



Investors rally around Dubber

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Body

Embattled call recording software company Dubber is counting on the support of its major customers as its board works to keep the company afloat.

The company's products are used by large corporations including Cisco, Microsoft, Vodafone in Britain and the Danish national carrier, and investors see it as worth saving.

While the company and backers have declined to comment, the market was left reeling when Dubber last Friday said it had suspended chief executive, Steve McGovern, after funds totalling almost a third of its market value, were "applied for other purposes".

Big investors, including Melbourne billionaire Alex Waislitz, who holds a 15 per cent stake via his TIGA fund, are now monitoring the situation, as the company tries to stay afloat.

Dubber is chasing millions of dollars shifted away from a \$30m interest bearing term deposit, believed to have been held with National Australia Bank. It puts its maximum exposure at about \$26.6m and Melbourne-based legal firm Christopher William Legal, which acted as trustee, is assisting.

Investors said they wanted to support the company due to its healthy business growth, which is regarded as separate to the dramatic financial issues that emerged last week. While the company's core operations are seen as valuable after they were restructured last year, the strain could prompt big changes in how the company is run and for its register.

Dubber is understood to be working through proposals that would see a short-term funding package assembled in order to ensure it can continue as a going concern and auditor EY can sign off on its half-year accounts.

Once this has been locked down, it is likely big backers would be sought for an equity raising to replenish the balance sheet while any misapplied funds are traced and recovered. Unified Capital Partners has been linked to a potential raising but may seek to sub-underwrite the deal with institutional backers.

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The Australian understands the chief executive is co-operating with the company, as is Christopher William Legal. There is no suggestion that either has acted illegally and the firm has declined to comment.

Any equity raising is likely to come at a relatively deep discount to the company's previous value and it will also take time to win back market trust, observers said. Investors would be asked to separate the financial problems caused by the unauthorised use of funds and Dubber's healthy operational performance.

In his update in last year's annual report, Mr McGovern said fiscal 2023 was a year of significant improvement with accelerating revenue growth across the year, record cash receipts and a significant restructure.

Dubber launched what it called game changing AI-powered conversation intelligence solutions last June, and early demand from customers was strong. The company then expected \$45m revenues in this financial year, a 50 per cent jump on last financial year, off a substantially lower cost base.

Dubber is considered a disrupter in the multi-billion dollar call recording industry and is expected to break-even on cash flows in fiscal 2025. Mr McGovern wrote in the report that the rise in awareness and consumerisation of AI, mainly via ChatGPT, had been a significant advantage for Dubber, and it was a key part of its vision.

He said Dubber's growth ambitions depended on partnerships with the communications service provider networks globally and these groups want the company's services to continue.

Dubber technology has been used in migrating recording services for Vodafone in Britain and Nuuday, the national carrier of Denmark, from legacy offerings, and the company pushed into the Americas alongside continued growth in Europe, Asia and North America. It also realised opportunities in multiple sectors for Microsoft Teams, for which it sports a unique capability, and Cisco with which it has ties in the Webex Calling subscription product.

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