DUBBER CORPORATION LIMITED

ABN 64 089 145 424

# Annual Report



dubber

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DUBBER ANNUAL REPORT 2022



DUBBER.NET

# Contents

DUBBER ANNUAL REPORT 2022

# leading the world in unified recording and conversational AI

DUBBER.NET




# About Dubber

Dubber is the leading provider of unified recording and conversational AI for the global telecommunications industry. The Dubber platform is the only cloud native unified recording technology that is integrated directly into the service providers network to capture voice across mobile, video and text services. Dubber enables service providers to turn existing networks and services into an exponential source of value for innovation, retention, and revenue. Listed on the ASX, Dubber is the clear market leader in conversational intelligence and unified recording embedded at the heart of over 175 service provider networks and services and used daily by over 580,000 subscribers worldwide.

For more information, please visit Dubber at www.dubber.net

# FY22 Highlights

Dubber delivered significant revenue growth and increases across all key metrics in the 2022 financial year (FY22) reflecting demand from service providers for new sources of value.

Dubber's core strategy, to create value for service providers through unified recording and conversational artificial intelligence (AI) as a core network service, adds incremental revenue, retention and differentiation based on meeting the needs of every user of business communications services globally.

## FY22 Performance Highlights & Key Metrics

- Substantial organic growth in all core business indicators
- Capital raise of A$110m at A$2.95 per share in July 2021; business objectives fully funded
- Completed integration of Notiv and Speik acquisitions - expanding commercial opportunities
- Investment in the artificial intelligence (AI) and natural language processing (NLP) capability on the Dubber platform to meet customer demand
- Extended relationships with service providers; expansion of Foundation Partner program
- Expanded global footprint; key executive appointments in technology, product and sales capability

Total Operating Revenue

**$25.3m**

↑ 25% on prior year

Cash receipts

**$29.9m**

↑ 48% on prior year

Employees

**240+**

↑ 140% on prior year

Service providers (contracted)

**175**

↑ 9% on prior year

Subscribers

**580,000K+**

↑ 38% on prior year




## Dubber is the leading unified recording and conversational intelligence cloud service globally designed for communication service providers and their customers.

Dubber's platform provides the ability to capture and record any type of conversation (voice, video and chat) from any end-point (unified communications, mobile, and legacy) and unify the recordings and data in the Dubber Conversation Cloud.

Advanced AI technology and functionality draws insights from captured content to deliver differentiated services which drive accretive benefits to end user customers and increased revenue at scale to service providers.

# Corporate Directory

01.

## BOARD OF DIRECTORS

Peter Clare
Non-Executive Chairman

Steve McGovern
CEO & Managing Director

Peter Pawlowitsch
Executive Director

Gerard Bongiorno
Non-Executive Director

Sarah Diamond
Non-Executive Director

## COMPANY SECRETARY

Ian Hobson

## SHARE REGISTRY

Automic Registry Services (Automic Pty Ltd)
L5, 191 St Georges Terrace Perth WA 6000
Telephone: +61 8 9324 2099

## AUDITOR

BDO Audit (WA) Pty Ltd
L9, Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000

## SECURITIES EXCHANGE

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

## PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE:

Level 5-7, 2 Russell Street
Melbourne VIC 3000
www.dubber.net

## SOLICITOR

Milcor Legal Pty Ltd
Level 1, 6 Thelma Street
West Perth WA 6005

# Chairman's Letter

02.

Dear Shareholder,

On behalf of the Board of Directors of Dubber, thank you for your support during what has been a significant period of change, growth, opportunity and volatility in the global financial markets.

I would like to sincerely apologise to shareholders, on behalf of the Board and CEO, for the delayed lodgment. A full review is underway and any necessary changes or improvements to avoid such an event occurring again will be implemented with the Board's full support.

This year for Dubber has been transformative; a period where the business achieved major operational initiatives at the same time as delivering substantial improvements across all key metrics. Dubber's growth in the year reflects the demand and opportunity for the business and affirms the strategy in place to execute on building a successful, Australian based global technology company.

Dubber is the leading unified call recording and conversational voice intelligence cloud service globally, designed for communication service providers and their largest business and government customers. Dubber's platform provides the ability to capture voice recordings and data across multiple networks and manage that data in a single environment, the 'voice intelligence cloud'. AI technology and functionality can then draw insight from that data to deliver differentiated services to providers and their customers.

The Dubber team more than doubled from 100 employees in June 2021 to over 240 employees at the end of June 2022.

## The Company is fully funded to deliver the next phase of its growth

The Company delivered a number of highlights during the year including:

- The completion of the A$110m placement which has allowed the Company to grow the business substantially and execute against its core strategy of organic growth augmented, where on strategy and value accretive, by acquisition. There has been no acquisitions this reporting period. During the year, the Dubber team grew from 100 employees in June 2021 to over 240 employees at June 2022, including key executive appointments in every geographic region.

- The rollout of Dubber's first partnership in the Foundation Partner program with Cisco, and growth of the Foundation Partner program with agreements reached later in the year with Nuuday, Ziro and NuWave.

- The Foundation Partner agreements see Dubber services embedded in the carrier's network as a standard offering benefitting the partner with immediate differentiation and additional revenue per user on existing infrastructure.

- Successful integration of the Notiv and Speik acquisitions provided revenue growth, product functionality and outstanding development staff added to the Dubber team.

- The appointment of Sarah Diamond to the Dubber Board as Independent, Non-executive Director.

## Strategy driving compelling outcomes

The Dubber growth strategy underpinned the decisions to significantly expand Dubber's global footprint which allowed the company to partner with world leading telephony service and cloud communications providers, increasing market penetration.  Our market share is building from a small global base and the opportunity ahead for Dubber is truly great.

The global acceleration by service providers unlocking the power of communication data within their networks underpins Dubber's investment in enabling those providers and platforms with an expanded suite of services across entire networks.

Based on customer demand, the Company also focused its technology investment in extending engineering capabilities to develop the next generation of product features/functions such as 'Notes by Dubber', an automated real time conversation transcription service.

## Capital management

The capital raised in July 2021 has allowed Dubber to accelerate the execution of its organic growth strategy enabling it to optimise its first mover advantage to drive growth into the future.

Since the placement, M&A opportunities have continued to be evaluated, although high valuations in the first part of the reporting period meant accretive opportunities were not available. In the latter part of the reporting period technology valuations globally retracted and no compelling opportunities presented themselves.  Moving forward, acquisition opportunities augmenting core business will continue to be evaluated with a focus on expanding functionality and extending global reach.

The Company maintains a strong balance sheet with cash and cash equivalents of A$54 million cash at bank plus A$30 million in term deposits at the end of June 2022.

The increase in capital expenditure during the year reflected investment in people, processes, technology and workplace infrastructure to support a growing team.

## Environmental, Social and Governance

The Board was pleased to announce the appointment of Sarah Diamond to the Board in August. Sarah is a seasoned senior executive and will bring a wealth of international experience in business and technology to the Board of Dubber. Sarah's biography is available in the Director's Report of this 2022 Annual Report.

Following Sarah's appointment, Board Audit and Risk, and Nomination and Remuneration, and Sustainability Committees have been established.

The Board was pleased to announce the appointment of Sarah Diamond to the Board in August.

Last year the Company refreshed its principles relating to Diversity and Inclusion, pleasingly this resulted in increases in female leadership across the business (Board, people and culture, investor relations, engineering, delivery leads and marketing operations), but more work remains to be done in this area. Accordingly, targets for improvement in coming years have been developed and communicated to business leaders.

During the year the Board has undertaken a process, facilitated by specialist consultants, to ensure that the Dubber team is aligned and unified in its commitment to a strong and enduring business as a responsible corporate citizen.

A copy of Dubber's Corporate Governance Statement can be found on the Dubber website at https://www.dubber.net/downloads/corporate-governance-policies.

## Acknowledgements

I would like to acknowledge and extend the Board's appreciation to Dubber's service provider partners for your support for Dubber during the year and we look forward to sharing in shareholder value enhancing mutual opportunities in the coming years.

As highlighted, the Dubber team has grown significantly during the year and I welcome all of you who have joined our team from around the world. Our growth and success are linked to the hard work of each of you who have led the way in delivering extraordinary progress. On behalf of the Board, thank you for your commitment to drive the Dubber business forward and deliver on the commitments made to our partners and customers.

Looking forward, Dubber remains focused on meeting the needs of the telecommunications industry which is evolving quickly as service providers seek to protect revenue streams from existing infrastructure and grow it with new products and services.

And finally, on behalf of the Board and management of Dubber, I would like to acknowledge our loyal and supportive shareholders who have endured a difficult year in line with global technology stock valuation retraction. We continue to believe strongly in the global potential of the Dubber business to be a powerhouse in voice data capture and analysis. I look forward to our next year with great enthusiasm for the success of the business.

Peter Clare

**Peter Clare**
Non-Executive Chairman

# Dubber at a glance



## Who we are

Dubber is the leading provider of unified recording and conversational AI for the telecommunications industry globally.

## Our market

Dubber is global with teams in Melbourne, Sydney, Brisbane, Dallas, Atlanta, Oxford and London supporting more than 175 service provider networks and services.

## Our strategy

Dubber's core strategy is to create value for service providers through unified recording and conversational AI as a core network service, adding incremental revenue, retention and differentiation based on meeting the needs of every user of business communications services globally.

Dubber

Digitises and automates compliance, operations and productivity

Accelerates migration to the Cloud & digital transformation

Enables compliant, business-grade unified recording and AI-insights inside the applications and services used by billions every day

Delivers AI-enriched data at scale to automate workflows and insights

Creating ever improving revenue, retention and differention for the world's communications service providers

Creates differentiation in the 5G and UC era

# Letter from the CEO

03.

Thank you for your support during a significant and transformative year for Dubber.



Thank you for your support during a significant and transformative year for Dubber.

We started the year having raised A$110 million via an institutional placement. At that time, we indicated that monies raised would allow the business to significantly accelerate growth objectives and capture the substantial opportunity to create value for services providers through unified recording and conversational AI as a core network service.

During the year we achieved three major operational initiatives at the same time as growing the business substantially across all key metrics.

Total operating revenue has been adjusted from the Company's Appendix 4E announcement from $35.6m, to $25.3m. The revenue figure has been adjusted because the Company's interpretation of accounting standards relating to particularly, Platform Fees and Foundation based revenues has been modified following consultation with the Company's auditors.

The correct figure of $25.3m is an increase of 25% from $20.3m pcp[1] and cash receipts for the year were $29.9m, up 48% pcp reflecting growth derived from new and expanded existing service provider[2] agreements and adoption of additional Dubber subscriptions by service providers' business and enterprise customers for Dubber's cloud recording services.

Gross margin on call recording has progressively improved over the year, driven by increased utilisation of the platform in all regions against a substantially stable 'cloud' cost structure. The Company believes that gross margin will continue to improve as subscriber numbers and utilisation of the platform increases.

Cash receipts and Foundation based revenues can be impacted by the timing of remittance of receipts from service providers with some larger service provider agreements providing for extended payment terms. The Company has adopted new policies and processes for customer payment terms to re-align receipts and revenue recognition in future periods.

At the end of June, Dubber had 175 contracted service and solution providers agreements, an increase of 9% on the prior year. Since inception, Dubber has had zero churn of service provider customers.

Subscription numbers rose by nearly 40% pcp to more than 580,000 users as service providers and their enterprise customers recognise the benefits of unlocking conversational data across a range of voice services on a network. Subscription numbers do not include users of Dubber's unified recording and conversational AI under Foundation Partner agreements.

These initiatives were signalled in July 2021 when the business raised $110 million in a placement.

We have invested in infrastructure which will underpin the Company's future, integrated two businesses and doubled the size of our team including key executive appointments.

[1] pcp- prior corresponding period

[2] Dubber's customers are large, global communications service providers. End users of the Dubber platform comprise SaaS subscriptions of enterprise customers of global service providers for Dubber's unified recording and conversational AI

The Company is in a significantly improved position compared with June 2021, including having future business objectives fully funded to cash flow break even.

## Year of Significant Progress

The Company is in a significantly improved position compared with June 2021, including having future business objectives fully funded to cash flow break even.

As highlighted, the capital raised via an institutional placement in July 2021, allowed Dubber to accelerate the execution of its growth objectives and create accretive recurring revenue streams for service providers, optimise Dubber's first mover advantage and build its moat to drive growth into the future.

The team continued to evaluate M&A opportunities during the year, although high valuations resulted in a de-prioritization of some opportunities in favor of pursuing expansion of core assets and organic revenue growth. The team continues to evaluate acquisition opportunities close to the core business with a focus on expanding functionality on the platform and Dubber's footprint with global service providers.

The integration of Speik and Notiv[3] was completed during the year with both businesses fully integrated at a team and technology level.

Notiv, rebranded Notes by Dubber, allows users to transcribe any meeting or call and turn that into a set of highlights and actions. Subscribers are able to review meetings that they weren't able to attend and easily share highlights for action by others. Speik provided mobile call recording for tier 1 carriers in the UK and also has payments related technologies whereby it processes billions of dollars in phone payments securely and compliantly and is deployed into large, sophisticated, global contact center and service provider customers.

Further investment in feature and function on the platform is driven by demand from customers looking to further leverage existing content beyond call recording.

## Building foundations for future Growth

During the year, we invested in infrastructure which will underpin the Company's future, integrated two businesses and doubled the size of our team including key executive appointments.

Investment in the Dubber platform in the period will support continued growth with existing global service provider relationships and new service provider partners. Dubber aims to deliver an expanded suite of services that is applicable for the entire user base of the service provider network and, in doing so, will drive an increase in recurring revenues with high gross margins.

The majority of Dubber's revenue to date has been from its primary cloud call recording solutions. Investment in the platform ensures Dubber's cloud-scale business model can support significant increases in subscribers. Further investment in feature and function on the platform is driven by demand from customers looking to further leverage existing content beyond call recording.

Dubber continues to make critical investment in conversational AI to enable any conversation to be transformed into network native data that powers services and applications.

[3] Acquisition of Speik completed in December 2020; Notiv was acquired in September 2021

The Dubber platform provides opportunity to service providers to add further value from existing infrastructure and increase average recurring revenue per user without the need for further capex.

Analysing conversational content across voice, mobile, text, video and unified communication platforms on a carrier's network has many use cases and provides end users with solutions that identify and action:

- content creating opportunities for more efficient and productive communication
- accurate compliance and security measures
- customer experience and satisfaction scores and
- productivity and engagement effectiveness of global workforce structures.

The Dubber platform provides opportunity to service providers to add further value from existing infrastructure and increase average recurring revenue per user without the need for further capex.

We came into FY22 focussed on growth and achieved it at the same time as transforming the infrastructure and operations of the business. The infrastructure to support growth is in place and we are now able to efficiently deliver on our internal business plan in the knowledge that we have a product and sales capability that can take advantage of major transformative opportunities in a dynamic industry.

## Expansion of global partnerships

Dubber's presence in Europe[4] and the America's continued to expand during the year including engagement with the three largest carriers in the United Kingdom BT, Vodafone and Virgin Media 02. Foundation Partner agreements with NuWave and Ziro in the Americas were also announced during the year and are described in more detail below.

In APAC, Dubber expanded its carrier footprint with the launch of native Mobile Call recording for Optus, initially aimed at enterprises in the financial service sector. Dubber also extended its Telstra relationship and is now available via Telstra's enterprise billing system and sold by Telstra's direct and indirect sales channels.

Dubber provides call recording on core networks with these providers and expects to expand its services layer across multiple networks in each carrier, enabling the carrier to provide a consistent layer of services across those networks.

Demand for Dubber's services is growing as the aspirations of carriers shift from being primarily connectivity providers to providers of content driven features and services. The Dubber platform is uniquely placed to turn network calls and communications into usable data and content.

Dubber's investment into its product and AI capability enables carriers to deliver differentiated services which drive accretive benefits to end user customers and increase revenues at scale.

[4] including Western Europe and the Nordics

## Scaling critical capabilities

The capital raised in July 2021 has enabled Dubber to attract industry leaders in key sales, technology and product roles to deliver and grow the Company globally - many with proven track records of selling core network services in and to service providers.

Integrating technologies into the Dubber platform will enable a production line of features and services to drive revenue at high gross margin and potentially impact the way businesses and individuals interact with their communications services going forward. Individually, each of these undertakings would be substantial achievements, together they have underlined Dubber's position as a global leader in its field and a destination Company for technology and product leaders.

The second half of the year saw immediate results with key agreements and deployments achieved with Microsoft Teams 'Operator Connect' service providers that now form part of the service provider landscape. 'Operator Connect' providers emerged during the global pandemic to meet business demand for cloud based infrastructure for distributed workforces.

Dubber's platform is the only one of its kind that can capture voice data from mobile, legacy, video and unified communication services on the network, delivering immediate, low cost differentiation and revenue opportunities from existing voice content and existing network assets.

Whether it be call recording in a regulatory environment, or differentiated features at a Service Provider level, Dubber's services are not discretionary expenditure for its customers and their end users. Dubber's cloud based services are even more attractive in the current economic climate as customers seek automation and efficiency in their operations.

The Foundation Partner program significantly increases the size of Dubber's total addressable market.

## Foundation Partner Program underpins future growth

As highlighted, Dubber continued to build momentum with its Foundation Partner program during the year, signing new Foundation Partner agreements in the US and Europe. Advanced Foundation Partner discussions with large carriers in the United Kingdom and EMEA are ongoing.

The Foundation Partner model embeds Dubber's unified recording platform as a standard service on the service provider network. Dubber, in partnership with the service provider, is then able to introduce the benefits of unified recording and conversational intelligence to transform every conversation into a source of value, unlocking additional and accretive revenue streams for service providers looking to get more from existing infrastructure.

Foundation Partner agreements differ from regular subscriber agreements in that they involve the provision of a defined and/or minimum block of embedded subscriptions for which a flat fee is paid irrespective of speed of take up. In some cases the limits of such blocks can be reached within contract terms resulting in additional revenue to Dubber for the next block of subscriptions.

The Foundation Partner program significantly increases the size of Dubber's total addressable market.

During the year, Foundation Partnerships increased to include Nuuday (Denmark's largest service provider), and Microsoft Teams 'Operator Connect' service providers, NuWave, and Ziro. Dubber continues to focus on growing its Foundation Partners in Europe and the Americas.

## Outlook

As we look ahead, the Company is confident in its strategic direction to extend its relationships with current service providers globally, expand the Foundation Partner program and secure new relationships with existing carriers and emerging providers where there is increasing demand for its services.

The Company has made significant investment in infrastructure, people and products during FY22 that will enable it to stabilise operating expenditure in FY23 with a model that sees growth in recurring revenue increasing at a faster rate than costs.

Merger and acquisition activity will remain on the Company's radar, however, a dynamic market regarding relative valuations has led the Company to focus on ensuring its capacity for continued growth of its core unified recording and conversational intelligence platform to leverage and protect its balance sheet.

## Acknowledgements

I would like to again extend appreciation to our shareholders during the year. In spite of a challenging macro economic environment, we are very confident about the future of Dubber's business and excited about the opportunity in front of us. I would like to also acknowledge our customers and partners, globally. I would also like to say thank you to the Board for their support during the year. Finally and importantly, I would like to thank every member of the Dubber team who have embraced change and new ideas and collaborated together to ensure our focus remains on delivering the very best outcomes for our customers and partners.

Thank you!

**Steve McGovern**
CEO and Managing Director

# Dubber Today

#1 Leader in call recording & conversational intelligence

#1 Provider to service providers globally

#1 Cloud-native, scalable conversational intelligence platform

#1 Preferred solution on Cisco

#1 Unified recording subscriber base globally

#1 Conversational AI capability
Compliant conversational recording and AI on Cisco & MS Teams

**175+**
SP GLOBALLY

FOUNDED
**2011**

**2015**
ASX LISTED

**240+**
EMPLOYEES

HQ MELBOURNE, AUSTRALIA

NATIVE & CLOUD
**LEADER**

BILLIONS OF MINUTES RECORDED

INDUSTRY LEADING AI & NLP

API CONNECTIONS & PARTNERSHIPS

App Store ★★★★★

amazon ★★★★★

G2 CROWD ★★★★★

Aragon Research 2021 HOT VENDOR

RegTech 2021 AWARDS REGTECH OF THE YEAR AUSTRALIAN FOUNDED

AIFINTECH 100

# Directors' Report

04.

The Director's present their report on the consolidated entity Dubber Corporation Limited (referred to as 'the company' or 'Dubber') and its controlled entities (referred to as 'the Group') for the financial year ended, 30 June 2022.

## List of Directors & Company Secretary

The following persons were Directors of Dubber during the whole or part of the financial year and up to the date of this report:

| | |
|---|---|
| **Steve McGovern** | CEO & Managing Director |
| **Peter Clare** | Non-Executive Chairman |
| **Peter Pawlowitsch** | Executive Director |
| **Gerard Bongiorno** | Non-Executive Director |
| **Sarah Diamond** | Non-Executive Director (appointed 9 August 2022) |
| **Ian Hobson** | Company Secretary |

## Steve McGovern — CEO & Managing Director

**Experience**

Mr McGovern is a founder of Dubber Pty Ltd. He has over 25 years' experience in the fields of telecommunications, media sales, pay TV and regulatory. Mr McGovern has been a senior executive of several established companies, both domestically and internationally, which have been primarily associated with new and emerging markets and have required a strong sales and solutions focus.

**Interest in Shares and Options/ Rights at the date of this report**

- 9,836,242 ordinary shares held directly and indirectly
- 3,070,215 ZEPOs held directly or indirectly

**Directorships held in other listed entities in the past three years**

- Linius Technologies Limited (April 2016 – present)

## Mr Peter Clare — Non-Executive Chairman

**Experience**

Peter is a highly experienced senior executive with an active interest in technology and innovation and has a number of private equity investments in fintech and other new technology businesses. He also holds a number of other non-executive director positions with independent companies/businesses.

He was previously Managing Director and Chief Executive Officer for Westpac in New Zealand and held Group Executive roles at Westpac, Commonwealth and St George banks in Australia, with responsibility for Strategy, Mergers and Acquisitions, Product, Operations, Technology, Property and Procurement. His background also includes Insolvency Accounting and Management Consulting.

Peter's qualifications include a BCom and MBA. He is a member of the Australian Institute of Company Directors, a Fellow of the Governance Institute of Australia, the Financial Services Institute of Australasia, and Certified Practicing Accountants Australia.

**Interest in Shares and Options/ Rights at the date of this report**

- 802,631 ordinary shares held indirectly
- 59,357 ZEPOs held indirectly
- 600,000 remuneration options held indirectly

**Directorships held in other listed entities in the past three years**

- Lynch Group Holdings Limited (February 2021 – present)

## Mr Peter Pawlowitsch — Executive Director

**Experience**

Mr Pawlowitsch holds a Bachelor of Commerce from the University of Western Australia, is a current member of the Certified Practicing Accountants of Australia, a Fellow of the Governance Institute of Australia and holds a Master of Business Administration from Curtin University.

These qualifications have underpinned more than fifteen years' experience in the accounting profession and more recently in business management and the evaluation of businesses and projects.

**Interest in Shares and Options/ Rights at the date of this report**

- 4,964,511 ordinary shares held indirectly
- 1,617,703 ZEPOs held indirectly

**Directorships held in other listed entities in the past three years**

- VRX Silica Limited (February 2010 – present)
- Knosys Limited (March 2015 – December 2021)
- Novatti Group Limited (June 2015 – present)
- Family Zone Cyber Safety Limited (September 2019 – present)

## Mr Gerard Bongiorno — Non-Executive Director

**Experience**

Mr Bongiorno is Principal and Co-CEO of Sapient Capital Partners, a merchant banking operation and has over 30 years of professional experience in capital raisings and corporate advisory. Prior to forming Sapient (formerly Otway Capital), Gerard was Head of Property Funds Management at Challenger Financial Services Group (CFG) and was Group Special Projects Manager at Village Roadshow. Earlier in his career he worked at KPMG in insolvency and corporate Finance. Gerard received his Bachelor's Degree in Economics and Accounting from Monash University and the Program for Management development at Harvard Business School PMD75.

**Interest in Shares and Options/ Rights at the date of this report**

- 796,723 ordinary shares held indirectly
- 51,641 ZEPOs held indirectly
- 300,000 remuneration options held indirectly

**Directorships held in other listed entities in the past three years**

- Linius Technologies Limited (February 2017 – present)

## Ms Sarah Diamond

Non-Executive Director

**Experience**

Ms Diamond is a seasoned executive with deep experience in the financial services, technology, consulting and regulatory sectors most notably as Global Managing Director, Financial Services at IBM.

She is currently an Executive Mentor for the ExCo Group, a global firm of experienced CEOs, independent directors and global business leaders who specialize in leadership and a mentor to the Columbia University Executive Master of Science in Technology Management program. Full details of her professional experience are outlined in the July announcement released to the ASX.

**Interest in Shares and Options/ Rights at the date of this report**

Nil ordinary shares held

## Company Secretary

Mr Ian Hobson, the Company Secretary since 17 October 2011 holds a Bachelor of Business degree and is a Chartered Accountant and Chartered Secretary. Mr Hobson provides company secretary services and corporate, management and accounting advice to a number of listed public companies.

## Meetings of directors

The numbers of meetings of directors held during the year and the numbers of meetings attended by each director were as follows:

**DIRECTORS' MEETINGS**

| | Number eligible to attend | Number attended |
|---|---|---|
| Mr Steve McGovern | 7 | 7 |
| Mr Peter Clare | 7 | 6 |
| Mr Peter Pawlowitsch | 7 | 7 |
| Mr Gerard Bongiorno | 7 | 7 |

# Corporate Information



## Corporate Structure

Dubber Corporation Limited is a limited liability company that is incorporated and domiciled in Australia. Dubber Corporation Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as follows:

| | |
|---|---|
| Dubber Corporation Ltd | parent entity |
| Medulla Group Pty Ltd | 100% owned controlled entity |
| Dubber Pty Ltd | 100% owned controlled entity |
| Dubber Ltd (UK) | 100% owned controlled entity |
| Dubber USA Pty Ltd | 100% owned controlled entity |
| Dubber, Inc. | 100% owned controlled entity |
| Dubber Connect Australia Pty Ltd | 100% owned controlled entity |
| CallN Pty Ltd | 100% owned controlled entity |
| Dubber UK Holdings Ltd | 100% owned controlled entity |
| Aeriandi Ltd | 100% owned controlled entity |
| Voxygen Ltd | 100% owned controlled entity |
| Pinch Labs, Inc | 100% owned controlled entity |
| Pinch Labs Pty Ltd | 100% owned controlled entity |

## Principal Activities

The principal continuing activities of Dubber Corporation Limited and its controlled entities consisted of provision of call recording and audio asset management in the cloud.

# Operating and Financial Review



## Review of Operations

A review of operations for the financial year and the results of those operations is contained within the review of operations preceding this report.

## Operating Results

The loss from ordinary activities after providing for income tax amounted to $83,238,190 (2021: $31,697,438).

## Financial Position

On 30 June 2022 the Group had net assets of $116,790,924 (2021: $58,956,036) and cash reserves of $54,383,974 (2021: $32,041,224).

## Dividends

No dividends were paid or declared during the year. No recommendation for payment of dividends has been made.

## Significant changes in the state of affairs

Significant changes in the state of affairs of the Company during the financial year are detailed in the review of operations.

## Events subsequent to reporting date

On 9 August 2022, the Group announced the appointment of Sarah Diamond as a Non-executive Director. Subject to shareholder approval, Ms Diamond will be invited to participate in the Group's equity incentive scheme and be granted the following securities subject to the Group's equity incentive scheme rules:

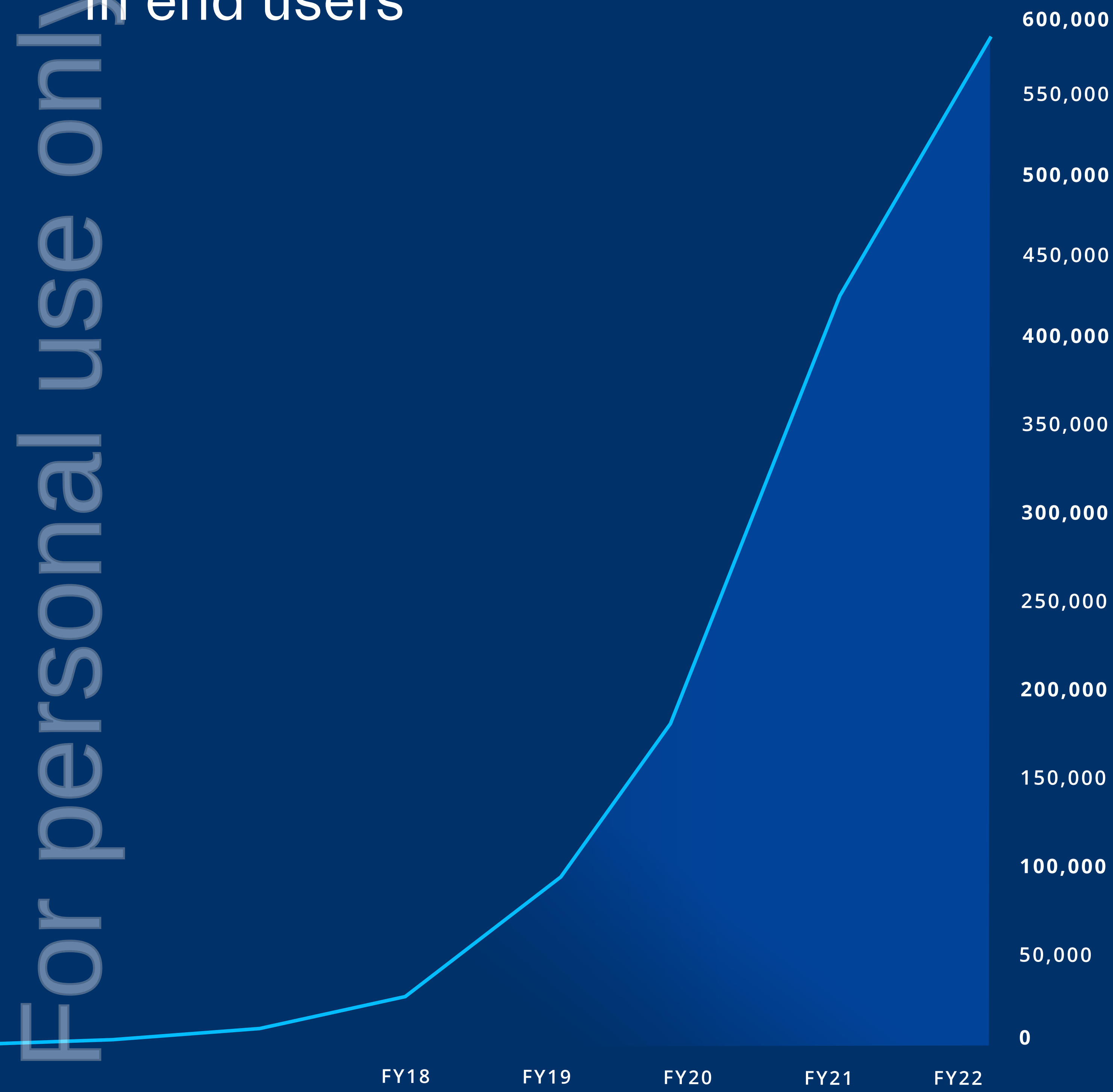
- 96,988 zero exercise price options (or equivalent RSUs); and
- 600,000 remuneration options exercisable at $1.75 each on or before 31 July 2024

## Likely developments and expected results of operations

The Group will continue to pursue its principal activity of rolling out and developing its cloud- based call recording and audio asset management platform.

# Continued growth in end users





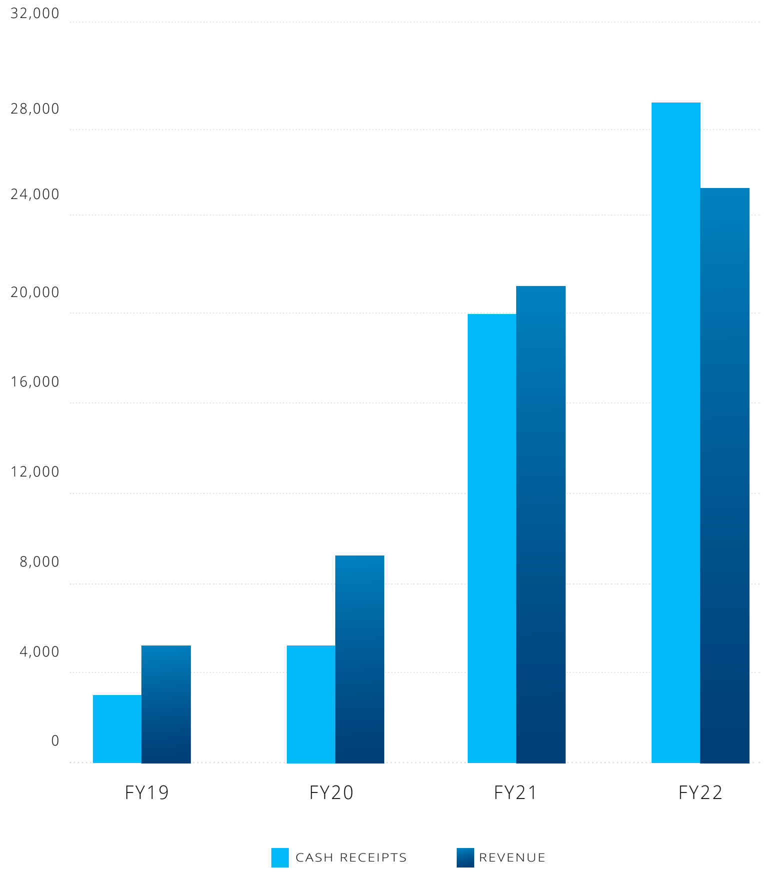

The 2022 financial year has shown substantial growth in all key metrics reflecting the scaling of business operations to match the global opportunities for the Company's technology and business plan. The Company also continued to focus on laying the foundations for future success by engaging with leading global carriers and service providers in the knowledge that expansion of the global network footprint provides a large-scale addressable market.

# FY22 Key Highlights

REVENUE CAGR
**68%** Since FY18

USER CAGR
**111%** Since FY18

## Cash Receipts & Revenue (AUD $'000s)




| | FY18 | FY19 | FY20 | FY21 | FY22 |
|---|---|---|---|---|---|
| **REVENUE** | $3.18m | $7.39m | $11.84 | $23.3m | $25.6m |
| **MC** | 59m | 250m | 235m | 791m | 197m |
| **USERS** | 29,405 | 94,824 | 192,544 | 420,000+ | 580,000+ |
| **SP CONTRACTED** | 38 | 106 | 138 | 160 | 175 |
| **SP BILLING** | 23 | 43 | 83 | 105 | 120 |

# Remuneration Report

05.

# The Remuneration Report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The following persons were directors of Dubber Corporation Limited during the financial year:

| | |
|---|---|
| Steve McGovern | CEO & Managing Director |
| Peter Clare | Non-Executive Chairman |
| Peter Pawlowitsch | Executive Director |
| Gerard Bongiorno | Non-Executive Director |

Other persons that fulfilled the role of a key management person during the year, are as follows:

| | |
|---|---|
| James Slaney | Chief Operating Officer |
| Peter Curigliano | Chief Financial Officer |
| Russell Evans | Chief Revenue Officer |
| Andrew Lark | Chief Marketing Officer |
| Steve Willson | Chief Technology Officer |

# Overview of Remuneration Policies

The Board as a whole is responsible for considering remuneration policies and packages applicable both to directors and executives of the Consolidated Entity.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Consolidated Entity, including Directors of the Company and other executives.

Broadly, remuneration levels for key management personnel of the Company and of the Consolidated Entity are competitively set to attract and retain appropriately qualified and experienced directors and executives and reward the achievement of strategic objectives. In the financial year ended 30 June 2020 and completed in the last finacial year, the Board implemented an independent review of its remuneration policies to come into effect from 1 July 2020.

**The following is what was in place during the 2022 financial year:**

Remuneration packages can consist of fixed remuneration including base salary, employer contributions to superannuation funds, cash bonuses and non-cash benefits.

The Company has a variable remuneration package for directors, which involves short term incentives (STI) and long term incentives (LTI). STI's incentives are broadly linked to the delivery of annual operational objectives while LTI's focus on the delivery of strategic objectives and creation of sustainable shareholder value. STI's and associated performance targets are set annually by the Board. LTI's are set every three (3) years by the Board and are linked to the delivery of the Group's business plan, subject to continued employment and achievement over the life of the Remuneration Policy.

Mr Steve McGovern's bonus plan was replaced by a new Employment Services Agreement (ESA) in FY21. No cash bonus was paid or accrued to Mr Steve McGovern in FY22 (2021: $nil).

Bonuses of $120,000 and $91,500 were paid to key management personnel Mr Andrew Lark and Mr Russell Evans in line with a determination by the Board and the achievement of sales targets respectively. (2021: $20,000 paid to James Slaney and $40,000 paid to Russell Evans respectively).

## Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicle), as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually by the Board through a process that considers individual, segment and overall performance of the Consolidated Entity. The Board has regard to remuneration levels external to the Consolidated Entity to ensure the Directors' and Executives' remuneration is competitive in the marketplace.

Executive Directors are employed full time and receive fixed remuneration in the form of salary and statutory superannuation or consultancy fees, commensurate with their required level of services.

Non-Executive Directors, unless otherwise specified by any non- executive and consultancy service agreement in place, receive a fixed monthly fee for their services. Where non-executive directors provide services materially outside their usual Board duties, they are remunerated on an agreed retainer or daily rate basis.

## Service agreements

It is the Consolidated Entity's policy that service agreements for key management personnel are unlimited in term but capable of termination on 3 months' notice and that the Consolidated Entity retains the right to terminate the service agreements immediately, by making payment equal to 3 months' pay in lieu of notice.

The service agreement outlines the components of compensation paid to key management personnel but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed annually on a date as close as possible to 30 June of each year to take into account key management personnel's performance.

Certain key management personnel will be entitled to bonuses as the Board may decide in its absolute discretion from time to time.

## Non-Executive Directors

Total remuneration for all non-executive directors, last voted upon by shareholders at the 2014 Annual General Meeting, is not to exceed $500,000 per annum and has been set at a level to enable the Company to attract and retain suitably qualified directors. The Company does not have any scheme relating to retirement benefits for non-executive directors.

## Relationship between the remuneration and Company performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based rights subject to performance based vesting conditions, and the second being the issue of options or shares to key management personnel to encourage the alignment of personal and shareholder interests.

Short term incentives and associated performance targets are to be set annually by the Board. For the 2021/22 financial year they are:

- the 2021/2022 financial year budget for the business of the Group shows that the business will have sustainable cash flows to cover budgeted operating costs for that year;
- a positive personal scorecard'; and
- core business objectives (six or more) and product releases (six or more).

For the 2020/21 financial year, short term incentive remuneration is payable only by way of STI ZEPOs, subject to Shareholder approval where required. For subsequent years, short term incentive remuneration is payable at the executive's election up to 100% in cash, with the balance in equity in the form of STI ZEPOs. In the 2021/22 financial year, executives have not elected to be paid in cash and no cash payments have been made in respect of the terms above.

Long term incentives are to be set every three years by the Board and will be linked to delivery of the Group's business plan, subject to continued employment, achievement over the life of the Remuneration Policy (ie within that three year period) with performance targets over the next three years being:

- recurring revenue targets; and
- targets for agreements in place for the deployment of the Dubber call recording service on telecommunication networks.

Long term incentive remuneration is payable in equity only in the form of LTI ZEPOS.

# Share-based Payment



## Options

The Company operates an Employee Incentive Plan ("EIP") for executives and employees of the Consolidated Entity.

In accordance with the provisions of the EIP, executives and employees may be granted options (ZEPO or strike price) to purchase ordinary shares at an exercise price to be determined by the Board with regard to the market value of the shares when it resolves to offer the options.

The options may only be granted to eligible persons after the Board considers the person's seniority, position, length of service, record of employment, potential contribution and any other matters which the Board considers relevant.

Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable to the Company by the recipient on receipt of the option. The options carry neither right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is determined by the Board. Typically, options granted under the EIP expire within thirty-six months of their issue. The options are not exercisable until the vesting date provided the participant is an employee at the relevant vesting date.



## Shares

The Directors, at their discretion, may issue shares to participants under the Employee Share Plan ("ESP") at any time, having regard to relevant considerations such as the participant's past and potential contribution to the Company, and their period of employment with the Company.

Directors of the Company, full- time employees and part-time employees of the Group who hold a salaried employment or office in the Group, are eligible to participate in the ESP.

Plan shares may be issued at an issue price to be determined by the Board, which may be a nominal or nil issue price if so determined by the Board. The number of plan shares issued is determined by the Board.

The plan shares are issued on the same terms as the fully paid ordinary shares of the Company and rank equally with all of the Company's then existing shares.

The Board may impose conditions in an offer of plan shares that must be satisfied (unless waived by the Board in its absolute discretion) before the plan shares to which the condition applies can be sold, transferred, assigned, charged or otherwise encumbered.

Where a restriction condition in relation to plan shares is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, the Company must, unless the restriction condition is waived by the Board:

Where the plan shares were issued for no cash consideration, buy back the relevant plan shares within 12 months of the date the restriction condition was not satisfied (or became incapable of satisfaction) at a price equal to $0.0001 per share; or

Where the shares were issued for cash consideration, use its best endeavours to buy back the relevant plan shares within 12 months of the date the restriction condition was not satisfied (or became incapable of satisfaction) at a price equal to the cash consideration paid by the participant for the plan shares.

To date, plan shares offered under the ESP vest in three equal tranches on each of the three consecutive annual vesting dates. The shares are not issued to the participant until the vesting date provided the participant is an employee at the relevant vesting date.

## Performance Rights

The Directors, at their discretion, may at any time invite eligible employees to participate in the Performance Rights Plan. The eligible participants under the plan are full time and part time employees (including Directors) of the Company and its related bodies corporate or any other person who is declared by the Board to be eligible to receive a grant of performance rights under the plan (eligible employees). Subject to Board approval, an eligible employee may nominate a nominee to receive the performance rights to be granted to the eligible employee.

The plan is administered by the Directors, who have the power to:

i. determine appropriate procedures for administration of the plan consistent with its terms;

ii. resolve conclusively all questions of fact or interpretation in connection with the plan;

iii. delegate the exercise of any of its powers or discretions arising under the plan to any one or more persons for such period and on such conditions as the Board may determine; and

iv. suspend, amend or terminate the plan (subject to restrictions on amendments to the plan which reduce the rights of the participant in respect of any performance rights or shares already granted).

Performance rights will be granted for nil cash consideration, unless the Board determines otherwise (which will be no more than a nominal amount). No amount will be payable on the exercise of performance rights under the plan.

The plan does not set out a maximum number of shares that may be made issuable to any one person or company.

The shares to be issued following the performance rights vesting conditions being satisfied, will be issued on the same terms as the fully paid, ordinary shares of the Company and will rank equally with all of the Company's then existing shares.

The Board may apply such further voluntary escrow on shares issued on conversion of performance rights as it shall determine appropriate.

The performance rights granted under the plan will be subject to vesting conditions determined by the Board from time to time and expressed in a written offer made by the Company to the eligible employee which is subject to acceptance by the eligible employee within a specified period.

The vesting conditions may include one or more of (i) service to the Company of a minimum period of time (ii) achievement of specific performance conditions by the participant and/or by the Company or (iii) such other performance conditions as the Board may determine and set out in the offer. The Board determines whether vesting conditions have been met.

Performance rights will have an expiry date as the Board may determine in its absolute discretion and specify in the offer to the eligible employee.

The vesting conditions of performance rights will have a milestone date as determined by the Board in its absolute discretion and will be specified in the offer to the eligible employee. The Board shall have discretion to extend a milestone date.

Performance rights will not be listed for quotation. However, the Company will make application to ASX for official quotation of all shares issued on vesting of the performance rights within the period required by the Listing Rules.

The Performance rights are not transferable unless the Board determines otherwise or the transfer is required by law and provided that the transfer complies with the Corporations Act.

If a vesting condition of a performance right is not achieved by the earlier of the milestone date or the expiry date then the performance right will lapse. An unvested performance right will also lapse if the participant ceases to be an eligible employee for the purposes of the plan by reason of resignation, termination for poor performance or termination for cause (unless the Board determines otherwise).

Under the plan, if the participant ceases to be an employee of the Company or of a related body corporate for any reason other than those reasons set out in the paragraph above, including (but not limited to) upon the retirement, total and permanent disability, redundancy, death of a participant or termination by agreement then in respect of those performance rights which have not satisfied the vesting condition but have not lapsed, then the participant shall be permitted to continue to hold those performance rights as if the participant was still an eligible employee except that any continuous service condition will be deemed to have been waived (unless the Board determines otherwise).

If, in the opinion of the Board, a participant acts fraudulently or dishonestly, is in breach of his or her obligations to the Company and its related bodies corporate or has done an act which has brought the Company or any of its related bodies corporate into disrepute, or the Company becomes aware of a material misstatement or omission in the financial statements in relation to the Company Group, a participant is convicted of an offence in connection with the affairs of the Company Group or a participant has judgment entered against him in any civil proceedings in respect of the contravention of his duties at law in his capacity as an employee or officer of the Company Group, the Board will have the discretion to deem any performance rights to have lapsed.

If in the opinion of the Board, performance rights vested as a result of the fraud, dishonesty or breach of obligations of either the participant or any other person and in the opinion of the Board, the performance rights would not have otherwise vested; or the Company is required by, or entitled under, law to reclaim an overpaid bonus or other amount from a participant, then the Board may determine (subject to applicable law) any treatment in relation to the performance rights or shares to comply with the law or to ensure no unfair benefit is obtained by the participant.

If there is a change of control event in relation to the Company prior to the conversion of the performance rights, then all remaining milestones will be deemed to have been achieved and each performance right will automatically and immediately convert into shares, however, if the number of shares to be issued as a result of the conversion of all performance rights due to a change in control event in relation to the Company is in excess of 10% of the total fully diluted share capital of the Company at the time of the conversion, then the number of performance rights to be converted will be prorated so that the aggregate number of shares issued upon conversion of all performance rights is equal to 10% of the entire fully diluted share capital of the Company.

**Change of control event means:**

i. the occurrence of:

a) the offeror under a takeover offer in respect of all shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and

b) that takeover bid has become unconditional; or

ii. the announcement by the Company that:

a) shareholders have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all shares are to be either (1) cancelled, or (2) transferred to a third party; and

b) the Court, by order, approves the proposed scheme of arrangement.

The Board may waive, amend or replace any vesting condition attaching to a performance right if the Board determines that the original vesting condition is no longer appropriate or applicable, provided that the interests of the relevant participant are not, in the opinion of the Board, materially prejudiced or advantaged relative to the position reasonably anticipated at the time of the grant.

There are no participating rights or entitlements inherent in the performance rights and participants will not be entitled to participate in new issues of capital offered to shareholders during the currency of the performance rights.

If the Company makes an issue of shares pro rata to existing shareholders there will be no adjustment to the number of shares which must be allocated on the exercise of a performance right.

If the Company makes a bonus issue of shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of shares which must be allocated on the exercise of a performance right will be increased by the number of shares which the participant would have received if the performance right had vested before the record date for the bonus issue.

To date, performance rights offered under the Performance Rights Plan have milestones with an expiry date set as the vesting conditions.

No fully paid ordinary shares are issued under the share and performance rights plans described above to the Board, Key Management Personnel or staff during the prior and current financial year.

# Employment Details of Directors and other Key Management Personnel

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

| Steve McGovern | CEO & Managing Director |
|---|---|
| Agreement type: | Executive Service Agreement |
| Agreement commenced: | 1 July 2020 |
| Term of Agreement: | 3 year minimum term to 30 June 2023, then rolling with 6 month termination notice |
| Remuneration: | Annual salary of $501,500 plus statutory superannuation. |
| Termination notice: | The Company may terminate the agreement on six months written notice. If notice of termination is given more than 6 months from the end of the initial term, then employment shall be deemed to be on the last day of the initial term. |

| Peter Clare | Non-Executive Chairman |
|---|---|
| Agreement type: | Letter of appointment |
| Agreement commenced: | 1 December 2017 |
| Term of Agreement: | No fixed term |
| Remuneration: | Annual fee of $109,500 and reimbursement of all reasonable expenses incurred in performing the Non-Executive Chairman's duties. |
| Termination notice: | None specified |

| Peter Pawlowitsch | Executive Director |
|---|---|
| Agreement type: | Executive Service Agreement |
| Agreement commenced: | 1 July 2020 |
| Term of Agreement: | 3 year minimum term to 30 June 2023, then rolling with 6 month termination notice |
| Remuneration: | Annual salary of $144,658 plus statutory superannuation, plus reimbursement of all reasonable expenses incurred in performing the Executive Director's duties. |
| Termination notice: | The Company may terminate the agreement on six months written notice. If notice of termination is given more than 6 months from the end of the initial term, then employment shall be deemed to be on the last day of the initial term. |

## Gerard Bongiorno — Non-Executive Director

| | |
|---|---|
| Agreement type: | Letter of appointment |
| Agreement commenced: | 2 July 2017 |
| Term of Agreement: | No fixed term |
| Remuneration: | Annual fee of $75,000 (inclusive of statutory superannuation) plus reimbursement of all reasonable expenses incurred in performing the Non-Executive Director's duties. |
| Termination notice: | None specified |

## James Slaney — Co-Founder and Chief Operating Officer

| | |
|---|---|
| Agreement type: | Executive Service Agreement |
| Agreement commenced: | 1 July 2020 |
| Term of Agreement: | 3 year minimum term to 30 June 2023, then rolling with 6 month termination notice |
| Remuneration: | Annual salary of $415,000 plus statutory superannuation. |
| Termination notice: | The Company may terminate the agreement on six months written notice. If notice of termination is given more than 6 months from the end of the initial term, then employment shall be deemed to be on the last day of the initial term. |

## Peter Curigliano — Chief Financial Officer

| | |
|---|---|
| Agreement type: | Executive Service Agreement |
| Agreement commenced: | 18 June 2018 |
| Term of Agreement: | No fixed term |
| Remuneration: | Annual salary of $300,000 plus statutory superannuation. |
| Termination notice: | The Company may terminate the agreement on 3 months' notice, or by providing a cash payment in lieu of such notice. |

## Russell Evans — Chief Revenue Officer

| | |
|---|---|
| Agreement type: | Service Agreement |
| Agreement commenced: | 6 May 2019 |
| Term of Agreement: | No fixed term |
| Remuneration: | Annual salary of $320,000 plus statutory superannuation. |
| Termination notice: | The Company may terminate the agreement on 3 months' notice, or by providing a cash payment in lieu of such notice. |

## Andrew Lark — Chief Marketing Officer

| | |
|---|---|
| Agreement type: | Executive Service Agreement |
| Agreement commenced: | 1 June 2020 |
| Term of Agreement: | No fixed term |
| Remuneration: | Annual salary of $360,000 plus statutory superannuation. |
| Termination notice: | The Company may terminate the agreement on 3 months' notice, or by providing a cash payment in lieu of such notice. |

## Steven Willson — Chief Technology Officer

| | |
|---|---|
| Agreement type: | Executive Service Agreement |
| Agreement commenced: | 30 September 2021 |
| Term of Agreement: | No fixed term |
| Remuneration: | Annual salary of $422,500 plus statutory superannuation. |
| Termination notice: | The Company may terminate the agreement on 6 months' notice, or by providing a cash payment in lieu of such notice. |

# Details of Remuneration for Year

## Details of the remuneration of each Director and named Executive Officer of the Company, including their personally-related entities, during the year was as follows:

| | | Short Term Benefits | | Long Term Benefits | Post-Employment | Share Based Payments | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Year | Salary and Fees | Cash Bonus | Annual & Long Service Leave | Superannuation | Options, Rights or Shares | Total | Remuneration consisting of options, rights or shares | Remuneration based on performance |
| | | $ | $ | $ | $ | $ | $ | % | % |
| **Executive Directors:** | | | | | | | | | |
| S McGovern | 2022 | 501,500 | - | 77,913 | 27,500 | b) 2,049,189 | 2,656,102 | 77 | 77 |
| | 2021 | 456,000 | - | 149,202 | 25,000 | b) 3,153,715 | 3,783,917 | 83 | 83 |
| P Pawlowitsch | 2022 | 144,658 | - | - | 14,466 | b) 1,619,295 | 1,778,418 | 91 | 91 |
| | 2021 | 144,658 | - | - | 13,743 | b) 3,178,845 | 3,337,246 | 95 | 95 |
| **Non-Executive Directors:** | | | | | | | | | |
| P Clare | 2022 | 109,500 | - | - | - | b) 506,562 | 616,062 | 82 | 59 |
| | 2021 | 109,500 | - | - | - | b) 176,911 | 286,411 | 62 | 34 |
| G Bongiorno | 2022 | 75,000 | - | - | - | b) 264,939 | 339,939 | 78 | 53 |
| | 2021 | 75,000 | - | - | - | b) 93,206 | 168,206 | 55 | 29 |
| **Other Key Management Personnel:** | | | | | | | | | |
| J Slaney | 2022 | 429,167 | - | 42,786 | 25,000 | b) 3,549,222 | 4,046,175 | 88 | 88 |
| | 2021 | 405,000 | 20,000 | 104,798 | 25,000 | b) 3,287,298 | 3,842,096 | 86 | 86 |
| P Curigliano | 2022 | 302,500 | - | 34,089 | 27,500 | 1,548,807 | 1,912,896 | 81 | - |
| | 2021 | 217,901 | - | 17,662 | 24,999 | - | 260,562 | - | - |
| R Evans | 2022 | 320,000 | 91,500 | 11,735 | 30,400 | 430,905 | 884,540 | 49 | 10 |
| | 2021 | 320,000 | 40,000 | 13,955 | 30,400 | 435,110 | 839,465 | 52 | 5 |
| A Lark (a) | 2022 | 360,000 | 120,000 | 30,138 | 37,150 | 204,295 | 751,583 | 27 | 16 |
| | 2021 | 360,000 | 90,000 | 26,154 | 34,200 | 825,041 | 1,335,395 | 62 | 7 |
| S Willson (a) | 2022 | 318,552 | - | 18,520 | 20,625 | 139,500 | 497,197 | 28 | 77 |
| | 2021 | - | - | - | - | - | - | - | - |
| Total | 2022 | 2,560,877 | 211,500 | 215,181 | 182,641 | 10,312,714 | 13,482,912 | 76 | 59 |
| | 2021 | 2,088,059 | 150,000 | 311,771 | 153,342 | 11,150,126 | 13,853,298 | 80 | 72 |

a) A Lark and S Willson were appointed Key Management Personnel commencing 1 July 2021 and 30 September 2021 respectively.

b) The share price for valuation purposes of ZEPOs at the date of shareholder approval or acceptance by the directors or executives, was substantially higher at the date of offer resulting in a higher value disclosed in the remuneration report than would have been otherwise.

Mr Steve McGovern: ZEPOs valued at offer date, 1 July 2020 at $0.941 & at date of shareholder approval, 30 November 2020 at $1.659. Hence, the deemed value of share-based payment expense of ZEPOs at original offer date in the second year (FY22) is $1,162,319 and $2,049,189 at reporting date (FY21: $1,788,816 and $3,153,715 respectively)

Mr Peter Pawlowitsch: ZEPOs valued at offer date, 1 July 2020 at $0.941 & at date of shareholder approvals, 30 November 2020 and 23 July 2021 at $1.659 and $3.199 respectively. Hence, the deemed value of share-based payment expense of ZEPOs at original offer date in the second year (FY22) is $623,741 and $1,619,295 at reporting date (FY21: $1,155,871 and $3,178,845 respectively)

Mr James Slaney: ZEPOs valued at offer date, 1 July 2020 at $0.941 & at date of offer acceptance, 8 June 2021 at $2.919. Hence, the deemed value of share-based payment expense of ZEPOs at original offer date in the second year (FY22) is $1,144,166 and $3,549,222 at reporting date (FY21: $1,059,728 and $3,287,298 respectively)

Mr Peter Clare: ZEPOs and $1.75 strike price Remuneration Options valued at offer date, 24 March 2021 at $1.695 & at date of shareholder approval 23 July 2021 at $3.199. Hence, the deemed value of share-based payment expense of ZEPOs at original offer date in the second year (FY22) is $388,102 and $506,562 at reporting date (FY21: $117,683 and $161,450 respectively)

Mr Gerard Bongiorno: ZEPOs and $1.75 strike price Remuneration Options valued at offer date, 24 March 2021 at $1.695 & at date of shareholder approval 23 July 2021 at $3.199. Hence, the deemed value of share-based payment expense of ZEPOs at original offer date in the second year (FY22) is $200,228 and $264,939 at reporting date (FY21: $61,577 and $85,888 respectively)

# Compensation Securities Issued to Key Management Personnel



## Additional Information

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The Group has continued to grow its operating revenue over the last financial year. As outlined in the operating and financial review, growth in revenue in particular annualised recurring revenue is a key focus of the Group. The table below shows measures of the group's financial performance over the last five years as required by the Corporations Act 2001.

These are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs and Directors. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

**The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:**

| | 2022 $'000 | 2021 $'000 | 2020 $'000 | 2019 $'000 | 2018 $'000 |
|---|---|---|---|---|---|
| Sales revenue | 25,345 | 20,337 | 9,649 | 5,547 | 1,502 |
| EBITDA | (74,683) | (27,348) | (15,691) | (7,933) | (9,640) |
| EBIT | (81,943) | (30,393) | (17,851) | (9,629) | (11,209) |
| Loss after income tax | (83,238) | (31,697) | (18,000) | (9,648) | (11,319) |

**The factors that are considered to affect total shareholders return ('TSR') are summarized below:**

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Share price at financial year end ($) | 0.645 | 3.09 | 1.13 | 1.34 | 0.42 |
| Total dividends declared (cents per share) | - | - | - | - | - |
| Basic loss per share (cents per share) | (27.93) | (13.25) | (9.30) | (6.22) | (9.19) |

## Remuneration Consultants

There were no remuneration consultants engaged during the year.

## Voting and comments made at the Company's 2021 annual general meeting ('agm")

At the 2021 AGM, 78% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

## Other transactions with key management personnel

Telephony services totaling $2,195 (2021: $2,297) were provided by Canard Pty Ltd, a company associated with Mr Steve McGovern. Trade payables at 30 June 2022 include a balance of $1,095 (30 June 2021: $1,161) payable to Canard Pty Ltd. Intelligent Voice and 1300 MY SOLUTION are businesses associated with Mr Steve McGovern. The Group earned service fee income of $58,844 (2021: $65,815) from Intelligent Voice and $57,511 (2021: $119,036) from 1300 MY SOLUTION. Services totalling $30,000 (2021: $10,000) were provided by Bassplay Pty Ltd, a company associated with Mr Peter Curigliano. Other receivables at 30 June 2022 includes a non-interest bearing amount of $100,977 (30 June 2021: $100,977) receivable from the Medulla Group Pty Ltd vendors, including Mr Steve McGovern and Mr James Slaney.

All transactions are conducted on normal commercial terms and on an arm's length basis.

**This concludes the remuneration report, which has been audited.**

# Additional Disclosures Relating to Key Management Personnel

## Shareholdings

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

| Key Management Personnel | Balance at start of Year | Received as Remuneration | Options Exercised | Acquired/ disposed | Net Change Other | Balance at End of Year |
|---|---|---|---|---|---|---|
| S McGovern | 8,580,661 | - | 1,255,581 | - | - | 9,836,242 |
| P Clare | 765,000 | - | 7,953 | - | - | 772,953 |
| P Pawlowitsch | 4,242,681 | - | 721,830 | - | - | 4,964,511 |
| G Bongiorno | 792,111 | - | 4,612 | - | - | 796,723 |
| J Slaney | 3,624,831 | - | 1,187,035 | - | (157,478) | 4,654,388* |
| P Curigliano | 367,090 | - | 100,000 | - | - | 467,090 |
| R Evans | 116,500 | - | - | 14,000 | - | 130,500 |
| A Lark | - | - | - | - | - | - |
| S Willson | - | - | 85,000 | - | - | 85,000 |
| **Total** | **18,488,874** | **-** | **3,362,011** | **14,000** | **(157,478)** | **21,707,407** |

*Includes an amount of 2,392,092 shares that have been transferred as collateral for a personal loan. The shares remain beneficially owned by Mr Slaney or a related entity as at 30 June 2022.

## Option holdings

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

| Key Management Personnel | Balance at Start of Year | Received as Remuneration | Options Exercised | Intrinsic Value | Options Expired | Net Change Other | Balance at end of Year | Number vested and exercisable | Unvested |
|---|---|---|---|---|---|---|---|---|---|
| S McGovern | **4,325,796** | - | (1,255,581) | $4,429,768 | - | - | 3,070,215 | - | 3,070,215 |
| P Clare | **696,988** | - | (7,953) | $23,939 | - | - | 689,035 | 229,678 | 459,357 |
| P Pawlowitsch | **2,339,532** | - | (721,830) | $1,016,442 | - | - | 1,617,702 | 404,426 | 1,213,276 |
| G Bongiorno | **356,253** | - | (4,612) | $13,882 | - | - | 351,641 | 117,213 | 234,428 |
| J Slaney | **3,431,456** | - | (1,187,035) | $3,620,457 | - | - | 2,244,421 | - | 2,244,421 |
| P Curigliano | **-** | 650,000 | (100,000) | $296,000 | - | - | 550,000 | 300,000 | 250,000 |
| R Evans | **650,000** | 125,000 | - | - | - | - | 775,000* | 650,000 | 125,000 |
| A Lark | **850,000**** | - | - | - | - | - | 850,000 | 550,000 | 300,000 |
| S Willson | **-** | 685,000 | (85,000) | $96,900 | - | - | 600,000 | - | 600,000 |
| **Total** | **12,650,025** | **1,460,000** | **(3,362,011)** | **$9,497,388** | **-** | **-** | **10,748,014** | **2,251,317** | **8,496,697** |

*125,000 ZEPOs granted in September 2022 were for ZEPOS due to be granted in May 2022.

**Option holdings granted prior to A Lark being appointed as KMP from 1 July 2021.

## Terms and conditions of the share based payment arrangements:

The assessed fair values of the options was determined using a binomial option pricing model or Black-Scholes model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underling share, expected yield and the risk-free interest rate for the term of the option. For the options granted during the current financial year, the inputs to the model used were:

**650,000 STI ZEPOs Granted to Chief Financial Officer, Peter Curigliano as of 19 July 2021:**

| Grant date | 19 July 2021 | 19 July 2021 | 19 July 2021 |
|---|---|---|---|
| Number of options | 300,000 | 100,000 | 250,000 |
| Vesting date | 20/7/21 | 30/6/22 | 30/6/23 |
| Total value ($) | $890,700 | $296,900 | $742,250 |
| Expense recognised in FY22 ($) | $890,700 (2021: $ -) | $296,500 (2021: $ -) | $361,207 (2021: $ -) |
| Exercise Price | $ - | $ - | $ - |
| Fair Value Per Option | $2.969 | $2.969 | $2.969 |
| Dividend yield (%) | - | - | - |
| Expected volatility (%) | 100% | 100% | 100% |
| Risk-free interest rate (%) | 0.16% | 0.16% | 0.16% |
| Expected life of options (years) | 2 | 2 | 4 |

| Class | Vesting condition and proportions | Milestone Date |
|---|---|---|
| STI ZEPOs | The ZEPOs are issued pursuant to the EIP and on the following terms and conditions:<br><br>(a) Entitlement<br>Each Option (ZEPO) entitles the holder to subscribe for one fully paid ordinary share (Share) in the capital of Dubber Corporation Limited (Company) upon the exercise of each ZEPO.<br><br>(b) Exercise price<br>The exercise price of each ZEPO will be nil (Exercise Price).<br><br>(c) Vesting and expiry date<br>If the grant of the ZEPOs are subject to vesting conditions, the relevant number of ZEPOs will vest if the holder has remained in continuous employment with the Company until the relevant dates set out in the offer letter pursuant to which the ZEPOs were offered by the Company.<br><br>300,000 STIs – vesting immediately and expiring 30 June 2023<br>100,000 STIs – vesting on 30 June 2022 subject to continued employment as at that date and expiring 30 June 2023<br>250,000 STIs – vesting on 30 June 2023 subject to continued employment as at that date and expiring 30 June 2025 | 20 July 2021<br>30 June 2022<br>30 June 2023 |

## 685,000 ZEPOs granted to Chief Technology Officer, Steve Willson as of 30 September 2021

| Grant date | 30 September 2021 | 30 September 2021 | 30 September 2021 |
|---|---|---|---|
| Number of options | 385,000 | 150,000 | 150,000 |
| Vesting date | 3/1/22, 30/6/22, 30/6/23 & 30/6/24 | 30/6/22, 30/6/23 & 30/6/24 | 30/6/22, 30/6/23 & 30/6/24 |
| Total value ($) | $475,090 | $185,100 | $185,100 |
| Expense recognised in FY22 ($) | $104,890 (2021: $ -) | $0 (2021: $ -) | $34,610 (2021: $ -) |
| Exercise Price | $ - | $ - | $ - |
| Fair Value Per Option | $1.234 | $1.234 | $1.234 |
| Dividend yield (%) | - | - | - |
| Expected volatility (%) | 100% | 100% | 100% |
| Risk-free interest rate (%) | 0.19% | 0.19% | 0.19% |
| Expected life of options (years) | 2.75 – 4.75 | 3.75 | 3.75 |

| Sign On ZEPOs | STI ZEPOs | LTI ZEPOs (Part A) | LTI ZEPOs (Part B) |
|---|---|---|---|
| 85,000 | 300,000 | 150,000 | 150,000 |

| Class | Vesting condition and proportions | Milestone Date |
|---|---|---|
| Sign on ZEPOs | Sign on STIs granted to Chief Technology Officer in accordance with the terms of his service agreement. Grant date is based on date of commencement of employment.<br><br>Underlying share price applied to the valuation is based on Board of Director approval date being 28 March 2022. | 3 January 2022 |
| STI Performance Options | Continued employment with the Company in existing role in the relevant financial year. Proportion vesting based on:<br>- A positive personal scorecard for the relevant financial year; and<br>- Achievement of core business objectives (six or more) and product releases (six or more)<br><br>**Vesting proportions:**<br><br>1. 50% - subject to assessment against the Positive Personal Scorecard<br><br>2. Remaining 50% - Core business objectives and/or product releases:<br><br>- 7 or less – Nil<br>- 8 – 10%<br>- 9 – 20%<br>- 10 – 30%<br>- 11 – 40%<br>- 12 – 50% | End of relevant financial year |

**STI ZEPOs**

The STI ZEPOs shall vest at the end of the relevant financial year based on continued employment with the Company in the existing role in the relevant financial year. The STI ZEPOs will expire 2 years after the relevant financial year.

Subject to achievement of the sustainable condition below:

(i) If the holder receives a positive "Personal Scorecard" (scorecard to be determined by agreement between the Company and the Executive) for the relevant financial year from the Board for performance over the previous 12 months, 50% of the STI ZEPOs shall vest.

(ii) If, by the end of the financial year, the Group has achieved 8 or more core business objectives and/or product releases (to be determined by agreement between the Company and the Executive) then the following proportion of the remaining 50% of the STI ZEPOs shall vest, namely achieving:

(A) 8 core business objectives and/or product releases – 10%
(B) 9 – 20%
(C) 10 – 30%
(D) 11 – 40%, and
(E) 12 or more – 50%

As at 30 June 2022, management have assessed that the probability of milestone targets being achieved at 0% and accordingly no expense has been recognised.

End of relevant financial year

**LTI Performance Options (Part A)**

Continued employment with the Company in existing role in the relevant financial year.

- For Year 1, until at least the first anniversary of commencement;
- For year 2, until at least the second anniversary of the commencement; and
- For year 3, until at least the third anniversary of commencement.

**Proportion vesting is based on recurring revenue level:**

| Level | Performance | % Vesting |
|---|---|---|
| Year 1 (or part thereof) | $46m - $52m | 33% |
| | Above $52m - $58m | 66% |
| | Above $58m | 100% |
| Year 2 | $67m - $75m | 33% |
| | Above $75m - $84m | 66% |
| | Above $84m | 100% |
| Year 3 | $97m - $109m | 33% |
| | Above $109m - $122m | 66% |
| | Above $122m | 100% |

As at 30 June 2022, management have assessed that the probability of milestone targets being achieved at 0% and accordingly no expense has been recognised.

**LTI Performance Options (Part B)**

Continued employment with the Company in existing role in the relevant financial year.

- For Year 1, until at least the first anniversary of commencement;
- For year 2, until at least the second anniversary of the commencement; and

- For year 3, until at least the third anniversary of commencement.

**Proportion vesting is based on numbers of agreements for telecommunication network deployments (active or not):**

| Level | Performance | % Vesting |
|---|---|---|
| Year 1 (or part thereof) | 174-179 | 33% |
| | 178-180 | 66% |
| | 181 or more | 100% |
| Year 2 | 197-200 | 33% |
| | 201-203 | 66% |
| | 204 or more | 100% |
| Year 3 | 223-226 | 33% |
| | 227-230 | 66% |
| | 231 or more | 100% |

As at 30 June 2022, management have assessed that the probability of milestone targets being achieved at 33% an expense of $34,610 has been recognised.

## 125,000 Yearly tenure ZEPOs granted as of 13 May 2022 to Chief Revenue Officer, Mr Russell Evans:

| Grant date | 13 May 2022 |
|---|---|
| Number of options | 125,000 |
| Vesting date | 30/9/22 |
| Total value ($) | $114,375 |
| Expense recognised in FY22 ($) | $39,214 (2021: $ -) |
| Exercise Price | $ - |
| Fair Value Per Option | $0.915 |
| Dividend yield (%) | - |
| Expected volatility (%) | 100% |
| Risk-free interest rate (%) | 2.89% |
| Expected life of options (years) | 3.39 |

| Class | Vesting condition and proportions | Milestone Date |
|---|---|---|
| Yearly tenure ZEPOs | The ZEPOs vesting is subject to continued employment up to 30 September 2022 in accordance with the terms of the offer. Any ZEPO that does not vest shall automatically lapse.<br><br>The expiry date for the ZEPOs is 30 September 2025. | 30 September 2022 |

### Terms and conditions of the share based payment arrangements granted in the prior financial year:

The assessed fair values of the options was determined using a binomial option pricing model or Black-Scholes model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underling share, expected yield and the risk-free interest rate for the term of the option. For the options granted during the current financial year, the inputs to the model used were:

| Grant date | 30 November 2020 | 8 June 2021 | 1 July 2020 |
|---|---|---|---|
| Number of options | 5,452,051 | 3,431,456 | 1,213,277 |
| Vesting date | 30/6/21, 15/8/21 & 30/6/23 | 30/6/21, 15/8/21 & 30/6/23 | 30/6/21, 30/6/22 & 30/6/23 |
| Total value ($) | $9,044,952 | $10,016,420 | $3,881,273 |
| Expense recognised in FY21 ($) | $3,962,346 (2020: $ -) | $3,287,298 (2020: $ -) | $2,370,214 (2020: $ -) |
| Exercise Price | $ - | $ - | $ - |
| Fair Value Per Option | $1.659 | $2.919 | $3.199 |
| Expected life of options (years) | 3 | 3 | 3 |

| Grant date | 24 March 2021 | 24 March 2021 | 24 March 2021 |
|---|---|---|---|
| Number of options | 153,241 | 300,000 | 300,000 |
| Vesting date | 30/6/21, 30/6/22, 30/6/23 & 30/6/24 | 30/6/24 | 30/6/24 |
| Total value ($) | $490,218 | $607,800 | $593,100 |
| Expense recognised in FY21 ($) | $102,013 (2020: $ -) | $49,886 (2020: $ -) | $48,680 (2020: $ -) |
| Exercise Price | $ - | $1.75 | $1.75 |
| Fair Value Per Option | $3.199 | $2.026 | $1.977 |
| Dividend yield (%) | - | - | - |
| Expected volatility (%) | - | 75% | 75% |
| Risk-free interest rate (%) | - | 0.13% | 0.13% |
| Expected life of options (years) | 3 | 3 | 3 |
| Expected life of options (years) | 3 | 3 | 3 |

| Grant date | 24 March 2021 | 13 May 2020 | 13 May 2021 |
|---|---|---|---|
| Number of options | 300,000 | 250,000 | 250,000 |
| Vesting date | 30/6/24 | 13/5/21 | 13/5/22 |
| Total value ($) | $569,700 | $199,300 | $451,000 |
| Expense recognised in FY21 ($) | $46,759 (2020: $ -) | $199,300 (2020: $ -) | $59,310 (2020: $ -) |
| Exercise Price | $1.75 | $1.165 | $2.64 |
| Fair Value Per Option | $1.899 | $0.7972 | $1.804 |
| Dividend yield (%) | - | - | - |
| Expected volatility (%) | 75% | 100% | 100% |
| Risk-free interest rate (%) | 0.13% | 0.25% | 0.10% |
| Expected life of options (years) | 3 | 3 | 3 |
| Expected volatility (%) | 100% | 100% | 100% |
| Risk-free interest rate (%) | 0.10% | 0.25% | 0.10% |
| Expected life of options (years) | 3 | 3 | 3 |

### 5,452,051 ZEPOs granted to Executive Directors as of 30 November 2020

| Director | 2020 ZEPOs | STI ZEPOs | LTI ZEPOs |
|---|---|---|---|
| Stephen McGovern | 1,000,000 | 255,581 | 3,070,215 |
| Peter Pawlowitsch | 250,000 | 67,404 | 808,851 |
| **Total** | **1,250,000** | **322,985** | **3,879,066** |

### 3,431,456 ZEPOs granted to Co-Founder and Chief Operating Officer, James Slaney as of 8 June 2021

| 2020 ZEPOs | STI ZEPOs | LTI ZEPOs |
|---|---|---|
| 1,000,000 | 187,035 | 2,244,421 |

### Vesting conditions for the above are as follows:

*2020 ZEPOS*
The 2020 ZEPO shall vest on 30 June 2021 if the holder remains in continued employment with the Company until 30 June 2021.

*STI ZEPOS*
The STI ZEPOS shall vest on the date that the 2021/2022 financial year budget for the business of the Group is approved by the Board and that budget shows that the business will have sufficient cash from cash at bank and budgeted operating revenue to sustain budgeted operating costs for that year.

**Subject to achievement of the sustainable cash flow condition above:**

i. If the holder receives a positive "Personal Scorecard" (scorecard to be determined by agreement between the Company and the Executive) for the financial year ended 30 June 2021 from the Board for performance over the previous 12 months, 50% of the STI ZEPOS shall vest.

ii. If, by 30 June 2021, the Group has achieved 8 or more core business objectives and/or product releases (to be determined by agreement between the Company and the Executive) then the following proportion of the remaining 50% of the STI ZEPOS shall vest, namely achieving:

(A) 8 core business objectives and/or product releases - 20%

(B) 9-40%

(C) 10 -60%

(D) 11 - 80%, and

(E) 12 or more - 100%

*LTI ZEPOS*
If the holder remains in continued employment with the Company until 30 June 2023, the LTI ZEPOS shall vest as follows:

i. Recurring revenue (50% of LTI ZEPOs). The following proportions of LTI ZEPOs shall vest where recurring revenue for the Group by 30 June 2023 is:

(A) at or above $40 million but less than $60 million: 33% at $40 million with a straight-line pro rata vesting up to 60%;

(B) at or above $60 million but less than $80 million: 60% at $60 million with a straight-line pro rata vesting up to 100%; and

(C) at or above $80 million: 100%.

Recurring revenue means operating revenue of the Group for any month multiplied by 12 exclusive of one off revenue fees such as connection fees and any R&D or other grant revenue

ii. Agreements for deployments into telecommunication networks (50% of LTI ZEPOs). The following proportions of LTI ZEPOS shall vest where, by 30 June 2023, the Group has agreements in place for the deployment of the Dubber call recording service on to telecommunication service provider networks (whether or not yet active):

(A) at least 170 but less than 185: 33% at 170 with a straight-line pro rata vesting up to 60%;

(B) at least 185 but less than 200: 60% at 185 with a straight-line pro rata vesting up to 100%; and

(C) at or above 200: 100%.

**1,213,277 ZEPOs granted to Executive Director Mr Peter Pawlowitsch as of 1 July 2020**

**Vesting**
If the holder remains an employee of the Company as at the relevant date, the Options shall vest as follows:

i. one-third of the Options (rounded up to the nearest whole number) shall vest on 30 June 2021;

ii. a further one-third of the Options (rounded up to the nearest whole number) shall vest on 30 June 2022; and

iii. the remaining Options shall vest on 30 June 2023.

**153,241 ZEPOs granted to Non-Executive Directors Mr Peter Clare and Mr Gerard Bongiorno as of 24 March 2021**

| Director | ZEPOs |
|---|---|
| Mr Peter Clare | 96,988 |
| Mr Gerard Bongiorno | 56,253 |
| **Total** | **153,241** |

**Vesting**

If the holder remains as a director of the Company as at the relevant date or in certain cases of prior departure the Board exercises its discretion otherwise in accordance with the 2020 Plan, the ZEPOS shall vest as follows:

i. 8.2% of the aggregate number of ZEPOs (rounded down to the nearest whole number) shall vest on 30 June 2021;

ii. 30.6% of the aggregate number of ZEPOS (rounded down to the nearest whole number) shall vest on 30 June 2022;

iii. 30.6% of the aggregate number of ZEPOs (rounded down to the nearest whole number) shall vest on 30 June 2023; and

iv. the balance shall vest on 30 June 2024.

**900,000 Remuneration Options granted to Non-Executive Directors Mr Peter Clare and Mr Gerard Bongiorno as of 24 March 2021**

| Director | Remuneration |
|---|---|
| Mr Peter Clare | 600,000 |
| Mr Gerard Bongiorno | 300,000 |
| **Total** | **900,000** |

The Options shall vest on 30 June 2024 if the holder remains as a director of the Company as at that date, or in certain cases of prior departure if the Board exercises its discretion otherwise in accordance with the 2020 Plan, as follows:

i. one-third of the Options shall vest if the price of Shares traded on ASX has achieved $3.00 or more on a 20-day volume-weighted average price (20-day VWAP) basis before that date;

ii. a further one-third of the Options shall vest if the price of Shares traded on ASX has achieved $4.00 or more on a 20-day VWAP basis before that date; and

iii. the remaining Options shall vest if the price of Shares traded on ASX has achieved $5.00 or more on a 20-day VWAP basis before that date.

**250,000 Yearly tenure options granted as of 13 May 2020 and 13 May 2021 to Chief Revenue Officer Mr Russell Evans**

Vesting period is 12 months.

## SHARES

The assessed fair value of the shares was determined using share price at grant date.
For the shares granted during the current financial year, the inputs to the model used were:

| Grant date | 1 December 2020 |
|---|---|
| Number of options | 100,000 |
| Vesting date | 12/5/21 |
| Expense recognised in FY21 ($) | $176,500 |
| Fair Value Per Share | $1.765 |

## Indemnifying officers or auditors

Dubber Corporation Limited has paid premiums to insure Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of Director of Dubber Corporation Limited, other than conduct involving a wilful breach of duty in relation to Dubber Corporation Limited.

## Share options and ordinary shares

At the date of this report there were the following unissued ordinary shares for which options were outstanding:

- 100,000 ZEPOs expiring 30 June 2023
- 3,879,066 ZEPOs expiring 30 June 2025
- 250,000 options expiring 12 May 2024, exercisable at $1.165 each
- 250,000 options expiring 12 May 2025, exercisable at $2.64 each
- 50,000 ZEPOs expiring 6 August 2023
- 100,000 ZEPOs expiring 6 August 2024
- 870,000 options expiring 22 March 2023, exercisable at $0.75 each
- 2,206,671 ZEPOs expiring 31 December 2025
- 1,326,238 ZEPOs expiring 30 September 2025
- 4,935,083 ZEPOs expiring 30 June 2025
- 96,509 ZEPOs expiring 31 January 2024
- 434,136 options expiring 31 January 2024, exercisable at $1.80 each
- 75,000 options expiring 31 January 2024, exercisable at $1.68 each
- 100,000 options expiring 31 May 2024, exercisable at $1.60 each
- 100,000 ZEPOs expiring 31 May 2024
- 50,000 options expiring 30 November 2023, exercisable at $1.21 each
- 110,998 ZEPOs expiring 31 July 2024
- 900,000 options expiring 31 July 2024, exercisable at $1.75 each
- 456,733 ZEPOs expiring 31 March 2025
- 100,000 ZEPOs expiring 30 June 2024
- 125,000 options expiring 30 November 2024, exercisable at $2.013 each
- 100,000 ZEPOs expiring 30 June 2026
- 165,000 options expiring 31 March 2025, exercisable at $2.013 each

During the year the following options were granted:

- 854,062 ZEPOs expiring 30 June 2023
- 100,000 ZEPOs expiring 6 August 2023
- 305,129 ZEPOs expiring 31 January 2024
- 185,000 ZEPOs expiring 30 June 2024
- 1,881,811 ZEPOs expiring 30 June 2025
- 23,086 Options expiring 31 July 2024, exercisable at $1.80 each
- 165,000 Options expiring 31 March 2025, exercisable at $2.013 each
- 1,055,066 ZEPOs expiring 31 March 2025
- 2,628,634 ZEPOs expiring 31 December 2025
- 100,000 ZEPOs expiring 30 June 2026
- 125,000 ZEPOs expiring 30 September 2025

During the year the following options were exercised:

- 455,290 options expiring 15 January 2022, exercised at $0.38 each
- 10,000 options expiring 20 September 2022, exercised at $1.25 each
- 320,000 options expiring 22 March 2023, exercised at $0.75 each
- 3,514,082 ZEPOs expiring 30 June 2023
- 50,000 ZEPOs expiring 6 August 2023
- 902,474 ZEPOs expiring 31 January 2024
- 21,111 options expiring 31 January 2024, exercised at $1.80 each
- 85,000 ZEPOs expiring 30 June 2024
- 12,565 ZEPOs expiring 31 July 2024
- 444,275 ZEPOs expiring 31 March 2025
- 404,426 ZEPOs expiring 30 June 2025
- 250,875 ZEPOs expiring 31 December 2025

**Options exercised since the end of the financial year:**

- 154,058 ZEPOs expiring 31 March 2025
- 171,088 ZEPOs expiring 31 December 2025
- 25,000 ZEPOs expiring 31 January 2024
- 29,678 ZEPOs expiring 31 July 2024
- 20,000 Options expiring 22 March 2023, exercisable at $0.75 each
- 150,000 Options expiring 20 September 2022, exercisable at $0.75 each

## Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of Dubber Corporation Limited or intervene in any proceedings to which Dubber Corporation Limited is a party for the purpose of taking responsibility on behalf of Dubber Corporation Limited for all or any part of those proceedings.

Dubber Corporation Limited was not a party to any such proceedings during the year.

## Environmental regulations

The Group is not currently subject to any specific environmental regulation under Australian Commonwealth or State law.

## Non-audit services

There were no amounts paid or payable to the auditor for non-audit services provided during the year by the auditor other than those outlined in Note 17 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporation Act 2001.

The Directors are of the opinion that the services as disclosed in Note 17 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in the Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision- making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

## Auditor's Independence declaration

The auditor's independence declaration for the year ended 30 June 2022, as required under section 307C of the Corporations Act 2001, has been received and is included within the financial report.

Signed in accordance with a resolution of the Board of Directors:

Peter Clare

**Peter Clare**
Non-Executive Chairman
Dated: 7 October 2022

# unified recording technology

# Auditor's Independence Declaration

06.

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF DUBBER CORPORATION LIMITED

As lead auditor of Dubber Corporation Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth

7 October 2022

# Financial Report

07.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| **Revenue** | Note | **2022 $** | 2021 $ |
|---|---|---|---|
| Service income | 2 (a) | **25,345,027** | 20,337,310 |
| Other revenue from ordinary activities | 2 (b) | **312,748** | 2,922,774 |
| **Expenses** | | | |
| Salaries and related expenses | | **(36,523,433)** | (22,146,099) |
| Employees share based payments | 23 | **(19,953,211)** | (13,842,177) |
| Direct costs | | **(23,497,239)** | (10,341,788) |
| General and administration costs | 2 (c) | **(20,366,782)** | (4,278,125) |
| Finance costs | | **(1,997,535)** | (1,461,481) |
| Depreciation and amortisation | | **(7,260,706)** | (3,045,586) |
| Non-operating foreign exchange gains losses | | **(113,516)** | (124,315) |
| Loss before income tax expense | | **(84,054,648)** | (31,979,487) |
| Income tax benefit / (expense) | 3 | **816,458** | 282,049 |
| Loss after income tax expense for the year | | **(83,238,190)** | (31,697,438) |
| **Other comprehensive loss** | | | |
| Items that may be reclassified to profit or loss | | | |
| Foreign currency translation differences | | **(1,516,826)** | 922,674 |
| Other comprehensive profit / (loss) for the year, net of tax | | **(1,516,826)** | 922,674 |
| Total comprehensive loss attributable to owners of | | **(84,755,016)** | (30,774,764) |
| Dubber Corporation Limited | | | |
| **Loss per share attributable to the owners of** | | | |
| Dubber Corporation Limited | | **Cents** | Cents |
| Basic loss per share | 15 | **(27.93)** | (13.25) |

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| ASSETS | Note | 2022 $ | 2021 $ |
|---|---|---|---|
| Current Assets | | | |
| Cash and cash equivalents | 4 | 54,383,974 | 32,041,224 |
| Trade and other receivables | 5 | 38,491,188 | 22,793,739 |
| Sundry debtors | | 83,420 | 536,132 |
| **Total Current Assets** | | 92,958,584 | 55,371,095 |
| Non-Current Assets | | | |
| Property, plant and equipment | 6 | 2,870,209 | 735,186 |
| Rights of use asset | 8 | 10,407,559 | 1,966,496 |
| Intangible assets | 7 | 43,473,762 | 42,261,910 |
| Total Non-Current Assets | | 56,751,530 | 44,963,592 |
| **Total Assets** | | 140,710,113 | 100,334,687 |
| **LIABILITIES** | | | |
| Current Liabilities | | | |
| Trade and other payables | 9 | 11,578,418 | 11,597,258 |
| Deferred consideration | | - | 16,031,836 |
| Lease liability | 8 | 2,017,863 | 597,929 |
| Provisions | 10 | 1,498,724 | 1,206,597 |
| Contract liabilities | 11 | 3,952,172 | 5,382,217 |
| **Total Current Liabilities** | | 19,047,177 | 34,815,837 |
| Non-Current Liabilities | | | |
| Lease liability | 8 | 9,264,706 | 2,006,421 |
| Provisions | 10 | 455,786 | 402,663 |
| Contract liabilities | 11 | 1,269,694 | 575,260 |
| Deferred Tax Liabilities | 3 | 2,881,824 | 3,578,468 |
| Total Non-Current Liabilities | | 13,872,010 | 6,562,813 |
| **Total Liabilities** | | 32,919,189 | 41,378,650 |
| **NET ASSETS** | | 116,790,924 | 58,956,036 |
| **EQUITY** | | | |
| Issued capital | 12 | 273,468,060 | 136,947,992 |
| Reserves | 13 | 26,841,555 | 22,288,545 |
| Accumulated losses | 14 | (183,518,691) | (100,280,501) |
| **TOTAL EQUITY** | | 116,790,924 | 58,956,036 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| 2022 | Issued Capital $ | Reserves $ | Accumulated Losses $ | Total $ |
|---|---|---|---|---|
| Balance at 1 July 2021 | 136,947,992 | 22,288,545 | (100,280,501) | 58,956,036 |
| Loss after income tax expense for the year | - | - | (83,238,190) | (83,238,190) |
| Other comprehensive loss for the year, net of tax | - | (1,516,826) | - | (1,516,826) |
| Total comprehensive loss for the year | - | (1,516,826) | (83,238,190) | (84,755,016) |
| **Transactions with owners in their capacity as owners:** | | | | |
| Securities issued during the year | 140,870,068 | (13,883,375) | - | 126,986,693 |
| Capital raising costs | (4,350,000) | - | - | (4,350,000) |
| Cost of share based payments | - | 19,953,211 | - | 19,953,211 |
| **Balance at 30 June 2022** | **273,468,060** | **26,841,555** | **(183,518,690)** | **116,790,924** |

| 2021 | | | | |
|---|---|---|---|---|
| Balance at 1 July 2020 | 85,666,948 | 8,803,497 | (68,924,066) | 25,546,379 |
| Loss after income tax expense for the year | - | - | (31,697,438) | (31,697,438) |
| Other comprehensive loss for the year, net of tax | - | 922,674 | - | 922,674 |
| Total comprehensive loss for the year | - | 922,674 | (31,697,438) | (30,774,764) |
| **Transactions with owners in their capacity as owners:** | | | | |
| Securities issued during the year | 52,501,896 | - | - | 52,501,896 |
| Capital raising costs | (2,159,652) | - | - | (2,159,652) |
| Cost of share based payments | 938,800 | 12,562,374 | 341,003 | 13,842,177 |
| **Balance at 30 June 2021** | **136,947,992** | **22,288,545** | **(100,280,501)** | **58,956,036** |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

| Cash flows from operating activities | Note | 2022 $ | 2021 $ |
|---|---|---|---|
| Receipts from customers | | 29,926,312 | 20,276,426 |
| Payments to suppliers and employees | | (72,716,527) | (40,831,154) |
| Interest received | | 222,781 | 262,620 |
| Government grants received | | 378,455 | 2,856,422 |
| Interest and other finance costs paid | | (16,969) | (10,087) |
| Net cash outflows used in operating activities | 22 | (42,205,948) | (17,445,773) |
| **Cash flows from investing activities** | | | |
| Payments for business acquisition | | - | (12,347,859) |
| Payments for asset acquisition* | | (6,950,121) | - |
| Purchase of plant and equipment | | (3,096,284) | (250,292) |
| Payment of security bond and funds held in trust | | (177,748) | (1,500,000) |
| Investment of cash at call deposit | 5 | (30,000,000) | - |
| Return of security bond and funds held in trust | | - | 1,514,364 |
| Net cash provided by / (used in) investing activities | | (40,224,153) | (12,583,787) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | | 110,447,996 | 48,027,123 |
| Payment of share issue costs | | (4,477,000) | (2,404,642) |
| Repayment of combined debt conversion loan | | - | 40,000 |
| Repayment of loans | | - | (1,908,780) |
| Proceeds from borrowings | | - | 516,230 |
| Principal elements of lease liability | | (963,527) | (618,641) |
| Net cash provided by financing activities | | 105,007,469 | 43,651,290 |
| Net increase / (decrease) in cash held | | 22,577,368 | 13,621,730 |
| Cash and cash equivalents at the beginning of the year | | 32,041,224 | 18,408,881 |
| Effect of exchange rate changes on cash | | (234,618) | 10,613 |
| **Cash and cash equivalents at the end of the year** | 4 | 54,383,974 | 32,041,224 |

*Consideration paid for asset acquisition includes non-cash component of 386,277 ordinary shares at $3.75/share ($1,448,539).

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

# Notes to the Consolidated Financial Statements

## 1. Summary of Significant Accounting Policies

### BASIS OF PREPARATION

Dubber Corporation Limited ("Company" or "Parent Entity") is a company limited by shares, incorporated and domiciled in Australia. These consolidated financial statements and notes represent those of Dubber Corporation Limited and controlled entities ("Group" or "Consolidated Entity"). The nature of the operations and principal activities of the Group are described in the Directors' Report.

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Dubber Corporation Limited is a for- profit entity for the purpose of preparing financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. The financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial reports have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The separate financial statements of the parent entity, Dubber Corporation Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

**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.

**Possible impact of Australian Accounting Standards that have been issued but are not yet effective**

| AASB reference | Title and Affected Standard(s): | Nature of Change | Application date: | Impact on Initial Application |
|---|---|---|---|---|
| AASB 2021-2 (issued March 2021) | Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates | Introduces a definition of 'accounting estimate', i.e. monetary amounts in financial statements that are subject to estimation uncertainty, such as estimating expected credit losses for receivables, or estimating the fair value of an item recognised in the financial statements at fair value. | Annual reporting periods beginning on or after 1 January 2023 | There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to changes in accounting estimates that occur on or after the beginning of the first annual reporting period to which these amendments apply, i.e. annual periods beginning on or after 1 July 2023.[1] |

| AASB reference | Title and Affected Standard(s): | Nature of Change | Application date: | Impact on Initial Application |
|---|---|---|---|---|
| AASB 2021-5 (issued June 2021) | Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction | The amendments clarify that the 'initial recognition exemption' does not apply to transactions where an entity recognises an asset and a liability which give rise to equal taxable and deductible temporary differences. This could occur, for example, where lessees recognise a right-of-use asset and lease liability for lease transactions, or where an entity recognises decommissioning, restoration and other similar obligations, which form part of a related asset. | Annual reporting periods beginning on or after 1 January 2023 | When these amendments are first adopted for the year ended 30 June 2024, they apply prospectively to all transactions that occur on or after the beginning of the earliest comparative period, i.e. from 1 July 2022.<br>In addition, at the beginning of the earliest comparative period, i.e. 1 July 2022, deferred tax assets (to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised) and deferred tax liabilities will be recognised for all deductible and temporary differences associated with:<br>• Right-of-use assets and lease liabilities, and<br>• Decommissioning, restoration and other similar liabilities and the corresponding amounts recognised as part of the cost of the related asset. |

These financial statements are presented in Australian dollars, rounded to the nearest dollar.

## REVENUE RECOGNITION

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a service to a customer.

Group revenues consists of service income, being monthly subscription fees from retail or reseller customers.

### SUBSCRIPTION SERVICE INCOME

Subscription service revenue is recognised and measured in the accounting period in which the services are provided based on the amount of the expected transaction price allocated to each performance obligation.

The performance obligations are the provision of cloud-based call recording services (Dubber Platform) on a monthly basis; the provision of services represent a series of distinct services that are substantially the same with the same pattern of transfer to customer.

Revenue is not recognized unless it is probable the Group will collect the consideration to which it will be entitled in exchange for the services that will be transferred to the customers.

## GOVERNMENT GRANTS/RESEARCH AND DEVELOPMENT TAX INCENTIVES

Grants from the government (such as research and development tax incentives) are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants received for the period prior to the acquisition of Dubber Pty Ltd was deducted from the carrying value of the Dubber intellectual property, with subsequent grants being recognised as other income. The Company qualified for Jobkeeper and Cash Flow Boost that are Federal and State Government initiatives to support businesses through the COVID-19 pandemic.

## BASIS OF CONSOLIDATION

### SUBSIDIARIES

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Dubber Corporation Limited ("Company" or "parent entity") as at 30 June 2022 and the results of all subsidiaries for the year then ended. Dubber Corporation Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group has control over an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

## CONTRACT LIABILITIES

Contract liabilities represent the consolidated entity's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the services to the customer.

## FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

## SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

## FOREIGN CURRENCY TRANSLATION

- Functional and presentation currency
  The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of Dubber Corporation Limited.
- Transactions and balances
  Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities, denominated in foreign currencies, are recognised in profit or loss.
- Foreign operations.
  The assets and liabilities of foreign operations are translated to the functional currency as exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency difference is recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented in the translation reserve in equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

## FINANCE INCOME

Finance income comprises interest income earned on funds invested in bank accounts and call deposits. Interest is recognised on an accrual basis in the consolidated statement of profit or loss and other comprehensive income, using the effective interest method.

## INCOME TAX

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of setoff exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of setoff exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

## PROVISIONS

Provisions are recognised when a Group company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

## TRADE RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**Impairment**

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward looking information to calculate the expected credit losses using a provision matrix.

The Group considers a financial asset in default when contractual payment are 90 days are due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

## PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

**Plant and equipment**

Plant and equipment are measured on the cost basis.

**Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The estimated useful lives used for each class of depreciable assets are:

| | |
|---|---|
| Furniture, Fixtures and Fittings | 5 years |
| Computer Equipment | 5 years |
| Office Equipment | 5 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Property, plant and equipment is derecognised and removed from the statement of financial position on disposal or when no future economic benefits are expected. Gains and losses from derecognition are measured as the difference between the net disposal proceeds, if any, and the carrying amount and are recognised in the statement of profit or loss and other comprehensive income.

Subsequent costs are included in the property, plant and equipment's carrying value or recognised as a separate asset when it is probable that future economic benefits associated with the item will be realised and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in the statement of profit or loss and other comprehensive income.

## RIGHT OF USE ASSETS

A right-of-use asset is recognised at the commencement date of a lease. The right-of- use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except were included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The estimated useful lives applied to each right-of-use assets are:

| Right-of-use asset | Useful life |
|---|---|
| Melbourne (AU) offices | 4 – 5 years |
| Brisbane (AU) offices | 6 years |
| Sydney (AU) offices | 3 years |
| London (UK) offices | 6 years |
| Oxford (UK) offices | 10 years |
| Dallas (USA) offices | 3.25 years |

## LEASE LIABILITIES

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## IMPAIRMENT OF ASSETS

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including, dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of preacquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

Non-financial assets are assessed for any indication of impairment at the end of each reporting period. Any indication of impairment requires formal testing of impairment by comparing the carrying amount of the asset to an estimate of the recoverable amount of the asset. An impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the recoverable amount of the asset.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment annually regardless of whether there is any indication of impairment.

The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. The asset's value in use is calculated as the estimated future cash flows discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks associated with the asset. Assets that cannot be tested individually for impairment, are grouped together into the smallest group of assets that generates cash inflows (the asset's cash generating unit).

Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses are allocated first, to reduce the carrying amount of any goodwill allocated to cash-generating units, and then to other assets of the group on a pro-rata basis.

Assets other than goodwill are assessed at the end of each reporting period to determine whether previously recognised impairment losses may no longer exist or may have decreased. Impairment losses recognised in prior periods for assets other than goodwill are reversed up to the carrying amounts that would have been determined had no impairment loss been recognised in prior periods.

## TRADE AND OTHER PAYABLES

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 6 months of recognition of the liability.

## GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

## CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

## EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

## CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

## SHARE-BASED PAYMENT TRANSACTIONS

Employees of the Company receive remuneration in the form of share based payment transactions, whereby employees render services in exchange for equity instruments ("equity settled transactions").

When the goods or services acquired in a share based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

The cost of equity settled transactions and the corresponding increase in equity is measured at the fair value of the goods or services acquired. Where the fair value of the goods or services received cannot be reliably estimated, the fair value is determined indirectly by the fair value of the equity instruments using the Black Scholes option valuation technique.

Equity settled transactions that vest after employees complete a specified period of service are recognised as services received during the vesting period with a corresponding increase in equity.

## INTANGIBLE ASSETS

Intangible asset additions are either acquired as part of a business combination at fair value at acquisition or capitalized expenses at cost which meet the recognition criteria of AASB 138 *Intangible Asset*. Intangible assets with finite useful life are amortised over a straight-line basis in the profit or loss over the estimated useful life. Management had previously re-assessed the useful life of the platform from 10 years to 5 years, as they believe it is more reflective of the useful life.

**Customer relationships**

Customer relationships acquired as part of a business combination are recognised separately from goodwill. The customer relationships are carried at fair value at the date of acquisition less accumulated amortisation and any impairment losses. These are amortised over on a straight line basis over the period of their expected benefit, being their finite life of 7 years.

**Technology**

The technology additions are either acquired in a business combination for proprietary software solutions and are recognised separately from goodwill, or capitalized development costs which the Group have deemed to meet the recognition criteria of AASB 138 *Intangible Assets*. This technology is carried at fair value at the date of acquisition plus capitalized expenses less accumulated amortisation and any impairment losses. Technology related assets are amortised over on a straight line basis over the period of their expected benefit, being their finite life of 7 years.

Management's assessment of intangible assets acquired via the acquisition of Speik during the previous financial year, have a useful life of 7 years.

## GOODWILL

Goodwill is measured as described in Business combination policy. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 20).

## EMPLOYEE PROVISIONS

**Short-term employee benefit obligations**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months after the end of the reporting period are recognised in other liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

### Other long-term employee benefit obligations

Liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the reporting period. They are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government corporate bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Regardless of when settlement is expected to occur, liabilities for long service leave and annual leave are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

## ASSET ACQUISITION

On 17 September 2021, the Group acquired assets from Pinch Labs Inc and Pinch Labs Pty Ltd (collectively "Notiv") by the issue of shares and cash and the transaction is accounted for as an asset acquisition. The optional concentration test was applied in determining whether this transaction constitutes a business combination in accordance with paragraph B7A of AASB 3 Business Combinations.

As the acquisition of the acquired assets is not a deemed business combination, the assets and liabilities are assigned carrying amounts based on their relative fair values in an asset acquisition. No goodwill will arise on the acquisition.

## BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre- existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

## PARENT ENTITY FINANCIAL INFORMATION

The financial information for the parent entity, Dubber Corporation Limited, disclosed in Note 24 has been prepared on the same basis as the consolidated financial statements except that investment in subsidiaries are accounted for at cost less impairment rather than at fair value.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

**Carrying value of intangible assets**

The Group capitalises expenses deemed to meet the recognition criteria of AASB 138 *Intangible Assets* as the costs capitalized are judged to result in future economic benefits that will flow to the Group, and that the costs can be measured reliably. The capitalised expenses are judged by the Group to have a 7 year useful life.

**Carrying value of goodwill**

The Group tests annually whether the carrying value of goodwill and other intangibles exceed its recoverable amount to determine potential impairment requirements. The recoverable amount of goodwill and other intangibles has been calculated using a number of assumptions as disclosed in note 7. No impairment has been recognised in respect of intangibles at the end of the reporting period.

**Share-based payment transactions**

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial option pricing and black scholes method. The related assumptions are detailed in Note 23. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

**Allowance for expected credit losses**

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group.

These assumptions include recent sales experience, historical collection rates and credit rating of counterparty.

**Incremental borrowing rate**

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

**Contingent consideration**

The Group has estimated these amounts based on management's best judgement as to the actual expected outcome for this component. The amount was management's estimate of the final consideration payable. The fair value of the contingent consideration was estimated by calculating the present value of the future expected cash flows. Refer to Note 16(d) for further details regarding estimates applied to value the contingent consideration.

**Fair value measurement hierarchy**

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

**Estimation of useful lives of assets**

The group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment, right of use assets and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non- strategic assets that have been abandoned or sold will be written off or written down.

**Determination of Asset Acquisition or Business Combination**

The determination of whether an acquisition of business assets represents an asset acquisition or business combination requires significant judgement. During the period, the Group acquired business assets from Pinch Labs Inc and Pinch Labs Pty Ltd (collectively "Notiv"). In accordance with AASB 3 Business Combinations, if the "concentration test" is met, the acquired set of activities and assets is determined not to be a business. Judgement was applied in deeming that the asset being acquired is the Notiv AI technology based on the acquired intellectual property representing approximately 99.6% of the value of the assets acquired and hence satisfying the 'concentration test' as set out in AASB 3.

**The following key judgements have been applied in relation to:**

*Revenue from contracts with customers*

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- The Group determined that revenue from its software service is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group.
- The Group has determined that it is the principal in its agreements with its customers because it has control over the service before delivering it to the customer, it is primarily responsible for fulfilling the promise to deliver the service, and it is responsible for establishing the price for the service to be delivered.
- When recognising revenue from contracts with customers, the Group determines that it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. This is determined based upon the credit worthiness of the customer and the Group makes reference to credit ratings, historical payment default rate and financial capacity to meet obligations in determining these judgements.
- During the year, certain contracts were reassessed for this criteria and due to changes in facts and circumstances relating to the customers' history of payments under the contract, revenue invoiced relating to these contracts were not recognized for the current year.

*Impairment of trade receivables*

During the year, the Group has applied judgement in determining the expected credit loss allowance of trade receivables based on changes in facts and circumstances in the current year relating to the customers' history of payments under the contract. Refer to Note 5 and Note 16 for further information.

*Deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it probable that future taxable amounts will be available to utilise those temporary differences and losses.

*Fair value of net assets assumed in a business combination*

Estimates and judgements were made in determining the fair value of assets acquired and liabilities assumed in a business combination. Assets and liabilities which judgement were made in determining fair value were:

**Assets:** Trade and other Receivables, Other assets, Property plant and equipment and intangible assets.

**Liabilities:** Unearned revenue and provisions

In the year ended 30 June 2021, the Group finalised the acquisition of Speik in accordance with the provisions of AASB 3 Business Combinations. Final settlement occurred during the year ended 30 June 2022. Refer to Note 16 for further detail.

# 2. Revenue and Expenses from Continuing Operations

| (a) Service revenue* | Note | 2022 $ | 2021 $ |
|---|---|---|---|
| Subscriptions | | **25,251,527** | 20,267,029 |
| Professional services | | **93,500** | 70,281 |
| **Total** | | **25,345,027** | 20,337,310 |
| **(b) Other revenue** | | | |
| Interest | | **222,819** | 262,620 |
| Research and development tax incentive | | **11,450** | 1,814,234 |
| Export market development grant | | **74,850** | 100,000 |
| Jobkeeper / cash flow boost | | **-** | 742,500 |
| Other | | **3,629** | 3,420 |
| **Total** | | **312,748** | 2,922,774 |
| **(c) General and administration costs** | | | |
| Audit fees | | **186,765** | 81,458 |
| Accounting and tax advice fees | | **347,335** | 292,163 |
| Advertising, marketing and events | | **3,460,598** | 863,917 |
| Doubtful debts | | **8,161,466** | - |
| Legal fees | | **1,460,205** | 868,529 |
| Securities exchange and registry fees | | **379,776** | 229,822 |
| Rent and outgoings | | **486,136** | 214,216 |
| Travel costs | | **2,056,825** | 258,997 |
| Corporate affairs | | **329,208** | 263,804 |
| Insurances | | **484,595** | 224,073 |
| Subscriptions and memberships | | **890,490** | 350,536 |
| Bad debts | | **738,674** | - |
| Other administration | | **1,384,709** | 630,610 |
| **Total** | | **20,366,782** | 4,278,125 |

* **Disaggregation of revenue from contracts with customer**

Revenue is recognised when or as the Group transfers services to a customer at the amount to which the group expects to be entitled over time.

Contracts with customers are based on a single identified performance obligation being the provision of subscriptions services transferred over time. For the financial year ended 30 June 2022, revenue recognised was $25,345,027 (2021: $20,267,029). Disaggregation of revenue by geographical regions is as disclosed in Note 20 - Operating Segment.

# 3. Income Tax

| (a) Income tax expense | 2022 $ | 2021 $ |
|---|---|---|
| Loss before income tax expense | **(84,054,648)** | (31,979,486) |
| Prima facie tax payable on profit from ordinary activities before income tax at 25% (2021: 25%) | **(21,013,662)** | (7,942,080) |
| **Tax Effect of:** | | |
| Tax effect of amounts not deductible (taxable) in calculating taxable income | **4,276,204** | 4,408,318 |
| Tax rate differential | **610,369** | 708,115 |
| Tax losses and temporary differences not recognised | **15,310,630** | 2,825,647 |
| Income tax expense / (benefit) | **(816,458)** | - |

| (b) Deferred tax assets | | |
|---|---|---|
| **Unrecognised deferred tax asset balances:** | | |
| Timing differences | **3,835,189** | 1,156,835 |
| Tax losses - revenue | **25,393,943** | 12,652,090 |
| Deferred tax assets | **29,229,132** | 13,808,925 |
| Offset against deferred tax liabilities | **(1,028,811)** | (972,231) |
| Net deferred tax assets | **28,200,321** | 12,836,695 |
| Amounts in equity | **543,750** | 236,509 |
| Tax losses - capital | **478,864** | 478,864 |
| **Deferred tax assets not brought to account** | **29,222,935** | 13,552,067 |

| (c) Deferred tax liabilities | | |
|---|---|---|
| **Recognised deferred tax liability balances:** | | |
| Timing differences - intangibles | **(2,881,824)** | (3,578,468) |
| **Deferred tax liabilities brought to account** | **(2,881,824)** | (3,578,468) |
| **Unrecognised deferred tax liability balances:** | | |
| Timing differences | **(1,028,811)** | (972,231) |
| Deferred tax liabilities | **(1,028,811)** | (972,231) |
| Offset by deferred tax assets | **1,028,811** | 972,231 |
| **Deferred tax liabilities brought to account** | **-** | - |

There are no franking credits available to the Group.

# 4. Cash and Cash Equivalents

| | 2022 $ | 2021 $ |
|---|---|---|
| Cash at bank | **54,383,974** | 12,041,224 |
| Cash on call deposit | **-** | 20,000,000 |
| **Total** | **54,383,974** | 32,041,224 |

The Company's exposure to interest rate risk is outlined in Note 16.

# 5. Trade and Other Receivables

| **Current** | 2022 $ | 2021 $ |
|---|---|---|
| Trade receivables | **13,758,277** | 16,211,208 |
| Less: Provision for doubtful debt | **(8,958,047)** | - |
| | **4,800,230** | 16,211,208 |
| Receivable from Medulla Group Pty Ltd vendors | **100,977** | 100,977 |
| Cash at call deposit | **30,000,000** | - |
| Other debtors | **51,861** | 62,499 |
| Contract assets | **711,974** | 145,604 |
| Prepayments | **939,371** | 4,588,603 |
| Deposits in trust | **1,213,820** | 1,684,248 |
| Other receivables | **672,955** | 600 |
| **Total** | **38,491,188** | 22,793,739 |

Deposits in trust includes cash amounts deposited in a trust account. These amounts are set aside to facilitate negotiations with the Groups suppliers. The cash can be recalled at any time by the Company.

Cash at Call deposit is a cash term deposit held with a AA3 rated financial institution with 90 day rollover terms and a 31 day call back in the name of the Company's legal firm as trustee for the Company.

The acquisition of Medulla Group Pty Ltd ("Medulla") was on a no liability basis. It was determined on reconciling the acquisition and liabilities paid of Medulla that the vendors of Medulla Group Pty Ltd owed Dubber Corporation Limited $100,977 on non-interest bearing terms. Receipt of this amount is expected within 12 months of 30 June 2022.

Contract assets relate to earned revenue which the Company is entitled to that remain unbilled to customers as of 30 June 2022.

Trade and other receivables are all due within three months of this report. Information about credit and liquidity risk is outlined in Note 16.

# 6. Property, Plant and Equipment

| | | 2022 $ | 2021 $ |
|---|---|---|---|
| Furniture, Fixtures and Fittings – at cost | | **2,265,118** | 64,454 |
| Less: Accumulated depreciation | | **(473,643)** | (29,272) |
| | Sub-total | **1,791,475** | 35,182 |
| Computer Equipment | | **2,262,180** | 1,449,830 |
| Less: Accumulated depreciation | | **(1,199,786)** | (782,132) |
| | Sub-total | **1,062,394** | 667,698 |
| Office Equipment | | **84,592** | 65,063 |
| Less: Accumulated depreciation | | **(68,252)** | (32,756) |
| | Sub-total | **16,340** | 32,307 |
| **Net carrying amount** | | **2,870,209** | 735,187 |

## RECONCILIATION

Reconciliation of the carrying amount for each class of property, plant and equipment between the beginning and the end of the current and previous financial year are set out below:

| 2022 | Computer Equipment $ | Office Equipment $ | Furniture, Fixtures and Fittings $ | Total $ |
|---|---|---|---|---|
| Balance at the beginning of the year | 667,698 | 32,307 | 35,182 | 735,187 |
| Additions through asset acquisitions | - | 16,944 | - | 16,944 |
| Additions / (write-offs) | 714,692 | (8,205) | 2,200,709 | 2,907,196 |
| Depreciation expense | (319,996) | (24,706) | (444,416) | (789,118) |
| **Carrying amount at the end of the year** | **1,062,394** | **16,340** | **1,791,475** | **2,870,209** |

| 2021 | | | | |
|---|---|---|---|---|
| Balance at the beginning of the year | 187,664 | 44,559 | 9,358 | 241,581 |
| Additions through business combinations | 342,880 | - | - | 342,880 |
| Additions / (write-offs) | 295,542 | 3,121 | 31,295 | 329,958 |
| Depreciation expense | (158,388) | (15,373) | (5,471) | (179,232) |
| **Carrying amount at the end of the year** | **667,698** | **32,307** | **35,182** | **735,187** |

# 7. Intangible Assets

| | | 2022 $ | 2021 $ |
|---|---|---|---|
| Dubber intellectual property – at cost | | 8,483,031 | 8,483,031 |
| Less: Accumulated amortisation | | (8,483,031) | (8,483,031) |
| | Sub-total | - | - |
| **Customer relationships** | | | |
| At cost | | 10,145,162 | 10,145,162 |
| Foreign exchange movement | | (111,323) | 391,321 |
| Less: Accumulated amortisation | | (2,179,563) | (783,536) |
| | Sub-total | 7,854,276 | 9,752,947 |
| **Technology** | | | |
| At cost | | 9,446,293 | 9,446,293 |
| Acquired technology (Notiv)* | | 6,506,413 | - |
| Capitalised during the year | | 1,703,136 | - |
| Foreign exchange movement | | (20,856) | 364,364 |
| Less: Accumulated amortisation | | (4,486,334) | (729,560) |
| | Sub-total | 13,148,652 | 9,081,097 |
| | **Total** | 21,002,928 | 18,834,044 |
| **Opening goodwill** | | 23,427,866 | 3,366,456 |
| Acquired goodwill | | - | 19,316,332 |
| Foreign exchange movement | | (957,032) | 745,078 |
| | Sub-total | 22,470,834 | 23,427,866 |
| **Net carrying amount at the end of the year** | | 43,473,762 | 42,261,910 |

| **Reconciliation** | | |
|---|---|---|
| Balance at the beginning of the year | 42,261,910 | 4,137,010 |
| Acquired goodwill | - | 19,316,332 |
| Exchange difference on acquired goodwill | (957,032) | 745,078 |
| Acquired through business combination (customer relationships and technology) | - | 19,591,455 |
| Foreign exchange movement | (723,882) | 755,685 |
| Capitalised during the year | 1,703,136 | - |
| Acquired through asset acquisition (Notiv)* | 6,506,413 | - |
| Amortisation expense | (5,316,782) | (2,283,651) |
| **Net carrying amount at the end of the year** | 43,473,762 | 42,261,910 |

* On 17 September 2021, the Group acquired assets from Pinch Labs Inc and Pinch Labs Pty Ltd (collectively "Notiv") by the issue of shares and cash. The transaction is accounted for as an asset acquisition.

The consideration consists of $5,152,324 cash and 386,277 shares at $3.75/share (valued at $1,448,539) for a total of $6,600,863.

The group acquired the following net assets in the transaction:

| Acquired statement of financial position (17 September 2021) | $ |
|---|---|
| **Current Assets** | |
| Cash and cash equivalents | 314,654 |
| Other receivables and prepayments | 4,622 |
| **Total current assets** | **319,276** |
| **Non-current Assets** | |
| Notiv intellectual property | 6,506,413* |
| Property, plant and equipment | 16,944 |
| **Total non-current assets** | **6,523,357** |
| **Total assets** | **6,842,633** |
| **Current Liabilities** | |
| Trade and other payables | 196,796 |
| Provision for annual leave | 44,974 |
| **Total current liabilities** | **241,770** |
| **Total liabilities** | **241,770** |
| **Net assets** | **6,600,863** |

*The Notiv Intellectual property asset meets the recognition requirements of AASB 138 Intangible Assets and is amortised over 5 years, which management have assessed as the expected useful life due to the technological nature of the asset.

Estimates and judgement were made in determining the fair value of assets acquired and liabilities assumed in the asset acquisition.

Intangible assets acquired as part of the asset acquisition relates to technology. The fair value of the acquired technology asset was determined by reference to the asset's cost of acquisition, being the $6,600,863 consideration paid less other acquired net assets.

## IMPAIRMENT TESTING

Carrying amount of assets allocated to the following cash-generating units subject to impairment testing:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Europe** | | |
| Goodwill | **19,104,378** | 20,061,409 |
| Intangible assets | **18,493,334** | 18,834,044 |
| Property, plant and equipment | **682,736** | 443,963 |
| Right-of-use assets | **7,793,776** | - |
| Other | **653,433** | - |
| Sub-total - Europe | **46,727,657** | 39,339,416 |
| **Rest of world** | | |
| Goodwill | **3,366,456** | 3,366,456 |
| Intangible assets | **1,507,309** | - |
| Property, plant and equipment | **2,182,930** | 287,045 |
| Right-of-use assets | **1,867,393** | 1,541,730 |
| Sub-total – Rest of world | **8,924,089** | 5,195,231 |
| **Total** | **55,651,745** | 44,534,647 |

The recoverable amount of both Europe and Rest of World CGUs' goodwill has been determined using the fair value less costs to sell method.

Fair value was determined using the following market-based method:

Guideline Transaction Method ("GTM")

The Guideline Transaction Method utilises valuation multiples based on actual transactions that have occurred in the industry relevant to the Company. These derived multiples are then applied to the appropriate operating data of the CGU to arrive at an indication of fair value.

The following criteria was applied to this approach:

- Target companies operating in the communication software market;
- Recent market transactions (last 3 years); and
- Transactions for which data was readily available.

The analysis was based on Total Invested Capital (TIC) to Revenue multiples which was then applied to the FY2022 revenue for each respective CGU and adjustments were made for cash, debt, other assets and costs to sell.

Based on the criteria outlined above, the average, median and lower quartile of the selected guideline transactions were evaluated and it was concluded that the lower quartile multiple should be applied due to lack of profitability. The following revenue multiple was applied to calculate fair value for both Europe and Rest of World CGUs using the GTM method:

| Guideline Transaction Method: | Multiples applied |
|---|---|
| Total Invested Capital / LTM Revenue | 2.75 |

The Group notes that the impairment tests do not result in the carrying amount of the CGUs exceeding its recoverable amount.

Corporate Assets

Management have assessed that the following Rest of World assets were deemed to be utilised across multiple CGUs and accordingly have been reallocated from the Rest of World CGU to the other CGUs as follows:

| Cash-generating Unit | Europe | Americas | Rest of World | Total |
|---|---|---|---|---|
| Intangible Asset | 3,014,455 | 1,027,779 | 1,447,544 | 5,486,778 |
| Right-of-use assets | 1,313,596 | 446,563 | 630,790 | 2,390,949 |
| **Total** | **4,328,051** | **1,471,342** | **2,078,334** | **7,877,727** |

Intangible Asset

The intangible asset is in relation to the Notiv technology asset acquired on 17 September 2021. The technology acquired augments and improves the existing product offering to customers across all CGUs and as such is allocated based on FY2022 sales proportions across each geographical region.

Right of use assets

The right of use assets relates to the Brisbane and Melbourne office premises respectively.

The Brisbane premises house the operations and staff responsible for the maintenance and development of the acquired technology, which is integrated into sales products and sold across multiple CGUs. Accordingly, the asset is reallocated based on FY2022 sales proportions across each geographical region.

The Melbourne premises function as the head office of the Company and includes a majority of the Company's key management personnel and staff relating to the maintenance and development of sales products and general operations which are not exclusive to the Rest of World CGU. Accordingly, the asset is reallocated based on FY2022 sales proportions across each geographical region.

# 8. Leases

(i) Amounts recognised in the consolidated statement of financial position shows the following amounts relating to leases:

| Right of use assets | 2022 $ | 2021 $ |
|---|---|---|
| Office space | **12,485,794** | 3,019,200 |
| Accumulated amortisation | **(2,078,235)** | (1,052,704) |
| **Total** | **10,407,559** | 1,966,496 |

| Lease liabilities | | |
|---|---|---|
| Current | 2,017,863 | 597,929 |
| Non-current | 9,264,706 | 2,006,421 |
| **Total** | 11,282,569 | 2,604,350 |

Additions to the rights of use assets during the 2022 financial year were $9,741,416 (2021: $473,310).

(ii) Amounts recognised in the consolidated of profit or loss and other comprehensive income.

| | | |
|---|---|---|
| Depreciation charge of right of use assets | **1,154,806** | 611,334 |
| Interest expense | **212,847** | 136,876 |

The total cash outflow for leases in 2022 was $963,527 (2021: $618,641).

# 9. Trade and Other Payables

| Current | 2022 $ | 2021 $ |
|---|---|---|
| Trade payables | **8,517,268** | 4,507,714 |
| Payroll tax and other statutory liabilities | **2,847,611** | 5,933,328 |
| Other payables | **213,539** | 1,156,216 |
| **Total** | **11,578,418** | 11,597,258 |

All payables are expected to be settled within 6 months. Risk management policies in regard to liquidity and currency risk are outlined in Note 16.

# 10. Provisions

| Current | 2022 $ | 2021 $ |
|---|---|---|
| Employee benefits | **1,498,724** | 1,206,597 |

| Non-Current | | |
|---|---|---|
| Employee benefits | **455,786** | 402,663 |
| **Total** | **1,954,510** | 1,609,260 |

Employee benefits represent annual leave and long service leave entitlements of employees within the Group and is non-interest bearing.

# 11. Contract Liabilities

| | 2022 $ | 2021 $ |
|---|---|---|
| Current | **3,952,172** | 5,382,218 |
| Non-current | **1,269,694** | 575,260 |
| **Total** | **5,221,866** | 5,957,478 |

| Reconciliation | 2022 $ | 2021 $ |
|---|---|---|
| Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below: | | |
| Opening balance | **5,957,477** | 815,412 |
| Additions on acquisition | **-** | 3,577,545 |
| Payments received in advance | **6,519,340** | 5,046,808 |
| Transfers to revenue – performance obligations satisfied | **(7,254,951)** | (3,482,288) |
| **Total** | **5,221,866** | 5,957,477 |

## Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied was $5,221,867 as at 30 June 2022 ($5,957,478 as at 30 June 2021). These are expected to be recognised as revenue in future periods ranging from 6 – 44 months with the majority to be recognised in the next 24 months.

# 12. Issued Capital

| Issued and paid up capital | 2022 $ | 2021 $ |
|---|---|---|
| 304,935,427 (2021: 256,200,395) Ordinary shares – fully paid | **285,209,838** | 144,339,770 |
| **Share issue costs written off against share capital** | **(11,741,778)** | (7,391,778) |
| **Total** | **273,468,060** | 136,947,992 |

## MOVEMENT IN ORDINARY SHARES ON ISSUE

| 2022 | Issue Price | No. of Shares | $ |
|---|---|---|---|
| Balance at the beginning of the year | - | 256,200,395 | 136,947,992 |
| Issued pursuant to a placement | $2.95 | 37,288,136 | 110,000,000 |
| Issued on exercise of options | $0.38 | 425,290 | 161,610 |
| Issued on exercise of options | $0.75 | 320,000 | 240,000 |
| Issued on exercise of options | $1.25 | 10,000 | 12,500 |
| Issued on exercise of options | $1.80 | 21,111 | 38,000 |
| Issued on acquisition (Notiv) | $3.75 | 386,277 | 1,448,539 |
| Issued on acquisition (Speik deferred consideration) | $3.23 | 4,700,571 | 15,182,844 |
| Issued on exercise of ZEPOs | $ - | 5,583,648 | 13,786,575 |
| Share issue costs | $ - | - | (4,350,000) |
| **Balance at the end of the year** | | **304,935,427** | **273,468,060** |

| 2021 | Issue Price | No. of Shares | $ |
|---|---|---|---|
| Balance at the beginning of the year | - | 207,722,566 | 85,666,948 |
| Issued pursuant to a placement | $1.10 | 31,818,182 | 35,000,000 |
| Issued pursuant to a share purchase plan | $1.10 | 9,090,669 | 9,999,783 |
| Issued on exercise of options | $0.38 | 335,500 | 127,490 |
| Issued on exercise of options | $0.75 | 275,000 | 206,250 |
| Issued on exercise of options | $1.25 | 70,000 | 87,500 |
| Issued on exercise of options | $1.80 | 1,111 | 2,000 |
| Issued on acquisition | $1.069 | 105,599 | 112,886 |
| Issued on acquisition | $1.725 | 2,441,533 | 4,211,644 |
| Issued on acquisition | $1.685 | 91,598 | 154,342 |
| Issued to directors pursuant to shareholder approval | $0.60 | 1,666,666 | 1,000,000 |
| Issued on exercise of options | $0.80 | 2,000,000 | 1,600,000 |
| Issued pursuant to an employee share plan | $ - | 100,000 | 311,500 |
| Issued on exercise of ZEPOs | $ - | 481,971 | 627,300 |
| Share issue costs | $ - | - | (2,159,651) |
| **Balance at the end of the year** | | **256,200,395** | **136,947,992** |

## OPTIONS

At the end of the year, the following options over unissued ordinary shares were outstanding:

| Grant Date | Expiry Date | Exercise Price | Number Under Option |
|---|---|---|---|
| 23-Sep-19 | 20-Sep-22 | $1.25 | 60,000 |
| 23-Sep-19 | 20-Sep-22 | $0.75 | 150,000 |
| 31-Mar-20 | 22-Mar-23 | $0.75 | 890,000 |
| 1-Dec-20 | 30-Nov-23 | $1.216 | 50,000 |
| 19-Jul-21 | 30-Jun-23 | $0.00 | 300,000 |
| 6-Aug-21 | 6-Aug-23 | $0.00 | 50,000 |
| 30-Nov-20 | 30-Jun-25 | $0.00 | 3,879,066 |
| 13-May-20 | 12-May-24 | $1.17 | 250,000 |
| 1-Jun-21 | 31-May-24 | $1.60 | 100,000 |
| 1-Jun-21 | 31-May-24 | $0.00 | 100,000 |
| 30-Sept-21 | 30-Jun-24 | $0.00 | 100,000 |
| 24-Mar-21 | 31-Jul-24 | $0.00 | 140,676 |
| 24-Mar-21 | 31-Jul-24 | $1.75 | 900,000 |
| 6-Aug-21 | 6-Aug-24 | $0.00 | 100,000 |
| 1-Jun-20 | 30-Nov-24 | $2.013 | 125,000 |
| 15-Mar-22 | 31-Mar-25 | $2.013 | 165,000 |
| 15-Mar-22 | 31-Mar-25 | $0.00 | 610,791 |
| 13-May-21 | 12-May-25 | $2.64 | 250,000 |
| 13-May-22 | 30-Sep-25 | $0.00 | 125,000 |
| 30-Sep-21 | 30-Jun-25 | $0.00 | 400,000 |
| 1-Jul-20 | 30-Jun-25 | $0.00 | 808,851 |
| 19-Jul-21 | 30-Jun-25 | $0.00 | 250,000 |
| 20-Aug-21 | 30-Jun-25 | $0.00 | 1,231,811 |
| 8-Jun-21 | 30-Jun-25 | $0.00 | 2,244,421 |
| 1-Dec-21 | 31-Dec 25 | $0.00 | 2,377,759 |
| 30-Sep-21 | 30-Jun-26 | $0.00 | 100,000 |
| 03-May-21 | 31-Jan-24 | $0.00 | 121,509 |
| 03-May-21 | 31-Jan-24 | $1.80 | 434,136 |
| 03-May-21 | 31-Jan-24 | $1.68 | 75,000 |
| **Total** | | | **16,389,020** |

## CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are to safeguard the ability to continue as a going concern, so that benefits to stakeholders and an optimum capital structure are maintained.

In order to maintain or adjust the capital structure, the Company may return capital to shareholders, cancel capital, issue new shares or options or sell assets.

# 13. Reserves

| | 2022 $ | 2021 $ |
|---|---|---|
| Option reserve | **24,900,638** | 18,830,802 |
| Performance rights reserve | **2,663,035** | 2,663,035 |
| Unvested share reserve | **-** | - |
| Foreign currency reserve | **(722,119)** | 794,708 |
| **Total** | **26,841,554** | 22,288,545 |

## OPTION RESERVE

The option reserve is used to accumulate amounts received on the issue of options and records items recognised as expenses on valuation of incentive-based share options and loan funded shares.

Movement in option reserve:

| | 2022 $ | 2021 $ |
|---|---|---|
| Balance at the beginning of the year | **18,830,803** | 5,792,426 |
| Allocation of incentive-based share options values over vesting period – employees and key management personnel | **15,513,225** | 6,435,700 |
| Allocation of incentive-based options values over vesting period – directors | **4,439,985** | 6,579,899 |
| Allocation of incentive-based loan funded shares values over vesting period – directors | **-** | 22,779 |
| Transfers to issued capital on exercise of options | **(13,883,375)** | - |
| **Balance at the end of the year** | **24,900,638** | 18,830,804 |

## PERFORMANCE RIGHTS RESERVE

The performance rights reserve is used to record the value of performance rights issued as share based payments until the performance rights are converted into fully paid ordinary shares upon achievement of performance based milestones.

| **Movement in performance rights reserve:** | 2022 $ | 2021 $ |
|---|---|---|
| Balance at the beginning of the year | **2,663,035** | 3,004,038 |
| Reversal of incentive share based payment – management performance shares cancelled upon milestones not being achieved by expiry date | **-** | (341,003) |
| **Balance at the end of the year** | **2,663,035** | 2,663,035 |

## UNVESTED SHARE RESERVE

The unvested share reserve is used to record the value of shares formally offered and accepted as share based payments until the shares are issued on a future specified vesting date.

| Movement in unvested share reserve: | 2022 $ | 2021 $ |
|---|---|---|
| Balance at the beginning of the year | - | 135,000 |
| Allocation of incentive share based payment over vesting period – employee shares | - | - |
| Shares issued on vesting date | - | (135,000) |
| **Balance at the end of the year** | - | - |

## FOREIGN CURRENCY RESERVE

The foreign currency reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations.

| Movement in foreign currency reserve: | 2022 $ | 2021 $ |
|---|---|---|
| Balance at the beginning of the year | **794,708** | (127,966) |
| Currency translation differences | **(1,516,827)** | 922,674 |
| **Balance at the end of the year** | **(722,119)** | 794,708 |

# 14. Accumulated Losses

| | 2022 $ | 2021 $ |
|---|---|---|
| Balance at the beginning of the year | (100,280,501) | (68,924,066) |
| Transfer of cancelled performance rights | - | 341,003 |
| Loss attributable to owners of Dubber Corporation Limited | (83,238,189) | (31,697,438) |
| **Balance at the end of the year** | (183,518,690) | (100,280,501) |

# 15. 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:

| | 2022 $ | 2021 $ |
|---|---|---|
| **Earnings attributable to the owners of Dubber Corporation Limited used to calculate EPS** | | |
| **Loss for the year** | (83,238,189) | (31,697,438) |
| **Weighted average number of ordinary shares used as the denominator in calculating basic EPS** | 297,993,197 | 239,175,682 |

As the consolidated entity is in a loss position there is no diluted EPS calculated.

# 16. Financial Risk Management

Financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

| Financial Assets | Weighted Average Interest Rate (%) 2022 | 2021 | Note | 2022 $ | 2021 $ |
|---|---|---|---|---|---|
| Cash and cash equivalents | **0.02** | 0.9 | 4 | **54,383,974** | 32,041,224 |
| Trade and other receivables (incl. sundry debtors) | **0.75** | - | 5 | **38,574,609** | 23,329,871 |
| **Total Financial Assets** | | | | **92,958,584** | 55,371,095 |
| **Financial Liabilities** | | | | | |
| Trade and other payables | **-** | - | 9 | **11,578,418** | 11,597,258 |
| Lease liability | **-** | - | 8 | **11,282,570** | 2,604,350 |
| Deferred consideration | **-** | - | | **-** | 16,031,835 |
| **Total Financial Liabilities** | | | | **22,860,988** | 30,233,444 |

The carrying amounts of these financial instruments approximate their fair values.

## FINANCIAL RISK MANAGEMENT POLICIES

Exposure to key financial risks is managed in accordance with the Group's risk management policy with the objective to ensure that the financial risks inherent in technological activities and new business reviews are identified and then managed or kept as low as reasonably practicable.

The main financial risks that arise in the normal course of business are market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Different methods are used to measure and manage these risk exposures. Liquidity risk is monitored through the ongoing review of available cash and future commitments for research and development. Exposure to liquidity risk is limited by anticipating liquidity shortages and ensures capital can be raised in advance of shortages. Interest rate risk is managed by limiting the amount of interest-bearing loans entered into by the Company. It is the Board's policy that no speculative trading in financial instruments be undertaken to limit exposure to price risk.

Primary responsibility for identification and control of financial risks rests with the Managing Director, under the authority of the Board. The Board is apprised of these risks from time to time and agrees any policies that may be undertaken to manage any of the risks identified.

Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial instrument are disclosed in Note 1 to the financial statements. The carrying values less the impairment allowance for receivables and payables are assumed to approximate fair values due to their short-term nature. Cash and cash equivalents are subject to variable interest rates.

## SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT

### a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

### Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. However, financial assets may still be subject to enforcement activities, taking into account legal advice where appropriate. Any recoveries made are recognised in the profit or loss.

### Trade receivables

The Group has adopted the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of contracts and corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 30 June 2022 was determined as follows for trade receivables:

| | **Current** | **More than 30 days past due** | **More than 60 days past due** | **Total** |
|---|---|---|---|---|
| Expected loss rate | 0% | 0% | 86% | 86% |
| Gross carrying amount – trade receivables | 3,343,679 | 34,767 | 10,379,831 | 13,758,277 |
| Loss allowance | 0 | 0 | 8,958,047 | 8,958,047 |

A provision for doubtful debt was made as at 30 June 2022 for a single debtor based on the requirements of AASB 9 *Financial Instruments*.

Due to significant failure by this customer to make contractual payments under their repayment plan, the group conservatively made the decision to provide for the full amount and recognized this in the statement of profit or loss and comprehensive income.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The Company believes that The Group's credit risk on liquid funds is limited because the majority of cash and deposits are held with Westpac Banking Corporation and National Australia Bank, both AA3 credit rated banks.

Loss allowance as at 30 June 2021 was determined as follows for trade receivables:

| | **Current** | **More than 30 days past due** | **More than 60 days past due** | **Total** |
|---|---|---|---|---|
| Expected loss rate | 0% | 0% | 2.7% | 2.7 |
| Gross carrying amount – trade receivables | 5,176,965 | 279,939 | 10,754,304 | 16,211,208 |
| Loss allowance | 0 | 0 | 290,366 | 290,366 |

The consolidated entity had a credit risk exposure with a major Australian customer, which as at 30 June 2021 owed the consolidated entity $10,858,038 (67% of trade receivables).

No impairment was made as at 30 June 2021 as the customer is considered a rating of AA and Dubber is confident that these receivables are collectable and are active in the management and reduction of these overdue amounts.

Subsequent to the year end, Dubber received $1,881,000 to begin extinguishment of the oldest debt. A payment plan was also renegotiated to pay down the remainder of the debt every quarter over the next 18 months.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

## b) Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash reserves to meet the ongoing operational requirements of the business. It is the Company's policy to maintain sufficient funds in cash and cash equivalents. Furthermore, the Company monitors its ongoing research and development cash requirements and raises equity funding as and when appropriate to meet such planned requirements. The Company has undrawn financing facilities. Trade and other payables, the only financial liability of the Company, are due within 3 months.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

## FINANCIAL LIABILITY AND FINANCIAL ASSET MATURITY ANALYSIS

| | Within 1 Year | | 1 to 5 Years | | Total Contractual Cash Flow | |
|---|---|---|---|---|---|---|
| **Financial assets – cash flows receivable** | **2022 $** | 2021 $ | **2022 $** | 2021 $ | **2022 $** | 2021 $ |
| Trade and other receivables | **37,007,659** | 16,511,722 | **627,579** | 2,229,545 | **37,635,238** | 18,741,267 |
| **Total expected inflows** | **37,007,659** | 16,511,722 | **627,579** | 2,229,545 | **37,635,238** | 18,741,267 |
| **Financial liabilities due for payment realisable** | | | | | | |
| Trade and other payables | **10,222,992** | 11,597,258 | **-** | - | **10,222,992** | 11,597,258 |
| Lease liability | **2,017,863** | 597,929 | **9,264,706** | 2,006,421 | **11,282,570** | 2,604,350 |
| **Total anticipated outflows** | **13,596,281** | 12,195,187 | **9,264,706** | 2,006,421 | **22,860,987** | 14,201,608 |
| **Net (outflow)/inflow on financial instruments** | **24,766,804** | 4,316,535 | **(8,637,127)** | 223,124 | **16,129,676** | 4,539,659 |

## c) Market risk

i. Interest rate risk
The Company's cashflow interest rate risk primarily arises from cash at bank and deposits subject to market bank rates. The Company does not have any borrowings or enter into hedges. An increase/(decrease) in interest rates by 0.5% during the whole of the respective periods would have led to an increase/(decrease) in losses of less than $100,000.

ii. Foreign currency risk
The consolidated Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| **Consolidated** | **2022 $'000** | 2021 $'000 | **2022 $'000** | 2021 $'000 |
| US dollars | **2,435** | 1,519 | **1,980** | 160 |
| British pounds | **8,751** | 7,199 | **12,453** | 557 |
| | **11,186** | 8,718 | **14,633** | 717 |

The consolidated entity had net liabilities denominated in foreign currencies of $3,446,708 (assets of $11,385,836 less liabilities of $14,632,544) as at 30 June 2022 (2021: $8,001,000 (assets of $8,718,000 less liabilities of $717,000). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 5% against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been $1,143,470 lower/$543,557 higher (2021: $160,000 lower/$98,000 higher) and equity would have been $377,286 lower/$164,129 lower (2021: $2.9m lower/$1.7m higher).

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2022 was $113,516 (2021: loss of $124,315).

## d) Fair value measurement

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

Level 1: Quoted prices in active markets for identical items (unadjusted)

Level 2: Observable direct or indirect inputs other than Level 1 inputs

Level 3: Unobservable inputs (i.e. not derived from market data)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below:

| **30 June 2022** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Total Financial Assets | - | - | **-** | - |
| **Financial Liabilities** | | | | |
| Deferred consideration | - | - | - | - |
| Total Financial Liabilities | - | - | **-** | **-** |

| **30 June 2021** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Total Financial Assets | - | - | **-** | - |
| **Financial Liabilities** | | | | |
| Deferred consideration | - | - | 16,031,836 | 16,031,836 |
| Total Financial Liabilities | - | - | **16,031,836** | **16,031,836** |

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.
There were no transfers between levels during the financial year.

## LEVEL 3 ASSETS AND LIABILITIES

Movements in level 3 assets and liabilities during the financial year are set out below:

| Consolidated | Deferred Consideration | Total |
|---|---|---|
| **Balance at 1 July 2020** | **116,381** | **116,381** |
| Final settlement on acquisition of CallN Pty Ltd | (116,381) | (116,381) |
| Additions – Speik (22 December 2020) | 14,387,878 | 14,387,878 |
| Finance costs on unwinding of deferred consideration – 30 June 2021 | 1,068,381 | 1,068,381 |
| Foreign exchange rate restatement – 30 June 2021 | 575,577 | 575,577 |
| **Balance at 30 June 2021** | **16,031,836** | **16,031,836** |
| | | |
| **Balance at 1 July 2021** | **16,031,836** | **16,031,836** |
| Disposals* | (16,031,836) | (16,031,836) |
| **Balance at 30 June 2022** | - | - |

*The deferred consideration is in relation to the acquisition of Speik in FY21. Under the acquisition agreement, the earn-out component of the consideration was scheduled to be paid in mid-2022 subject to achievement of agreed EBITDA targets. However, the earn out payment was accelerated and completed in November 2021 based on Speik's current and projected forward performance to facilitate enhanced integration of the Speik operations into Dubber.

The details of settlement are as follows:

| Deferred consideration | $ |
|---|---|
| 4,700,571 DUB ordinary shares at A$3.23 (share price on settlement date) | 15,182,844 |
| Cash | 2,114,580 |
| **Total deferred consideration on settlement** | **17,297,424** |
| Carrying value of liability on settlement* | 16,928,832 |
| **Fair value gain / (loss) on extinguishment of liability** | **(368,592)** |

*Includes $896,996 of time costs incurred and capitalised to the liability during the period based on initial expected settlement date. These costs have been expensed as a finance cost in the statement of profit or loss and other comprehensive income.

# 17. Auditors' Remuneration

| Remuneration of the auditor of the Company for: | 2022 $ | 2021 $ |
|---|---|---|
| Audit services – BDO Audit (WA) Pty Ltd | **198,800** | 146,200 |
| Audit services – BDO LLP | **66,665** | 77,008 |
| Taxation advice – BDO Corporate Tax (WA) Pty Ltd | **15,997** | 26,601 |
| Advisory Services – BDO Corporate Finance (WA) Pty Ltd | **275,850** | 85,338 |
| **Total** | **557,312** | 335,147 |

# 18. Contingent Liabilities

The Consolidated entity has no material contingent liabilities as at reporting date (2021: Nil).

# 19. Commitments

The Consolidated entity has no material commitments as at reporting date (2021: Nil).

# 20. Operating Segments

**Identification of reportable operating segments**

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. Up to 22 December 2020, the Group managed primarily on the basis that it had only one main operating segment, being the Dubber technology suite. Accordingly, all significant operating decisions were based upon analysis of the Group as one segment.

Due to the acquisition of Speik Ltd during the prior year ended 30 June 2021, the Board now segments the business into geographical regions of the world to effectively review its operations and allocate resources according to opportunities in a total addressable market.

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.

**Intersegment transactions**

An internally determined transfer price is set for all inter-segment sales. This price is based on what would be realised in the event that the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation. Corporate charges are recognised in Other segment which contains the treasury and oversight functions of the group.

**Intersegment receivables, payables and loans**

Where an asset is used across multiple segments, the asset is allocated to the segment that receives majority economic value from that asset. Segment assets are clearly identifiable on the basis of their nature and physical location.

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities includes trade and other payables.

**Unallocated items**

Any items noted below as 'Other' are not allocated to operating segments as they are not considered part of the core operations of any segment in particular.

**Major customers**

Revenues of A$7,467,024 were derived from a single external customer, representing 29% of total revenue. These revenues are attributed to the 'Europe' geographical segment. In the prior year, a separate single external customer with revenues of A$4,565,877 represented 22% of total revenue and was attributed to the 'Rest of World geographical segment.

The Group aggregates two or more operating segments into a single reportable segment when the Group has assessed and determined the aggregated operating segments share economical and geographical characteristics, such as the type of customers for the Group's services and similar expected growth rates and regulatory environment accounting policies applied for internal purposes are consistent with those applied in the preparation of these financial statements.

| Year ended 30 June 2022 | Europe $ | Americas $ | Rest of world $ | Other $ | Total $ |
|---|---|---|---|---|---|
| **Segment income** | | | | | |
| Services income | 17,674,405 | 5,051,100 | 2,619,521 | - | **25,345,027** |
| Other revenue | 12,541 | | 3,658 | 296,549 | **312,748** |
| | **17,686,946** | **5,051,100** | **2,623,179** | **296,549** | **25,657,774** |
| **Segment expenses** | | | | | |
| Direct costs | 5,401,318 | 2,593,511 | 15,502,409 | - | **23,497,239** |
| Operating expenses | 16,343,571 | 11,451,995 | 23,564,573 | 5,530,077 | **56,890,215** |
| Share based payments | 279,837 | 495,098 | 10,744,993 | 8,433,282 | **19,953,211** |
| | **22,024,726** | **14,540,605** | **49,811,975** | **13,963,359** | **100,340,665** |
| **EBITDA** | (4,337,780) | (9,489,504) | (47,188,796) | (13,666,810) | **(74,682,891)** |
| Depreciation and amortisation | 4,690,057 | 151,722 | 2,418,928 | - | **7,260,706** |
| Finance costs | 483,784 | - | 1,627,267 | - | **2,111,051** |
| | **5,173,841** | **151,722** | **4,046,195** | **-** | **9,371,758** |
| **Loss before income tax** | **(9,511,621)** | **(9,641,226)** | **(51,234,991)** | **(13,666,810)** | **(84,054,648)** |
| **Segment assets** | 55,207,910 | 4,467,218 | 90,034,995 | - | **149,710,123** |
| **Segment liabilities** | 15,534,718 | 2,457,042 | 14,927,429 | - | **32,919,188** |
| **Net segment assets** | **39,673,192** | **2,010,176** | **75,107,556** | **-** | **116,790,924** |

| Year ended 30 June 2021 | Europe $ | Americas $ | Rest of world $ | Other $ | Total $ |
|---|---|---|---|---|---|
| **Segment income** | | | | | |
| Services income | 10,730,904 | 3,560,515 | 6,045,891 | - | **20,337,310** |
| Other revenue | 171 | | 2,922,604 | - | **2,922,774** |
| | **10,731,075** | **3,560,515** | **8,968,495** | **-** | **23,260,084** |
| **Segment expenses** | | | | | |
| Direct costs | 2,906,965 | 1,918,019 | 5,516,804 | - | **10,341,788** |
| Operating expenses | 5,750,133 | 3,568,891 | 15,649,767 | 1,579,748 | **26,548,540** |
| Share based payments | - | - | - | 13,842,177 | **13,842,177** |
| | **8,657,098** | **5,486,910** | **21,166,572** | **15,421,925** | **50,732,504** |
| **EBITDA** | 2,073,977 | (1,926,395) | (12,198,077) | (15,421,925) | **(27,472,420)** |
| Depreciation and amortisation | 1,549,723 | 50,704 | 1,445,159 | - | **3,045,586** |
| Finance costs | 77,390 | 12,992 | 1,371,099 | - | **1,461,481** |
| | **1,627,113** | **63,696** | **2,816,258** | **-** | **4,507,067** |
| **Loss before income tax** | **446,864** | **(1,990,091)** | **(15,014,335)** | **(15,421,925)** | **(31,979,486)** |
| **Segment assets** | 47,487,566 | 1,950,431 | 50,896,690 | - | **100,334,687** |
| **Segment liabilities** | 10,618,580 | 1,047,421 | 29,712,650 | - | **41,378,650** |
| **Net segment assets** | **36,868,986** | **903,010** | **21,184,040** | **-** | **58,956,037** |

# 21. Related Party Transactions

## SUBSIDIARIES

The consolidated financial statements include the financial statements of Dubber Corporation Limited and the subsidiaries listed in the following table:

| | Country of Incorporation | Class of Shares | Equity Holding 2022 (%) | Equity Holding 2021 (%) |
|---|---|---|---|---|
| Medulla Group Pty Ltd | Australia | Ordinary | **100** | 100 |
| Dubber Pty Ltd | Australia | Ordinary | **100** | 100 |
| Dubber Ltd | England | Ordinary | **100** | 100 |
| Dubber USA Pty Ltd | Australia | Ordinary | **100** | 100 |
| Dubber, Inc. | United States of America | Ordinary | **100** | 100 |
| Dubber Connect Australia Pty Ltd | Australia | Ordinary | **100** | 100 |
| CallN Pty Ltd | Australia | Ordinary | **100** | 100 |
| Aeriandi Ltd | England | Ordinary | **100** | 100 |
| Dubber UK Holdings Ltd | England | Ordinary | **100** | 100 |
| Voxygen Ltd | England | Ordinary | **100** | 100 |
| Pinch Labs, Inc | United States of America | Ordinary | **100** | - |
| Pinch Labs Pty Ltd | Australia | Ordinary | **100** | - |

## PARENT ENTITY

Dubber Corporation Limited is the ultimate Australian parent entity and ultimate parent of the Group.

## KEY MANAGEMENT PERSONNEL

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of Dubber Corporation Limited's key management personnel for the year ended 30 June 2022.

The totals of remuneration paid to key management personnel of the Company during the year are as follows:

| | 2022 $ | 2021 $ |
|---|---|---|
| Short-term employee benefits | **2,772,376** | 1,788,059 |
| Long-term benefits | **215,181** | 285,618 |
| Post-employment benefits | **182,641** | 119,141 |
| Share-based payments | **10,312,714** | 10,325,085 |
| **Total** | **13,482,912** | 12,517,903 |

## OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Telephony services totaling $2,195 (2021: $2,297) were provided by Canard Pty Ltd, a company associated with Mr Steve McGovern. Trade payables at 30 June 2022 include a balance of $1,095 (30 June 2021: $1,161) payable to Canard Pty Ltd. Intelligent Voice and 1300 MY SOLUTION are businesses associated with Mr Steve McGovern. The Group earned service fee income of $58,844 (2021: $65,815) from Intelligent Voice and $57,511 (2021: $119,036) from 1300 MY SOLUTION. Services totalling $30,000 (2021: $10,000) were provided by Bassplay Pty Ltd, a company associated with Mr Peter Curigliano. Other receivables at 30 June 2022 includes a non-interest bearing amount of $100,977 (30 June 2021: $100,977) receivable from the Medulla Group Pty Ltd vendors, including Mr Steve McGovern and Mr James Slaney.

An amount of 2,392,092 shares have been transferred as collateral for a personal loan for Mr James Slaney. The shares remain beneficially owned by Mr Slaney or a related entity as at 30 June 2022.

All transactions are conducted on normal commercial terms and on an arm's length basis.

# 22. Cash Flow Information

Reconciliation of loss for the year to net cash flows from operating activities

| | **2022**<br>**$** | 2021<br>$ |
|---|---|---|
| Net loss for the year | **(83,238,189)** | (31,697,438) |
| **Non-cash flows in loss:** | | |
| Depreciation and amortisation | **7,260,706** | 3,045,586 |
| Share based payments | **19,953,211** | 13,842,177 |
| Net exchange differences | **(113,516)** | (124,315) |
| **Changes in assets and liabilities:** | | |
| Increase in trade and other receivables | **15,245,738** | 4,306,514 |
| Decrease/(Increase) in trade and other payables | **(7,975,847)** | (6,273,921) |
| Increase in provisions | **6,662,949** | (544,376) |
| Net cash outflows from operating activities | **(42,205,948)** | (17,445,773) |

## NON-CASH FINANCING AND INVESTING ACTIVITIES

(i) 386,277 fully paid ordinary shares at $3.75/share were issued as part of the consideration for the acquisition of the Notiv asset in September 2021.
(ii) 2,533,131 fully paid ordinary shares were issued as the first instalment for the acquisition of Speik in December 2020 and March 2021.
(ii) $9,741,416 additions to lease liabilities and right of use assets during the year.

# 23. Share Based Payments

## VALUE OF SHARE BASED PAYMENTS IN THE FINANCIAL STATEMENTS

| Expensed – directors and other key management personnel remuneration: | 2022 $ | 2021 $ |
|---|---|---|
| Employee options | **10,312,715** | 10,125,806 |
| Fully paid ordinary shares | **-** | 176,500 |
| Loan funded shares | **-** | 22,779 |
| **Sub-total** | **10,312,715** | 10,325,085 |
| **Expensed – other employees' and consultants:** | | |
| Fully paid ordinary shares | **-** | - |
| Employee options | **9,640,496** | 3,517,092 |
| **Sub-total** | **9,640,496** | 3,517,092 |
| **Total** | **19,953,211** | 13,842,177 |

## SHARES

The Company formally offered the following fully paid ordinary shares to employees;

**2022**

| Offer Date | Vesting Date | Balance 01/07/21 | Offered | FPO Shares Issued | Forfeited | Balance 30/06/22 |
|---|---|---|---|---|---|---|
| - | - | - | - | - | - | - |
| **Total** | | **-** | **-** | **-** | **-** | **-** |

**2021**

| Offer Date | Vesting Date | Balance 01/07/20 | Offered | Ord FP Shares Issued | Forfeited | Balance 30/06/21 |
|---|---|---|---|---|---|---|
| 01/12/20 | 12/05/21 | - | 100,000 | 100,000 | - | - |
| **Total** | | - | 100,000 | 100,000 | - | - |

## OPTIONS

Set out below are the summaries of options granted as share based payments:

### 2022

| Grant Date | Expiry Date | Exercise Price | Defer Type | Balance 01/07/21 | Granted | Exercised | Expired or Forfeited | Balance 30/06/22 | Number vested and exercisable |
|---|---|---|---|---|---|---|---|---|---|
| 15/01/19 | 15/01/22 | $0.38 | | 455,290 | - | (455,290) | | - | - |
| 20/09/19 | 20/09/22 | $1.25 | | 70,000 | - | (10,000) | | 60,000 | 60,000 |
| 20/09/19 | 20/09/22 | $0.75 | | 150,000 | - | - | | 150,000 | 150,000 |
| 31/03/20 | 22/03/23 | $0.75 | | 1,210,000 | - | (320,000) | | 890,000 | 890,000 |
| 01/06/20 | 30/11/24 | $2.01 | | - | 125,000* | - | | 125,000 | 125,000 |
| 01/07/20 | 30/06/25 | $0.00 | | - | 808,851* | - | | 808,851 | 808,851 |
| 30/11/20 | 30/06/21 | $0.00 | | 1,250,000 | - | (1,250,000) | | - | - |
| 30/11/20 | 30/06/23 | $0.00 | | 322,985 | - | (322,985) | | - | - |
| 30/11/20 | 30/06/25 | $0.00 | | 3,879,066 | - | - | | 3,879,066 | - |
| 01/12/20 | 30/11/23 | $1.22 | | - | 50,000* | - | | 50,000 | 50,000 |
| 24/03/21 | 31/07/24 | $0.00 | | - | 153,241* | (12,565) | | 140,676 | 140,676 |
| 24/03/21 | 31/07/24 | $1.75 | | - | 900,000 | - | | 900,000 | - |
| 03/05/21 | 31/01/24 | $0.00 | | 718,854 | - | (718,854) | | - | - |
| 03/05/21 | 31/01/24 | $1.80 | | 432,161 | - | (21,111) | | 411,050 | 411,050 |
| 03/05/21 | 31/01/24 | $1.68 | | 75,000 | - | - | | 75,000 | 75,000 |
| 13/05/21 | 12/05/25 | $2.64 | | - | 250,000* | - | | 250,000 | 250,000 |
| 01/06/21 | 31/05/24 | $0.00 | | | 100,000* | - | | 100,000 | 100,000 |
| 01/06/21 | 31/05/24 | $1.60 | | - | 100,000* | - | | 100,000 | 100,000 |
| 08/06/21 | 30/06/25 | $0.00 | | - | 2,244,421* | - | | 2,244,421 | - |
| 08/06/21 | 30/06/23 | $0.00 | | - | 1,187,035 | (1,187,035) | | - | - |
| 19/07/21 | 30/06/23 | $0.00 | | - | 400,000 | (100,000) | | 300,000 | 300,000 |
| 19/07/21 | 30/06/25 | $0.00 | | - | 250,000 | - | | 250,000 | - |
| 26/07/21 | 31/01/24 | $0.00 | | - | 305,129 | (183,620) | | 121,509 | 121,509 |
| 26/07/21 | 31/01/24 | $1.80 | | - | 23,086 | - | | 23,086 | 23,086 |
| 06/08/21 | 06/08/23 | $0.00 | | - | 100,000 | (50,000) | | 50,000 | 50,000 |
| 06/08/21 | 06/08/24 | $0.00 | | - | 100,000 | - | | 100,000 | 100,000 |
| 20/08/21 | 30/06/23 | $0.00 | | - | 454,062 | (454,062) | | - | - |
| 20/08/21 | 30/06/25 | $0.00 | 1 | - | 1,231,811 | - | | 1,231,811 | - |
| 30/09/21 | 30/06/25 | $0.00 | | - | 400,000* | - | | 400,000 | - |
| 30/09/21 | 30/06/26 | $0.00 | | - | 100,000* | - | | 100,000 | - |
| 30/09/21 | 30/06/24 | $0.00 | 2 | - | 185,000 | (85,000) | | 100,000 | - |
| 01/12/21 | 31/12/25 | $0.00 | | - | 2,532,573 | (139,865) | | 2,392,708 | 230,215 |
| 15/03/22 | 31/03/25 | $2.013 | | - | 165,000 | - | | 165,000 | 165,000 |
| 15/03/22 | 31/12/25 | $0.00 | | - | 96,061 | (16,012) | (80,049) | - | - |
| 15/03/22 | 31/03/25 | $0.00 | | - | 1,055,066 | (444,275) | | 610,791 | 610,791 |
| 13/05/22 | 30/09/25 | $0.00 | | - | 125,000 | - | | 125,000 | - |
| **Total** | | | | **8,563,356** | **13,691,336** | **(5,785,623)** | **(80,049)** | **16,389,020** | **5,011,178** |
| **Weighted average exercise price** | | | | **$0.26** | **$0.25** | **$0.08** | | **$0.31** | **$0.70** |

***Options and ZEPOs granted in FY21 but issued in FY22**

## 2021

| Grant Date | Expiry Date | Exercise Price | Defer Type | Balance 01/07/20 | Granted | Exercised | Expired or Forfeited | Balance 30/06/21 | Number vested and exercisable |
|---|---|---|---|---|---|---|---|---|---|
| 20/12/17 | 31/12/20 | $0.80 | | 2,000,000 | - | (2,000,000) | - | - | - |
| 15/01/19 | 15/01/22 | $0.38 | | 790,790 | - | (335,500) | - | 455,290 | 455,290 |
| 20/09/19 | 20/09/22 | $1.25 | | 140,000 | - | (70,000) | - | 70,000 | 70,000 |
| 20/09/19 | 20/09/22 | $0.75 | | 150,000 | - | - | - | 150,000 | 150,000 |
| 31/03/20 | 22/03/23 | $0.75 | | 1,485,000 | - | (275,000) | - | 1,210,000 | 1,210,000 |
| 31/03/20 | 22/03/23 | $0.00 | | 360,000 | - | (360,000) | - | - | - |
| 30/11/20 | 30/06/21 | $0.00 | | - | 1,250,000 | - | - | 1,250,000 | 1,250,000 |
| 30/11/20 | 30/06/23 | $0.00 | | - | 322,985 | - | - | 322,985 | - |
| 30/11/20 | 30/06/25 | $0.00 | | - | 3,879,066 | - | - | 3,879,066 | - |
| 03/05/21 | 31/01/24 | $0.00 | | - | 840,825 | (121,971) | - | 718,854 | 718 854 |
| 03/05/21 | 31/01/24 | $1.80 | | - | 433,272 | (1,111) | - | 432,161 | 432,161 |
| 03/05/21 | 31/01/24 | $1.68 | | - | 75,000 | - | - | 75,000 | 75,000 |
| **Total** | | | | **4,925,790** | **6,801,148** | **(3,163,582)** | **-** | **8,563,356** | **3,642,451** |
| **Weighted average exercise price** | | | | **$0.67** | **$0.13** | **$0.64** | **-** | **$0.26** | **$0.50** |

The assessed fair values of the options were determined using a binomial option pricing model or Black-Scholes model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underling share, expected yield and the risk-free interest rate for the term of the option. For the options granted during the current and previous financial year, the inputs to the model used were:

### Granted to Key Management Personnel:

| Grant date | 19 July 2021[1] | 19 July 2021[1] | 19 July 2021[1] | 13 May 2022[2] |
|---|---|---|---|---|
| Number of options | 300,000 | 100,000 | 250,000 | 125,000 |
| Number of shares | - | - | - | - |
| Vesting date | 20 July 2021 | 30 June 2022 | 30 June 2023 | 30 September 2022 |
| Expense recognised in FY22 ($) | $890,700 | $296,900 | $361,207 | $114,375 |
| Exercise price ($) | 0.00 | 0.00 | 0.00 | 0.00 |
| Dividend yield (%) | - | - | - | - |
| Probability of target | 100% | 100% | 100% | 100% |
| Expected volatility (%) | N/A | N/A | N/A | N/A |
| Risk-free interest rate (%) | 0.16% | 0.16% | 0.16% | 2.89% |
| Fair value per option/ share | $2.969 | $2.969 | $2.969 | $0.915 |
| Expected life of options (years) | 1.96 | 1.96 | 1.96 | 3.39 |

| Grant date | 30 September 2021[3] | 30 September 2021[7] | 30 September 2021[7] | 30 September 2021[7] |
|---|---|---|---|---|
| Number of options | 85,000 | 50,000 | 50,000 | 50,000 |
| Number of shares | - | - | - | - |
| Vesting date | 3 January 2022 | 30 June 2022 | 30 June 2023 | 30 June 2024 |
| Expense recognised in FY22 ($) | $104,890 | $- | $- | $- |
| Exercise price ($) | 0.00 | 0.00 | 0.00 | 0.00 |
| Dividend yield (%) | - | - | - | - |
| Probability of target | 100% | 0% | 0% | 0% |
| Expected volatility (%) | N/A | N/A | N/A | N/A |
| Risk-free interest rate (%) | 0.19% | 0.19% | 0.19% | 0.19% |
| Fair value per option/ share | $1.234 | $1.234 | $1.234 | $1.234 |
| Expected life of options (years) | 2.75 | 3.75 | 3.75 | 3.75 |

| Grant date | 30 September 2021[8] | 30 September 2021[8] | 30 September 2021[8] |
|---|---|---|---|
| Number of options | 50,000 | 50,000 | 50,000 |
| Number of shares | - | - | - |
| Vesting date | 30 June 2022 | 30 June 2023 | 30 June 2024 |
| Expense recognised in FY22 ($) | $20,361 | $8,712 | $5,536 |
| Exercise price ($) | 0.00 | 0.00 | 0.00 |
| Dividend yield (%) | - | - | - |
| Probability of target | 33% | 33% | 33% |
| Expected volatility (%) | N/A | N/A | N/A |
| Risk-free interest rate (%) | 0.19% | 0.19% | 0.19% |
| Fair value per option/ share | $1.234 | $1.234 | $1.234 |
| Expected life of options (years) | 3.75 | 3.75 | 3.75 |

| Grant date | 30 September 2021[4] | 30 September 2021[4] | 30 September 2021[4] |
|---|---|---|---|
| Number of options | 100,000 | 100,000 | 100,000 |
| Number of shares | - | - | - |
| Vesting date | 30 June 2022 | 30 June 2023 | 30 June 2024 |
| Expense recognised in FY22 ($) | $- | $- | $- |
| Exercise price ($) | 0.00 | 0.00 | 0.00 |
| Dividend yield (%) | - | - | - |
| Probability of target | 0% | 0% | 0% |
| Expected volatility (%) | N/A | N/A | N/A |
| Risk-free interest rate (%) | 0.19% | 0.19% | 0.19% |
| Fair value per option/ share | $1.234 | $1.234 | $1.234 |
| Expected life of options (years) | 2.75 | 3.75 | 4.75 |

Granted to Employees:

| Grant date | 26 July 2021 | 26 July 2021 | 6 August 2021 | 6 August 2021 | 20 August 2021 |
|---|---|---|---|---|---|
| Number of options | 23,086 | 305,129 | 50,000 | 50,000 | 454,062 |
| Number of shares | - | - | - | - | - |
| Vesting date | 31 July 2021 | 31 July 2021 | 9 August 2021 | 9 August 2022 | 7 September 2021 |
| Expense recognised in FY22 ($) | $47,012 | $918,438 | $174,500 | $155,533 | $1,602,385 |
| Exercise price ($) | 1.80 | 0.00 | 0.00 | 0.00 | 0.00 |
| Dividend yield (%) | - | - | - | - | - |
| Expected volatility (%) | 100% | N/A | N/A | N/A | N/A |
| Risk-free interest rate (%) | 0.14% | 0.14% | 0.15% | 0.15% | 0.19% |
| Fair value per option/ share | $2.0364 | $3.01 | $3.49 | $3.49 | $3.529 |
| Expected life of options (years) | 2.5 | 2.5 | 2 | 2 | 1.83 |

| Grant date | 20 August 2021[5] | 20 August 2021[6] | 1 December 2021 | 1 December 2021 | 1 December 2021 |
|---|---|---|---|---|---|
| Number of options | 615,906 | 615,905 | 370,080 | 620,831 | 770,831 |
| Number of shares | - | - | - | - | - |
| Vesting date | 30 June 2023 | 30 June 2023 | 17 December 2021 | 17 September 2022 | 17 September 2023 |
| Expense recognised in FY22 ($) | $331,696 | $331,695 | $1,254,571 | $1,531,290 | $841,783 |
| Exercise price ($) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Dividend yield (%) | - | - | - | - | - |
| Expected volatility (%) | N/A | N/A | N/A | N/A | N/A |
| Risk-free interest rate (%) | 0.19% | 0.19% | 0.95% | 0.95% | 0.95% |
| Fair value per option/ share | $3.529 | $3.529 | $3.39 | $3.39 | $3.39 |
| Expected life of options (years) | 3.83 | 3.83 | 4.08 | 4.08 | 4.08 |

| Grant date | 1 December 2021 | 15 March 2022 | 15 March 2022 | 15 March 2022[4] | 15 March 2022[4] |
|---|---|---|---|---|---|
| Number of options | 770,831 | 165,000 | 16,012 | 26,683 | 26,683 |
| Number of shares | - | - | - | - | - |
| Vesting date | 17 September 2024 | 31 March 2022 | 31 March 2022 | 17 September 2022 | 17 December 2023 |
| Expense recognised in FY22 ($) | $540,027 | $97,004 | $18,254 | $- | $- |
| Exercise price ($) | 0.00 | $2.013 | $0.00 | $0.00 | $0.00 |
| Dividend yield (%) | - | - | - | - | - |
| Expected volatility (%) | N/A | 100% | N/A | N/A | N/A |
| Risk-free interest rate (%) | 0.95% | 1.88% | 1.88% | 1.88% | 1.88% |
| Fair value per option/ share | $3.39 | $0.5879 | $1.14 | $1.14 | $1.14 |
| Expected life of options (years) | 4.08 | 3.75 | 3.75 | 3.75 | 3.75 |

| Grant date | 15 March 2022[4] | 15 March 2022 |
|---|---|---|
| Number of options | 26,683 | 1,055,066 |
| Number of shares | - | - |
| Vesting date | 17 December 2024 | 31 March 2022 |
| Expense recognised in FY22 ($) | $- | $1,202,775 |
| Exercise price ($) | $0.00 | $0.00 |
| Dividend yield (%) | - | - |
| Expected volatility (%) | N/A | N/A |
| Risk-free interest rate (%) | 1.88% | 1.88% |
| Fair value per option/ share | $1.14 | $1.14 |
| Expected life of options (years) | 3.75 | 3.75 |

The various deferred vesting options listed above are subject to milestones or vesting dates which are listed below. Probability of achieving these milestones or vesting dates have been assessed at 100% unless otherwise stated.

| Grant # | Class | Vesting condition and proportions | Milestone Date |
|---|---|---|---|
| 1 | STI ZEPOs | The ZEPOs are issued pursuant to the EIP and on the following terms and conditions:<br><br>(a) Entitlement<br>Each Option (ZEPO) entitles the holder to subscribe for one fully paid ordinary share (Share) in the capital of Dubber Corporation Limited (Company) upon the exercise of each ZEPO.<br><br>(b) Exercise price<br>The exercise price of each ZEPO will be nil (Exercise Price).<br><br>(c) Vesting and expiry date<br>If the grant of the ZEPOs are subject to vesting conditions, the relevant number of ZEPOs will vest if the holder has remained in continuous employment with the Company until the relevant dates set out in the offer letter pursuant to which the ZEPOs were offered by the Company.<br><br>300,000 STIs – vesting immediately and expiring 30 June 2023<br>100,000 STIs – vesting on 30 June 2022 subject to continued employment as at that date and expiring 30 June 2023<br>250,000 STIs – vesting on 30 June 2023 subject to continued employment as at that date and expiring 30 June 2025 | 20 July 2021<br>30 June 2022<br>30 June 2023 |
| 2 | Yearly tenure ZEPOs | The ZEPOs vesting is subject to continued employment up to 30 September 2022 in accordance with the terms of the offer. Any ZEPO that does not vest shall automatically lapse.<br><br>The expiry date for the ZEPOs is 30 September 2025. | 30 September 2022 |
| 3 | Sign on ZEPOs | Sign on STIs granted to Chief Technology Officer in accordance with the terms of his service agreement. Grant date is based on date of commencement of employment.<br><br>Underlying share price applied to the valuation is based on Board of Director approval date being 28 March 2022. | 3 January 2022 |

| | | | |
|---|---|---|---|
| 4 | STI Performance Options | The STI ZEPOs shall vest at the end of the relevant financial year based on continued employment with the Company in the existing role in the relevant financial year. The STI ZEPOs will expire 2 years after the relevant financial year.<br><br>Proportion vesting based on:<br>- A positive personal scorecard for the relevant financial year; and<br>- Achievement of core business objectives (six or more) and product releases (six or more)<br><br>Vesting proportions:<br><br>1. 50% - subject to assessment against the Positive Personal Scorecard<br><br>3. Remaining 50% - Core business objectives and/or product releases:<br><br>- 7 or less – Nil<br>- 8 – 10%<br>- 9 – 20%<br>- 10 – 30%<br>- 11 – 40%<br>- 12 – 50%<br><br>As at 30 June 2022, management have assessed that the probability of milestone targets being achieved at 0% and accordingly no expense has been recognised. | End of relevant financial year |
| 5 | LTI ZEPOs A | If the holder remains in continued employment with the Company until 30 June 2023, the LTI ZEPOs shall vest as follows:<br><br>Recurring revenue (50% of LTI ZEPOs). The following proportions of LTI ZEPOs shall vest where recurring revenue for the Group by 30 June 2023 is:<br><br>(A) at or above \$40 million but less than \$60 million: 33% at \$40 million with a straight-line pro rata vesting up to 60%;<br><br>(B) at or above \$60 million but less than \$80 million: 60% at \$60 million with a straight-line pro rata vesting up to 100%; and<br><br>(C) at or above \$80 million: 100%.<br><br>Recurring revenue means operating revenue of the Group for any month multiplied by 12 exclusive of one off revenue fees such as connection fees and any R&D or other grant revenue. | 30 June 2023 |
| 6 | LTI ZEPOs B | If the holder remains in continued employment with the Company until 30 June 2023, the LTI ZEPOs shall vest as follows:<br><br>Agreements for deployments into telecommunication networks (50% of LTI ZEPOs). The following proportions of LTI ZEPOs shall vest where, by 30 June 2023, the Group has agreements in place for the deployment of the Dubber call recording service on to telecommunication service provider networks (whether or not yet active):<br><br>(A) at least 170 but less than 185: 33% at 170 with a straight-line pro rata vesting up to 60%;<br><br>(B) at least 185 but less than 200: 60% at 185 with a straight-line pro rata vesting up to 100%; and<br><br>(C) at or above 200: 100% | 30 June 2023 |

7 LTI Performance Options (Part A)

Continued employment with the Company in existing role in the relevant financial year.

- For Year 1, until at least the first anniversary of commencement;
- For year 2, until at least the second anniversary of the commencement; and
- For year 3, until at least the third anniversary of commencement.

Proportion vesting is based on recurring revenue level:

| Level | Performance | % Vesting |
|---|---|---|
| Year 1 (or part thereof) | $46m - $52m | 33% |
| | Above $52m - $58m | 66% |
| | Above $58m | 100% |
| Year 2 | $67m - $75m | 33% |
| | Above $75m - $84m | 66% |
| | Above $84m | 100% |
| Year 3 | $97m - $109m | 33% |
| | Above $109m - $122m | 66% |
| | Above $122m | 100% |

8 LTI Performance Options (Part B)

Continued employment with the Company in existing role in the relevant financial year.

- For Year 1, until at least the first anniversary of commencement;
- For year 2, until at least the second anniversary of the commencement; and
- For year 3, until at least the third anniversary of commencement.

Proportion vesting is based on numbers of agreements for telecommunication network deployments (active or not):

| Level | Performance | % Vesting |
|---|---|---|
| Year 1 (or part thereof) | 174-179 | 33% |
| | 178-180 | 66% |
| | 181 or more | 100% |
| Year 2 | 197-200 | 33% |
| | 201-203 | 66% |
| | 204 or more | 100% |
| Year 3 | 223-226 | 33% |
| | 227-230 | 66% |
| | 231 or more | 100% |

The weighted average remaining contractual life of share-based payment options that were outstanding as at 30 June 2022 was 2.75 years (2021: 2 years).

The weighted average fair value of share-based payment options granted during the year was $0.05 (2021: $0.13).

# 24. Parent Entity Disclosures

## SUMMARY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

| Statement of financial position | 2022 ($) | 2021 ($) |
|---|---|---|
| Current assets | **46,751,477** | 23,996,568 |
| Non-current assets | **72,326,167** | 92,986,318 |
| Total assets | **119,077,644** | 116,982,886 |
| Current liabilities | **1,886,119** | 1,156,144 |
| Non-current liabilities | **400,601** | 1,579,585 |
| Total liabilities | **2,286,720** | 2,735,729 |
| **Net assets** | 116,790,924 | 114,247,157 |
| **Equity** | | |
| Issued capital | **273,473,707** | 131,169,286 |
| Reserves | **26,922,514** | 21,467,471 |
| Accumulated losses | **(183,605,297)** | (38,389,600) |
| Total equity | **116,790,924** | 114,247,157 |
| Loss for the year | **(13,569,937)** | (16,058,990) |
| **Total comprehensive loss** | (13,569,937) | (16,058,990) |

The parent entity had no capital commitments or contingent liabilities at 30 June 2022 or 30 June 2021.

## 25. Events Subsequent to Year End

On 9 August 2022, the Group announced the appointment of Sarah Diamond as a Non-Executive Director. Subject to shareholder approval, Ms Diamond will be invited to participate in the Group's equity incentive scheme and be granted the following securities subject to the Group's equity incentive scheme rules:

- 96,988 zero exercise price options (or equivalent RSUs); and
- 600,000 remuneration options exercisable at $1.75 each on or before 31 July 2024

### RECONCILIATION TO APPENDIX 4E PRELIMINARY FINAL REPORT

The Group lodged its Appendix 4E Preliminary Final Report with the Australian Securities Exchange on 30 August 2022.

Subsequent to the lodgement, the following transactions have been recorded into the Group's Consolidated Financial Report as outlined below:

- A provision for doubtful debt expense relating to trade debtors was raised at 30 June 2022 for an amount of A$8,160,943. Refer further details as included in Note 5 and Note 16; and
- A$10,327,942 was initially recognised as revenue in the year ended 30 June 2022 and was reversed following management's assessment that the likelihood of the group collecting this consideration to which it was entitled to under the contracts was not probable.

The net impact of the adjustments outlined above on the Consolidated Statement of Profit or Loss is an increase in loss of A$18,488,886.

In addition, certain amounts in the accounts of the Consolidated Statement of Financial Position, have been impacted, which resulted in a reduction in Net Assets of A$18,511,803.

No other matters or circumstances have arisen since the end of the financial year.

“By 2025, 75% of conversations at work will be recorded and analyzed, enabling the discovery of added organizational value or risk.”

Gartner

# Directors' Declaration

08.

# DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001, and:

    i. comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    ii. give a true and fair view of the financial position of the Company as at 30 June 2022 and of its performance for the financial year ended on that date.

2. The Managing Director and Chief Financial Officer have each declared that:

    i. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

    ii. the financial statements and notes for the financial year comply with the accounting standards; and

    iii. the financial statements and notes for the financial year give a true and fair view.

3. In the opinion of the Directors' there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

4. Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Board of Directors.

**Peter Clare**
Non-Executive Chairman

Dated: 7 October 2022

# Independent Auditor's Report

09.

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INDEPENDENT AUDITOR'S REPORT

To the members of Dubber Corporation Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Dubber Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue recognition

| *Key audit matter* | *How the matter was addressed in our audit* |
|---|---|
| The Group recognises revenue in accordance with AASB 15 *Revenue from Contracts with Customers* (AASB 15).<br>There are complexities and judgements associated with interpreting key revenue contracts entered into by the Group against the requirements of the accounting standard.<br>This area is a key audit matter due to:<br>• the significance of revenue to the financial report; and<br>• revenue being one of the key drivers to the Group's performance. | Our audit procedures included but were no limited to the following:<br>• Challenging management's assessment of the performance obligations promised to customers within a contract;<br>• Obtaining and reviewing a sample of contracts, considering the terms and conditions, performance obligations of these arrangements and assessing the accounting treatment under AASB 15;<br>• Assessing and challenging management's position on certain contracts against the criteria for revenue recognition in particular relating to probability of collection of consideration which it is entitled to;<br>• Performing analytical procedures to understand movements and trends in revenue for comparisons against expectations;<br>• Agreeing, for a sample of revenue transactions, the amounts recorded by the Group to supporting documentation to confirm the existence and accuracy of the revenue recognised and to consider whether the transaction was recorded in the correct period;<br>• Performing cut-off procedures to ensure that all revenue was captured in the appropriate financial year; and<br>• Assessing the adequacy of the relevant disclosures in Note 1 and Note 2 within the financial report. |

## Recoverability of trade receivables

| *Key audit matter* | *How the matter was addressed in our audit* |
| --- | --- |
| Refer to Note 1, Note 5 and Note 16(a) of the financial report for a description of the accounting policy and significant estimates and judgements applied to Trade Receivables.<br><br>In accordance with AASB 9 *Financial Instruments*, at the end of each reporting period, management are required to assess whether there is any objective evidence that these assets are impaired. For the year ended 30 June 2022, in line with the Group's accounting policy, the Group took the decision to recognise an impairment of $8,958,047 due to a significant failure by a customer to make contractual payments under their repayment plan.<br><br>Due to the subjectivity involved in determining whether there is any objective evidence of impairment on these assets, we have determined that the recoverability of trade receivables is a key audit matter. | Our procedures included, but were not limited to the following:<br><br>• Reviewing the terms and conditions of the contractual arrangements of the receivables;<br>• Challenging management's assumptions regarding the level of impairment against the ageing of receivables;<br>• Assessing the impairment methodology with reference to relevant accounting standards and market practices;<br>• Holding discussions with management as to the credit risk of the counterparty, and whether this information is consistent with management's impairment assessment position;<br>• Considering whether any other data exists which would constitute indicators of impairment including debtor failure to make contractual payments agreed with the Group; and<br>• Assessing the adequacy of the related disclosures in the financial report. |

## Impairment assessment

| *Key audit matter* | *How the matter was addressed in our audit* |
| --- | --- |
| Note 7 in the financial report discloses the assets and the assumptions used by the Group in testing these assets for impairment.<br><br>This was determined to be a key audit matter as management's assessment of the recoverability of the intangible assets is supported by a fair value less costs of disposal model which requires the use of estimates and judgements. | Our procedures included, but were not limited to:<br><br>• Evaluating the Group's identification of Cash Generating Units ("CGUs") and the allocation of goodwill to the carrying value of CGUs based on our understanding of the Group's business;<br>• Making enquiries with management and considering the external market evidence on the impairment assessment; |

| *Key audit matter* | *How the matter was addressed in our audit* |
|---|---|
| These include judgements and estimates over the multiple of revenue applied and costs of disposal. | • Assessing the reasonableness of key assumptions used in the models prepared by management and their experts;<br>• In conjunction with our internal valuation specialists, assessing the reasonableness of assumptions, mathematical accuracy and methodology applied within the impairment models;<br>• Assessing the adequacy of the related disclosures in the financial report including in Note 1 and Note 7. |

## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor’s report.

## Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 32 to 54 of the directors’ report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Dubber Corporation Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth

7 October 2022

# Shareholder Information

10.

# ADDITIONAL SHAREHOLDER INFORMATION

The following additional information is current as at 30 September 2022.

## CORPORATE GOVERNANCE:

The Company's corporate governance statement is available on the Company's website at: www.dubber.net/investors/investor-centre

## SUBSTANTIAL SHAREHOLDER:

| Holding ranges | Holders | Total units | % issued share capital |
|---|---|---|---|
| above 0 up to and including 1,000 | 4,724 | 2,321,226 | 0.76% |
| above 1,000 up to and including 5,000 | 4,750 | 12,128,939 | 3.97% |
| above 5,000 up to and including 10,000 | 1,683 | 12,844,024 | 4.20% |
| above 10,000 up to and including 100,000 | 2,314 | 68,579,170 | 22.45% |
| above 100,000 | 381 | 209,611,893 | 68.62% |
| **Totals** | **13,852** | **305,485,252** | **100.00%** |

There are 4,049 shareholders with less than a marketable parcel.

## VOTING RIGHTS

Each fully paid ordinary share carries voting rights of one vote per share.

## TOP 20 HOLDERS OF ORDINARY SHARES

| Position | Holder Name | Holding | % IC |
|---|---|---|---|
| 1 | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 29,516,718 | 9.66% |
| 2 | UBS NOMINEES PTY LTD | 18,980,973 | 6.21% |
| 3 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 12,820,433 | 4.20% |
| 4 | STEVE MCGOVERN NOMINEES PTY LTD | 6,605,038 | 2.16% |
| 5 | CITICORP NOMINEES PTY LIMITED | 6,190,119 | 2.03% |
| 6 | NATIONAL NOMINEES LIMITED | 3,145,634 | 1.03% |
| 7 | VENN MILNER SUPERANNUATION PTY LTD | 3,078,272 | 1.01% |
| 8 | BOSTON FIRST CAPITAL PTY LTD | 2,590,000 | 0.85% |
| 9 | MOSCH PTY LTD | 2,509,524 | 0.82% |
| 10 | ONE MANAGED INVESTMENT FUNDS LIMITED <TI GROWTH A/C> | 2,148,536 | 0.70% |
| 11 | MR STUART JAMES HERCULES | 1,810,000 | 0.59% |
| 12 | STEPHEN MCGOVERN | 1,802,632 | 0.59% |
| 13 | MRS PENELOPE SLANEY <P J SLANEY FAMILY A/C> | 1,729,570 | 0.57% |
| 14 | BNP PARIBAS NOMS PTY LTD <DRP> | 1,640,534 | 0.54% |
| 15 | ONE MANAGED INVESTMENT FUNDS LIMITED <TI ABSOLUTE RETURN A/C> | 1,578,389 | 0.52% |
| 16 | BAY 88 PTY LTD <JOSEPH CAMUGLIA S/FUND A/C> | 1,550,000 | 0.51% |
| 17 | ISLE OF WIGHT PTY LIMITED <MACKINNON FAMILY A/C> | 1,457,800 | 0.48% |
| 18 | 4SIGHT NOMINEES PTY LTD | 1,428,572 | 0.47% |
| 19 | FISHERS STORES MANAGEMENT PTY LTD <FISHERS EMP PROVIDENT A/C> | 1,410,356 | 0.46% |
| 20 | VAULT (WA) PTY LTD <VAULT A/C> | 1,338,157 | 0.44% |
| | Total | 103,331,257 | 33.83% |
| | **Total issued capital - selected security class(es)** | **305,485,252** | **100.00%** |

## UNQUOTED EQUITY SECURITIES

| Number | Number of holders | Class | Holder |
|---|---|---|---|
| 870,000 | 27 | ESOP $0.75 VESTING 29/05/20 EXPIRY 22/03/23 | EIP |
| 100,000 | 1 | STI ZEPO EXPIRING 30/06/2023 | EIP |
| 3,879,066 | 2 | LTI ZEPO EXPIRING 30/06/2025 | EIP |
| 96,509 | 6 | ZEPO'S EXPIRING 31/01/2024 | EIP |
| 434,136 | 20 | ESOP $1.80 EXPIRY 31/01/2024 | EIP |
| 75,000 | 1 | ESOP $1.68 EXPIRY 31/01/2024 | EIP |
| 50,000 | 1 | ESOP $1.21 EXPIRY 30/11/2023 | EIP |
| 100,000 | 1 | ESOP $1.60 EXPIRY 31/05/2024 | EIP |
| 100,000 | 1 | ESOP $NIL EXPIRY 31/05/2024 | EIP |
| 110,998 | 2 | ESOP $NIL EXPIRY 31/07/2024 | EIP |
| 900,000 | 2 | ESOP $1.75 EXPIRY 31/07/2024 | EIP |
| 4,935,083 | 5 | ESOP $NIL EXPIRY 30/06/2025 | EIP |
| 250,000 | 1 | ESOP $1.165 EXPIRY 12/05/2024 | EIP |
| 250,000 | 1 | ESOP $2.64 EXPIRY 12/05/2025 | EIP |
| 50,000 | 1 | ZEPO'S EXPIRING 06/08/2023 | EIP |
| 100,000 | 1 | ZEPO'S EXPIRING 06/08/2024 | EIP |
| 211,486 | 2 | ZEPO'S VEST 17/12/2021 EXP 31/12/2025 | EIP |
| 453,523 | 6 | ZEPO'S VEST 17/09/2022 EXP 31/12/2025 | EIP |
| 770,831 | 9 | ZEPO'S VEST 17/09/2023 EXP 31/12/2025 | EIP |
| 770,831 | 9 | ZEPO'S VEST 17/09/2024 EXP 31/12/2025 | EIP |
| 456,733 | 12 | ZEPO'S VEST 31/03/2022 EXP 31/03/2025 | EIP |
| 100,000 | 1 | ZEPO'S EXP 30/06/2024 | EIP |
| 100,000 | 1 | ZEPO'S VEST 30/06/2024 EXP 30/06/2026 | EIP |
| 165,000 | 4 | UNL OPT @ $2.013 VEST 31/3/22 EX 31/3/25 | EIP |
| 125,000 | 1 | UNL OPT @$2.013 VEST 1/12/21 EX 30/11/24 | EIP |
| 1,326,238 | 52 | ZEPO'S VEST 30/09/2022 EXP 30/09/2025 | EIP |

# Get in touch ↗



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