



ASX Release
30 April 2024

March 2024 Quarterly Activities Report

Melbourne, Australia: 30 April 2024 - Dubber Corporation Limited (ASX:DUB) (**Dubber or Company**), the unified call recording and conversation intelligence platform designed for global communications service providers, today released its Q3 FY24 Appendix 4C and provides this Quarterly Activities Report.

Alleged misuse of Company funds, dismissal of CEO and capital raising

During and subsequent to the end of the quarter the Company made a number of announcements regarding an alleged misuse of Company funds, which were supposed to have been held by a third party trustee in a term deposit, by either or both the Company's then Managing Director and CEO, Steve McGovern and the trustee.

The Company's shares were suspended from trading on ASX on 29 February 2024 following a 2-day trading halt and on 1 March 2024 the Company announced it had become aware of the matter as part of the auditor's review process for the Company's 31 December 2023 half-year accounts. The Company immediately commenced an investigation into the missing funds and suspended the employment of Mr McGovern on that date, referring the matter to ASIC and the Legal Services Board of Victoria. Executive Director Peter Pawlowitsch was appointed to the role of Acting CEO on that date.

On 15 March 2024 the Company announced that it had arranged bridging finance in the form of a secured loan for up to \$5 million from Tiga Trading Pty Ltd, a company associated with major shareholder, Thorney Investment Group. The terms of the loan are set out in that announcement.

On 9 April 2024 the Company announced it had terminated the employment of Mr McGovern and that Mr Pawlowitsch would remain in the role of Acting CEO until a new CEO commences. The Company also announced the appointment of David Coventry to the role of Deputy CEO. Mr Coventry boasts over 30 years' experience in the Australian and global technology and telecommunications industries.

On 10 April 2024, the Company announced a \$24.06 million capital raising, comprising an institutional placement to raise approximately \$3.14 million and a 1 for 1 non-renounceable accelerated pro-rata entitlement offer to raise approximately \$20.92 million. The offer was made under a prospectus lodged with ASIC and ASX on 10 April 2024. Morgans Corporate Limited was appointed as the underwriter to the offer, and Morgans Corporate Limited and Unified Capital Partners Pty Ltd appointed as the joint lead managers and joint bookrunners.

The placement and institutional component of the entitlement offer has closed and the retail component of the entitlement offer is expected to close on 3 May 2024.

For personal use only



Thorney Investment Group agreed to support the entitlement offer by taking up \$2 million worth of new shares in the institutional component (representing approximately 48.1% of its full entitlement) and sub-underwriting up to \$7 million of the retail component.

The funds received from the capital raising are intended to be used for additional working capital, bringing ordinary business creditors back into normal payment terms (including the ATO and SROs), costs associated with the Company's investigation into the missing funds and related matters, repayment of the Thorney Investment Group bridging loan and costs of the offer.

In aggregate the offer will result in the issue of approximately 481.13 million fully paid ordinary shares at \$0.05 each.

Details of the capital raising, including participation by Thorney Investment Group, are set out in the Company's announcement of 10 April 2024.

Dubber's company update and capital raising presentation released to ASX on 10 April 2024 sets out further information regarding the missing funds and the investigation undertaken to-date, an update on operations during and subsequent to the end of the quarter and a financial update (including release of the Company's 31 December 2023 half-year financial statements and a restatement of revenue guidance for FY24 – see below).

The Company's shares were reinstated to trading on ASX on 17 April 2024.

The Company is undertaking further investigations into the alleged misuse of funds, including as part of its efforts to pursue their recovery. Approximately \$26.6 million remains unaccounted for.

Financial Information

Revenue

Revenue of \$9.6m for Q3 FY24¹ was flat on Q2 FY24² and 29% up on pcp (Q3 FY23), reflecting the disruption to the business experienced in the quarter following the announcement of the alleged misuse of funds in late February 2024.

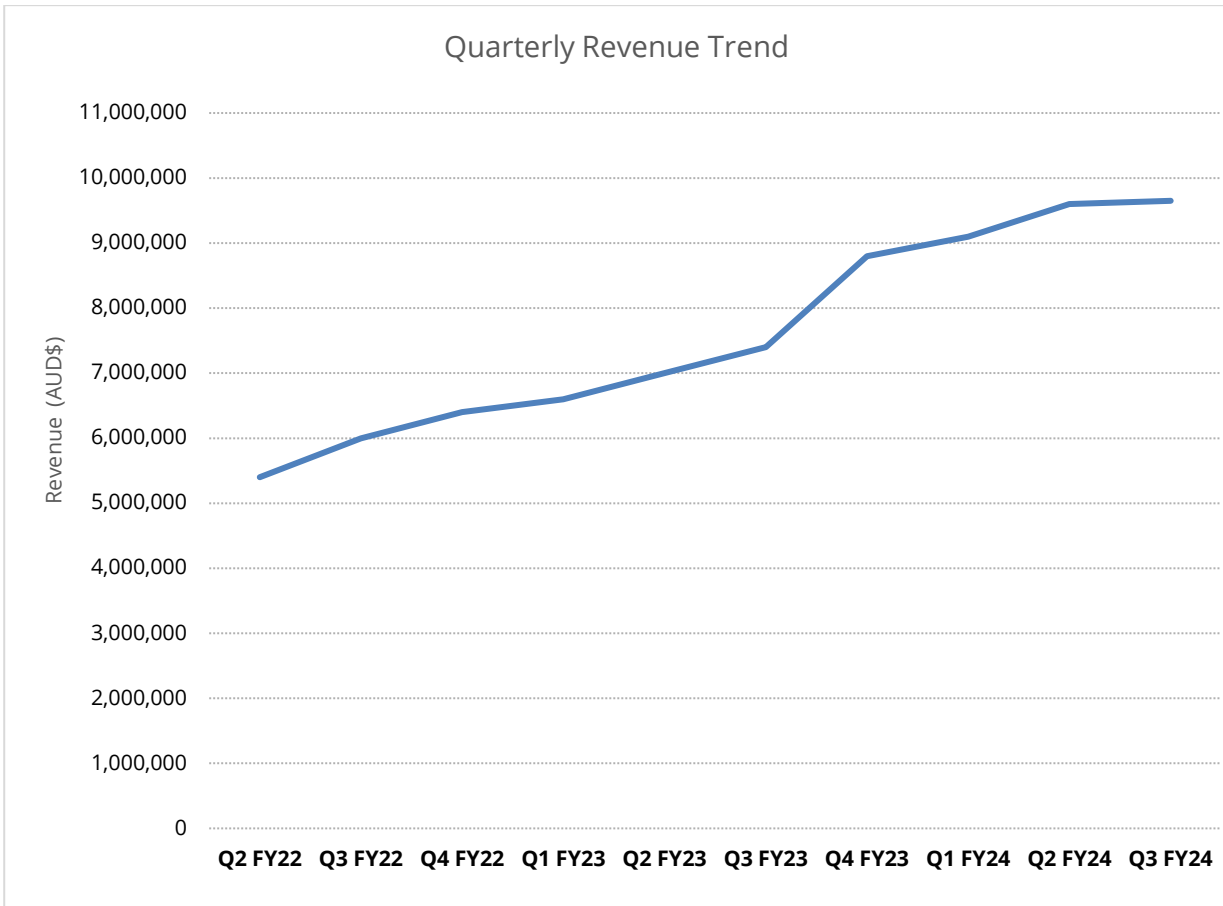
The Company liaised closely with its partners and customers during this period and the disruption is expected to be short term. With the Company's shares now having been reinstated to trading on ASX and its balance sheet stabilised under the capital raising, operations and engagements with partners and customers are normalising. The Company expects revenue to grow over coming quarters, continuing quarterly revenue trend.

The following chart illustrates historic growth in revenue for Dubber.

¹ Unaudited.

² Q2 FY24 revenue of \$9.6m is lower than the \$10.7m disclosed in prior 4C due to removal of revenue associated with contract dispute which will continue to be pursued.





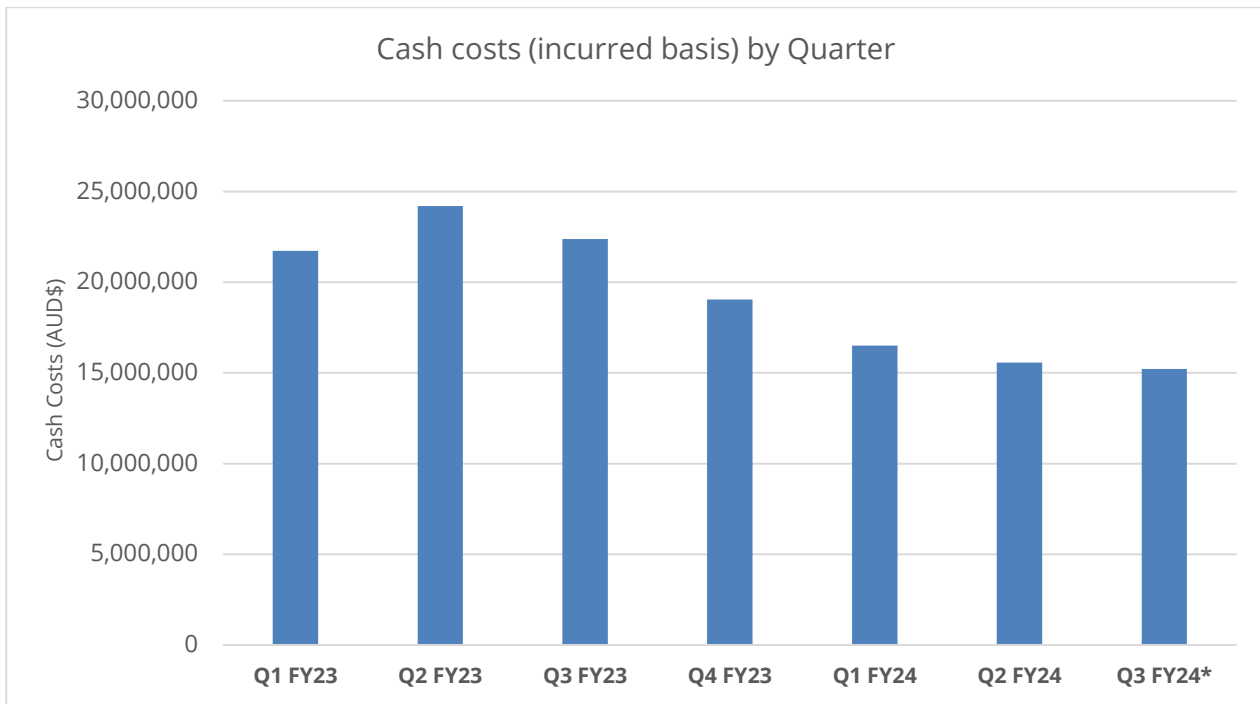
* Past performance is not necessarily an indicator of future performance.

Cash receipts and operating cash costs

Cash collected for the quarter was a record \$11.2 million, up 27% on Q2 FY24. Normalising for the timing of customer receipts that were due to be received in December 2023 but were received in early January 2024 cash collections for the quarter were up 5% on Q2 FY24.

The chart below shows the approximate normalised cash costs per quarter excluding capital raising costs and costs of the investigation into the alleged misuse of funds and related matters (see above). The Company has commenced the cost out program in the current quarter, which is targeting in excess of \$5 million in annualised savings to be delivered from FY25.





* Excludes incurred costs in respect of the Company’s investigation into the alleged misuse of funds and capital raising costs in the quarter (see above).

Operating cash costs paid including finance lease repayments were \$14.6 million for the quarter (including \$0.7 million cash lease payments classified as repayment of borrowings in the Appendix 4C cashflow) and were \$12.9 million in Q2 FY24 which is less than the amount incurred as shown in the above chart.

As set out in the use of funds for the capital raising (see above), the Company anticipates cash outflows in respect of bringing ordinary business creditors back into normal payment terms over coming quarters so the amount of cash payments will be higher than the incurred operating cash costs in respect of those quarters.

Other cashflows

\$2.5 million of debt funding was received under the bridging loan from Thorney Investment Group that was put in place during the quarter (see above).

Revenue guidance updated

Subsequent to the end of the quarter the Company announced that FY24 revenue guidance has reduced to a range of \$38.1–\$41.6 million from \$45 million, due to the impact of the alleged misuse of funds (see above) and a contract dispute. Further details are set out in Dubber’s company update and capital raising presentation released to ASX on 10 April 2024.

The Company’s primary focus remains 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.



Restatement of previously disclosed Appendix 4C cashflow statements

As a result of the alleged misuse of funds identified during the quarter, \$30 million of cash previously categorised as a Call Deposit has been restated with any amounts received from the Call Deposit shown as other investing cash inflows in the quarter they were received.

ASX Listing Rule 4.7C.3 disclosure

In accordance with ASX Listing Rule 4.7C.3, payments to related parties and their associates totalling \$247,000 outlined in Item 6 of the Company's Appendix 4C relate to director fees, salaries, and superannuation.

This report has been approved for release to ASX by Dubber's Board of Directors.

About Dubber:

Dubber enables Communications Service Providers to unlock the potential of the network - turning every conversation into a source of value for differentiated innovation, retention, and revenue. Listed on the ASX, Dubber is one of the market leaders in conversation intelligence and unified conversational recording increasingly enabled by Artificial Intelligence (AI) capability - embedded in over 215 Communications Service Provider networks and services.

For more information, please contact:

Investors

Simon Hinsley
simon.hinsley@dubber.net
+61 (0) 401 809 653

Media

Terry Alberstein
terry@navigatecommunication.com.au
+61 458 484 921

For personal use only



Appendix 4C

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

Name of entity

DUBBER CORPORATION LIMITED

ABN

64 089 145 424

Quarter ended ("current quarter")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	11,164	28,941
1.2 Payments for		
(a) research and development	(146)	(2,054)
(b) product manufacturing and operating costs	(7,069)	(19,332)
(c) advertising and marketing	(181)	(1,058)
(d) leased assets	(26)	(84)
(e) staff costs	(5,227)	(17,350)
(f) administration and corporate costs	(1,127)	(2,777)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	18	32
1.5 Interest and other costs of finance paid	(124)	(406)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,718)	(14,088)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(1)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (bonds returned/deposited)	1,150	2,420
2.6	Net cash from / (used in) investing activities	1,150	2,419
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	10,348
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(158)	(902)
3.5	Proceeds from borrowings	2,540	2,540
3.6	Repayment of borrowings	(666)	(1,553)
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	1,716	10,433
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,480	2,863
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,718)	(14,088)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,150	2,419

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,716	10,433
4.5	Effect of movement in exchange rates on cash held	60	61
4.6	Cash and cash equivalents at end of period	1,688	1,688

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	1,688	1,480
5.2	Call deposits	-	-
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)	1,688	1,480

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	247
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

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

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>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.</i>		
7.1	Loan facilities	5,000	2,540
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	5,000	5,000
7.5	Unused financing facilities available at quarter end		2,460
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.		
	<p>Secured bridging finance in the form of a secured loan of up to \$5 million (per ASX announcement on 15th March 2024).</p> <p>In March 2024 a related party provided a short term unsecured loan of \$40,000 at an interest rate of 12% pa on the principal amount, accruing daily. The loan was repaid subsequent to the end of the quarter and the related party waived the obligation to pay interest.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,718)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,688
8.3	Unused finance facilities available at quarter end (item 7.5)	2,460
8.4	Total available funding (item 8.2 + item 8.3)	4,148
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.53
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 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: Yes	

8.6.2 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: On 10 April 2024, the Company announced a \$24.06 million capital raising, comprising an institutional placement to raise approximately \$3.14 million and a 1 for 1 non-renounceable accelerated pro-rata entitlement offer to raise approximately \$20.92 million. The offer was made under a prospectus lodged with ASIC and ASX on 10 April 2024. Morgans Corporate Limited was appointed as the underwriter to the offer, and Morgans Corporate Limited and Unified Capital Partners Pty Ltd appointed as the joint lead managers and joint bookrunners. The placement and institutional component of the entitlement offer has closed raising approximately \$7m and the retail component of the entitlement offer is expected to close on 3 May 2024.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, based on the underwritten capital raise completing as set out above.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2024

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.