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Dubber Corporation Limited (DUB)

Estimates revised significantly post Q3 Report – Downgrade to Hold

RECOMMENDATION   Hold (High Risk)

Risk Rating	**High**
12-mth Target Price (AUD)	**$1.05 (was $4.50)**
Share Price (AUD)	$1.01
12-mth Price Range	$0.88 - $4.33
Forecast 12-mth Capital Growth	4.0%
Forecast 12-mth Dividend Yield	0.0%
12-mth Total Shareholder Return	**4.0%**
Market cap ($m)	307.9
Net debt (net cash)($m)(Mar 22)	(95.2)
Enterprise Value ($m)	212.7
Gearing (Net Debt/ Equity)	na (net cash)
Shares on Issue (m)	304.8
Options / Perf rights on Issue (m)	16.2
Sector	Software
Average Daily Value Traded ($m)	$3.68m
ASX 300 Weight	0.1%

Financial Forecasts					
Years ending Jun $m	**20(A)**	**21(A)**	**22(e)**	**23(e)**	**24(e)**
ARR (end)	16.1	39.0	60.0	0.0	0.0
Sales revenue	9.6	20.3	37.1	53.8	73.3
Sales growth	74%	111%	83%	45%	36%
Cash operating costs	-23.2	-36.9	-68.3	-81.1	-92.1
EBITDA	-15.9	-27.5	-50.6	-41.3	-32.8
NPAT (reported)	-18.0	-31.7	-57.8	-48.7	-41.3
NPAT (adjusted)	-18.0	-31.7	-57.5	-48.7	-41.3
EPS (adjusted)	-9.3	-13.3	-17.9	-15.2	-12.9
DPS	0.0	0.0	0.0	0.0	0.5
OCF / share	-6.6	-7.5	-12.3	-9.4	-6.7
Valuation Metrics					
P/E (adj)	-10.9x	-7.6x	-5.6x	-6.7x	-7.9x
P / OCF	-15.4x	-13.5x	-8.2x	-10.8x	-15.1x
EV / Sales	30.3x	13.7x	6.0x	4.7x	3.8x
EV / Ebitda	-18.4x	-10.1x	-4.4x	-6.2x	-8.5x
Cash from Operations	-12.7	-17.9	-39.6	-30.1	-21.5
Net Cash (Net Debt)	15.9	29.4	85.6	53.5	29.8

DUB SHARE PRICE PERFORMANCE

SUMMARY

Dubber is a leading global provider of unified Voice and Video recording for Compliance purposes, Sales & Customer support, and other purposes. Dubber is the only service that can capture conversations from office phones, mobiles, call centres, Webex, Microsoft Teams, Zoom, and others.

Dubber has been embedded in the core networks of 170+ Telco service providers and can be switched on with a click, with no hardware or bespoke software applications required.

Every call or conversation is captured automatically, stored securely in the Dubber Voice Intelligence Cloud, enriched with Artificial Intelligence (AI), and available instantly as a replay or insightful transcription, with real-time search, sentiment analysis, programmable alerts and notifications.

Dubber's vision is to capture all calls within an organisation, to create rich Voice Data to power new AI Applications to provide compliance alerts, business insights, productivity and work-flow improvements and more.

Dubber has secured important strategic relationships with Cisco Systems and IBM which share Dubber's Voice Data / AI vision.

Q3 Report

- ARR $55.1m (v $51.8m Q2 +6%) and (v $34.0m pcp +62%).
- Q3 revenue $9.25m +40% on pcp; $25.9m YTD +83% including acquisitions (we est. organic growth of +37%).
- Q3 cash costs $18.7m (v $20.6m in Q2 -9%) and (v $12.3m pcp +52%) including acquisitions (Speik and Notiv).
- Q3 cash burn -$9.9m and -$30.4m YTD (v -$12.2m pcp).
- Closing cash $97m at end-March (v $108m end-Dec) enough for 2.5 years at the current burn rate.
- 171 Telcos contracted, +1; 117 Telcos now billing, +6.
- BT Group (British Telecom) and Optus Mobile signed in Q2, both Tier 1 telcos, we consider very encouraging.
- Cisco relationship growing, but no new detail provided. DUB now receives a Foundation Partner base fee (from 3/6/21).

Changes in Forecasts

- Revenue growth was strong, but below our forecasts. We reduce our revenue estimates by -17% -23% and -30% for FY22 / 23 / 24. Cost were significantly higher than our forecast. NPAT (NLoss) downgraded significantly.
- Our DCF valuation has turned negative.

Investment thesis and recommendation

- Base business improving with increasing Telco penetration and rising ARPU and Average revenue per Telco (ARPT). But rapidly rising costs are a big concern for us.
- BT Group plc win for Meetings confirms Dubber growth prospects for Webex / Teams / Zoom collaboration platforms. Dubber confident of further expansion with BT in time.
- Dubber's AI strategy is potentially exciting but not yet proven, with <3% of FY21 revenues from AI activities. Cisco & IBM involvement is promising, but still too early to call. Encouraging that Optus Mobile win specifically noted Dubber Ai potential.
- We lower our valuation to $1.05 (from $4.50). Our recommendation is now Hold (previously Buy).

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What has changed?

We review Dubber's Q3 report and 1H22 result in this document. We also caught up with senior Dubber management to answer all of our questions.

1. **Base business:** going well with good growth in all key operating metrics.
2. **Speik acquisition (UK):** Ahead of Dubber expectations. **Telefonica UK (O-2)** is still on Speik's legacy hardware-based call recording platform, but now being routed through Dubber platform ahead of a full migration. Dubber expects substantial expansion. **Vodafone** was an existing Speik client for PCI compliant payments software, but now also using Dubber for call recording, as expected.
3. **Notiv acquisition:** Now upgraded and rebadged as "Dubber Notes". This is generating a lot of interest from Telcos. This product is more than just a transcription product. It can identify action points (which Dubber is working to develop further into automated text notifications, or "widgets") and meeting summaries. So it has an Ai and productivity aspect as well as the base call recording and transcription function. Dubber wants more "embeddable products" like Notes, as these expand Dubber's total addressable market (TAM) opportunity, and offer new revenue opportunities for Telco partners. More acquisitions possible, but Dubber will be highly selective, to preserve cash.
4. **BT (British Telecom)**: New contract announced to ASX 2/12/21 for Dubber to be embedded into BT's Meeting suite (unified call recording "UCR", spanning Microsoft Teams, Zoom and Cisco Webex). Multi-year agreement will see BT deliver UCR to multi-national organisations globally including major and mid-sized banks and financial services companies. 60,000 seats sold of which 30,000 being deployed across ~ 6 initial banks. Billing has commenced and will ramp up over next 12-months. Minimum revenue agreed from BT, plus additional revenues determined by uptake of the service by BT customers. Dubber confident of expansion into other BT networks (7-8 different networks). Dubber Notes (Notiv acquisition) is also part of this, as an "embeddable" value-add service. Dubber has 6 staff dedicated to this major account. Dubber highly engaged.
5. **Financial Services customers are long-term –** Because call recordings in the UK financial sector have to be retained for 7 years, Dubber says its major Telco customers which support these institutions are effectively committing to Dubber for 7+ years too, even though the typical Dubber contract is only ~3 years. As the only recording solution that can capture all calls / meetings (office desktop calls, mobile calls, plus Microsoft Teams, Zoom and Cisco Webex), switching away from Dubber should be virtually impossible.
6. **Optus**: Optus Loop contract announced 29/3/19 for hybrid fixed and mobile for SME's; New contract for Optus Mobile **enterprise customers** announced 13/12/21. Optus Mobile is the service provider for 3 of the big 4 banks. So Dubber expects significant growth at this account in the next year or so.
7. **Cisco relationship** – Cisco Foundation Partner deal announced 3/6/21. Dubber receives a base foundation fee quarterly, plus upsell revenues billed monthly.
8. **IBM relationship** – Embedded Solutions Agreement announced 24/10/18. Dubber says it is getting substantial revenues and referrals from IBM overseas and in Australia. Relationship definitely growing.
9. **Ai (Artificial Intelligence)** – Dubber's strategy to create "Voice intelligence data" by recording and transcribing all calls at a customer, and turn that into

actionable insights, is still in its infancy. Ai still represents just ~3% of group revenue. Cisco and IBM are enthusiastic and highly supportive about Dubber's potential here, as it should also benefit their businesses if Dubber is successful in creating a whole new genre of data and uses from voice data. Dubber told us that its customers in the UK are probably the most advanced in their thinking of possible deployments. Dubber Notes (Notiv acquisition) is also a key part of this.

10. **Costs** – Dubber's costs have increased significantly since the $105m capital raising in July 2021, as Dubber built a larger team and capability to support new customers and future revenue growth that hasn't arrived yet. As described above, Dubber is confident the revenue growth is coming. A proviso to this is the major Telcos and Financial Services customers are typically huge organisations and it takes time for things to happen.

Changes in estimates

We have made significant downgrades to our forecasts, following a detailed review of Dubber's March quarterly report (Q3) and also the 1H22 results.

- Revenue forecasts lowered by -17% / -23% / -30% for FY22 / FY23 / FY24 on more conservative growth assumptions.
- COGS + cash costs increased by $16.6m (32%), $16.0m (25%) and $13.3m (17%) for FY22 / FY23 / FY24 on our previous forecasts.
- We also factor in higher share-based payments (SBP's) for all 3 forecast years.
- NPAT (NLoss) reduced by -$42.6m, -$45.2m and -$58.6m for FY22 / FY23 / FY24 on more conservative assumptions.

DUB: Changes in Estimates	**FY21A**		**FY22e**			**FY23e**			**FY24e**	
Years ending June $m		**Old**	**New**	**Change**	**Old**	**New**	**Change**	**Old**	**New**	**Change**
ARR (end)	**39.0**		**60.0**							
Sales revenue	**20.3**	**44.5**	**37.1**	**-17%**	**70.0**	**53.8**	**-23%**	**104.9**	**73.3**	**-30%**
Sales growth	110.8%	118%	83%		57%	45%		50%	36%	
Revenue to prior period ARR	126%		95%			90%				
Cost of sales	-10.3	-21.1	-21.9	4%	-31.5	-29.6	-6%	-42.0	-36.6	-13%
Gross profit	**10.0**	**23.4**	**15.2**	**-35%**	**38.5**	**24.2**	**-37%**	**62.9**	**36.6**	**-42%**
Gross profit margin %	49.1%	52.5%	41.0%	-12%	55.0%	45.0%	-10%	60.0%	50.0%	-10%
Other revenue (Govt grants etc)	2.9	0.5	0.6		0.0	0.0		0.0	0.0	
Cash Operating costs	-26.5	-30.6	-46.4	52%	-33.6	-51.5	53%	-36.8	-55.4	51%
Share-based payments	-13.8	-5.0	-20.0	300%	-5.0	-14.0	180%	-5.0	-14.0	180%
Operating costs	**-40.4**	**-35.6**	**-66.4**	**86%**	**-38.6**	**-65.5**	**70%**	**-41.8**	**-69.4**	**66%**
Operating costs % of Sales	-199%	-80%	-179%	123%	-55%	-122%	121%	-40%	-95%	138%
COGS + Cash costs	**-36.9**	**-51.7**	**-68.3**	**32%**	**-65.1**	**-81.1**	**25%**	**-78.8**	**-92.1**	**17%**
EBITDA	**-27.5**	**-11.8**	**-50.6**	**329%**	**-0.1**	**-41.3**	**53487%**	**21.1**	**-32.8**	**-255%**
Ebitda margin	-135.1%	-26.5%	-136.2%	-110%	-0.1%	-76.9%	-77%	20.1%	-44.7%	-65%
Depn & Amortisation	-3.0	-3.5	-4.8	37%	-3.9	-5.3	37%	-4.2	-5.8	37%
EBIT	**-30.5**	**-15.3**	**-55.4**	**262%**	**-3.9**	**-46.6**	**1087%**	**16.9**	**-38.6**	**-328%**
Ebit margin	-150.1%	-34.4%	-149.1%	-115%	-5.6%	-86.6%	-81%	16.1%	-52.6%	-69%
NPAT (reported)	-31.7	-14.9	-57.8	288%	-3.5	-48.7	1282%	17.3	-41.3	-339%
NPAT (normalised)	**-31.7**	**-14.9**	**-57.5**	**286%**	**-3.5**	**-48.7**	**1282%**	**17.3**	**-41.3**	**-339%**
EPS (normalised)	**-13.3**	**-4.9**	**-17.9**	**266%**	**-1.2**	**-15.2**	**1211%**	**5.7**	**-12.9**	**-327%**
DPS	0.0	0.0	0.0	n/a	0.0	0.0	n/a	0.5	0.5	n/a
Balance Sheet:										
Net cash (debt)	29.4	94.2	85.6	-9%	88.1	53.5	-39%	103.1	29.8	-71%
Shares on issue (year-end)	256.2	298.6	304.8	2%	301.6	307.8	2%	302.9	309.2	2%
Cash Flow:										
Cash from operations	-17.9	-19.6	-39.6	102%	-5.8	-30.1	418%	15.5	-21.5	-239%

Source: Sequoia estimates

Q3 Report

We analyse Dubber's March quarter report in detail below.

DUB: Analysis of Quarterly Cash Flows Years ended June ($m)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	Q3 Growth QonQ	Q3 Growth Vs pcp	FY21 9 mths	FY22 9 mths	Growth Vs pcp	Our Comments
1. Receipts from customers	**2.8**	**4.2**	**6.6**	**6.7**	**9.1**	**5.6**	**8.5**	**51%**	**30%**	**13.5**	**23.2**	**72%**	Receipts +51% on Q2 and +30% on pcp
1a. Other Revenue (Government Grants)	0.5	2.0	0.3	0.0	0.002	0.002	0.3	15050%	2%	2.8	0.3	-89%	We expect DUB no longer qualifies for R&D grants
1b. Cash receipts growth on QoQ	67%	54%	54%	3%	35%	-38%	51%						
1c. Cash receipts growth on pcp	113%	244%	366%	309%	231%	32%	30%						
2. Cash Payments													
Research & development	(0.3)	(0.3)	(0.3)	(0.2)	(0.3)	(0.3)	(0.5)	65%	66%	(0.8)	(1.1)	30%	R&D accelerating, up 66% on pcp and +30% YTD
Product manufacturing	(2.5)	(6.0)	(5.1)	(6.0)	(7.3)	(8.3)	(7.3)	-12%	43%	(13.6)	(22.8)	68%	Up 43% on pcp and +68% YTD
Advertising and marketing	(0.0)	(0.2)	(0.2)	(0.4)	(0.4)	(0.8)	(0.8)	5%	302%	(0.4)	(1.9)	369%	Up 302% on pcp and +369% YTD
Staff costs	(2.6)	(3.6)	(5.6)	(5.2)	(6.3)	(10.0)	(9.1)	-8%	63%	(11.8)	(25.4)	114%	Up 63% on pcp and +114% YTD (incl acqns)
Admin & corporate costs	(0.3)	(0.7)	(1.1)	(0.8)	(0.7)	(1.3)	(1.1)	-16%	-7%	(2.2)	(3.1)	41%	Down 7% on pcp, but up 41% YTD
Interest received (paid)	0.2	0.0	(0.0)	0.0	0.2	0.0	0.0	0%	-108%	0.2	0.2	-7%	
Tax & Other	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0			0.0	0.0	0%	
Cash expenses	**(5.5)**	**(10.8)**	**(12.3)**	**(12.6)**	**(14.7)**	**(20.6)**	**(18.7)**	**-9%**	**52%**	**(28.6)**	**(53.992)**	**89%**	Q3 up 52% on pcp, up 89% YTD (incl acqns)
2b. Cash expenses growth on QoQ	13%	95%	15%	2%	17%	40%	-9%						
2c. Cash expenses growth on pcp	17%	110%	114%	157%	166%	91%	52%						
2d. Est expenses of Spek acqn incl above (a	0.0	(0.3)	(2.9)	(3.5)	(3.5)	(3.5)	(3.5)			(3.1)	(10.5)	234%	We estimate $7.4m of the cost increase is Speik
3. Operating Cash flow	**(2.2)**	**(4.5)**	**(5.5)**	**(5.8)**	**(5.6)**	**(14.9)**	**(9.9)**	**-34%**	**81%**	**(12.2)**	**(30.4)**	**149%**	Q3 burn $9.9m +81% on pcp; YTD $30.5m +149%
4. Investing Cash Flow													
Property Plant & Equipment	(0.0)	(0.0)	(0.1)	(0.1)	(0.8)	(1.1)	(0.9)	-22%	1118%	(0.2)	(2.7)	1561%	$2.7m spend on PPE is unusual for a tech coy
Acquisition of Businesses	(0.0)	(13.8)	(0.5)	(0.0)	(4.8)	(2.1)	(0.0)	-100%	-100%	(14.3)	(7.0)	nm	Notiv acqn 20/9/21 $4.8m; Speik earn-out $2.1m
Other - Bonds returned (deposited)	(1.5)		1.5	0.0	0.0	(0.1)	(0.0)	-76%	-101%	0.0	(0.1)	-771%	
Total Investing Cash Flow	**(1.6)**	**(13.8)**	**1.0**	**(0.1)**	**(5.6)**	**(3.3)**	**(0.9)**	**-73%**	**-192%**	**(14.4)**	**(9.8)**	**-32%**	
Cash from financing - Equity	(0.0)	45.4	0.1	0.2	105.8	0.0	0.2	269%	131%	45.4	106.0	133%	$110m placement in July 2021 ($2.95), less costs
Cash from Financing - Debt	0.0	0.6	(0.1)	0.0	0.0	(0.0)	0.0	-100%	-100%	0.6	0.0	nm	
5. Cash from Financing	**(0.0)**	**46.0**	**0.0**	**0.2**	**105.8**	**0.0**	**0.2**	308%	3000%	**46.0**	**106.0**	131%	
6. Net increase (decrease) in cash	**(3.8)**	**27.7**	**(4.5)**	**(5.7)**	**94.6**	**(18.2)**	**(10.6)**	**-42%**	**136%**	**19.3**	**65.8**	**240%**	
7. Opening cash	18.4	14.6	42.3	37.7	32.0	126.7	108.5	-14%	157%	18.4	32.0	74%	
8. FX movements	(0.0)	(0.0)	(0.0)	0.1	0.0	0.0	(0.4)	-38400%	1097%	(0.0)	(0.4)	754%	
9. Cash at end of period	**14.6**	**42.3**	**37.7**	**32.0**	**126.7**	**108.5**	**97.4**	**-10%**	**158%**	**37.7**	**97.4**	**158%**	Strong cash of $97m at March, -$11m in Q3
OPERATIONS													
11a. Revenue - Basic	2.97	3.58	3.11	3.20	3.89	4.29	5.04	17%	62%	9.7	13.2	37%	We est. ~37% organic revenue growth
11b. Revenue - CallN (acqd 31/5/20)	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0%	0%	0.8	0.8	0%	We assume no growth for simplicity (mature)
11c. Revenue - Speik (acqd 22/12/20)	0.00	0.31	3.10	3.80	3.80	3.80	3.80	0%	22%	3.4	11.4	nm	Our estimate based on A$13.2m proforma +15% g
11d. Revenue - Notiv (acqd 20/9/21)		0.11	0.11	0.11	0.13	0.13	0.13	0%	20%	0.2	0.4	nm	We assume 20% pa growth at Notiv & $440k rev at
11. Unaudited Revenue	**3.25**	**4.28**	**6.60**	**7.40**	**8.10**	**8.50**	**9.25**	**9%**	**40%**	**14.1**	**25.9**	**83%**	Q3 growth 40% on pcp; YTD 83% incl acqns
11d. Revenue growth QoQ - Basic	20%	21%	-13%	3%	9%	10%	17%						
11e. Revenue growth QoQ - Group	487%	32%	54%	12%	149%	99%	40%						
11f. Revenue growth on pcp - Basic	38%	49%	19%	30%	31%	20%	62%						
11g. Revenue growth on pcp - Reported	51%	78%	153%	189%	149%	99%	40%						
11h. Cash receipts as % of revenue (Cash cc	85%	99%	99%	91%	113%	66%	92%			96%	90%		Significantly improved cash conversion
12a. ARR - Basic	18.1	18.5	24.1	29.1	32.9	41.2	44.5	8%	85%	24.080	44.5	85%	ARR up 8% QoQ; +85% YoY
12b. ARR - Speik (acquired 22/12/20)(assum	0.0	9.9	9.9	9.9	10.6	10.6	10.6	0%	6%	9.920	10.6	nm	Our estimate (80% of $13.2m proforma)
12. Annualised Recurring Revenue (ARR)	**18.1**	**28.4**	**34.0**	**39.0**	**43.5**	**51.8**	**55.1**	**6%**	**62%**	**34.000**	**55.1**	**62%**	ARR up 6% QoQ; +62% YoY
12c. ARR growth QoQ	12%	57%	20%	15%	12%	19%	6%						
12d. ARR growth on pcp	77%	167%	158%	142%	140%	82%	62%						
12e. ARR additions ($m)	2.0	10.3	5.6	5.0	4.5	8.3	3.3	-60%	-41%	17.9	16.1	-10%	ARR additions down slightly.
13a. Subscribers (at Start)	0.193	0.230	0.300	0.380	0.420	0.450	0.510			0.193	0.420	118%	
13. Subscribers / Users (m)(at End)	**0.230**	**0.300**	**0.380**	**0.420**	**0.450**	**0.510**	**0.540**	6%	42%	**0.380**	**0.540**	42%	**Subs up 6% QoQ and +42% YoY**
13b. Subscribers (m)(Avge)	0.211	0.265	0.340	0.400	0.435	0.480	0.525			0.286	0.480	68%	DUB says User Nos. are not a good indicator
13c. Subscribers - growth QoQ	19%	30%	27%	11%	7%	13%	6%						
13d. Subscribers - growth on pcp	95%	146%	149%	118%	96%	70%	42%						
13e. Additions (m)	0.037	0.070	0.080	0.040	0.030	0.060	0.030	-50%	-63%	0.187	0.120	-36%	Additions slowing (excluding Foundation deals)
14a. Service providers - Contracted	**142**	**150**	**156**	**160**	**165**	**170**	**171**	**1%**	**10%**	**156**	**171**	**10%**	**Telcos contracted +1% QonQ & +10% YoY**
14b. Service providers - growth QoQ	3%	6%	4%	3%	3%	3%	1%						
14c. Service providers - growth on pcp	26%	22%	19%	16%	16%	13%	20%						
14d. Telco Additions	**4**	**8**	**6**	**4**	**5**	**5**	**1**	-80%	-83%	18	11	-39%	Telco additions now crawling; Saturation reached? Cisco BroadSoft alone has > 650 telcos
15a. Service Providers - No. Billing (start)	83	87	94	100	105	108	111			83	105		
15b. Service providers - No. Billing (end)	**87**	**94**	**100**	**105**	**108**	**111**	**117**	**5%**	**17%**	**100**	**117**	**17%**	**Telcos billing +5% QoQ and +17% YOY. OK.**
15c. Service providers - No. Billing (avge)	85	91	97	103	107	110	114			92	111	**21%**	
15d. Service providers Billing - growth QoQ	5%	8%	6%	5%	3%	3%	34%						
15e. Service providers Billing - growth on pcp	67%	45%	30%	27%	24%	18%	17%						
15f. Billing Additions	4	7	6	5	3	3	6	100%	0%	17	12	-29%	6 new Telcos now billing in Q3. Solid growth.
OPERATING STATS ANALYSIS													
16. ARR per billing telco Telco ($m)(pa. end)	0.208	0.302	0.340	0.371	0.403	0.467	0.471	1%	39%	0.340	0.471	39%	Strong growth in penetration
17. Avge Rev per Billing Telco ($m)(per mth)	0.013	0.016	0.023	0.024	0.025	0.026	0.027	5%	19%	0.017	0.026	51%	Strong growth in penetration
18. Users per Telco (no.)(end)	2,644	3,191	3,800	4,000	4,167	4,595	4,615	0%	21%	3,800	4,615	21%	Strong growth in penetration
19. ARPU ($)(per mth)	$ 5.13	$ 5.38	$ 6.47	$ 6.17	$ 6.21	$ 5.90	$ 5.87	-1%	-9%	$ 5.48	$ 5.98	9%	Actual ARPU seems to lag ARRPU ???
20. ARRPU ($)(pa)	$ 78.7	$ 94.7	$ 89.5	$ 92.9	$ 96.7	$ 101.6	$ 102.0	0%	14%	$ 89.5	$ 102.0	14%	Good growth
21. ARRPU ($)(per mth)	$ 6.56	$ 7.89	$ 7.46	$ 7.74	$ 8.06	$ 8.46	$ 8.50			$ 7.46	$ 8.50	14%	ARRPU is 42% higher than ARPU ????
22. Implied Enterprise Customers - DUB	2,113	2,650	3,400	4,000	4,350	4,800	5,250	9%	54%	2,863	4,800	68%	We assume 100 users per Enterprise customer
23. Implied Enterprise Customers per Telco	26	32	38	40	42	46	46	0%	21%	38	46	**21%**	We assume 100 users per Enterprise customer

Source: Company quarterly reports; Annual Reports; Sequoia estimates & calculations

Comments on the Quarter

- Item 12 above: **ARR (Annual Recurring Revenue)** was $55.1m at end-March, (v Q2's $51.8m up $3.3m or +6%), and (v $34.0m pcp, up $21.1m or +62%).

- Item 11 above: **Unaudited revenue $9.25m**, up $750k or +9% on Q2's $8.5m, and up 40% on the $6.6m pcp. On a constant currency basis, Dubber said revenue was $9.85m (v $6.6m +49%).
- **YTD revenue $25.9m** (v $14.1m) up 83%. Whilst very strong growth (including acquisitions), this was below our forecast of 118% for FY22.
- Item 11a: Stripping out our estimates for revenue from acquisitions, we estimate Dubber's organic revenue growth was ~37% YTD.
- Item 1: Cash receipts were $8.5m in Q3, up 51% on Q2's $5.6m but below the record $9.1m in 1QFY22. The $8.5m was up 30% on the pcp. This line is still quite volatile, suggesting the business is still quite immature.
- YTD cash receipts were $23.2m (v $13.5m) up 72%, slightly behind revenue which was up 83%. Receipts represented 90% (v 96%) of unaudited revenue.

Cash costs

- Cash costs were $18.7m in Q3, down $1.8m (9%) on Q2's $20.6m, but up $6.4m (52%) on the pcp's $12.3m.
- YTD cash costs were $54.0m (v $28.6m pcp) up $25.4m (89%). We estimate that $7.4m of this was related to the Speik acquisition, so an $18m or 63% underlying increase. Staff costs were up $13.5m (+114%) including a one-off $1.35m PAYE repayment of Covid relief to the ATO, Product Manufacturing was up $9.2m (+68%), and Advertising & Marketing was up $1.5m (369%). These are all very large increases, and significantly higher than our forecasts. Dubber says it has been investing in people and capability to accelerate its growth plans. It said that most of the new employee positions had now been filled. These added costs are investments ahead of an expected acceleration in revenue.

Operating Cash-Flow

- Q3 cash burn was -$9.9m (v -$14.9m in Q2) a $5.0m improvement on Q2, although (v -$5.5m pcp, 81% worse on the pcp).
- YTD cash burn was -$30.4m (v -$12.2m, 149% worse). This was also significantly worse than our forecast of -$19.6m for the full year (FY22).

Investing cash flow

- Q3 investing cash flow was minimal at $0.9m (v $3.3m in Q2) being a continued investment into "footprint infrastructure" (offices?) to accommodate new staff in Australia and the UK.
- YTD investing cash flow was $9.8m (v $14.4m pcp, -32%) comprising the cash component of the Notiv acquisition $4.8m, the Speik earn-out paid out early of $2.2m, and Property, Plant & Equipment of $2.7m.

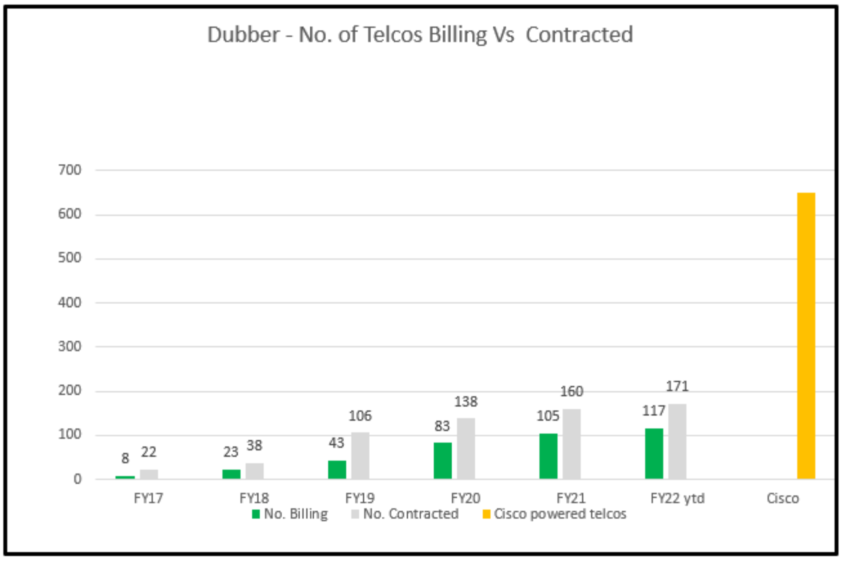
Closing cash

- Cash at end-March was $97.4m, down -$11.0m or -10% since December. Dubber had $2.4m of leases at 31/12/21 so we estimate net debt at 31/3/22 at about $95-96m.
- At the Q3 rate of cash burn, Dubber has 9.8 quarters of funding available (~2.5 years).

Operations

- **Subscriber Numbers** – were 640k at end-March, up 30k or 6% on Q2's 510k and up 42% on the pcp figure of 380k. This is paying subscribers and does not include subscribers under Dubber Foundation deals e.g. Cisco where Cisco pays for the Dubber service as an added benefit to offer to its clients to aid Cisco's own customer retention.

- **Dubber said on the results call that it now has 4 Foundation Partner agreements** whereby the Dubber service is embedded as a standard feature of every subscription on a network. Cisco was the first major Foundation partner to be announced (Refer ASX announcement 3/6/21). Dubber now receives an undisclosed base fee quarterly from Cisco (plus monthly billings for additional usage). We understand that 2 of these other deals are with small / emerging Telcos / Service Providers, and one a larger Telco. None required an ASX announcement to date.
- **Telcos contracted –** 171 (v 170 Q2, +1) and (v 156 pcp +15, +10%). Growth here seems to be slowing down, although Q3 is usually an "embargo' quarter for Telcos when not much happens. The theoretical addressable market is the 650+ telcos currently using Cisco BroadSoft, plus other non-Cisco Telcos. So there should still be a long runway, although we expect the Dubber management and sales team would be focussed currently on the larger Tier 1 telcos like BT.
- **Telcos Billing –** 117 (v 111 Q2, +6) and (v 100 pcp +17 or 17%), so the growth in penetration seems to be continuing at a fairly steady pace of +3 to +6 per quarter. We forecast ~200 Telcos to be billing for Dubber services in FY26.



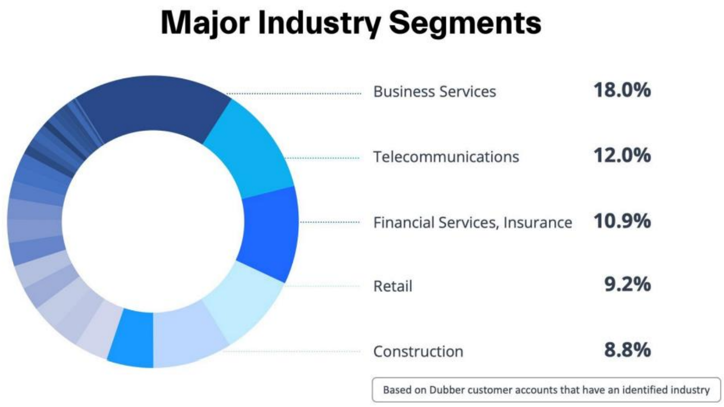
Source: Sequoia calculations based on DUB quarterly reports

- **TDC Nuuday –** New customer. Dubber announced a new agreement with TDC Nuuday, the national carrier of Denmark (population: 5.8m), so we regard it as a Tier 1 Telco. Dubber said Nuuday was the 6th largest service provider on the Cisco Broadworks platform, so a good new customer win via the Cisco relationship. Dubber will be connected to multiple Nuuday networks including Mobile and Unified Communications and existing recording users will be migrated from a legacy solution. Dubber said the agreement provides a footprint in the Nordics, as area of focus for additional expansion. Refer: www.nuuday.dk
- **Major new customer revealed** - Dubber said it had provided a subsidy (free period) during Q3 to a major new global Telco to offset cancellation costs associated with the migration of a substantial legacy recording customer base to Dubber. Dubber obviously wants this new customer to come across as soon as possible. **Dubber expects quarterly revenue from this customer will be in excess of $700k (implying $2.8m annualised).** So this looks to be a major new customer for Dubber, not yet officially announced. We presume we will hear more in the June quarterly report or FY22 result.

- **BT Group plc (nee British Telecom)** – On 2/12/21, Dubber announced a new customer win with BT Group plc – Dubber is to be embedded as the default recording solution in the BT Meetings suite which includes solutions for Microsoft Teams, Zoom and Cisco Webex. Although this is just for a small part of BT, Dubber said on the Q3 investor call that it was confident of getting onto multiple other BT networks, particularly as BT has many Financial Services customers where call recording is mandatory. BT has 7-8 different networks.
- **Optus Mobile** – Also in December, Dubber announced it would become the native call recording and voice AI embedded in the Optus Mobile network. Optus is an existing Dubber customer, with Dubber providing an embedded call recording function to Optus Loop, a hybrid fixed and mobile solution for small and medium businesses (refer Dubber ASX announcement 29/3/19). We think Telcos gradually adopting Dubber into more of their divisions and networks is a very good sign that the customers are happy with the Dubber product / service. We understand that Optus Mobile currently services 3 of the big 4 banks, so if Dubber is also introduced there, Optus could become a major account for Dubber.

  There was a quote from Zorawar Singh, Head of Core Product at Optus Enterprise, that **Optus would use Dubber's "conversational AI" capability to provide "enterprise customers the ability to unlock the power of conversational AI to push the frontier of how they care for customers, train and coach employees, resolve disputes and meet crucial compliance mandates".** So that is a good sign for the take up of Dubber's Ai strategy.

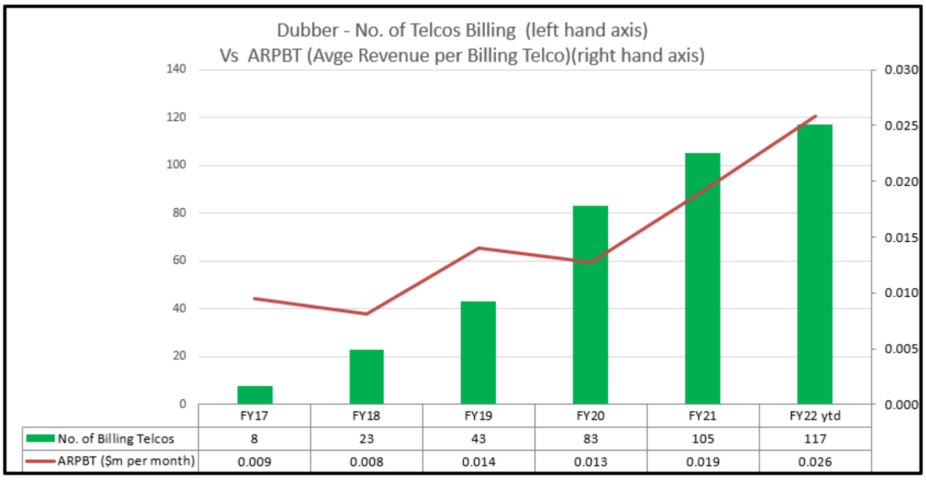
- **Segments** – Dubber also provided this new chart based on user numbers, to show that the Financial Services sector (where call recording is often mandatory for compliance purposes) was only 11% of the total customer base.



- **Dubber Notes** – (formerly Notiv, acquired 17/9/21 for $6.9m in cash and scrip) – Dubber has rebranded Notiv to "Dubber Notes" and promoted it as a stand-alone product at the Mobile World Congress. We have tried using the free version of this product a few times. We found it promising, but the quality of the written transcriptions depended on the clarity of the speakers on the call and it struggled with technical terms and names (Don't we all?). For us, the automated notes product was valuable, but still required significant editing and corrections. We understand from internet reviews that competing products such as Otter.ai and Google also have the same issue. Dubber says it has further improved the product, and is offering it as a Foundation Partner solution (potentially a "freebie" ???), as a stand-alone product, or as an add-on to other Dubber products/ services. We can certainly see the potential for Dubber to offer its customer base additional value-add products like Dubber Notes as “embeddables”. Dubber says “the Notes launch is a landmark step”. We are more cautious, until we see evidence of significant customer adoption.

- **Cisco relationship** – Since 3/6/21, Dubber recordings and “always-on” transcriptions have been available to all customers and users of Cisco Webex calling subscriptions. **Update:** Dubber says it “continues to benefit from this position in terms of its current and near-term user growth and aims to establish deeper commercial relationships with both Cisco and Microsoft accordingly”. “The company continues a policy of not including Foundation Partner Program subscriptions in its overall numbers for reasons of consistency and commercial sensitivity”.

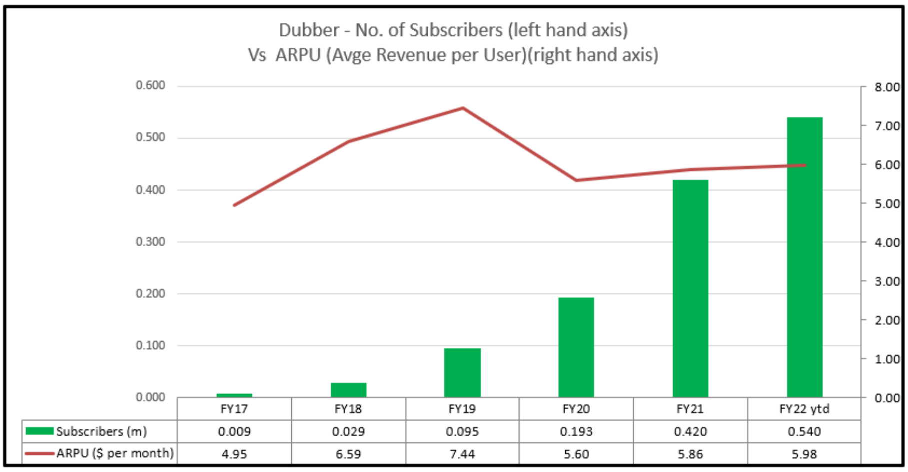
  So we still don’t have much proof that this important strategy is gaining traction. Whilst there could be a very large number of Cisco customers and individual users having theoretical access, we caution that is not the same as them actively using the service and getting hooked on it with multiple business use cases. We remain concerned about the very low level of revenue per Telco – see next point.
- **ARR per billing Telco remains low at just $471k pa ($39k per month),** although improving (+39% on the $340k pa/ $28k per month pcp). This may also have been boosted by the Speik acquisition.
- **Average revenue per billing telco (ARPBT) remains low and unconvincing at just $26k per month (YTD),** although also improving (+36% on the $19k in FY21). That’s not much for a Tier 1 Telco business. This underlines the fact that Dubber is still in the early stages of proving and developing its business model. We understand that Dubber is patiently waiting and expecting a few of larger Tier 1 telcos to kick in very strongly at some point in the near future.



Source: Sequoia calculations based on DUB quarterly reports

- ARR per user (ARRPU) equates to $8.50 per month (v $7.46 pcp, +14%). However this is 42% higher than actual ARPU per month achieved of $5.98 (pcp 36% higher than actual). There appears to be a significant difference or lag opening up which we don’t understand. Either Dubber’s actual ARPU will catch up, or Dubber’s ARR looks to be overstated (assumptions too optimistic perhaps?).
- Our forecasts assume Dubber achieves 95% of prior year (June 2021) ARR of $39m in FY22, and 90% of June 2022 ARR of $60m (est) in FY23 because of this lag factor.
- Average revenue per user (ARPU) remains low at $5.98 per month (YTD), based on average user numbers, although also improving (+9% on the $5.48

pcp).

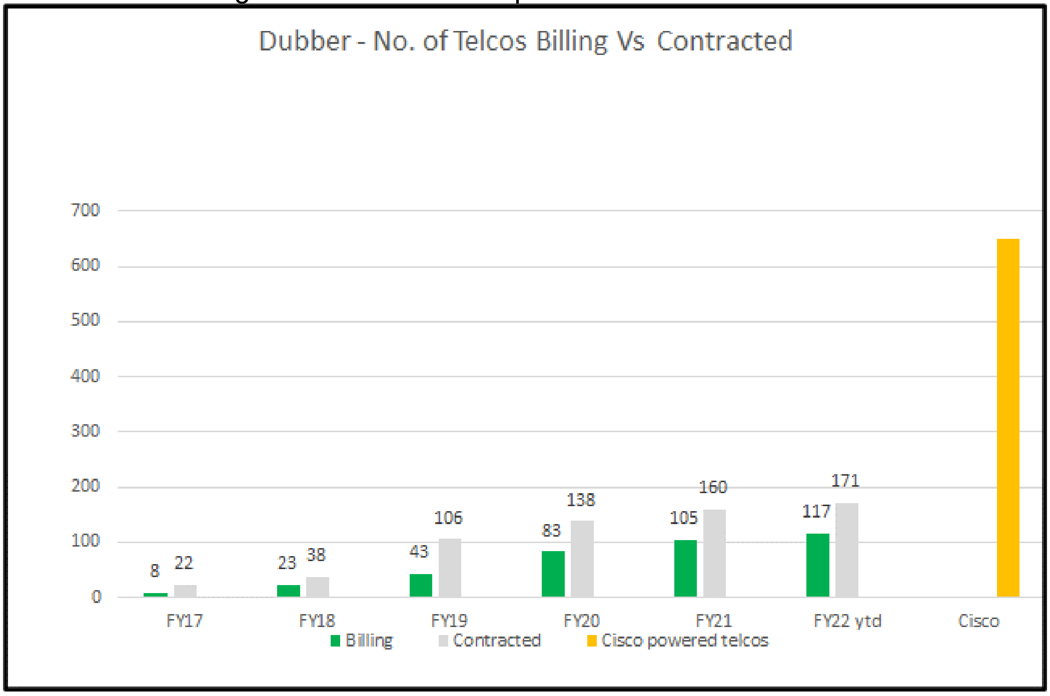


Source: Sequoia calculations based on DUB quarterly reports

- The strategic positioning of Dubber is still exciting. The Cisco relationship is still embryonic (Dubber Foundation deal announced 3/6/21. Approximately 650 Cisco BroadWorks powered Telcos are potential customers for Dubber, and Dubber is part of Cisco's strategy to retain them), and the growing number of Telcos signed (171) and billing (117) means that Dubber could achieve exponential revenue growth and compound its revenue very strongly. The Telcos appear motivated to sign with Dubber, as it gives them another value-add product to bundle or bill, which should be sticky and aid customer retention, and also partly addresses their revenue leakage to Zoom, Webex and Teams. The potential for exponential growth via this strategic positioning with major Telco's, Cisco and IBM is the key attraction of the Dubber story.
- But we are still not convinced that the customer engagement aspect is there. The trends are all in the right direction, but the user numbers and dollar numbers remain small, which concerns us. The ability record Webex / Teams / Zoom meetings should be a permanent structural benefit for Dubber (confirmed by recent BT Group plc win). However the use of Dubber voice transcripts to create "Voice AI data" for business insights across the whole of a company or division remains unproven. If the use cases were truly there (beyond compliance recordings) we should be seeing exponential ramping of revenues and usage statistics now, but we are not (yet). The BT and Optus Mobile announcements are very encouraging and both could see a step change in Dubber user numbers. The next few quarterly reports and customer announcements will be very important. There could be upside to our forecasts.

Positive Factors (from our 29/9/21 Initiation report)

1. **Major compounding of revenues expected as more Telcos commence billing for Dubber services now available to end-customers**. Dubber has contracted 171 Telcos which are embedding Dubber at the core of their networks. 117 of these have commenced billing as customers request Dubber services to be turned on.



2. **Further Telcos to be signed** – There are approximately 650 Telcos worldwide using Cisco BroadSoft and Cisco BroadWorks, which are potential and likely future customers for Dubber (the yellow bar above) compared to 171 currently. In addition, there are other Telcos powered by Cisco competitors (Avaya, Huawei etc) that Dubber may target later.
3. **Increasing regulation and legal actions by customers** – are driving demand for compliance-grade voice recording in Banking, Insurance, Financial Services, but also other industries such as healthcare. MiFID II (applicable from Jan 2018) and a changed environment in Australia after the Royal Commission into Banking are examples.
4. **Growth in Cloud and AI - still in their infancy** – Dubber was designed from day 1 to operate in the Cloud, to enable easy deployment of its software as a service, and not be limited by physical equipment located on-premise or in data centres.

   According to IBM's CY20 Annual Report (published in February 2021), only 25% of enterprise workloads have made it onto a public cloud - mostly limited to greenfield cloud applications or ones that are easy to "lift and shift". The remaining 75% have not moved as enterprises wrestle with how to handle the mission-critical workloads and data that require heightened security, particularly for highly regulated industries with complex, often cross-border compliance needs. We understand this is still the case for the majority of workloads in the Telecommunications and Banking, Insurance and Financial Services industries.

   IBM says AI adoption is still in single digits (< 10%). It says that only a fraction of enterprise data is currently being leveraged for business insights because it is spread across public clouds, on-premise infrastructure, data centres and edge computing. A hybrid cloud bridges these silos and enables the data collection that allows the deployment of AI at scale. AI unlocks the value of enterprise data, using it to reinvent processes, predict outcomes and transform businesses.

So we think that Dubber's voice data and AI products are well positioned for growth, and are only in the early stages of their likely growth curves.

5. **Excellent strategic positioning with 171+ Telco service providers – Should deliver a multiplier effect on growth** - Dubber's voice recording and AI product suite appears to have struck a chord with Telcos which are looking to add new revenue streams to offset low growth in their traditional business which has become commoditised, retain business customers as the Telecommunications and IT sectors converge, and offset competition from new web based collaboration platforms. In just under 4 years, Dubber has gone from 38 Telcos contracted at June 2018, to 171 contracted at March 2022 including major Tier 1 Telcos in Australia (Telstra and Optus), Asia (**PCCW** in Hong Kong, and **a Tier 1 Singapore provider**), Europe (**BT** and **KPN**) and USA (**AT&T**, **Sprint**, **Verizon** and **Cox Business**). Further the Speik acquisition has brought UK Tier 1 Telcos O2 (owned by Telefonica of Spain) and **Vodafone** as potential voice data & AI customers. 117 of these 171 Telcos (68%) have done their groundwork and have commenced billing customers for Dubber (up from 23 at June 2018) so it appears that the flywheel is now in motion and starting to gather speed. ARR per billing Telco increased from $194k at June 2020 to $471k at March 2022 +143%.
   Dubber is embedded at the core of their networks, meaning it is very unlikely the Telcos will add a second provider. End-customers can be provisioned at the flick of a switch with simple plans and no complicated deployment schedules or hardware required.
   This excellent strategic positioning gives Dubber potential direct and recommended access to a hundreds of thousands of enterprise customers and SMEs, and many millions of potential users. It is early days in terms of customer penetration via the Telcos, but the signs are very positive and there could be an astonishing multiplier effect.

6. **Exciting relationship with Cisco Systems - First Dubber Foundation Partner deal signed in June 2021**– Dubber has enjoyed a close relationship with Cisco and its BroadSoft subsidiary since approximately 2015. The relationship has developed strongly, and Cisco and Dubber share a common vision of the way that voice data will become a critical resource for all businesses and users in future by leveraging it with AI. Cisco is a US$210bn market cap company with 79,500 employees worldwide. From 3 June 2021, Dubber is now a standard embedded feature on Cisco Webex Calling and UCM Cloud, and Dubber call recording is now included in all Cisco subscriptions at no extra charge (for the basic service). 100% of the Cisco customer base is now enabled. We understand that Cisco has approximately 100 million business phone users which can now be quickly provisioned by Dubber directly, or via their Telco. Cisco and Dubber will be marketing this as "Dubber Go", and upgrades to the basic service are now in the Cisco product price list. In addition, Cisco Webex is one of the leading web platforms for business meetings and team collaboration (600 million monthly users in October 2020 per Gadgets.ndtv.com).

   We expect the change to the Foundation model to drive a significant acceleration in enterprise customer trial and adoption of the Dubber service. The strong action and support of Cisco should also accelerate the Telco roll-out given the ease of adoption and recording and AI benefits to the end-customers.

7. **IBM relationship set to bloom (>40,000 customers; 2,800 on IBM hybrid cloud)** – In October 2018, Dubber and IBM announced an Embedded Solution Agreement to combine IBM's Watson with Dubber's cloud-based call recording solution. In November 2020, Dubber was chosen as one of a number of best-of-breed services for IBM's "Cloud for Telecommunications" offering. Dubber will be the only Unified

Call Recording solution on the service, a core component of the solution.

We understand that IBM is now introducing a number of its customers to Dubber, particularly in the Banking, Insurance and Financial Services fields. We note that IBM has a huge customer list, and has released industry specific IBM Clouds for two sectors - Financial Services and Telecommunications, both of which are hugely relevant to Dubber. IBM had global sales of US$57bn in CY21 and 345,000 staff in 150 countries so it is a formidable partner to be aligned with.

8. **Further acquisitions possible –** Having built an exciting voice / AI platform with Dubber embedded into the core networks of 171 Telcos, Dubber is now looking to add new value-add products to monetise the opportunity and stimulate user take-up. In Sept 2021, Dubber announced a small acquisition of Voice/ AI / note taking business Notiv for $6.7m. Notiv looks to be an excellent newly-developed product that on its own would struggle to get traction, but Dubber can immediately introduce the product to millions of paying customers via its 170+ Telco embedded base. We expect that Notiv's user numbers (~5,000 including free student subscriptions at acquisition date) will compound in multiples from here. We can see why Dubber did not structure the acquisition with an earn-out. It could have been huge.
9. **Approx. $95m of net cash available for acquisitions and growth funding** - Dubber had net cash of $106m at end-Dec and less $10m burn in Q3 and $1.0m in capex, making about $95m now. We are now forecasting a cash burn of $40m in FY22, reducing to $30m in FY23 with Dubber becoming sustainably cash flow positive in FY26 (was FY24).
10. **Potential acquisition target** – At Dubber's current valuation (A$297m / US$211m market cap), a takeover of Dubber by Cisco (CSCO.O, mkt cap US$186bn, IBM (mkt cap US$123bn), another AI player, or a competitor like Nice (NICE.O, Mkt cap US$12.4bn) or Verint (VRNT.O Mkt cap US$3.3bn) is a possibility. Cisco made 13 acquisitions in FY21 for US$7.5bn in total. IBM made 7 small acquisitions in CY20 for US$700m (after acquiring Red Hat for US$35bn in CY19). A bid for Dubber hasn't happened to date because in our opinion, Dubber is only at the starting blocks. Dubber's multiple strategic relationships are a key part of the value and growth equation.

Risks / Negative Factors

1. **Ai revenues ~3% of total / Business model not proven** although the signs are promising – We think that the excellent take-up of 171 Telcos worldwide signing up with Dubber and embedding the Dubber system into their core networks is a strong validation of Dubber's Voice/ AI product offering and growth strategy. Cisco embedding Dubber into Webex and becoming a Dubber Foundation Partner is another endorsement of the product and strategy. IBM is also keen for Dubber to succeed in its AI quest. However, **customer take-up to date has been small** (just 540k users, or 4,600 users per billing Telco at March 2022), as has revenue (Revenue per billing telco just $233k in FY22 ytd). And crucially, **Dubber has told us late last year that AI revenues were less than 3% of revenue.** This implies that most of Dubber's revenue to date is driven by the compliance / voice recording need. Yet Dubber is already being valued as a high-growth Ai company.

   We don't think the Ai use case component of Dubber's business model has been proven yet. We would like to see more enterprises signed, in more sectors (not just Banking /Financial Services), more individual users, and a higher revenue per Telco figure to be truly convinced the business model is going to be successful. Also we would like to see Dubber start to report some data on the take-up of Ai services, and provide more customer examples / case studies.

2. **Customers Opaque –** Dubber has named a good selection of its telco customers / partners over the years but has not been able to name many enterprise customers. All case studies on the Dubber website are de-identified generic use cases e.g. for a Financial planner, a clothing retailer, an auto repairer, a recruitment firm, a legal firm etc. This may be for client confidentiality reasons, or for competitive reasons, or because the customers are only using Dubber in a small way. Also, many end-customers would be clients of the Telco, not a direct Dubber client. The best we could find was reference to an Australian big 4 bank in Nov 2015, a global Swedish retailer in Oct 2016, and a Swiss Private Bank in Aug 2021.

   We would like to see more case studies or testimonials, and some actual customers being named, like we see at other ASX-listed SaaS companies such as Bigtincan Holdings (BTH) and LiveHire (LVH) which we also research. Ultimately, Dubber's revenue numbers will do the talking, but currently revenue at $25.9m for FY22 YTD (9mths) and $55m ARR is still fairly small for a company with global aspirations.

3. **Customer concentration risk –** In FY21 Dubber disclosed 1 major customer at $4.052m (20% of group total)(Refer Annual Report p.89). In FY20 there was 1 major customer at $4.498m (47% of group total). So it looks like Dubber is rapidly diversifying its customer base and reducing its dependence on any one major customer.

4. **Dubber does not compete in high volume call centre and emergency centre environments -** The Dubber system has been purposely built to be a general call recording platform that meets the typical compliance requirements of heavily regulated industries like banks, insurance, stock-brokers and financial planners; and built in the Cloud so that it can be provisioned at the flick of a switch by Telcos, or by Dubber if it is a direct client.
   We think that Dubber has been very astute to identify the much larger general call recording opportunity, and the potential to expand call recording across all departments and all employees in an organisation (not just the ones interfacing with customers/ clients), to capture the whole of an organisation's voice data to drive the AI insights and actions opportunity.
   So we don't care about the high volume call centres or emergency centres, which

are probably already well served by traditional competitors, if Dubber can achieve bigger success with its “whole of enterprise / AI strategy”.

5. **Valuation –** Dubber is currently loss-making, but after a big share price retracement, the enterprise value of ~$223m is much more reasonable on an EV/ Revenue multiple basis (6.0x FY22, 4.7x FY23 and 3.8x FY24, based on our forecasts). These are still quite high sales multiples for a loss-making company. Consensus estimates are much higher and appear to assume success of ambitious Dubber’s Ai strategy. We are more cautious as we have little evidence of Ai traction to date.

Stock and Sector performance

Dubber's share price has fallen by -74% in the last 6 months, versus Directly relevant companies -21% (mean), AI companies down -16%, International Telcos +14%, and Australian Telcos -29%, as below. We note that another hot Covid-boom stock Zoom is down -50% over 6 months and -67% over 12-months.

Refinitiv Code	Company	Market Cap $m (or local curre	Price Local Curr	Performance (TSR) -1 Mths	-3 Mths	-6 Mths	-12 Mths
DUB.AX	Dubber (Sequoia estimates)	308	1.01	-2%	-35%	-72%	-66%
DUB.AX	Dubber (Consensus)	297	0.98	-2%	-35%	-72%	-66%
Directly relevant coys							
CSCO.O	Cisco Systems Inc	188,911	45.62	-7%	-18%	-15%	-11%
ZM.O	Zoom Video Communications Inc	32,947	110.42	13%	-12%	-50%	-67%
NICE.O	Nice Ltd	12,772	202.65	1%	-11%	-27%	-9%
VRNT.O	Verint Systems Inc	3,309	51.17	-5%	2%	7%	11%
	Average (Mean) - AI coys			0%	-10%	-21%	-19%
	Average (Median) - AI coys			-2%	-11%	-21%	-10%
AI Companies							
AAPL.O	Apple Inc	2,421,950	149.64	-4%	-9%	-4%	21%
MSFT.O	Microsoft Corp	2,043,571	273.24	-3%	-8%	-17%	10%
GOOGL.O	Alphabet Inc	1,482,232	2246.33	-2%	-16%	-21%	-5%
AMZN.O	Amazon.com Inc	1,171,548	2302.93	-17%	-25%	-34%	-29%
FB.O	Meta Platforms Inc	528,085	195.13	12%	-7%	-41%	-41%
IBM	International Business Machines Corp	125,264	139.27	4%	14%	23%	7%
ALTR.O	Altair Engineering Inc	4,395	55.09	3%	-15%	-26%	-18%
AYX	Alteryx Inc	3,934	57.69	-12%	-6%	-10%	-26%
	Average (Mean) - AI coys			-2%	-9%	-16%	-10%
	Average (Median) - AI coys			-3%	-8%	-19%	-11%
US & International Telcos							
T.N	AT&T Inc	152,415	21.29	12%	20%	20%	3%
VZ	Verizon Communications Inc	215,862	51.40	6%	-4%	2%	-5%
TMUS.OQ	T-Mobile US Inc	168,118	134.11	3%	7%	18%	-5%
CHTR.OQ	Charter Communications Inc	97,650	509.94	6%	-15%	-24%	-27%
ATUS.N	Altice USA Inc	5,283	11.62	12%	0%	-27%	-68%
UK / Europe & Asia							
BT.L	BT Group PLC	18,291		2%	-4%	21%	7%
VOD.L	Vodafone Group PLC	36,606	130.14	3%	-3%	19%	8%
DTEGN.DE	Deutsche Telekom AG	95,115	19.08	9%	22%	23%	16%
O2Dn.DE	Telefonica Deutschland Holding AG	8,623	2.90	6%	26%	32%	37%
UTDI.DE	United Internet AG	5,989	30.88	2%	2%	-6%	-8%
TEF.MC	Telefonica SA	27,892	4.95	5%	16%	30%	30%
ORAN.PA	Orange SA	31,125	11.70	3%	7%	25%	21%
KPN.AS	Koninklijke KPN NV	13,944	3.38	2%	14%	33%	29%
0728.HK	China Telecom Corp Ltd	390,825	3.01	5%	-1%	16%	20%
9432.T	Nippon Telegraph & Telep (USD)	131,678	3996.00	7%	25%	29%	39%
STEL.SI	Singapore Telecommunications Ltd	44,590	2.70	-3%	4%	13%	15%
	Average (Mean) - Intnl Telcos			5%	7%	14%	7%
	Average (Median) - Intnl Telcos			5%	5%	20%	11%
Aust. Telecomms Sector							
TLS.AX	Telstra Corporation Ltd	44,975	3.91	-2%	1%	-1%	17%
TPG.AX	TPG Telecom Ltd	10,691	5.80	-3%	6%	-10%	13%
NXT.AX	NEXTDC Ltd	4,925	10.88	0%	2%	-7%	-2%
UWL.AX	Uniti Group Ltd	3,355	4.93	-1%	48%	21%	65%
MAQ.AX	Macquarie Telecom Group Ltd	1,264	59.11	-16%	-6%	-9%	19%
ABB.AX	Aussie Broadband Ltd	996	4.23	-26%	-13%	-17%	57%
TUA.AX	Tuas Ltd	575	1.25	-22%	-29%	-19%	92%
SLC.AX	Superloop Ltd	388	0.81	-10%	-7%	-32%	-18%
MNF.AX	Symbio Holdings Ltd	369	4.40	-10%	-22%	-37%	-15%
SWP.AX	Swoop Holdings Ltd	92	0.64	-38%	-47%	-65%	nm
WCG.AX	Webcentral Ltd	75	0.23	-13%	-25%	-48%	-51%
5GG.AX	Pentanet Ltd	61	0.29	-17%	-34%	-54%	-65%
ST1.AX	Spirit Technology Solutions Ltd	32	0.05	-49%	-72%	-79%	-84%
HFY.AX	Hubify Ltd	22	0.05	-25%	-4%	-40%	-43%
	Average (Mean) - Aust Telcos			-17%	-14%	-29%	-1%
	Average (Median) - Aust Telcos			-15%	-10%	-26%	-2%

Source: Refinitiv consensus estimates; Sequoia forecasts for Dubber

Valuation comparables

Part A – Key Financial Data

Refinitiv Code	Company	Market Cap $m (or local currency)	Net Cash (Debt)	Price A$ or local	Revenue $m	Revenue $m	Revenue $m	Revenue $m	Ebitda $m	Ebitda $m	Ebitda $m	Ebitda $m	Ebitda Margin $m	Ebitda Margin	Ebitda Margin	Ebitda Margin
					FY0	FY1e	FY2e	FY3e	FY0	FY1e	FY2e	FY3e	FY0	FY1e	FY2e	FY3e
DUB.AX	Dubber (Sequoia estimates)	308	95.2	1.01	20.3	37.1	53.8	73.3	(27.5)	(50.6)	(41.3)	(32.8)	-135.5%	-136.4%	-76.8%	-44.7%
DUB.AX	Dubber (Consensus)	297	31.1	0.98	22.5	40.0	68.0	109.0	(28.1)	(36.0)	(15.0)	8.0	-124.7%	-90.0%	-22.1%	7.3%
Directly relevant coys																
CSCO.O	Cisco Systems Inc	188,911	12,992	45.62	49,818	51,178	52,992	55,655	15,601	18,981	19,426	20,376	31.3%	37.1%	36.7%	36.6%
ZM.O	Zoom Video Communications Inc	32,947	5,419	110.42	4,099.9	4,542.0	5,151.8	5,670.4	1,111.1	1,598.1	1,777.3	1,981.8	27.1%	35.2%	34.5%	35.0%
NICE.O	Nice Ltd	12,772	600	202.65	1,921.2	2,172.6	2,431.0	2,742.6	449.8	687.0	681.2	918.0	23.4%	31.6%	28.0%	33.5%
VRNT.O	Verint Systems Inc	3,309	(54)	51.17	874.5	943.6	1,037.6	1,171.7	126.1	259.2	291.5	330.8	14.4%	27.5%	28.1%	28.2%
	Average (Mean) - AI coys												-27.3%	-15.8%	4.7%	16.0%
	Average (Median) - AI coys												18.9%	29.5%	28.1%	30.9%
AI Companies																
AAPL.O	Apple Inc	2,421,950	(62,928)	149.64	365,817	394,010	416,241	436,301	120,233	131,277	134,950	140,046	32.9%	33.3%	32.4%	32.1%
MSFT.O	Microsoft Corp	2,043,571	59,647	273.24	168,088	199,239	227,869	258,755	81,602	99,305	114,753	133,783	48.5%	49.8%	50.4%	51.7%
GOOGL.O	Alphabet Inc	1,482,232	124,719	2246.33	257,637	297,332	342,825	391,821	91,144	121,469	139,377	157,367	35.4%	40.9%	40.7%	40.2%
AMZN.O	Amazon.com Inc	1,171,548	23,748	2302.93	469,822	525,637	614,374	711,899	48,291	74,721	99,613	126,754	10.3%	14.2%	16.2%	17.8%
FB.O	Meta Platforms Inc	528,085	47,417	195.13	117,929	126,942	147,924	169,030	54,720	57,142	67,473	78,087	46.4%	45.0%	45.6%	46.2%
IBM	International Business Machines Corp	125,264	(44,454)	139.27	57,350	60,991	63,098	65,719	13,245	16,369	17,157	16,726	23.1%	26.8%	27.2%	25.5%
ALTR.O	Altair Engineering Inc	4,395	214	55.09	532.2	578.1	636.2	670.4	43	103	120	140	8.1%	17.9%	18.9%	20.9%
AYX	Alteryx Inc	3,934	(104)	57.69	536.1	735.0	877.8	1,046.3	(120)	(23)	54	82	-22.4%	-3.1%	6.1%	7.9%
	Average (Mean) - AI coys												22.8%	28.1%	29.7%	30.3%
	Average (Median) - AI coys												28.0%	30.1%	29.8%	28.8%
US & International Telcos																
T.N	AT&T Inc	152,415	(157,526)	21.29	168,864	128,431	121,805	123,225	51,434	42,653	43,472	44,341	30.5%	33.2%	35.7%	36.0%
VZ	Verizon Communications Inc	215,862	(147,947)	51.40	133,613	136,785	139,622	141,854	48,380	49,228	50,924	52,648	36.2%	36.0%	36.5%	37.1%
TMUS.OQ	T-Mobile US Inc	168,118	(72,943)	134.11	80,118	81,196	83,380	85,990	26,499	27,389	29,768	32,344	33.1%	33.7%	35.7%	37.6%
CHTR.OQ	Charter Communications Inc	97,650	(90,960)	509.94	51,682	54,081	55,845	57,787	20,200	21,727	22,607	23,817	39.1%	40.2%	40.5%	41.2%
ATUS.N	Altice USA Inc	5,283	(26,351)	11.62	10,091	9,807	9,633	9,826	4,329	4,033	3,978	4,159	42.9%	41.1%	41.3%	42.3%
UK / Europe & Asia																
BT.L	BT Group PLC	18,291	(18,489)	184.25	20,845	21,013	21,293	21,287	7,577	7,784	7,938	8,141	36.3%	37.0%	37.3%	38.2%
VOD.L	Vodafone Group PLC	36,606	(54,665)	130.14	45,580	46,046	46,640	47,121	19,577	15,385	15,728	16,083	43.0%	33.4%	33.7%	34.1%
DTEGN.DE	Deutsche Telekom AG	95,115	(134,358)	19.08	108,794	112,248	114,827	117,870	44,682	41,201	43,513	45,917	41.1%	36.7%	37.9%	39.0%
O2Dn.DE	Telefonica Deutschland Holding AG	8,623	(3,971)	2.90	7,765	7,953	8,124	8,247	2,273	2,460	2,510	2,561	29.3%	30.9%	30.9%	31.1%
UTDI.DE	United Internet AG	5,989	(2,218)	30.88	5,646	5,844	6,051	6,250	1,337	1,284	1,342	1,419	23.7%	22.0%	22.2%	22.7%
TEF.MC	Telefonica SA	27,892	(38,057)	4.95	39,277	37,989	38,415	38,869	12,659	12,182	12,445	12,757	32.2%	32.1%	32.4%	32.8%
ORAN.PA	Orange SA	31,125	(35,640)	11.70	42,522	43,286	43,454	44,056	14,320	13,202	13,430	13,654	33.7%	30.5%	30.9%	31.0%
KPN.AS	Koninklijke KPN NV	13,944	(6,510)	3.38	5,256	5,303	5,348	5,424	2,495	2,516	2,576	2,660	47.5%	47.4%	48.2%	49.0%
0728.HK	China Telecom Corp Ltd	390,825	16,312	3.01	439,552	482,439	519,095	557,066	123,912	133,257	140,381	147,863	28.2%	27.6%	27.0%	26.5%
9432.T	Nippon Telegraph & Telep (USD)	131,678	(66,307)	3996.00	110,624	113,156	115,357	118,322	31,849	30,749	31,511	31,980	28.8%	27.2%	27.3%	27.0%
STEL.SI	Singapore Telecommunications Ltd	44,590	(9,739)	2.70	15,339	16,009	16,426	NaN	3,774	4,058	4,221	NaN	24.6%	25.3%	25.7%	NaN
	Average (Mean) - Intnl Telcos												34.4%	33.4%	33.9%	35.1%
	Average (Median) - Intnl Telcos												33.4%	33.3%	34.7%	36.0%
Aust. Telecomms Sector																
TLS.AX	Telstra Corporation Ltd	44,975	(16,316.0)	3.91	21,558	21,890	22,448	22,823	6,877	7,292	7,752	8,028	31.9%	33.3%	34.5%	35.2%
TPG.AX	TPG Telecom Ltd	10,691	(5,508.0)	5.80	5,338	5,416	5,645	5,847	1,727	1,817	1,974	2,090	32.4%	33.6%	35.0%	35.7%
NXT.AX	NEXTDC Ltd	4,925	(203.7)	10.88	250	294	348	419	137	166	196	246	54.8%	56.4%	56.4%	58.6%
UWL.AX	Uniti Group Ltd	3,355	(210.6)	4.93	160	230	259	287	88	140	160	180	54.6%	61.1%	61.8%	62.6%
MAQ.AX	Macquarie Telecom Group Ltd	1,264	(188.6)	59.11	285	313	360	396	74	88	109	124	25.9%	28.0%	30.3%	31.3%
ABB.AX	Aussie Broadband Ltd	996	46.4	4.23	350	538	838	982	18	35	96	130	5.1%	6.5%	11.4%	13.3%
TUA.AX	Tuas Ltd	575	91.7	1.25	34	55	75	101	NaN	13	22	29	NaN	23.5%	29.5%	28.2%
SLC.AX	Superloop Ltd	388	22.7	0.81	111	262	287	311	18	30	34	42	16.3%	11.5%	11.8%	13.5%
MNF.AX	Symbio Holdings Ltd	369	4.8	4.40	205	211	225	246	37	36	42	49	18.2%	17.1%	18.6%	19.9%
SWP.AX	Swoop Holdings Ltd	92	9.6	0.64	22	53	62	66	(0)	10	14	17	-1.8%	18.3%	23.0%	25.5%
WCG.AX	Webcentral Ltd	75	(45.7)	0.23	78	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
5GG.AX	Pentanet Ltd	61	23.9	0.29	11	18	27	38	(8)	NaN	NaN	NaN	-74.8%	NaN	NaN	NaN
ST1.AX	Spirit Technology Solutions Ltd	32	(5.5)	0.05	103	138	155	166	10	9	13	17	9.7%	6.5%	8.4%	10.2%
HFY.AX	Hubify Ltd	22	4.1	0.045	18	NaN	NaN	NaN	1	NaN	NaN	NaN	7.5%	NaN	NaN	NaN
	Average (Mean) - Aust Telcos												15.0%	26.9%	29.2%	30.4%
	Average (Median) - Aust Telcos												17.3%	23.5%	29.5%	28.2%

Source: Refinitiv consensus estimates; Sequoia forecasts for Dubber

Part B – Key Valuation Measures

Refinitiv Code	Company	Revenue Growth			EV/ Sales (EVS)			EV/ Ebitda			P/E		
		FY1e	FY2e	FY3e	FY1e	FY2e	FY3e	FY1e	FY2e	FY3e	FY1e	FY2e	FY3e
DUB.AX	Dubber (Sequoia estimates)	82.8%	45.0%	36.2%	6.0x	4.7x	3.8x	-4.4x	-6.2x	-8.5x	-5.6x	-6.7x	-7.9x
DUB.AX	Dubber (Consensus)	77.6%	70.0%	60.3%	4.7x	2.8x	1.7x	NaN	NaN	23.6x	NaN	NaN	97.5x
Directly relevant coys													
CSCO.O	Cisco Systems Inc	2.7%	3.5%	5.0%	3.5x	3.4x	3.2x	9.4x	9.2x	8.7x	13.6x	12.8x	12.0x
ZM.O	Zoom Video Communications Inc	10.8%	13.4%	10.1%	6.0x	5.3x	4.8x	17.0x	15.3x	13.7x	29.5x	27.0x	25.8x
NICE.O	Nice Ltd	13.1%	11.9%	12.8%	5.3x	4.8x	4.2x	16.9x	17.0x	12.6x	27.5x	24.5x	21.4x
VRNT.O	Verint Systems Inc	7.9%	10.0%	12.9%	4.0x	3.7x	3.2x	14.7x	13.0x	11.5x	20.3x	17.8x	15.1x
	Average (Mean) - AI coys	8.6%	9.7%	10.2%	4.7x	4.3x	3.9x	14.5x	13.6x	11.7x	22.7x	20.5x	18.6x
	Average (Median) - AI coys	9.3%	10.9%	11.4%	4.7x	4.2x	3.7x	15.8x	14.2x	12.1x	23.9x	21.1x	18.3x
AI Companies													
AAPL.O	Apple Inc	7.7%	5.6%	4.8%	6.3x	6.0x	5.7x	19.0x	18.5x	17.8x	24.4x	22.8x	21.6x
MSFT.O	Microsoft Corp	18.5%	14.4%	13.6%	10.1x	8.8x	7.7x	20.2x	17.5x	15.0x	29.3x	25.4x	21.8x
GOOGL.O	Alphabet Inc	15.4%	15.3%	14.3%	4.6x	4.0x	3.5x	11.2x	9.8x	8.7x	20.2x	17.0x	14.8x
AMZN.O	Amazon.com Inc	11.9%	16.9%	15.9%	2.2x	1.9x	1.7x	15.7x	11.8x	9.3x	143.6x	42.6x	26.6x
FB.O	Meta Platforms Inc	7.6%	16.5%	14.3%	3.8x	3.3x	2.9x	8.5x	7.2x	6.2x	16.4x	13.9x	12.3x
IBM	International Business Machines Corp	6.3%	3.5%	4.2%	2.8x	2.7x	2.6x	10.3x	9.9x	10.1x	14.4x	13.3x	12.7x
ALTR.O	Altair Engineering Inc	8.6%	10.1%	5.4%	7.3x	6.6x	6.3x	40.8x	35.0x	30.1x	68.0x	58.6x	55.1x
AYX	Alteryx Inc	37.1%	19.4%	19.2%	5.9x	5.0x	4.2x	NaN	81.1x	52.9x	NaN	1035.2x	176.6x
	Average (Mean) - AI coys	14.2%	12.7%	11.4%	5.4x	4.8x	4.3x	18.0x	23.8x	18.8x	45.2x	153.6x	42.7x
	Average (Median) - AI coys	10.3%	14.8%	13.9%	5.3x	4.5x	3.8x	15.7x	14.6x	12.5x	24.4x	24.1x	21.7x
US & International Telcos													
T.N	AT&T Inc	-23.9%	-5.2%	1.2%	2.6x	2.8x	2.8x	8.0x	7.8x	7.7x	8.2x	8.4x	8.3x
VZ	Verizon Communications Inc	2.4%	2.1%	1.6%	2.7x	2.6x	2.6x	7.5x	7.2x	7.0x	9.5x	9.2x	8.9x
TMUS.OQ	T-Mobile US Inc	1.3%	2.7%	3.1%	3.0x	2.9x	2.8x	8.9x	8.2x	7.5x	48.9x	21.5x	13.9x
CHTR.OQ	Charter Communications Inc	4.6%	3.3%	3.5%	3.6x	3.5x	3.4x	8.9x	8.6x	8.2x	16.5x	14.2x	11.3x
ATUS.N	Altice USA Inc	-2.8%	-1.8%	2.0%	3.2x	3.3x	3.2x	7.8x	7.9x	7.6x	7.6x	7.8x	6.9x
UK / Europe & Asia													
BT.L	BT Group PLC	0.8%	1.3%	0.0%	1.8x	1.7x	1.7x	4.7x	4.6x	4.5x	8.9x	9.5x	8.9x
VOD.L	Vodafone Group PLC	1.0%	1.3%	1.0%	2.2x	2.2x	2.1x	6.6x	6.4x	6.3x	13.7x	12.2x	10.6x
DTEGN.DE	Deutsche Telekom AG	3.2%	2.3%	2.6%	2.4x	2.3x	2.3x	6.5x	6.2x	5.9x	13.5x	12.0x	10.6x
O2Dn.DE	Telefonica Deutschland Holding AG	2.4%	2.1%	1.5%	1.6x	1.6x	1.5x	5.1x	5.0x	4.9x	96.6x	50.8x	33.5x
UTDI.DE	United Internet AG	3.5%	3.5%	3.3%	1.4x	1.3x	1.3x	6.3x	6.0x	5.7x	13.5x	13.1x	12.0x
TEF.MC	Telefonica SA	-3.3%	1.1%	1.2%	1.9x	1.9x	1.9x	6.1x	5.9x	5.8x	15.4x	14.4x	12.6x
ORAN.PA	Orange SA	1.8%	0.4%	1.4%	1.6x	1.6x	1.6x	5.3x	5.2x	5.1x	10.4x	9.8x	9.0x
KPN.AS	Koninklijke KPN NV	0.9%	0.9%	1.4%	3.9x	3.8x	3.8x	8.1x	7.9x	7.7x	21.2x	19.0x	17.2x
0728.HK	China Telecom Corp Ltd	9.8%	7.6%	7.3%	0.7x	0.6x	0.6x	2.4x	2.3x	2.2x	8.2x	7.3x	6.5x
9432.T	Nippon Telegraph & Telep (USD)	2.3%	1.9%	2.6%	1.8x	1.8x	1.7x	6.7x	6.5x	6.4x	11.6x	10.8x	10.3x
STEL.SI	Singapore Telecommunications Ltd	4.4%	2.6%	NaN	3.4x	3.3x	3.3x	13.4x	12.9x	11.3x	16.2x	15.0x	13.9x
	Average (Mean) - Intnl Telcos	0.5%	1.6%	2.2%	2.4x	2.3x	2.3x	7.0x	6.8x	6.5x	20.0x	14.7x	12.1x
	Average (Median) - Intnl Telcos	2.0%	2.0%	1.6%	2.3x	2.3x	2.2x	6.6x	6.5x	6.3x	13.5x	12.1x	10.6x
Aust. Telecomms Sector													
TLS.AX	Telstra Corporation Ltd	1.5%	2.6%	1.7%	2.8x	2.7x	2.7x	8.3x	7.8x	7.6x	27.4x	23.3x	20.9x
TPG.AX	TPG Telecom Ltd	1.5%	4.2%	3.6%	3.0x	2.9x	2.8x	9.0x	8.3x	7.8x	36.5x	27.2x	22.0x
NXT.AX	NEXTDC Ltd	17.8%	18.2%	20.4%	18.3x	15.4x	12.8x	32.4x	27.4x	21.9x	697.4x	501.6x	152.3x
UWL.AX	Uniti Group Ltd	43.0%	12.9%	10.6%	15.4x	13.6x	12.3x	25.2x	22.0x	19.7x	46.1x	37.8x	33.3x
MAQ.AX	Macquarie Telecom Group Ltd	9.7%	15.0%	10.1%	4.9x	4.3x	3.9x	17.5x	14.1x	12.3x	190.7x	91.8x	80.9x
ABB.AX	Aussie Broadband Ltd	53.5%	55.8%	17.1%	1.6x	1.0x	0.9x	24.5x	9.0x	6.6x	63.5x	24.1x	15.5x
TUA.AX	Tuas Ltd	60.3%	36.6%	34.9%	9.4x	6.9x	5.1x	40.0x	23.4x	18.1x	NaN	NaN	NaN
SLC.AX	Superloop Ltd	137.2%	9.5%	8.2%	1.7x	1.6x	1.5x	15.2x	13.5x	10.9x	NaN	NaN	64.8x
MNF.AX	Symbio Holdings Ltd	3.3%	6.6%	9.3%	1.6x	1.5x	1.4x	9.4x	8.0x	6.9x	26.9x	22.6x	18.5x
SWP.AX	Swoop Holdings Ltd	136.4%	16.6%	7.3%	1.1x	0.9x	0.9x	6.0x	4.1x	3.4x	NaN	NaN	NaN
WCG.AX	Webcentral Ltd	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NULL	NULL	NULL
5GG.AX	Pentanet Ltd	NaN	NaN	NaN	2.8x	1.9x	1.3x	NaN	NaN	27.2x	NaN	NaN	NaN
ST1.AX	Spirit Technology Solutions Ltd	34.3%	12.3%	7.1%	0.4x	0.3x	0.3x	5.6x	3.8x	2.9x	48.0x	9.6x	5.3x
HFY.AX	Hubify Ltd	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
	Average (Mean) - Aust Telcos	45.3%	17.3%	11.8%	5.2x	4.4x	3.8x	17.5x	12.9x	12.1x	142.1x	92.2x	46.0x
	Average (Median) - Aust Telcos	34.3%	12.9%	9.3%	2.8x	2.3x	2.1x	15.2x	9.0x	9.3x	47.0x	25.6x	22.0x

Source: Refinitiv consensus estimates; Sequoia forecasts for Dubber

- Revenue growth for our selected international telcos, at around 0.5-2.2% over the next 3 years. Telstra revenue growth is also low at 1.5-2.6%. This is driving Telcos to seek new products and revenue streams for growth, including reselling Microsoft Teams, Cisco Webex and Zoom to avoid direct cannibalisation.
- Dubber's traditional call recording competitors have moderate growth forecast: Nice at 12-13% and Verint at 8-13%.

- Revenue growth for our selected AI companies is similar at 10-15%, after a significant de-rating.
- Cisco's forecast revenue growth is 3-5%; IBM's 3.5-6.3%; Zoom's 10.1%-13.4%; Microsoft's 13.6%-18.5%.
- On our forecasts, Dubber has superior revenue growth of 83% / 45% and 36%, for FY22 / FY23 / FY24, but is not yet profitable.

Dubber Valuation & Recommendation:

- International Telcos are valued at around 2.2-2.4x forward Revenue, and 6.3-7.0x Ebitda. Ebitda margins 33-36%.
- Ai companies are valued at around 3.8-5.4x Revenue, and 12-24x EV / Ebitda. Ebitda margins of 28-30%.
- Zoom is valued at 4.8-6.0x Revenue, and 14-17x EV / Ebitda. Ebitda margins ~35%.
- Microsoft 7.7-10.0x Revenue, and 15-20x EV / Ebitda, the premium valuation due to very high Ebitda margins of 50-52%.
- Cisco is valued at 3.2-3.5x Revenue, and 8.7-9.4x EV / Ebitda. Ebitda margins ~37%.
- Nice is valued at 4.2-5.3x Revenue, and 12.6-17.0x EV / Ebitda. Ebitda margins 28-33%.
- Verint is valued at 3.2-4.0x Revenue, and 11-14.7x EV / Ebitda. Ebitda margins ~28%.

Dubber - Sequoia Valuation Years ended June	FYO Jun-21	FY1e Jun-22	FY2e Jun-23	FY3e Jun-24
Peer group EV / Revenue Multiples (median)	5.1x	4.7x	4.2x	3.7x
(Median of Cisco, Zoom, Nice & Verint)				
Multiple applied for DUB	6.4x	5.9x	5.3x	4.6x
Premium (Discount) assumed	25%	25%	25%	25%
DUB revenue forecast (A$m)	20.3	37.1	53.8	73.3
Value of DUB Business	129.7	218.1	282.4	339.0
DUB Net Cash at 30 June	29.4	85.6	53.5	29.8
EV (Enterprise Value)	**159.1**	**303.7**	**335.9**	**368.8**
Valuation Per Share	**$ 0.67**	**$ 0.95**	**$ 1.05**	**$ 1.15**
Shares on issue (F/d)(m)	239.2	321.1	321.1	321.1

Source: Refinitiv consensus estimates for peer group; Sequoia ests for DUB

Our DCF valuation has become negative, as we do not expect Dubber to be profitable within our 5-year forecast period.

We believe a reasonable valuation would be a 25% premium to the median average EV / Sales multiples of directly relevant companies (Cisco, Zoom, Nice and Verint). The premium we believe is justified as Dubber has superior revenue growth, but is not yet profitable.

Looking 12-months ahead, our valuation is $1.05 per share.

At the current share price of $1.01, the projected 12-month TSR is 4.0%. Under our research methodology, we now rate Dubber a Hold (previously Buy).

Appendix 1 - Brief History

Dubber was founded in Melbourne in 2011 by telecommunications executives Steve McGovern, James Slaney and Adrian Di Pietrantonio who had worked together at the My1300 Group of companies which provided services to Primus, AAPT, OneTel, Worldxchange, Telstra, Optus and Vodafone. Whilst managing (high-volume) inbound call centres for Optus, they saw the demand and opportunity for a cloud-based call recording system, which led to the founding of Dubber.

The emerging business was back-door listed in March 2015 into the shell of Crucible Gold Limited (CUG), raising $4.6m at $0.20 per share to develop the business. All funds stayed within the business (apart from listing costs). According to the Prospectus, Dubber had 1,166 SME users at 30 November, 2014 which is now 510,000 enterprise and SME individual users at 31 March 2021, 7.5 years later.

From inception, Dubber has always had a close relationship with Cisco Systems, with its BroadWorks and BroadSoft software powering ~650 Telco's worldwide. In June 2021, Cisco became Dubber's first Foundation Partner.

Appendix 2 - Company Description

Dubber Corporation Limited (DUB) has become a world leader in the provision of voice call recording, audio asset management and related artificial intelligence (AI), in the cloud. To date, approximately 97% of revenue comes from the provision of voice recording services to meet the traditional use cases of providing a record of customer interactions, and to meet compliance requirements (largely in the financial services, banking and insurance sectors).

Dubber's vision however is to become a leading global provider of artificial intelligence and business insights, to all kinds of businesses, by capturing all calls (not just in the call centre or financial dealing room), analyse the tone and sentiment of voice calls, and transcribe all calls automatically using machine-learning into searchable text, to create rich voice data from which to draw valuable business, employee and customer insights.

Dubber has secured and developed important strategic alliances with Cisco Systems Inc and IBM which appear to share this vision and are providing significant business support to Dubber, including access to their large, global customer bases. We explore these crucial relationships in more detail later in this report (pages 17-21 for Cisco; pages 22-24 for IBM).

Competitive Advantage

Traditional call recording solutions were hardware based, integrated with on-premise PBX systems. Since the 1990's, many of these customers have migrated to hosted PBX solutions, with call recording done on equipment located in the Telco's exchange or service providers' data centre. Since the 2000's, these systems are now being replaced with internet-based services with calls stored centrally in the cloud(s).

Dubber is the world's only "Platform as a Service" for call recording. It is a turnkey solution in a market where traditional alternatives require significant deployment processes including productisation, change management and capital expenditure, delivering a hardware based, or hosted solution with licences attached.

Dubber was created from inception to be "cloud native" and its secret sauce is that it is designed to be deployed at the Telco level, and then made available to any customer of each Telco service provider by simply requesting the Telco to turn it on and commencing billing.

Embedded call recording technology in > 171 local and international telcos (117 billing)

DUB has been successful is signing agreements with major Tier 1 Telcos to be their embedded call recording service provider. It is highly unlikely that these Telcos would embed a second recording solution at the core of their networks, so this should be a lasting advantage for Dubber.

- Mar 2016 - A Tier 1 Singapore-based Telco
- Oct 2016 - Telenor Sverige, a Tier 1 Scandinavian Telco
- Feb 2017 - PCCW / Hong Kong Telecom
- Aug 2017 - AT&T, market cap US$209bn, the 2nd largest telco in the world
- Apr 2018 - KPN, Netherlands national carrier, Tier 1 telco
- Feb 2019 - Cox Business, US Tier 1 telco
- Mar 2019 - Optus, Australian Tier 1 telco
- Jun 2019 - Spark New Zealand (nee Telecom NZ), NZ Tier 1 telco
- Dec 2019 - Sprint, US Tier 1 telco
- Feb 2020 - Telstra, Aust Tier 1 telco
- Mar 2020 – Verizon, market cap US$234bn, the largest telco in the world
- Not a Telco, but Dubber is also the embedded recording solution available for Telcos using the Cisco BroadSoft business platform. Over >650 Telcos use Cisco BroadSoft to manage their calls, and these are expected to migrate to Cisco BroadCloud over the next few years.
- Dec 2021 – BT Group plc (British Telecom) – Dubber to be embedded as the default recording solution in the BT Meetings suite (includes solutions for Microsoft Teams, Zoom and Cisco Webex).
- Optus Mobile – Dubber to become the native call recording and voice Ai embedded in the Optus Mobile network.

Dubber also well positioned on global web-scale collaboration platforms

Telcos have recently been losing market share to new web-scale meeting and collaboration platforms such as Zoom, Webex and Teams. Dubber has also been selected as the only embedded call recording provider for Cisco Webex and IBM Cloud for Telecommunications (a huge and lasting advantage to be natively integrated at the core), and has non-exclusive integrations with the other major platforms:

- Nov 2019 – Native embedding into Cisco Webex calling. And from 3rd June 2021 Dubber is now included in all Webex subscriptions as a standard feature (free to users for a basic service).
- 21/10/20 – Dubber for Teams launched, and in January 2021 Dubber become the first officially certified Unified Cloud Calling solution for Microsoft Teams (non-exclusive). Teams has 145m daily active users (up from 75m in 2019). Over 500,000 businesses use Teams as their default messaging platform. (Source: Businessofapps.com).
- 6/11/20 - IBM selected Dubber as the recording and call capture platform to be embedded in IBM Cloud for Telecommunications, IBM's bespoke industry cloud for the worldwide Telecommunications sector.
- Apr 2021 - Dubber integration for Zoom now available (non-exclusive).
- Dec 2021 – BT Group plc (nee British Telecom), BT.L, market cap GBP 18.0bn. Tier 1 telco. Dubber to be embedded as the default recording and voice intelligence solution in the BT Meetings suite of managed services, which spans Microsoft Teams, Zoom and Cisco Webex. Targeting multinational organisations globally.

Dubber - Competitive Position

Platform	Dubber position	Competitors
Telcos		
160 Telcos including Telstra & AT&T	Dubber embedded at core	Traditional 1x1 relationship
	Telco & Dubber aligned to promote to customers	Not aligned
Call centre / contact centre	Yes, embedded at core	Yes
Office desk phone	Yes, embedded at core	Sometimes
Business mobile or devices	Yes, embedded at core	Seldom
Web-scale Collaboration / Meeting Platforms		
Cisco Webex	Dubber Foundation customer	Not aligned
• 100m business phones	Dubber embedded at core (exclusive)	Competitors may connect via external API's
• 600m meeting participants in Oct 2020	Cisco will offer Dubber to all customers free	
	Cisco will pay Dubber a base fee	
Microsoft Teams	Dubber Unified Voice recording / AI	Only one other integration to date
• 145m daily active users	integration announced 21/10/20;	
• 500,000 organisations use as default	The first of its kind (Not exclusive).	
• Teams Phone: 80m users	Official global certification 29/1/21	
Zoom	Dubber integration announced 14/4/21	Competitors may connect via external API's
• 350m daily active users		
• 504,900 firms with >10 users		
• Zoom Phone: 2.0m seats		
Other		
All platforms / Single pane of glass?	Dubber is the only recording solution that works across all communication channels	None
Can meet all Compliance requirements	Yes, embedded at core	No, usually limited to call centre or one department (eg dealing room)

Source: Company announcements; Google; Sequoia estimates

Key: Blue highlighting indicates areas of competitive advantage

Appendix 3 - Regulatory Drivers - Compliance recording

We found an excellent summary in a White Paper by German omni-channel recording and analytics company, ASC Technologies, a Dubber competitor (Germany, unlisted). We have added the commencement dates. Refer: https://asctechnologies.com/english/index.html

GDPR (enforceable from 25/5/18)

The GDPR (General Data Protection Regulation) unifies data protection for all individuals in the member states of the European Union and gives EU citizens unconditional control of their personal data. The regulation entails substantial changes for companies in terms of recording, archiving, and processing customer data. Breaches may be sanctioned with severe penalties of up to 4% of worldwide turnover or 20million euros.

According to Wikipedia, it applies to any enterprise, regardless of location and the data subject's citizenship or residence, that is processing the personal information of individuals inside the EU /EEA. International companies processing data in the EU will also be subject to these rules.

MiFID II (since Jan 2018)

MiFID II (EU Markets in Financial Instruments Directive) is a financial markets directive that applies uniformly throughout Europe. It aims at protecting investors and increasing transparency in the financial markets. One aspect of MiFID II regulates the recording of consultant calls in securities trading. The legislator prescribes the comprehensive and evidence-proof recording and archiving of all consultant calls regardless of the channel, be it phone, video call, chat or e-mail. In Germany, compliance with the directive is monitored by the Federal Financial Supervisory Authority (BaFin) and infringements are punished with heavy fines (up to 5 million € or trade bans).

IDD (not clear, but looks like from 1/10/18)

The European Insurance Distribution Directive (IDD) regulates the performance of all insurance distribution, in particular insurance brokerage. The aim of the IDD is to create a uniform basis for insurance brokerage across Europe. Until February 2021, the European Commission will review whether the current directive guarantees a sufficient level of consumer protection. Generally, the IDD only defines a minimum standard. National legislator may thus provide more stringent sets of rules than those laid down in the directive. It is expected that recording and subsequent documentation of consultation calls will become mandatory in the market.

FinVermV (from 1/8/20)

This appears to be a German requirement, expanding MiFIID II to fee-based financial investment advisors.

According to the updated FinVermV (Financial Investment Brokerage Ordinance), so-called 34f brokers with a license in accordance with § 34 of the Trade Regulation Act (this also includes capital-forming life insurance policies) are obliged as of 1st August 2020 to record phone or video consultations as well as the corresponding electronic communication and save them in an audit-proof way. The recordings of all calls regarding a possible brokerage of financial products must be saved for ten years.

Dodd-Frank Act (from 21/7/10)

Dodd-Frank Act (Dodd-Frank Wall Street Reform and Consumer Protection Act) is a US federal law designed to promote financial stability, by strengthening accountability and transparency in the financial system, among other measures. Among other things, Dodd-Frank Act stipulates extensive requirements for recording and archiving transactions. For example, all interactions of the last twelve months regarding an individual transaction must be made available to the supervisory authority within 72 hours. File entries on interaction content must be archived for a minimum of five years.

PCI DSS (from Dec 2004) – Source: Wikipedia

The Payment Card Industry Data Security Standard (PCI DSS) is an information security standard for organizations that handle branded credit cards from the major card schemes. PCI DSS has been implemented and followed across the globe since December 2004. There are 12 major requirements, including restricting access to cardholder data such as credit card account numbers to only authorized personnel.

Dubber (DUB) **$ 1.010**

Profit & Loss

Year end June $m	FY20	FY21	FY22e	FY23e	FY24e
Op. Revenue	9.6	20.3	37.1	53.8	73.3
Revenue growth %	73.9%	110.8%	82.6%	44.9%	36.3%
Cost of Goods Sold	(6.6)	(10.3)	(21.9)	(29.6)	(36.6)
Gross Profit	**3.1**	**10.0**	**15.2**	**24.2**	**36.6**
Gross Profit Margin	31.6%	49.1%	41.0%	45.0%	50.0%
Other Income	2.1	2.9	0.6	0.0	0.0
Cash Operating Expenses	(16.6)	(26.5)	(46.4)	(51.5)	(55.4)
Share-based payments	(4.4)	(13.8)	(20.0)	(14.0)	(14.0)
EBITDA	**-15.9**	**-27.5**	**-50.6**	**-41.3**	**-32.8**
Ebitda Margin	-164.5%	-135.1%	-136.2%	-76.9%	-44.7%
Depreciation & Amort	(2.1)	(3.0)	(4.8)	(5.3)	(5.8)
EBIT	**-17.9**	**-30.5**	**-55.4**	**-46.6**	**-38.6**
Ebit Margin	-185.7%	-150.1%	-149.1%	-86.6%	-52.6%
Interest Income (Expense)	(0.1)	(1.5)	(2.7)	(2.7)	(2.7)
Share of Assoc NPAT	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	**(18.0)**	**(32.0)**	**(58.1)**	**(49.3)**	**(41.3)**
Income Tax Credit (Expense)	0.0	0.3	0.6	0.6	0.0
Tax Rate	0.0%	-0.9%	-1.0%	-1.2%	0.0%
Minorities (share of loss)	0.0	0.0	0.0	0.0	0.0
Abnormals	0.0	0.0	-0.4	0.0	0.0
NPAT (reported)	**-18.0**	**-31.7**	**-57.8**	**-48.7**	**-41.3**
Adjustments (Abnormals)	0.0	0.0	0.0	0.0	0.0
NPAT (normalised)	**-18.0**	**-31.7**	**-57.5**	**-48.7**	**-41.3**

Balance Sheet

	FY20	FY21	FY22e	FY23e	FY24e
Cash	18.4	32.0	88.2	56.1	32.4
Receivables	10.3	22.8	37.5	43.4	47.3
Inventories	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.5	0.5	0.5	0.0
Total current assets	**28.9**	**55.4**	**126.2**	**100.0**	**79.7**
PP&E	2.3	2.7	6.0	8.0	10.2
Invests (Restricted cash)	0.0	0.0	0.0	0.0	0.0
Intangibles	4.1	42.3	42.3	37.1	17.6
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Total non-current assets	**6.5**	**45.0**	**48.3**	**45.1**	**27.8**
Total Assets	**35.3**	**100.3**	**174.5**	**145.1**	**107.6**
Payables	-5.3	-11.6	-20.0	-27.5	-35.6
Interest bearing liabs -current	-0.6	-0.6	-0.6	-0.6	-0.6
Deferred revenue - current	0.0	0.0	0.0	0.0	0.0
Provisions	-0.8	-1.2	-1.2	-1.2	-1.2
Other	-0.7	-21.4	-4.2	-4.2	-4.2
Total Current Liabilities	**-7.4**	**-34.8**	**-26.0**	**-33.5**	**-41.6**
Interest-bearing liabs (Non-cu	-1.9	-2.0	-2.0	-2.0	-2.0
Deferred revenue (non-current	0.0	0.0	0.0	0.0	0.0
Provisions	-0.3	-0.4	-0.4	-0.4	-0.4
Other	-0.2	-4.2	-32.0	-36.4	-27.3
Total Non-current Liabilities	**-2.4**	**-6.6**	**-34.5**	**-38.9**	**-29.7**
Total Liabilities	**-9.8**	**-41.4**	**-60.4**	**-72.4**	**-71.3**
Total Shareholders' Equity	**25.5**	**59.0**	**114.1**	**72.7**	**36.3**

Interims

Year end June	1H21	2H21	1H22	2H22e	FY22e
Sales	**7.3**	**13.0**	**16.2**	**20.9**	**37.1**
Sales Growth (%)	62%	153%	122%	60%	83%
EBITDA profit (loss)	**-6.2**	**-21.3**	**-27.4**	**-23.2**	**-50.6**
EBITDA Margin	-84.8%	-163.1%	-169.2%	-110.7%	-136.2%
EBIT	**-7.3**	**-23.2**	**-29.7**	**-25.6**	**-55.4**
Equity Share of Assocs NPAT	0.0	0.0	0.0	0.0	0.0
NPAT (Reported)	-7.5	-24.2	-31.2	-26.7	-57.8
NPAT (Adjusted)	**-7.5**	**-24.2**	**-30.8**	**-26.7**	**-57.5**
EPS (adjusted)(cents)	**-2.9**	**-10.3**	**-10.1**	**-7.8**	**-17.9**
EPS Growth	-35.3%	116.3%	246.0%	-24.8%	35.1%
DPS (cents)	0.0	0.0	0.0	0.0	0.0

Source: Sequoia estimates

Per share & Ratio data

Year end June	FY20	FY21	FY22e	FY23e	FY24e
Shares on Issue - Wavge (f/c	193.6	239.2	321.1	321.1	321.1
Shares on Issue - at y/end	207.7	256.2	304.8	307.8	309.2
EPS - Reported (cents)	**(9.3)**	**(13.3)**	**(18.0)**	**(15.2)**	**(12.9)**
Growth	49.6%	42.5%	35.9%	-15.8%	-15.3%
P/E ratio (x)	-10.9x	-7.6x	-5.6x	-6.7x	-7.9x
EPS (normalised)(cents)	**(9.3)**	**(13.3)**	**(17.9)**	**(15.2)**	**(12.9)**
Growth	49.6%	42.5%	35.1%	-15.2%	-15.3%
P/E ratio (x)	-10.9x	-7.6x	-5.6x	-6.7x	-7.9x
DPS (cents)	0.0	0.0	0.0	0.0	0.5
Yield	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
OCF per share (cents)	-6.6	-7.5	-12.3	-9.4	-6.7
Price/OCF (x)	-15.4x	-13.5x	-8.2x	-10.8x	-15.1x
Enterprise Value $m	292.0	278.5	222.3	254.4	278.1
EV/ Sales	**30.3x**	**13.7x**	**6.0x**	**4.7x**	**3.8x**
EV/EBITDA	-18.4x	-10.1x	-4.4x	-6.2x	-8.5x
EV/EBIT	-16.3x	-9.1x	-4.0x	-5.5x	-7.2x

Liquidity & Leverage

	FY20	FY21	FY22e	FY23e	FY24e
Net Cash (Debt) $m	15.9	29.4	85.6	53.5	29.8
Net Debt / Equity %	n/a	n/a	n/a	n/a	n/a
Net Debt / EBITDA	n/a	1.1x	1.7x	1.3x	0.9x
ROA (EBIT / T.Assets) %	-50.7%	-30.4%	-31.7%	-32.1%	-35.8%
ROE (NPAT / T.Equity) %	-70.5%	-53.8%	-53.7%	-83.6%	-242.3%

Cash Flow

	FY20	FY21	FY22e	FY23e	FY24e
EBITDA (before SBPs)	-11.5	-13.6	-30.6	-27.3	-18.8
Chge in Working Capital	-0.4	-6.2	-6.3	0.0	0.0
Interest Received (Paid)	0.1	0.3	-2.7	-2.7	-2.7
Income taxes paid	0.0	0.3	0.0	0.0	0.0
Other	-0.9	1.4	0.0	0.0	0.0
Operating cash flows	**-12.7**	**-17.9**	**-39.6**	**-30.1**	**-21.5**
Capex	-0.1	-0.3	-3.3	-2.0	-2.2
Acquisitions	0.1	-14.3	-7.0	0.0	0.0
Investments	0.0	0.0	0.0	0.0	0.0
Other (Capitalised R&D)	1.5	0.0	0.0	0.0	0.0
Net investing cash flows	**1.5**	**-14.5**	**-10.3**	**-2.0**	**-2.2**
Equity raised (bought back)	10.3	45.6	105.9	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0
Change in Debt	-0.2	0.4	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Financing cash flow	**10.1**	**46.0**	**105.9**	**0.0**	**0.0**
Change in Cash	**-1.1**	**13.6**	**56.1**	**-32.1**	**-23.7**

Revenue Breakdown

	FY20	FY21	FY22e	FY23e	FY24e
Basic	9.6	12.9	28.6	44.1	62.2
CallN (acqd 31/5/20)	0.1	1.2	1.4	1.5	1.6
Speik UK (ann 22/12/20)	0.0	6.2	7.1	8.2	9.4
Total Revenue	**9.6**	**20.3**	**37.1**	**53.8**	**73.3**

Directors Shareholdings	**Shares (m)**	**% of coy**	**Options (m)**
Peter Clare, NED Chairman (app 1/12/17) - Shares	0.765	0.3%	0.000
Steve McGovern, Managing Director (app 2/3/15) - S	7.747	3.2%	3.070
Peter Pawlowitsch, Executive Director - Commercia	3.409	1.6%	1.618
Gerard Bongiorno, NED (app 3/7/17) - Shares	0.792	0.3%	0.000
Total	**12.714**	**5.4%**	**4.688**

Major Shareholders	**Shares (m)**	**% of coy**
Thorney	12.630	4.1%
Regal Funds Mgt	12.600	4.1%
Black Rock Investment Mgt	11.070	3.6%
Steve McGovern (MD)	9.836	3.2%
Vanguard Group Inc	7.100	2.3%
Peter Pawlowitsch (Exec Director)	4.965	1.6%
Vanguard Investments Australia Ltd	4.170	1.4%
Black Rock Institutional Trust Co	3.900	1.3%
Technical Investing Pty Ltd	3.750	1.2%

Source: ASX announcements, Refinitiv

SEQUOIA FINANCIAL GROUP (ASX: SEQ) - About Us

Sequoia Financial Group is a boutique investment house known for the quality of its advice, the strength of its relationships and depth of expertise across financial markets. The Group has also expanded into corporate advisory, equity capital markets, institutional dealing and financial planning.

Sequoia Financial Group is listed on the Australian Securities Exchange and trades under the stock code SEQ. We provide: • Investment and superannuation products • Wealth management and advisory services • Corporate advisory and capital markets expertise • Retail, wholesale and institutional trading platforms • Market data and financial news services.

With offices in Melbourne, Sydney and Gold Coast, Sequoia Financial Group provides products and services to self-directed retail and wholesale clients and those of third-party professional service firms. Our group includes:

• **Sequoia Wealth Management** - is a holder of an Australian Financial Services License (AFSL). Our aim is to prove exceptional unbiased advice to high net wealth individuals, families and institutional investors.

Our team of diverse experts provide provides strategic and tailored investment advice to our clients. We specialise in advising our clients on portfolio management, SMSFs, direct shares, superannuation, structured products, option trading, personal insurance, margin lending, cash solutions and much more.

Our services are designed for individuals and family offices all seeking unbiased financial and strategic structuring advice.

• **Sequoia Direct** - offers self-directed investors a variety of investment opportunities. Most of our clients sign up to our award winning online ASX share and option trading service, where others, use our service to gain access to various investment opportunities such as IPOs & capital raising opportunities.

• **Sequoia Corporate Finance** - is a leading Australian small and mid-market corporate adviser. We apply our knowledge, extensive contacts, expertise and professionalism to deliver best-practice, objective advice in the following disciplines: Public market M&A; Private treaty M&A; Equity capital markets; Capital management and restructuring; Corporate and strategic advice.

• **InterPrac Financial Planning** - The easy choice for client-focussed and accountant-aligned financial planners to deliver superior integrated and practical solutions.

• **Sequoia Asset Management Pty Ltd** - is an investment services firm and holder of an Australian Financial Services License. Our team of experts provide general advice on portfolio management, SMSFs, direct shares, superannuation, structured products, option trading, personal insurance, margin lending and cash solutions.

• **Sequoia Superannuation Pty Ltd (SS**) - provides a complete solution to the SMSF market, designed specifically for anyone that has or wants a SMSF. SS also provides SMSF solutions to financial planners, stock brokers, mortgage brokers and accountants Australia wide.

• **Sequoia Specialist Investments Pty Ltd (SSI)** - Since 2010 SSI has been building innovative investment solutions for Australian investors. SSI works with investors, financial advisers and stockbrokers to develop and deliver investment solutions that meet the needs and objectives of their clients.

Over the years we have developed numerous investments opportunities that give investors access to both local and foreign shares and indices that offer income and capital growth potential.

SSI can also offer a variety of solutions for professional advisers where we can provide white-label solutions for groups that want to retain their own branding.

• **Bourse Data –** is one of Australia's most trusted and leading suppliers of stock market analysis software and financial market data for private and professional investors and traders.

• **Finance News Network** (FNN) is an independent news organisation, specialising in the production and distribution of online finance news, digital communications and productions services for ASX-listed companies and managed funds. Annually FNN produces over 3,000 video news items and it's one of the largest suppliers of wholesale online finance video in Australia.

• **Morrison Securities** - provides seamless and cost-effective third-party stock broking execution solutions to AFSL holders such as financial planners, financial advisors, banks, building societies and trading educators.

Morrison Securities has been providing white labelled trading solutions to Broker Dealers (Shadow Broker) since 2007. We assist broker dealer groups in providing a superior product to their clients by offering a wholesale broking solution and a comprehensive range of white-label products.

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Recommendation Criteria

Investment View

The Sequoia Wealth Management (SWM) Investment View is based on an absolute 1-year total return equal to capital appreciation plus yield.

Buy	Accumulate	Hold	Reduce	Sell
>20%	10% – 20%	0% – 10%	0% to -10%	>-10%

A Speculative recommendation is when a company has limited experience from which to derive a fundamental investment view.

Risk Rating

SWM has a four tier Risk Rating System consisting of: Very High, High, Medium and Low. The Risk Rating is a subjective rating based on: Management Track Record, Forecasting Risk, Industry Risk and Financial Risk including cash flow analysis.

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