

Interim Financial Report

For the half-year ended
31 December 2023



For personal use only





Appendix 4D

Half Year Report to the Australian Securities Exchange

PART 1 – DETAILS OF ENTITY, REPORTING PERIOD

Name of Entity	Dubber Corporation Limited
ABN	64 089 145 424
Half Year Ended	31 December 2023
Previous Corresponding Reporting Period	Half year ended 31 December 2022

PART 2 – RESULTS FOR ANNOUNCEMENT TO THE MARKET

	\$'000	Percentage increase/ (decrease) over previous corresponding period
Revenue from continuing operations	18,728	37%
Loss from continuing activities after tax attributable to members	(22,150)	(41%)
Net loss attributable to members	(22,150)	(41%)

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Record date for determining entitlements to the dividends (if any)	Not Applicable	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

For further information, refer to the Review of Operations contained in the Directors' Report which forms part of the Interim Financial Report for the Half Year Ended 31 December 2023.

For personal use only



PART 3 – CONTENTS OF ASX APPENDIX 4D

Section

Part 1	Details of entity, reporting period
Part 2	Results for announcement to the market
Part 3	Contents of ASX Appendix 4D
Part 4	Commentary on results
Part 5	Details relating to dividends
Part 6	Net tangible assets per security
Part 7	Details of entities over which control has been gained or lost
Part 8	Details of associates and joint venture entities
Part 9	Audit/review status

For personal use only



PART 4 – COMMENTARY ON RESULTS

Refer to the Review of Operations contained in the Directors' Report which forms part of the attached Interim Financial Report for the Half Year Ended 31 December 2023 for details.

PART 5 – DETAILS RELATING TO DIVIDENDS

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

PART 6 – NET TANGIBLE ASSETS PER SECURITY

	31 December 2023	30 June 2023 (Restated)
Net tangible asset backing per ordinary security*	(5.6) cents	(6.0) cents

* Excludes right of use assets and deferred tax assets/liabilities

PART 7 – DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST

Name of entity (or group of entities)	Not applicable
Date control gained	Not applicable
Contribution of the controlled entity (or group of entities) to the profit/(loss) from ordinary activities during the period, from the date of gaining or losing control	Not applicable
Profit (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	Not applicable
Contribution to consolidated profit/(loss) from ordinary activities from sale of interest leading to loss of control	Not applicable

For personal use only



PART 8 – DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

	Ownership Interest		Contribution to net profit/(loss)	
	2023 %	2022 %	2023 \$A'000	2022 \$A'000
Name of entity	N/A	N/A	N/A	N/A
Associates				
Joint Venture Entities				
Aggregate Share of Losses				

PART 9 – AUDIT/REVIEW STATUS

This report is based on accounts to which one of the following applies: (Tick one)

- | | | | |
|---|--------------------------|--|-------------------------------------|
| The accounts have been audited | <input type="checkbox"/> | The accounts have been subject to review | <input checked="" type="checkbox"/> |
| The accounts are in the process of being audited or subject to review | <input type="checkbox"/> | The accounts have not yet been audited or reviewed | <input type="checkbox"/> |

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

Not applicable

If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

Not applicable

ATTACHMENTS FORMING PART OF APPENDIX 4D

Attachment No.	Details

Signed by Director

Neil Wilson

Dated: 10 April 2024

For personal use only



Corporate Directory

For personal use only

BOARD OF DIRECTORS

Neil Wilson
Non-Executive Chairman

Peter Pawlowitsch
Executive Director and Acting CEO

Gerard Bongiorno
Non-Executive Director

Sarah Diamond
Non-Executive Director

COMPANY SECRETARY

David Franks (Automic)

SHARE REGISTRY

Automic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9324 2099

AUDITOR

Ernst & Young
Level 23, 8 Exhibition St
Melbourne VIC 3000

SECURITIES EXCHANGE

Dubber Corporation Limited shares are
listed on the Australian Securities Exchange
ASX CODE: DUB

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Level 5, 2 Russell Street
Melbourne VIC 3000
Telephone: +61 3 8658 6111
Web: dubber.net



Your Directors submit the financial report of the consolidated entity (the Group) for the half-year ended 31 December 2023. In order to comply with the provisions of the Corporations Act 2001, the Directors' report is as follows:

Directors

The names of the Directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated:

Neil Wilson	Non-Executive Chairman
Steve McGovern	CEO & Managing Director (terminated 9 April 2024)
Peter Pawlowitsch	Executive Director (Acting CEO from 1 March 2024)
Gerard Bongiorno	Non-Executive Director
Sarah Diamond	Non-Executive Director

For personal use only



Review of operations

For personal use only



Announcement of Misuse of Company Funds

On 27 February 2024 the Board uncovered that Company funds which were supposed to have been held by a trustee in a term deposit on behalf of the Company, may have been misused by either or both the Company's former Managing Director and CEO, Steve McGovern and the third party trustee.

The Company immediately commenced an investigation into the matter and on 1 March 2024 announced the suspension of the employment of Mr McGovern pending the outcome of the investigation. The matter was also referred by the Company to ASIC and the Legal Services Board of Victoria, and on 22 March 2024 ASIC announced that it had secured interim travel restraint orders against Mr McGovern and Mr Madafferi, on the basis of ASIC's concerns that they may have breached the Corporations Act in respect of the suspected misuse of the funds. The Company continues to cooperate with ASIC in relation to its investigation.

Following this and the results of its investigation (described below), on 9 April 2024 the Company terminated the employment of Mr McGovern with immediate effect. For further information on this matter refer to page 14.

Overview of the half year

The Company began the 2024 Financial Year with a stated strategy to grow its revenue, realise cost efficiencies and drive a higher margin recurring revenue model which targets a break-even operating cash position during the 2025 Financial Year.

Continued execution of this strategy will see an increase in monthly recurring revenue run rate with increasing margins which is expected to accelerate into the 2025 Financial Year supported by the continued adoption of Dubber's AI based product suite. This product suite enables the Company to capitalise on the significant opportunities presented by capturing voice data at scale, directly from the network, and applying 'out of the box' AI insights that deliver immediate value to any business across all sectors.

Dubber's unique proposition is to be the data capture backbone for the world's telecommunications networks, having a long-held belief that AI based services will be fundamental to every type of network-based communication in the future. The Dubber Platform is uniquely positioned and capable of fulfilling that opportunity, being integrated into over 215 networks of Communications Service Providers, capturing voice and other communications across those networks and enabling the benefits of Conversational AI for the users of the network.

The Company had previously completed a two-year investment in a unique AI capability which has the potential to transform the telecommunications sector by enabling the possibility for AI based outcomes for every communication across a network. As this use of AI products continues to grow, this investment has the Company strongly positioned to continue to expand its product suite and continue to grow its revenue.

During the half year, the Company held its first investor event where it demonstrated its suite of solutions, invited interaction with the senior management team and shared endorsements of its strategy and operating plan via presentations from both end user customers and significant Communications Service Provider partners which can be found on the Dubber investor website <https://www.dubber.net/company/investor-centre/>.

Operational Review

The Company's revenues are derived from call recording subscriptions, AI services subscriptions and platform enablement agreements with Communications Service Providers which all contributed to the first half revenue result.

For personal use only



Dubber's Unique Role in the Global Deployment of Unified Communications Platforms

The requirement for compliance-based recording in Dubber's sector continues to grow as the technology landscape evolves and enterprises continue to deploy Cloud based Unified Communications technologies such as Cisco Webex Calling and Microsoft Teams.

Dubber is the exclusive native recording service for Cisco Webex Calling as every Cisco subscription includes 'Dubber Go' as a standard feature. Dubber's revenues are generated in two parts. Firstly, recognition for each Webex calling subscription as part of the 'Dubber Foundation' agreement, and, secondly, via enhanced recording and AI based subscriptions when a Cisco user seamlessly upgrades from their standard 'Dubber Go' feature which occurs within Cisco's own ordering and provisioning systems.

Both revenue streams continue to grow as a direct result of Cisco's own substantial growth. In its outlook for FY24 the Company outlined that its pipeline of revenue from committed sales of Cisco Webex Calling Services is likely to be a substantial multiple of its current revenue and the Company maintains that view as Cisco accelerates the migration of its own substantial customer base from legacy phone systems to its Cloud Calling services, with each service containing a Dubber subscription.

The Company expects to grow these revenues further as Cisco seeks to add more features to the 'Dubber Go' service.

Dubber also has a compelling offering for Communications Service Providers that provide Microsoft Teams services to their customers. Dubber is a single, global, multi-tenant platform which is uniquely designed for Communications Service Providers enabling them to deploy and bill Teams recordings in the same way as they provide their other services. Dubber is currently seeing significant growth in both deployment and pipeline in this sector as partners look to provide 'work from anywhere' services which require compliance capabilities. The Financial Services sector, in particular, provides a near term opportunity for these services.

Dubber's Unique 'Unified Capture' Opportunity

One of Dubber's unique attributes is its Unified Capture capability across multiple networks enabling the recordings and data to be accessed and managed in one platform. During the quarter, the Company completed the migration of the Vodafone recording services in the UK from a legacy service to the Dubber Platform.

The Vodafone customer base includes over 40 of the world's leading Financial Services institutions which now have access to the tangible benefit of being able to unify their mobile and UC recording requirements via the Dubber Platform. Dubber is realising immediate benefits from this opportunity in terms of revenue and pipeline expansion with important examples of major financial institutions adding Cisco Webex Calling or MS Teams to their mobile recording requirement, in some cases, across multiple jurisdictions.

World Class AI Capability Dubber Moments

Dubber has invested in and is delivering a world class AI enabled conversation intelligence capability and has a unique opportunity to capture its market sector having secured exclusive positions in over 215 communications networks globally.

The Company is currently executing two strategies in this area:

AI as an embedded capability

The Company has a long-held belief that AI will form a fundamental part of any communication: 'AI for every phone.'

Dubber is able to embed an AI capability into the network which enables every call, as required by the customer, to be summarised and provided to the call participants. This facilitates outcomes, insights and action items from calls providing value which has the potential to cross a broad demographic from enterprise to consumer. The Company believes that this type of feature will become a standard expectation of customers and Dubber is well placed to

For personal use only



provide this high value capability, having agreements in place to be connected to over 215 Communications Service Provider networks.

The Company believes that the ability to enable AI across all communications of a network provides unlimited opportunities for valuable services as AI becomes a fundamental part of the communications landscape.

The Company demonstrated this service live at its investor event in October along with endorsements of the strategy from some key partners which can be found on the Dubber investor website <https://www.dubber.net/company/investor-centre/>.

Dubber Moments Insights

Dubber Moments is an award-winning product which allows businesses to gain key insights into their business without needing to deploy additional technologies and associated integrations.

Dubber Moments is a series of 'out of the box' business insights capabilities delivered directly from the communications network to any end user of that network enabling immediate deployment to any customer of any size in any location.

Currently, Dubber Moments products include 'Complaints', 'Sales Performance', and 'Abuse' insights, each of which are managed by a user-friendly comprehensive dashboard which can be viewed separately or integrated into a business' existing performance management systems.

Dubber Moments is billed by the Communications Service Provider and is priced at a point where it delivers immediate and previously unavailable insights with business value which is expected to drive market share globally.

Examples of the unique proposition include a local government body where the Dubber Moments service was sold and billed by Telstra. The organisation can now categorise all the calls, across a broad range of topics, evaluate and manage those enquiries with substantially improved efficiency. The organisation outlined the benefits at the Company's recent investor day presentation.

Dubber Moments has also been rolled out to a major retail organisation in the United States with an extensive chain of retail stores where each store is an independent operator. This retail customer is able to realise new insights via Dubber Moments that were not previously available but has a potentially significant impact on how the business operates.

During the quarter, Dubber Moments has seen growth via distribution by a limited number of 'Elite' Communications Service Provider partners which include Telstra in Australia as well as a number of UK based partners. Initial take up by industry verticals include automotive, financial services and government sectors. Live demonstrations of Dubber Moments, endorsements by Communications Service Provider partners and an outline of Dubber's 'Elite Partner programme' were highlighted at the Company's investor day in October.

Continued Expansion of the Network Footprint

The Company's core strategy continues to be to deploy its unique Platform, designed for Communications Service Providers, to as many of the world's leading networks as possible.

As the world moves increasingly to cloud based solutions, the ability to deliver services, both recording / capture and AI, will provide the Company with a substantial and world leading opportunity.

The Company continued to grow its Communications Service Provider partner network footprint in the quarter, particularly in North, Central and South America with the Dubber Platform being embedded into Communications networks enabling them for recording and AI capability.

For personal use only



Financial Review

The group has three main operating segments, specifically for the provision of subscriptions services in Europe, United States of America ('Americas') and Rest of World (including Australia). The Group runs a single integrated technology platform which is predominantly developed and maintained in Australia and used by all three regions to provide services to customers. The Europe segment contains the acquired Speik technology platform that provides support for legacy products provided to a subset of European customers. The Group's head office is in Melbourne Australia and provides management and back-office services for the Group. Each segment operates a sales function addressing the region.

Revenue

Overall, revenue grew 37% in the 6 months ended 31 December 2023 to \$18,728,274 (HY23: \$13,677,547).

	Europe \$	Americas \$	Rest of world \$	Total \$
HY24 Revenue	12,722,955	4,532,874	1,472,445	18,728,274
Growth on HY23	37%	43%	19%	37%

Europe Revenues grew 37% in HY24 to \$12,722,955, reflecting strong volume growth in end user volumes across a number of Tier 1 CSPs in the UK, along with completion of the migration of Vodafone's recording customer base from a legacy service to Dubber and additional contracts commencing with Global financial institutions to provide compliant call recording commencing in the half year. End user volumes from Elite partners continued to grow well reflecting the initial results from the refreshed sales strategy and the continuing expansion of requirements for Microsoft Teams and other CSP networks which have contributed in the half year.

Americas Revenues grew 43% in HY24 to \$4,532,874, which combined solid volume growth through existing Communication Service Provider partners with a range of new revenue generating network providers and enterprise customers. Cisco, as the Group's key foundation partner, have continued ramping up the activation of Webex users, which includes a licence for Dubber Go within each Webex activation. The Group also saw increased penetration of Dubber premium recording products to Cisco users. Microsoft Teams Service Provider requirements continues to expand in this region also as end user customers seek to unify their user experience across multiple platforms.

Rest of world revenues grew 19% in HY24 to \$1,472,445. Dubber's products for Telstra's Unified Communications service have been natively integrated into the customer onboarding portal in the half year which is starting to accelerate growth, additionally the Dubber Platform has been integrated natively into Optus mobile network with growth in the current half expected to continue to improve over the coming half.

Operating Costs

Overall, operating costs have reduced by 27% in the 6 months ended 31 December 2023 to \$33,164,801 (HY23: \$45,584,701).

	31-Dec-23 \$	31-Dec-22 \$
Direct costs	6,542,256	7,280,091
Salaries and related expenses	17,500,445	27,779,622
Employees share based payments	2,123,731	1,709,182
General and administration costs	6,241,772	8,857,131
Foreign exchange losses/(gains)	756,597	(41,325)
	33,164,801	45,584,701



Direct costs decreased by 10% to \$6,542,256 (HY23: \$7,280,091), principally reflecting efficiencies achieved in cloud and similar platform costs through optimising the efficiency and scalability of the platform for core call recording services. This is expected to allow for continued service volume and revenue growth with much lower direct cost increases, increasing direct margins achieved over the medium term.

Salaries and related expenses were \$17,500,445 (HY23: \$27,779,622), down 37% on HY23. This reflected significantly lower average headcount across HY24 than HY23 due to the restructure undertaken in the second half of FY23, and consequently lower staff related costs such as travel and amenities that are linked to headcount. Employee share based payments increased 24% to \$2,123,731 (HY23: \$1,709,182) reflecting the value of share based incentive instruments granted to employees in the year and timing impacts of the issuance of KMP Short Term Incentives in the first half of FY24 compared to the timing of issuance of comparable incentives in FY23, and therefore the expense recognised was higher than in HY23.

General and administration costs decreased 31% to \$6,241,772 (HY23: \$9,031,610) principally reflecting the cost saving restructuring plan undertaken in the second half of FY23 which in addition to headcount reductions reduced discretionary costs across a number of areas such as marketing, travel, overheads, non-core software costs and other corporate expenses. Additionally, there were a number of one-off expenses incurred in the first half of FY23 related to non-recurring corporate activities that did not reoccur in HY24.

As a result, the Group recorded a loss before depreciation, amortisation, impairment, interest and tax of \$14,436,527 (HY23: \$31,820,863), a reduction in loss of 55% on HY23.

Other Income and Expense

Finance income reduced by 92% to \$8,470 (HY23 Restated: \$101,874) due to significantly lower cash deposits resulting in lower interest income.

Finance costs increased 53% to \$800,719 (HY23: \$524,253) reflecting higher interest costs incurred on liabilities.

The Group recognised goodwill impairment charges of \$3,211,455 (HY23: \$174,480) which relate to the Rest-of-World cash-generating unit's goodwill assets.

Depreciation and amortisation decreased 12% to \$4,123,838 (HY23: \$4,705,939) mostly due to favourable foreign exchange retranslation of GBP denominated finance leases and intangible assets reducing the current period depreciation expense.

HY24 Income tax benefit was \$414,408 (HY23: \$170,689 expense) reflecting amortisation of deferred tax liabilities.

As a result, the Group recorded a loss after income tax of \$22,149,661 (HY23 restated: \$37,294,350), a reduction in loss of 41% on HY23.

Cashflows

The Group recorded operating cash receipts from customers of \$17,776,923 (HY23: \$17,802,429), consistent with HY23. Net cash outflows used in operating expenses were 57% lower than HY23 at \$11,423,119 (HY23: \$26,631,243) reflecting the lower cash based expenses incurred in the year as a result of the cost efficiencies achieved as a result of the restructuring programme, as well as a timing benefits on timing of payments in HY24 that are expected to rebalance over the second half of FY24.

During the period, the Company issued 73,214,286 shares to raise \$9,657,902 (net of issue costs). The Group had \$1,480,485 of cash and cash equivalents at 31 December 2023, in addition to \$1,150,000 of cash at call in a term deposit (classified as Other Receivables at 31 December 2023).

For personal use only



Outlook

As a result of the significant matter arising subsequent to the end of the reporting period in respect of misuse of Company funds, the Company has changed its expectations for FY24 previously released with the FY23 Annual Report.

The business continues to focus on accelerating the current recurring revenue growth rate through its organic customer uptake and expansion, as well as the realisation of the contract value of its new and expanded Communications Service Provider agreements.

For FY24, the Company expects revenues in the range of \$38.1m - \$41.6m as a result of the removal of revenue associated with a disputed contract of \$1.7m, and delays to revenue anticipated as a result of the announcement by the Company of misuse of Company funds.

The Company still expects to incur \$65m of costs in FY24 (excluding share-based payment expenses, impairment and FX gains/losses and costs associated with the investigation/due diligence due to missing funds and potential recoupment).

In the short term the Company remains focused on:

- Company stability and recruitment of new CEO.
- Focusing on partners that are committing resources for the delivery of their products including Dubber's products to drive growth in recurring revenue.
- Sharpening our focus on reducing costs whilst ensuring that there is no impact to our current support to our Partners and Customers. This will be reached through various avenues including a hiring freeze (other than replacing resignations) and other efficiencies being reached throughout the business.
- Targeting in excess of \$5m in annualised savings.
- The Company's primary focus is to drive revenue growth and manage resources and costs to achieve its target of cashflow breakeven in FY25, assuming no material changes to trading conditions or strategy.
- Continuing to strengthen the Company's balance sheet by pursuing a range of options including recovery of missing funds, debt funding and finalising commercial disputes.
- The board will continue its renewal program and assess the requirements of the Company over the next few months as we move past the impact of recent events.

CHANGES IN STATE OF AFFAIRS

During the half year ended 31 December 2023 there was no significant change in the entity's state of affairs other than that referred to in the half year financial statements or notes thereto, or as set out in the subsequent matters in the section below.

SIGNIFICANT MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 27 February 2024 the Board uncovered that Company funds, which were supposed to have been held by a trustee in a term deposit on behalf of the Company, may have been misused by either or both the Company's former Managing Director and CEO, Steve McGovern and the third party trustee. The trustee is Melbourne law firm, Christopher William Legal, whose principal is Mark Madafferri. The Company had deposited in aggregate approximately \$60 million of funds into the trust account to be held in term deposits since mid-2019, with a final payment of \$30 million deposited in August 2021. Less material deposits for purported commercial purposes were also made by the Company without the express purpose of being invested in term deposits, resulting in a

For personal use only



total of \$74.8 million of payments into the trust account since 2018. As at the date of this report, \$26.6 million of the funds remain unaccounted for.

The Company immediately commenced an investigation into the matter and then on 1 March 2024 announced the suspension of the employment of Mr McGovern pending the outcome of the investigation. The matter was also referred by the Company to ASIC and the Legal Services Board of Victoria, and on 22 March 2024 ASIC announced that it had secured interim travel restraint orders against Mr McGovern and Mr Madafferi, on the basis of ASIC's concerns that they may have breached the Corporations Act in respect of the suspected misuse of the funds. The Company continues to cooperate with ASIC in relation to its investigation and understands that the Legal Services Board has commenced an investigation of its own.

Following this, and as a consequence of the Company's investigation, on 9 April 2024 the Company terminated the employment of Mr McGovern with immediate effect.

Investigation

Significant internal and external resources have been applied to the investigation, including with the assistance of a top-tier accounting firm.

The investigation was undertaken across the Company's operations to seek to determine whether Mr McGovern was the only employee of the Company involved in the misuse of the funds and to confirm whether the misuse of the funds or any other unauthorized actions by those involved has had any impact on the Company's financial statements for the period ended 31 December 2023 or the prior comparative period, other than a decrease in cash at call deposit balance and earnings from interest income associated with the term deposit.

The investigation was undertaken on information available to the Company, including its own records and limited information provided by Mr McGovern and Mr Madafferi, including a purported trust account ledger provided by Christopher William Legal (for more information on the limitations of the investigation, see below).

The procedures adopted during the investigation included:

- identifying accessibility to systems and databases to determine the risk of any potential misstatement being perpetuated through such systems and databases;
- reviewing the Company's bank accounts to identify unusual receipts and payments proximate to transactions described in the trust account ledger;
- completing a detailed risk assessment of key customers to verify the authenticity of services provided and legitimacy of receipts;
- forensic review of multiple data sources;
- reviewing receivables to confirm the likelihood of any balances being adversely impacted and if any write-offs are required;
- reviewing payroll processes to verify payments are to genuine personnel of the Company only;
- considering the risk of potential collusion with suppliers to issue inflated or non-genuine invoices;
- considering the potential for any unauthorized material commitments made on behalf of the Company; and
- interviews with senior management.

Results of the investigation

The results of the Company's investigation are set out below:

- Funds were deposited with the third party trustee within the parameters of the Company's financial controls and procedures at the time deposits were made.

For personal use only



- The misuse of the funds occurred whilst they were under the control of the third party trustee, outside of the Company's control, knowledge and supervision.
- Whilst the \$60 million of funds deposited by the Company between mid 2019 and August 2021 into the trust account were supposed to have been held on trust for the Company and deposited in term deposits, the trust account ledger shows numerous transfers into and out of the trust account, which were made without the Company's knowledge.
- The Company did not know of the existence of the trust account ledger and did not see this until 27 February 2024, and documents that were likely falsified were provided to the Company and its external auditor to support the ongoing existence of the term deposits.
- The sequence of transfers suggest that in some cases subsequent deposits by the Company of funds into the trust account may have been used to return to the Company previous deposits plus notional 'interest' earned on those purported term deposits.
- \$26.6 million of the Company's funds remain unaccounted for and likely have been misappropriated and lost.
- It is likely that both Mr McGovern and Mr Madafferi were involved in the unauthorized use of the Company's funds and had been using some or all of the funds for their own purposes. This included making payments to multiple third parties and entities. Recipients of payments included certain personnel of the Company or entities or individuals associated with them, which warranted further investigation, however no conclusive evidence has been identified to-date that any individual connected to the Company other than Mr McGovern was involved in the likely misappropriation of funds.
- There was sufficient evidence for the Company to terminate the employment of Mr McGovern with immediate effect, however the Board considers the evidence currently available does not warrant the Company taking disciplinary steps against any other current personnel.
- In addition to the likely misappropriation of funds resulting in an overstatement of the Company's assets and earnings from interest income over the relevant periods, the Company has also identified a small number of potential transactions that may have been valid Company transactions undertaken through the trust account that it was not aware of and which were therefore not recorded by the Company. These transactions impact the 2022 and earlier financial years and if valid would result in a cumulative understatement of operating losses of \$4,607,142 over that period.
- The results of the investigation are reflected in the Company's consolidated financial statements for the six months ended 31 December 2023 as set out in Note 3.

The Company will undertake further investigations into the matter as part of its efforts to pursue recovery of the misappropriated funds.

Limitations of the investigation

The investigation undertaken was based on the information available to the Company at the time.

The Company may ultimately be able to obtain further information as it undertakes further investigations, including if it institutes legal proceedings against Mr McGovern, Mr Madafferi and/or Christopher William Legal, which it is considering. Furthermore ASIC, the Legal Services Board and any other applicable authorities who conduct an investigation are likely to be able to obtain additional information from sources not available to the Company (for example, third party bank records).

The investigation was, in part, based on the trust account ledger provided by Christopher William Legal. Given the source of the ledger was potentially involved in the misappropriation of the funds, and considering the fact that the Company was able to identify some discrepancies in the ledger, the trust account ledger may not provide a complete and accurate record of the use of the funds.

For personal use only



As a result of the above, whilst the investigation has been detailed and significant internal and external resources were employed, there is a risk that additional information will come to light as part of further investigations (for example through court processes or regulatory investigations) which, if available to the Company now, may have impacted the results of this investigation.

Recovery of funds

The Company intends to pursue recovery of the misappropriated funds.

This may include seeking recovery from Mr McGovern, Mr Madafferi and/or Christopher William Legal, or the recipients of the Company's funds. The Company is also considering making a claim on the Victorian Fidelity Fund (a fund operated by the Victorian Legal Services Board which provides compensation for loss caused by dishonest or fraudulent behaviours of a lawyer). However, the process of recovering funds is in its infancy and may prove time consuming and costly. In addition, the outcome of that process is uncertain, and success cannot be guaranteed. No amounts are recorded in the financial statements in respect of potential future recoveries.

Other Significant Matters Subsequent to the End of the Reporting Period

As set out in Note 1 to the Financial Statements, subsequent to the half-year end the Group has obtained a \$5m secured bridging loan facility from Tiga Trading Pty Ltd, a company associated with the Thorney Investment Group. This facility is fully drawn down at the date of this report and repayable on completion of the capital raise which the Group is at an advanced stage of executing. 27,000,000 shares at \$0.05 value and 31,706,541 options with an exercise price of \$0.05 per option were granted to Tiga Trading Pty Ltd on 18 March 2024 as a fee for providing the loan facility. The Thorney Investment Group is expected to underwrite up to \$7m of the anticipated \$24m capital raise as set out in Note 1 to the Financial Statements.

Peter Pawlowitsch was appointed as Acting CEO on 1 March 2024 and the Company will issue 10 million Shares to him as the equity component of his remuneration as acting CEO of the Company, subject to shareholder approval.

Aside from the matters set out above, there are no matters or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year ended 31 December 2023 is included within this financial report.

Signed in accordance with a resolution of Directors.

Neil Wilson
Chairman
10 April 2024



Dubber Corporation Limited	Note	31 Dec 2023 \$	31 Dec 2022 (Restated) \$
Revenue	4 (a)	18,728,274	13,677,547
Direct costs		(6,542,256)	(7,280,091)
Revenue less Direct Costs		12,186,018	6,397,456
Other income	4 (b)	-	86,290
Salaries and related expenses		(17,500,445)	(27,779,622)
Employees share based payments	10	(2,123,731)	(1,709,182)
General and administration costs		(6,241,772)	(8,857,130)
Foreign exchange gains/(losses)		(756,597)	41,325
Earnings before depreciation, amortisation, impairment, interest and tax		(14,436,527)	(31,820,863)
Finance income		8,470	101,874
Finance costs		(800,719)	(524,253)
Impairment of goodwill		(3,211,455)	(174,480)
Depreciation and amortisation		(4,123,838)	(4,705,939)
Loss before income tax expense		(22,564,069)	(37,123,661)
Income tax benefit / (expense)		414,408	(170,689)
Loss after income tax expense for the year		(22,149,661)	(37,294,350)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		162,197	148,645
Other comprehensive profit / (loss) for the year, net of tax		162,197	148,645
Total comprehensive loss attributable to owners of Dubber Corporation Limited		(21,987,464)	(37,145,705)
Loss per share attributable to the owners of			
Dubber Corporation Limited		Cents	Cents
Basic and diluted loss per share	9	(6.04)	(12.20)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



ASSETS	Note	31 Dec 2023 \$	30 June 2023 (Restated) \$
Current Assets			
Cash and cash equivalents		1,480,485	2,862,626
Trade and other receivables	5	7,898,531	9,383,255
Total Current Assets		9,379,016	12,245,881
Non-Current Assets			
Property, plant and equipment		1,360,562	2,010,286
Rights of use asset		7,212,375	8,585,666
Intangible assets	6	32,106,019	38,039,864
Other assets		786,071	837,577
Total Non-Current Assets		41,465,027	49,473,393
Total Assets		50,844,043	61,719,274
LIABILITIES			
Current Liabilities			
Trade and other payables	7	18,338,231	15,228,203
Lease liability		2,055,152	2,526,287
Provisions		1,522,671	1,479,283
Contract liabilities		4,614,410	5,541,221
Total Current Liabilities		26,530,464	24,774,994
Non-Current Liabilities			
Lease liability		6,159,410	6,839,818
Provisions		627,538	743,435
Contract liabilities		219,858	1,389,342
Deferred Tax Liabilities		1,883,612	2,342,693
Total Non-Current Liabilities		8,890,418	11,315,288
Total Liabilities		35,420,882	36,090,282
NET ASSETS		15,423,161	25,628,992
EQUITY			
Issued capital	8	300,428,289	281,020,797
Reserves		18,983,015	26,446,677
Accumulated losses		(303,988,143)	(281,838,482)
TOTAL EQUITY		15,423,161	25,628,992

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.



31 DECEMBER 2023	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2023 (Restated)	281,020,797	26,446,677	(281,838,482)	25,628,992
Loss after income tax expense for the period	-	-	(22,149,661)	(22,149,661)
Other comprehensive loss for the period, net of tax	-	162,197	-	162,197
Total comprehensive loss for the period	-	162,197	(22,149,661)	(21,987,464)
Transactions with owners in their capacity as owners				
Securities issued during the period	20,083,590	(9,749,590)	-	10,334,000
Capital raising costs	(676,098)	-	-	(676,098)
Cost of share based payments	-	2,123,731	-	2,123,731
Balance at 31 December 2023	300,428,289	18,983,015	(303,988,143)	15,423,161
31 DECEMBER 2022 (restated)				
	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2022	273,468,060	26,841,555	(211,666,911)	88,642,704
Loss after income tax expense for the period	-	-	(37,294,350)	(37,294,350)
Other comprehensive income / (loss) for the period, net of tax	-	148,645	-	148,645
Total comprehensive loss for the period	-	148,645	(37,294,350)	(37,145,705)
Transactions with owners in their capacity as owners				
Securities issued during the period	5,177,054	(4,860,554)	-	316,500
Capital raising costs	-	-	-	-
Cost of share based payments	-	1,709,182	-	1,709,182
Balance at 31 December 2022	278,645,114	23,838,828	(248,961,261)	53,522,681

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



	31 Dec 2023 \$	31 Dec 2022 (Restated) \$
Cash flows from operating activities		
Receipts from customers	17,776,923	17,802,429
Payments to suppliers and employees	(28,932,322)	(44,132,999)
Interest elements of lease payments	(282,206)	(399,084)
Interest received	14,486	101,874
Interest and other finance costs paid	-	(3,463)
Net cash outflows used in operating activities	(11,423,119)	(26,631,243)
Cash flows from investing activities		
Purchase of plant and equipment	(1,199)	(707,389)
Return of security bond and funds held in trust	1,270,000	288,283
Net cash outflows used in investing activities	1,268,801	(419,106)
Cash flows from financing activities		
Proceeds from issue of shares	10,334,000	-
Proceeds from exercise of share options	-	316,500
Payment of share issue costs	(676,098)	-
Principal elements of lease payments	(887,465)	(867,807)
Net cash provided by financing activities	8,770,437	(551,307)
Net increase/(decrease) in cash held	(1,383,881)	(27,601,656)
Cash and cash equivalents at the beginning of the period	2,862,626	54,383,974
Effect of exchange rate changes on cash	1,740	(59,083)
Cash and cash equivalents at the end of the period	1,480,485	26,723,235

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.



1. BASIS OF PREPARATION

These general purpose interim financial statements for the half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by Dubber Corporation Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period, except in relation to the matters disclosed below.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going Concern

Having carefully assessed the potential uncertainties relating to the Group's ability to execute its planned activities, the Directors believe that in the absence of an immediate material capital injection and the achievement of its cash forecast over the next 12 months, the Group will not be a going concern. Specifically, a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern.

Despite this, the Directors expect to launch a fully underwritten entitlement offer of ordinary shares imminently. Provided that this, together with the other forecast assumptions outlined below, are achieved the Group will have adequate resources for a period of not less than 12 months from the issue of the financial report to conduct those activities. Therefore, the Directors consider it appropriate to prepare the financial statements on a going concern basis (which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business).

At 31 December 2023 the Group had cash of \$1,480,485. During the first half of FY24 the entity recorded a loss before tax of \$22,564,069 (H1 FY23: \$37,123,661) and incurred net cash outflows from operating activities of \$11,423,119 (H1 FY23: \$26,631,243). As described in Note 2, subsequent to period end the Group identified a cash deposit totalling \$26.6m was not available to it. The Group was expecting to draw upon this deposit to fund its current operations.

The Group has prepared cash flow forecasts to support the going concern assumption based on the following:

- Subsequent to half-year end the Group has obtained a \$5m secured bridging loan facility from Tiga Trading Pty Ltd, a company associated with the Thorney Investment Group. This facility is fully drawn down at the date of this report and repayable on completion of the capital raise.

For personal use only



1. BASIS OF PREPARATION (CONTINUED)

- The Group is at an advanced stage of executing the fully underwritten capital raise referenced above to raise approximately \$24.0m (\$20.7m net of costs of raising (\$2.3m) and investigation costs into the misuse of term deposit funds (\$1m)). The capital raise will be undertaken through a fully underwritten placement and accelerated non-renounceable entitlement offer with the placement and institutional component of the entitlement offer of approximately \$7m expected to be completed in mid April 2024 and the remaining retail component of the entitlement offer expected to be completed in mid May 2024.
- The Group grew its revenue 37% from the prior corresponding period and forecasts revenue will continue to grow, although not necessarily at the same rate.
- The Group has also committed to implementing a cost reduction programme to reduce costs by over \$5 million per annum in FY25.
- The Group will have the ongoing support of creditors in agreeing extended payment terms.

In addition to the above, the Group is pursuing recovery of the misappropriated Term Deposit funds, alongside pursuing settlement of outstanding commercial disputes with customers, noting that the amount and timing of any potential receipts from these actions is uncertain. Management has had success to date in negotiating extended payment supplier terms and has no reason to expect this support will not continue. The Group is also exploring the availability of debt financing and would undertake further fund raising measures should it be necessary.

The Group's ability to continue as a going concern is dependent upon its ability to execute all of the above.

Should the Group not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

For personal use only



2. SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

On 27 February 2024 the Board uncovered that Company funds, which were supposed to have been held by a trustee in a term deposit on behalf of the Company, may have been misused by either or both the Company's former Managing Director and CEO, Steve McGovern and the third party trustee. The trustee is Melbourne law firm, Christopher William Legal, whose principal is Mark Madafferi. The Company had deposited in aggregate approximately \$60 million of funds into the trust account to be held in term deposits since mid-2019, with a final payment of \$30 million deposited in August 2021. Less material deposits for purported commercial purposes were also made by the Company without the express purpose of being invested in term deposits, resulting in a total of \$74.8 million of payments into the trust account since 2018. As at the date of this report, \$26.6 million of the funds remain unaccounted for.

The Company immediately commenced an investigation into the matter and then on 1 March 2024 announced the suspension of the employment of Mr McGovern pending the outcome of the investigation. The matter was also referred by the Company to ASIC and the Legal Services Board of Victoria, and on 22 March 2024 ASIC announced that it had secured interim travel restraint orders against Mr McGovern and Mr Madafferi, on the basis of ASIC's concerns that they may have breached the Corporations Act in respect of the suspected misuse of the funds. The Company continues to cooperate with ASIC in relation to its investigation and understands that the Legal Services Board has commenced an investigation of its own.

Following this, and as a consequence of the Company's investigation, on 9 April 2024 the Company terminated the employment of Mr McGovern with immediate effect.

Investigation

Significant internal and external resources have been applied to the investigation, including with the assistance of a top-tier accounting firm.

The investigation was undertaken across the Company's operations to seek to determine whether Mr McGovern was the only employee of the Company involved in the misuse of the funds and to confirm whether the misuse of the funds or any other unauthorized actions by those involved has had any impact on the Company's financial statements for the period ended 31 December 2023 or the prior comparative period, other than a decrease in cash at call deposit balance and earnings from interest income associated with the term deposit.

The investigation was undertaken on information available to the Company, including its own records and limited information provided by Mr McGovern and Mr Madafferi, including a purported trust account ledger provided by Christopher William Legal (for more information on the limitations of the investigation, see below).

The procedures adopted during the investigation included:

- identifying accessibility to systems and databases to determine the risk of any potential misstatement being perpetuated through such systems and databases;
- reviewing the Company's bank accounts to identify unusual receipts and payments proximate to transactions described in the trust account ledger;
- completing a detailed risk assessment of key customers to verify the authenticity of services provided and legitimacy of receipts;
- forensic review of multiple data sources;
- reviewing receivables to confirm the likelihood of any balances being adversely impacted and if any write-offs are required;
- reviewing payroll processes to verify payments are to genuine personnel of the Company only;
- considering the risk of potential collusion with suppliers to issue inflated or non-genuine invoices;



2. SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)

- considering the potential for any unauthorised material commitments made on behalf of the Company; and
- interviews with senior management.

Results of the investigation

The results of the Company's investigation are set out below:

- Funds were deposited with the third party trustee within the parameters of the Company's financial controls and procedures at the time deposits were made.
- The misuse of the funds occurred whilst they were under the control of the third party trustee, outside of the Company's control, knowledge and supervision.
- Whilst the \$60 million of funds deposited by the Company between mid 2019 and August 2021 into the trust account were supposed to have been held on trust for the Company and deposited in term deposits, the trust account ledger shows numerous transfers into and out of the trust account, which were made without the Company's knowledge.
- The Company did not know of the existence of the trust account ledger and did not see this until 27 February 2024, and documents that were likely falsified were provided to the Company and its external auditor to support the ongoing existence of the term deposits.
- The sequence of transfers suggest that in some cases subsequent deposits by the Company of funds into the trust account may have been used to return to the Company previous deposits plus notional 'interest' earned on those purported term deposits.
- \$26.6 million of the Company's funds remain unaccounted for and likely have been misappropriated and lost.
- It is likely that both Mr McGovern and Mr Madafferi were involved in the unauthorised use of the Company's funds and had been using some or all of the funds for their own purposes. This included making payments to multiple third parties and entities. Recipients of payments included certain personnel of the Company or entities or individuals associated with them, which warranted further investigation, however no conclusive evidence has been identified to-date that any individual connected to the Company other than Mr McGovern was involved in the likely misappropriation of funds.
- There was sufficient evidence for the Company to terminate the employment of Mr McGovern with immediate effect, however the Board considers the evidence currently available does not warrant the Company taking disciplinary steps against any other current personnel.
- In addition to the likely misappropriation of funds resulting in an overstatement of the Company's assets and earnings from interest income over the relevant periods, the Company has also identified a small number of potential transactions that may have been valid Company transactions undertaken through the trust account that it was not aware of and which were therefore not recorded by the Company. These transactions impact the 2022 and earlier financial years and if valid would result in a cumulative understatement of operating losses of \$4,607,142 over that period.
- The results of the investigation are reflected in the Company's consolidated financial statements for the six months ended 31 December 2023 as set out in Note 3.

The Company will undertake further investigations into the matter as part of its efforts to pursue recovery of the misappropriated funds.

For personal use only



2. SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)

Limitations of the investigation

The investigation undertaken was based on the information available to the Company at the time.

The Company may ultimately be able to obtain further information as it undertakes further investigations, including if it institutes legal proceedings against Mr McGovern, Mr Madafferi and/or Christopher William Legal, which it is considering. Furthermore ASIC, the Legal Services Board and any other applicable authorities who conduct an investigation are likely to be able to obtain additional information from sources not available to the Company (for example, third party bank records).

The investigation was, in part, based on the trust account ledger provided by Christopher William Legal. Given the source of the ledger was potentially involved in the misappropriation of the funds, and considering the fact that the Company was able to identify some discrepancies in the ledger, the trust account ledger may not provide a complete and accurate record of the use of the funds.

As a result of the above, whilst the investigation has been detailed and significant internal and external resources were employed, there is a risk that additional information will come to light as part of further investigations (for example through court processes or regulatory investigations) which, if available to the Company now, may have impacted the results of this investigation.

Recovery of funds

The Company intends to pursue recovery of the misappropriated funds.

This may include seeking recovery from Mr McGovern, Mr Madafferi and/or Christopher William Legal, or the recipients of the Company's funds. The Company is also considering making a claim on the Victorian Fidelity Fund (a fund operated by the Victorian Legal Services Board which provides compensation for loss caused by dishonest or fraudulent behaviours of a lawyer). However, the process of recovering funds is in its infancy and may prove time consuming and costly. In addition, the outcome of that process is uncertain, and success cannot be guaranteed. No amounts are recorded in the financial statements in respect of potential future recoveries.

Other Significant Matters Subsequent to the End of the Reporting Period

As set out in Note 1 to the Financial Statements, subsequent to the half-year end the Group has obtained a \$5m secured bridging loan facility from Tiga Trading Pty Ltd, a company associated with the Thorney Investment Group. This facility is fully drawn down at the date of this report and repayable on completion of the capital raise which the Group is at an advanced stage of executing. 27,000,000 shares at \$0.05 value and 31,706,541 options with an exercise price of \$0.05 per option were granted to Tiga Trading Pty Ltd on 18 March 2024 as a fee for providing the loan facility. The Thorney Investment Group is expected to underwrite up to \$7m of the anticipated \$24m capital raise as set out in Note 1 to the Financial Statements.

Peter Pawlowitsch was appointed as Acting CEO on 1 March 2024 and the Company will issue 10 million Shares to him as the equity component of his remuneration as acting CEO of the Company, subject to shareholder approval.

Aside from the matters set out above, there are no matters or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

For personal use only



3. RESTATEMENT OF COMPARATIVE BALANCES – CASH AT CALL DEPOSIT

Refer to Note 2 for a detailed background relating to this matter. Subsequent to period end the Group identified that Cash at Call deposits supposed to have been held by a trustee have been misused and are not available to the Group. Following investigation, the Group has determined an amount of \$26.6m is unaccounted for and is likely misappropriated and lost.

The Trust Account ledger operated by the trustee indicates that a series of unauthorised transfers out of the Trust Account were made over a number of years.

Cash at call deposit

In previous reporting periods cash at call deposits were classified as Trade and other receivables in the Balance Sheet. Following the investigation, the carrying amount of the cash at call deposit has been restated to its recoverable value at 31 December 2023 and in the comparative period. The loss on derecognition relating to the funds held in trust has been recognised as an adjustment to opening retained earnings at 1 July 2022 as the unauthorised withdrawals occurred prior to FY23, and is the earliest comparative period presented.

Finance income

In FY23, the Group received \$975,000 cash from the third party trustee which was accounted for as finance income. All funds received in the comparative period are restated as repayments of the cash at-call deposit asset instead of finance income.

The impact of the restatement on the comparative information is set out on the following pages:

For personal use only



3. RESTATEMENT OF COMPARATIVE BALANCES – CASH AT CALL DEPOSIT (CONTINUED)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	6 months to 31 December 2022			12 months to 30 June 2023		
	As previously reported \$	Restatement \$	Restated \$	As previously reported \$	Restatement \$	Restated \$
Finance income	326,874	(225,000) ¹	101,874	1,116,068	(975,000) ¹	141,068
Loss before income tax benefit	(36,898,661)	(225,000)	(37,123,661)	(69,985,955)	(975,000)	(70,960,955)
Loss after income tax expense for the period	(37,069,350)	(225,000)	(37,294,350)	(69,196,571)	(975,000)	(70,171,571)
Total comprehensive loss for the period attributable to owners of Dubber Corporation Limited	(36,920,705)	(225,000)	(37,145,705)	(68,331,658)	(975,000)	(69,306,658)
Basic loss per share	(12.05)	(0.15)	(12.20)	(22.53)	(0.31)	(22.84)
Diluted loss per share	(12.05)	(0.15)	(12.20)	(22.53)	(0.31)	(22.84)

1. Relates to restatement of FY23 interest income toward recovery of at-call deposit asset.

Consolidated Statement of Financial Position

	As at 30 June 2022			As at 30 June 2023		
	As previously reported \$	Restatement \$	Restated \$	As previously reported \$	Restatement \$	Restated \$
Trade and other receivables	36,691,462	(26,605,000)	10,086,462	36,963,255	(27,580,000)	9,383,255
Total Current Assets	91,075,436	(26,605,000)	64,470,436	39,825,881	(27,580,000)	12,245,881
Total Assets	148,454,544	(26,605,000)	121,849,544	89,299,274	(27,580,000)	61,719,274
Net Assets	115,247,704	(26,605,000)	88,642,704	53,208,992	(27,580,000)	25,628,992
Accumulated losses	(185,061,911)	(26,605,000)	(211,666,911)	(254,258,482)	(27,580,000)	(281,838,482)
Total Equity	115,247,704	(26,605,000)	88,642,704	53,208,992	(27,580,000)	25,628,992

All restatements relate to restatement of FY23 opening retained earnings and cash at-call deposit asset restated to recoverable value.

For personal use only



3. RESTATEMENT OF COMPARATIVE BALANCES – CASH AT CALL DEPOSIT (CONTINUED)

Consolidated Statement of Cash Flows

	As at 31 December 2022			As at 30 June 2023		
	As previously reported \$	Restatement \$	Restated \$	As previously reported \$	Restatement \$	Restated \$
Interest received	326,874	(225,000) ¹	101,874	1,116,100	(975,000) ¹	141,100
Net cash flows used in operating activities	(26,406,243)	(225,000)	(26,631,243)	(50,179,674)	(975,000)	(51,154,674)
Return of security bond and funds held in trust	63,283	225,000	288,283	1,063,283	975,000	2,038,283
Net cash flows used in investing activities	(644,106)	225,000	(419,106)	322,438	975,000	1,297,438

1. Restatement of cash received from third party trustee in FY23 from interest received (operating cash flow) to recovery of funds held in trust (investing cash flow).

Reclassification of income

The income included in the comparative consolidated statement of profit or loss and comprehensive income for the period ended 31 December 2022 includes a reclassification from Other revenue from ordinary activities to Other income and Finance income. The presentation of income has been reviewed during the period to reflect the nature of income categories more closely, and as a result the prior period value has been reclassified. There is no impact to comparative operating profit as a result of this reclassification.

	31 December 2022 (reclassified and restated) \$	31 December 2022 (original) \$
Other revenue from ordinary activities	-	413,164
Other income	86,290	-
Finance income	101,874	-

For personal use only



4. REVENUE FROM CONTRACTS WITH CUSTOMERS

	31 Dec 2023 \$	31 Dec 2022 \$
(a) Revenue		
Subscriptions	18,515,837	13,628,621
Professional services	212,437	48,926
Total revenue from contracts with customers	18,728,274	13,677,547
Disaggregation of revenue by jurisdiction and geographic region:		
Australia	1,472,445	1,232,533
United Kingdom	12,722,955	9,266,395
United States	4,532,874	3,178,619
Total revenue from contracts with customers	18,728,274	13,677,547
(b) Other Income		
Research and development tax incentive	-	86,290
Total	-	86,290

5. TRADE AND OTHER RECEIVABLES

	31 Dec 2023 \$	30 Jun 2023 (Restated) \$
Current		
Trade receivables	4,210,668	3,827,687
Less: Expected credit loss	(216,732)	(55,835)
Sub total	3,993,936	3,771,852
Cash at call deposit*	1,150,000	2,420,000
Other debtors	201,856	171,637
Contract assets	621,774	193,476
Prepayments	1,521,996	1,063,298
Deposits in trust	127,164	158,508
Other receivables	281,805	1,604,484
Total	7,898,531	9,383,255

* The cash at call balance of \$1.15m reflects amounts received back by the Company subsequent to 31 December 2023

For personal use only



6. INTANGIBLE ASSETS

	31 Dec 2023 \$	30 June 2023 \$
Customer Assets		
At cost	10,674,701	10,881,736
Less: Accumulated amortisation	(4,611,013)	(3,917,553)
Sub-total	6,063,688	6,964,183
Technology		
At cost	27,820,350	28,069,258
Less: Accumulated amortisation	(18,644,864)	(17,399,321)
Sub-total	9,175,486	10,669,937
Goodwill		
At cost	23,757,749	24,085,193
Less: Accumulated impairment	(6,890,904)	(3,679,449)
Sub-total	16,866,845	20,405,744
Net carrying amount at the end of the period/year	32,106,019	38,039,864

Reconciliation of the carrying amount for each class of intangible asset between the beginning and the end of the current and previous financial period/year are set out below:

31-Dec-23	Goodwill \$	Customer Asset \$	Technology Asset \$	Total \$
Balance at the beginning of the period	20,405,744	6,964,183	10,669,937	38,039,864
Impairment expense	(3,211,455)	-	-	(3,211,455)
Foreign exchange movement	(327,444)	(113,531)	(105,710)	(546,685)
Amortisation expense	-	(786,964)	(1,388,741)	(2,175,705)
Carrying amount at the end of the period	16,866,845	6,063,688	9,175,486	32,106,019

30-Jun-23	Goodwill \$	Customer Asset \$	Technology Asset \$	Total \$
Balance at the beginning of the year	22,470,834	7,854,276	13,148,652	43,473,762
Impairment expense	(3,679,449)	-	-	(3,679,449)
Foreign exchange movement	1,614,359	608,636	422,490	2,645,485
Amortisation expense	-	(1,498,729)	(2,901,205)	(4,399,934)
Carrying amount at the end of the year	20,405,744	6,964,183	10,669,937	38,039,864

Please refer to Note 12 for further detailed disclosures on impairment testing methodology and outcomes.



7. TRADE AND OTHER PAYABLES

	31 Dec 2023 \$	30 Jun 2023 \$
Trade payables	10,082,441	7,591,020
Payroll tax and other statutory liabilities	8,111,190	7,541,855
Other payables	144,600	95,328
Total	18,338,231	15,228,203

For personal use only



8. ISSUED CAPITAL

	31 Dec 2023 Number	30 Jun 2023 Number
(a) Issued and paid up capital		
Ordinary shares - fully paid	391,260,283	309,694,824
(b) Movement in ordinary shares on issue (31 December 2023)	Number	\$
Balance at the beginning of the period	309,694,824	281,020,797
Issued pursuant to a placement	73,214,286	10,250,000
Issued on exercise of ZEPOs	7,878,228	9,659,250
Issued on vesting of RSUs	472,945	90,340
Transfer of loan funded shares to new shareholder	-	84,000
Share issue costs	-	(676,098)
Balance at the end of the period	391,260,283	300,428,289
(c) Movement in ordinary shares on issue (30 June 2023)	Number	\$
Balance at the beginning of the year	304,935,427	273,468,060
Repayment of loan funded shares	-	189,000
Issued on exercise of options	170,000	127,500
Issued on exercise of ZEPOs	4,589,397	7,236,237
Balance at the end of the year	309,694,824	281,020,797

For personal use only



9. EARNINGS PER SHARE (EPS)

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	31 Dec 2023 \$	31 Dec 2022 (Restated) \$
Earnings attributable to the owners of Dubber Corporation Limited used to calculate EPS:		
Loss for the period	(22,149,661)	(37,294,350)
Weighted average number of ordinary shares used as the denominator in calculating basic EPS	366,737,559	305,787,810
Basic EPS (cents)	(6.04)	(12.20)

As the consolidated entity is in a loss position diluted EPS is the same as basic EPS.

For personal use only



10. SHARE BASED PAYMENTS

	31 Dec 2023 \$	31 Dec 2022 \$
Share based payment expense for the half-year period (net)	2,123,731	1,709,182

Share Based Payments expense includes the effects of reassessed probabilities of achievement of vesting conditions as at 31 December 2023 for options issued in prior years in accordance with the requirements of AASB 2 Share-based payment.

During the half year period, the Company have granted options to employees and KMPs. The fair value of the options is determined using the Black Scholes model, except for those options that are subject to a market based vesting condition which used a Monte Carlo model. The details of the assumptions and inputs to the model for all options granted during the period are as follows:

Incentive Options Granted to KMPs (Non-executive Director) during the period ended 31 December 2023:

Grant date	29 November 2023	29 November 2023
Number of options	856,452	600,000
	285,484 each on:	200,000 subject to achieving the following 20-day VWAP:
Vesting date	i) 15/02/2024 ii) 15/02/2025 iii) 15/02/2026	i) \$0.75 ii) \$1.00 iii) \$1.50
Expense recognised in HY24 (\$)	21,603	700
Dividend yield (%)	-	-
Expected volatility (%)	85.4%	85.4%
Risk-free interest rate (%)	4.250%	4.250%
Expected life of options (years)	3.67	3.67
Underlying share price (\$)	\$0.145	\$0.145
Option exercise price (\$)	\$0.00	\$0.50
Fair value of option (\$)	\$0.145	i) \$0.051 ii) \$0.050 iii) \$0.045
Expiry date	31/07/2027	31/07/2027
Vesting Conditions	Subject to continuing service condition	Subject to continuing service condition

For personal use only



10. SHARE BASED PAYMENTS (CONTINUED)

ZEPOs / Options granted to Employees during the period ended 31 December 2023:

Grant date	18 October 2023	18 October 2023
Number of options	3,822,684	735,905
Vesting date	31 October 2023	19 October 2023
Expense recognised in HY24 (\$)	573,403	110,386
Dividend yield (%)	-	-
Expected volatility (%)	88%	88%
Risk-free interest rate (%)	4.12%	4.12%
Expected life of options (years)	3.04	3.04
Expiry date	31/10/2026	31/10/2026
Underlying share price (\$)	\$0.15	\$0.15
Option exercise price (\$)	\$0.00	\$0.00
Fair value of option (\$)	\$0.15	\$0.15

Grant date	18 October 2023	18 October 2023	18 October 2023
Number of options	250,000	50,000	125,000
Vesting date	31 October 2023	30 June 2024	30 June 2024
Expense recognised in HY24 (\$)	20,600	2,168	3,017
Dividend yield (%)	-	-	-
Expected volatility (%)	88%	88%	88%
Risk-free interest rate (%)	4.12%	4.12%	4.12%
Expected life of options (years)	3.04	2.70	2.70
Expiry date	31/10/2026	30/6/2026	30/6/2026
Underlying share price (\$)	\$0.15	\$0.15	\$0.15
Option exercise price (\$)	\$0.176	\$0.00	\$0.15
Fair value of option (\$)	\$0.0824	\$0.15	\$0.084

For personal use only



10. SHARE BASED PAYMENTS (CONTINUED)

Restricted Stock Units (RSUs) granted to Employees during the period ended 31 December 2023:

Grant date	18 October 2023
Number of Restricted Stock Units	375,957
Vesting date	31/10/2023
Expense recognised in FY24 (\$)	56,394
Exercise price (\$)	\$0.00
Dividend yield (%)	-
Probability of target	100%
Expected volatility (%)	88%
Risk-free interest rate (%)	4.12%
Fair value per option/ share	\$0.15
Expected life of options (years)	N/A

For personal use only



11. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group has three main operating segments, specifically for the provision of subscriptions services in Europe, United States of America ('Americas') and the Rest of World.

	Europe \$	Americas \$	Rest of the World \$	Other \$	Total \$
Half-year ended 31 December 2023					
Revenue	12,722,955	4,532,874	1,472,445	-	18,728,274
Direct costs	(2,440,819)	(1,147,577)	(2,953,860)	-	(6,542,256)
Revenue less direct costs	10,282,136	3,385,297	(1,481,415)	-	12,186,018
Other income	-	-	-	-	-
Salaries and related expenses	(3,839,257)	(2,356,877)	(11,304,311)	-	(17,500,445)
Employee share based payments	(31,182)	(56,394)	(1,216,156)	(819,999)	(2,123,731)
General and administration costs	(1,329,177)	(1,133,306)	(1,840,854)	(1,938,435)	(6,241,772)
Foreign currency gains / (losses)	(25,097)	(9,771)	(721,729)	-	(756,597)
Earnings before depreciation, amortisation, impairment, interest and tax	5,057,423	(171,051)	(16,564,465)	(2,758,434)	(14,436,527)
Finance income	2,867	-	5,603	-	8,470
Finance costs	(265,432)	(7,281)	(528,006)	-	(800,719)
Impairment of goodwill	-	-	(3,211,455)	-	(3,211,455)
Depreciation and amortisation	(2,195,523)	(105,295)	(1,823,020)	-	(4,123,838)
Profit/(Loss) before income tax	2,599,335	(283,627)	(22,121,343)	(2,758,434)	(22,564,069)
As at 31 December 2023:					
Segment assets	40,120,238	1,666,068	9,057,737		50,844,043
Segment liabilities	14,277,579	2,539,763	18,603,540		35,420,882
	25,842,659	(873,695)	(9,575,803)		15,423,161

* All segment assets include cash and cash equivalents. \$2,040,009 cash and cash equivalents and deposits are included in the Rest of the World segment assets.

For personal use only



11. SEGMENT INFORMATION (CONTINUED)

	Europe \$	Americas \$	Rest of the World \$	Other \$	Total \$
Half-year ended 31 December 2022 (Restated)					
Revenue	9,266,395	3,178,619	1,232,533	-	13,677,547
Direct costs	(2,482,449)	(1,283,796)	(3,513,846)	-	(7,280,091)
Revenue less direct costs	6,783,946	1,894,823	(2,281,313)	-	6,397,456
Other income	86,290	-	-	-	86,290
Salaries and related expenses	(6,451,975)	(4,194,890)	(17,132,757)	-	(27,779,622)
Employee share based payments	(171,716)	(160,325)	(1,446,961)	69,820	(1,709,182)
General and administration costs	(1,678,439)	(2,086,238)	(3,346,831)	(1,745,622)	(8,857,130)
Foreign currency gains / (losses)	51,485	(1,867)	(8,293)	-	41,325
Earnings before depreciation, amortisation, impairment, interest and tax	(1,380,409)	(4,548,497)	(24,216,155)	(1,675,802)	(31,820,863)
Finance income	10,671	-	91,203	-	101,874
Finance costs	(375,884)	(11,278)	(137,091)	-	(524,253)
Impairment of goodwill	-	-	(174,480)	-	(174,480)
Depreciation and amortisation	(3,411,631)	(534,882)	(759,426)	-	(4,705,939)
Profit/(Loss) before income tax	(5,157,253)	(5,094,657)	(25,195,949)	(1,675,802)	(37,123,661)
As at 31 December 2022 (Restated):					
Segment assets	50,864,884	2,092,770	37,904,032	-	90,861,685
Segment liabilities	19,650,104	1,789,042	15,899,858	-	37,339,004
	31,214,780	303,727	22,004,174	-	53,522,681

* All segment assets include cash and cash equivalents. \$23,270,987 cash and cash equivalents and deposits are included in the Rest of the World segment assets.

The allocation of segment assets and liabilities, share based payments and corporate general and administration costs have been amended in the 31 December 2022 segment comparative for consistency with the presentation basis adopted in the 31 December 2023 period.



12. IMPAIRMENT TESTING OF GOODWILL

AASB 136 Impairment of Assets requires assets to be assessed for impairment indicators at the end of each reporting period. If any such indicators exist, the recoverable amount of the asset is estimated.

The Group considers a range of external and internal factors when reviewing for indicators of impairment. As at 31 December 2023 economic performance in the Rest of World cash generating unit has been lower than anticipated, indicating a trigger for potential impairment. As a result, management performed an impairment test as at 31 December 2023 for the Rest of the World cash generating unit, which has goodwill assets.

The recoverable amount of the Rest of World CGUs' goodwill has been primarily determined using a value in use calculation using cash flow projections from financial forecasts approved by the Board for FY24, and then projected forward to cover an seven-year period being an appropriate period to reflect the anticipated incremental growth profile of the business and very low rate of customer churn.

As a further cross check the Company considered market-based methods, including a Guideline Transaction Method and Guideline Company Method, to assess the fair value less costs to sell of the CGU.

Impairment testing outcomes

At 31 December 2023 the carrying amount of goodwill allocated to the Rest of World CGU was \$3,211,455 (30 June 2023: \$3,211,455).

The recoverable amount of the RoW CGU has been assessed based on a value in use calculation using cash flow projections from financial forecasts approved by senior management covering a 6 month period, and then projected forward to cover a further 7 year period up to FY31. The projected cash flows have been updated to reflect the expected demand for the CGUs products and services, with the most significant assumption being the use of a declining revenue growth over the seven-year projection period of FY25 to FY31 with a Cumulative Annual Growth Rate (CAGR) consistent with the current revenue growth rate of the CGU. The post-tax discount rate applied to cash flow projections is 14.4% and cash flows beyond the eight-year period are extrapolated using a 2.5% growth with both assumptions unchanged from 30 June 2023.

The 7 year CAGR projected revenue growth rate required for the Value-In-Use of the CGU to be above zero is 21.9%, which is above the actual revenue growth rate achieved of 3% in FY23 and 19% in H1 FY24. It was concluded that the fair value less costs of disposal did not exceed the value in use.

As a result, the goodwill of \$3,211,455 has been fully impaired at 31 December 2023 with the impairment charge recorded within impairment of goodwill in the statement of profit and loss.

For personal use only



13. DIVIDENDS

There have been no dividends declared or recommended and no distribution made to shareholders or other persons during the period.

14. COMMITMENTS

There has been no significant change in commitments since the last annual reporting date.

15. CONTINGENT LIABILITIES

In 2023 the Company and former CEO and founder, Steve McGovern, received letters of demand from Peter Slaney and Lillian Slaney, who were former business partners of Mr McGovern and shareholders in the original Dubber business vehicle prior to its acquisition by the Company, with them becoming shareholders in the Company on its re-listing on ASX. The demand relates to various matters involving historical business dealings with Mr McGovern in connection with the purported funding by them of the Dubber business prior to the re-listing that is claimed also impacts the Company. The amount most recently claimed is approximately \$1 million. The Company has formed the view that it bears no obligation or liability in respect of the matter and there is a low likelihood that any litigation will be commenced or successful against the Company. However, there is no guarantee that a claim will not be brought against the Company and, if commenced, that it will be resolved on favourable terms or at all.

Aside from the above, the Group has no other material contingent liabilities.

16. RELATED PARTIES

Other than the share-based payment transactions disclosed in Note 10, there were no significant related party transactions outside the ordinary course of business.

For personal use only



In the opinion of the directors of Dubber Corporation Limited ('the company):

1. The financial statements and notes thereto of the consolidated entity, as set out within this financial report, are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

For personal use only

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Neil Wilson
Chairman

10 April 2024



**Building a better
working world**

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor's independence declaration to the directors of Dubber Corporation Limited

As lead auditor for the review of the half-year financial report of Dubber Corporation Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Dubber Corporation Limited and the entities it controlled during the financial period.

Ernst & Young

David Petersen
Partner
10 April 2024



**Building a better
working world**

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Independent auditor's review report to the members of Dubber Corporation Limited

Conclusion

We have reviewed the accompanying half year financial report of Dubber Corporation Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as of 31 December 2023 and of its consolidated financial performance for the half year ended on that date; and
- b. Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity (ASRE 2410). Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year financial report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Regarding Going Concern

We draw attention to Note 1 in the financial report, which indicates the Group incurred a net loss before tax of \$22,564,069 during the period ended 31 December 2023 and incurred a net operating cash outflow of \$11,423,119. As disclosed in Note 2, the Group discovered subsequent to period end that a cash deposit totalling \$26.6m was not available to it. The Group was expecting to draw upon this deposit to fund its current operations and consequently needs to raise new funding imminently. The Company is in the process of raising new funds as described in Note 1. These events or conditions, together with the other factors outlined in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The financial report does not include any adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern. Our opinion is not modified in respect of this matter.

Directors' responsibilities for the half year financial report

The directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



**Building a better
working world**

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as of 31 December 2023 and its performance for the half year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'David Petersen'.

David Petersen
Partner
Melbourne
10 April 2024



For personal use only

Melbourne

L5-7, 2 Russell Street,
Melbourne, VIC 3000,
Australia

Sydney

L14, 50 Pitt Street,
Sydney, NSW 2000,
Australia

Brisbane

L3, 293 Queen Street,
Brisbane, QLD 4000,
Australia

Dallas

L12, STE 1200, 2828 N
Harwood Street, Dallas
TX 75201, USA

Oxford

King Charles House
Park End St
Oxford OX1 1JD
United Kingdom

