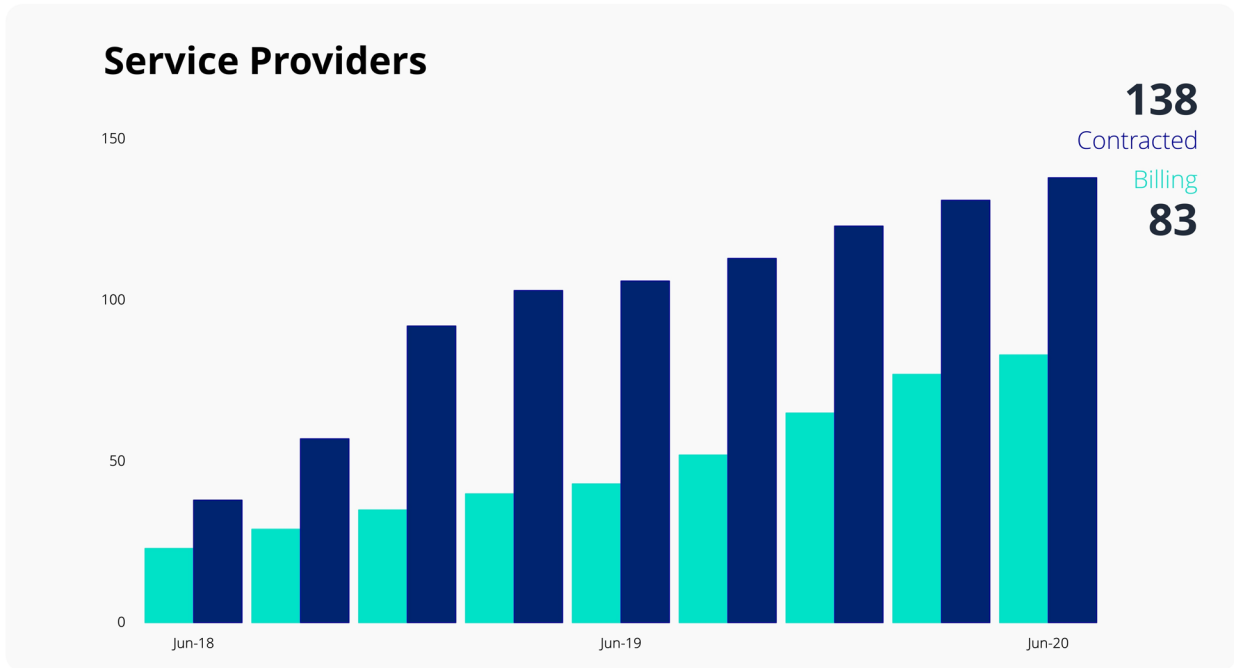
Cash receipts

Cash receipts for the quarter were approximately \$1.85m. Whilst the Company collected approximately \$1.85M, when isolating and valuing the June quarter receipts, accounting principles prescribe that the receipts for the full year be valued at the average exchange rate for the year, which resulted in reported customer receipts of \$1.64M for the June 2020 quarter. The fluctuation in exchange rate values from the previous to current quarter have had a significant impact on this metric.

Notwithstanding the FX impact, and the fact that actual receipts were ~ \$400,000 up on the previous quarter, receipts did not meet Company expectations. The Company has reached agreements with its smaller debtors and has confidence in the stability of its larger debtors, who are global leading companies. As stated in the previous quarterly update, the Company is mindful 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 businesses. As a result, the Company does not foresee any material provisions for uncollectable debts.

¹ average exchange rates (US and GBP) at 31 March 2020 and applied them at 30 June 2020

Service Provider Growth



The Company's core strategy provides for the deployment of the Dubber platform to as many carrier networks as possible over the next five years, thereby establishing the global backbone for the capture of voice data leading to a global 'network effect' and the deployment of additional voice data services.

During the quarter, the number of contracted service provider partnerships increased from 131 to 138, as the Company consolidates its global network footprint. The Company is currently billing 83 (up from 77 at 30 March 2020) of these network partnerships.

Capital Raising of \$10m

At the start of 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 six-month lockdown of the economy and had diverse views on matters of social importance such as school closures.

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.

Outlook

The Company has grown all of its key metrics in the June 2020 quarter as a result of the demand for its services and expects to continue, at record levels in the first two quarters of FY2021, where it has sufficient visibility to predict outcomes based on current activities.

The requirement for cloud communications and associated services has taken a significant leap due to the short term requirements created by WFH and the ensuing strategies around BCP.

The Company expects the current quarter to be a step change in that new, more expansive telecommunications models are in market to meet the opportunity and demand for Dubber's services as a standard feature. This is likely to manifest itself in alternative billing arrangements with both Service Providers and their end users.

During the June quarter, the Company has expanded its product suite to include demonstrable AI/insight outcomes in dashboard form for enterprise users, which capture voice data and demonstrate value in business applications. These product extensions complement our core business strategy to capture and enable voice data for mass use, directly from the network.

Currently, the Company has a global leading carrier integrating Dubber into its mobile offering for the purposes of enabling AI for every phone whereby Dubber capabilities will be a standard feature for users on the network. The Company expects to transact more of these "Foundation" style agreements in FY 2021 from its position of being recognised as the leading voice data capture platform for service providers globally.

The Company also believes that its current user growth only marginally reflects the expected take up of services from activities already undertaken, particularly with regards to the order pipeline associated with some of our major partner initiatives. As deployment cycles start to reflect sales, the Company expects in the future to be able to demonstrate predictable growth at higher levels from these current partnerships.

In addition to the current 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 Cisco 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 continually increase growth in user numbers and associated 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

The aggregate number of payments made during the quarter to related parties and their associates (referred to in item 6.1 of the accompanying Appendix 4C (quarterly cash flow report) comprise full-time salary payments to the Chief Executive Officer, and payments of directors' fees to all Directors (including superannuation) and form part of the operating expenses for the June quarter.

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

About Dubber:

Dubber is unlocking the potential of voice data from any call or conversation. Dubber is the world's most scalable Unified Call Recording service and Voice Intelligence Cloud adopted as core network infrastructure by multiple global leading telecommunications carriers in North America, Europe and Asia Pacific. Dubber allows service providers to offer call recording for compliance, business intelligence, sentiment analysis, AI and more on any phone. Dubber is a disruptive innovator in the multi-billion dollar call recording industry, its Software as a Service offering removes the need for on premise hardware, applications or costly and limited storage.

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")
30 June 2020

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|------------------------------------|---|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 1,645 | 5,575 |
| 1.2 Payments for | | |
| (a) research and development | (265) | (954) |
| (b) product manufacturing and operating costs | (1,787) | (8,749) |
| (c) advertising and marketing | (52) | (409) |
| (d) leased assets | | |
| (e) staff costs | (2,453) | (9,073) |
| (f) administration and corporate costs | (351) | (1,381) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 3 | 70 |
| 1.5 Interest and other costs of finance paid | - | (4) |
| 1.6 Income taxes paid | - | (1) |
| 1.7 Government grants and tax incentives | 380 | 2,052 |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (2,880) | (12,874) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) entities | 67 | 67 |
| (b) businesses | - | - |
| (c) property, plant and equipment | (9) | (127) |
| (d) investments | - | - |
| (e) intellectual property | - | - |
| (f) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 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)) | 274 | 1,520 |
| 2.6 | Net cash from / (used in) investing activities | 332 | 1,460 |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 9,002 | 9,002 |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | 79 | 1,755 |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | (488) | (488) |
| 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 | 8,593 | 10,269 |
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 12,456 | 19,618 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (2,880) | (12,874) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | 332 | 1,460 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--------------------------------------|--|----------------------------|--|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 8,593 | 10,269 |
| 4.5 | Effect of movement in exchange rates on cash held | (92) | (64) |
| 4.6 | Cash and cash equivalents at end of period | 18,409 | 18,409 |

| 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 | 8,409 | 2,456 |
| 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) | 18,409 | 12,456 |

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

| Current quarter \$A'000 |
|----------------------------|
| 166 |
| - |

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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Quarterly cash flow report for entities subject to Listing Rule 4.7B

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 |
|--|-------------------------------------|
| - | - |
| - | - |
| - | - |
| - | - |

7.5 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) | (2,880) |
| 8.2 | Cash and cash equivalents at quarter end (Item 4.6) | 18,409 |
| 8.3 | Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.4 | Total available funding (Item 8.2 + Item 8.3) | 18,409 |
| 8.5 | Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | 6.39 |

- 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: 31 July 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.