



## **ASX ANNOUNCEMENT (ASX:AIM)**

**26 October 2021**

### **Ai-Media delivers customer wins with growing SaaS product suite Q1 FY22 revenue up 35% at increased gross margins**

**Melbourne, Australia, 26 October 2021:** Ai-Media Technologies Limited (**Ai-Media** or **Company**) (**ASX: AIM**), a global provider of technology-driven captioning, transcription and translation services, is pleased to provide the following highlights on its business activities and financial performance for the quarter ended 30 September 2021.

#### **Highlights**

- **Revenue of \$14.9 million for Q1 FY22, up 35% on the prior comparative period (pcp) of Q1 FY21, at a gross margin over 50% (vs 39% on the pcp)**
- **SaaS product line Lexi and Smart Lexi volumes up 75% on the pcp**
- **Strategic customer wins with Ai-Media's new SaaS Smart Lexi™ product including NBC's Olympics and Paralympics on Peacock and TVSN Australia's 'shopping network'**
- **Won second parliament contract (NSW Parliament) with service to commence in H2 FY22**
- **New SaaS product (SubSilo™) launched to support applications in parliamentary captioning and Hansard workflows**
- **Integration of Ai-Media's multilingual live captioning solutions on Microsoft Teams**
- **EEG integration tracking ahead of schedule, helping increase Ai-Media's total addressable market significantly**
- **Strong direct and indirect sales pipeline in all regions driven by "one-stop shop" solution for captioning, transcription and translation – both live and recorded**
- **Operating cashflow breakeven sustained inclusive of EEG integration and product development expenses**
- **One-off payments related to prior acquisitions of \$1.6 million paid in the quarter**
- **Cash balance of \$15.5 million at 30 September 2021**
- **Buy-back program to commence from 15 November 2021 for up to 2 million AIM shares**

**Ai-Media Co-Founder and CEO Tony Abrahams said:** "Our transformative acquisition of EEG in May this year allowed us to deliver strategic customer wins, which set a solid foundation for continued growth and success. We are well placed to continue our strong growth in FY22, with our market-leading technology platform and product suite giving us the ability to take advantage of continued tailwinds from the accelerated use of video and live streaming worldwide.

"Ai-Media is delighted to add further global technology companies to its customer mix and to have worked with Microsoft to build caption functionalities for their Teams platform, validating the step change improvement that it offers above out-of-the-box automated products.

“A notable achievement is the winning of our second parliament contract, supported by the launch of our new SubSilo™ SaaS product that makes captions more usable and valuable and improves the efficiency of the statutory Hansard transcription process.

“We are excited that our highly scalable product suite meets the captioning and language needs of our global customers, forming the backbone of a strong sales pipeline – through both direct and indirect sales channels. Over time we see continued growth in SaaS revenue as increasing adoption of our suite of products continues.

“With cash in excess of \$15 million and margins continuing to improve, we have launched an on-market buy-back for up to 2 million AIM shares over the next 12 months. The Company will buy back shares whenever they are available at a meaningful discount from their intrinsic value and when there is surplus cash available.”

## **Key business activities**

Ai-Media won several strategic customer accounts during the quarter which reflects the quality of its product offerings. These customer wins occurred in APAC, EMEA and North America and included SaaS sales of Lexi, Smart Lexi, Alta, Falcon and iCap, with three clear price tiers for captions, transcription and translation – automated (Lexi), semi-automated (Smart Lexi), and premium (Ai-Live).

### NBC's Olympics and Paralympics on Peacock

Ai-Media's partnership with NBC to deliver the most accessible Olympics and Paralympics broadcast in history showcased our semi-automated Smart Lexi™ SaaS product, also being used on Sky News Australia.

### NSW Parliament

NSW Parliament will be using Ai-Media's premium Ai-Live captions and its new SubSilo™ SaaS product on the public webcasts of proceedings to offer more accessible parliamentary proceedings, and to help its Hansard team create faster and more accurate verbatim transcripts which are legally required documents.

Ai-Media will provide up to 1,800 hours of live captioning per year for events held in the Legislative Assembly, the Legislative Council, and three committee rooms.

NSW Parliament is the second parliament (after the UK Parliament) to use Ai-Media's one-stop shop product suite to increase the efficiency of its live transcription, and video streaming.

### TVSN

TVSN Australia's 'shopping network' is the latest addition to Ai-Media's growing list of broadcast clients. Under a 3-year agreement, TVSN will leverage the power of Ai-Media's semi-automated Smart Lexi™ SaaS product and is expected to deliver a minimum of seven hours of live captioning per day.

### Microsoft Teams Integration

Ai-Media provided direct support to Microsoft to build an interface into their Teams platform where over 250 million users can now integrate Ai-Media's high-accuracy Ai-Live premium caption solutions, known as a type of Communication Access Realtime Translation (CART).

The successful integration of the Company's live captioning platform within the Microsoft Teams platform underlines the strength and value of Ai-Media's products offerings above and

beyond “out-of-the-box” automated captioning solutions that were already a feature on the Teams platform.

### EEG integration

The integration of EEG is performing well ahead of schedule with the majority of new sales now comprising a bundled “one-stop shop” offering of EEG hardware and one or more tiers of Ai-Media’s captioning, transcription and translation services.

The planning phase of the integration of the code base is nearing completion, and additional engineering resources have been secured to deliver a sequence of product enhancements during the remainder of FY22.

While Ai-Media has adequate inventory on hand of key components for the EEG hardware products, the global component shortage presents some risk that customers may need to delay purchasing the virtualized Alta and Falcon products if they cannot source third party hardware on which to install it.

### Sales pipeline

The strategy of expanding EEG’s sales footprint outside of its traditional market of North America has delivered notable early success in the APAC and EMEA regions.

The vertically integrated “one-stop shop” offering is presenting exciting sales opportunities in greenfield markets that are new to captioning – including in countries such as India where Ai-Media currently has a very limited market presence.

Ai-Media’s strategy is to work with local partners in these new markets.

## **Financial and Operational Performance**

Q1 FY22 Revenue of \$14.9 million was up 35% on the pcip (Q1 FY21: \$11.0 million).

Gross Margin expanded from 39% to over 50% with a growing share of SaaS products, and lower cost base on Services revenue due to platform automation investments.

Ai-Media operating cashflow was breakeven in line with internal expectations and includes costs associated with integration of EEG and increased business development and product investment.

Cash balance at 30 September 2021 of \$15.5 million.

In accordance with ASX Listing Rule 4.7C.2, a use of funds statement is provided in the annexure.

## **On Market Buy-Back**

Ai-Media today announced an on-market buy-back for up to 2 million AIM shares over the next 12 months. The Company will buy back shares whenever they are available at a meaningful discount from their intrinsic value and when there is surplus cash available.

## **Investor day**

An investor day will be held on 27 October 2021 at 8:30am (AEDT) via Zoom where various members of the Ai-Media management team will present to investors.

Click the below link to register your attendance:

[https://us02web.zoom.us/webinar/register/WN\\_h1c3-aYLSwSZuPAnMxLw6A](https://us02web.zoom.us/webinar/register/WN_h1c3-aYLSwSZuPAnMxLw6A)

## **Release of Shares from Voluntary Escrow relating to former Director, Mr Jonathan Pearce.**

In accordance with ASX Listing Rule 3.10A, the Company advises of the release from voluntary escrow of a total of 308,556 Escrowed Shares held by 143 Pty Ltd, a company which is controlled by former Director, Mr Jonathan Pearce, who was a Director during the reporting period, and who retired from the Board with effect from 31 August 2021.

Further, with relation to the Appendix 3G submitted to the ASX on 30 September 2021 and in accordance with the terms of his appointment as Director, the Company will issue to Mr Pearce a total of 4,912 RSUs, granted on a fully-vested basis, in connection with the Company's FY22 RSU grant (pro-rated for the time spent as director in FY22, being from 1 July to 31 August 2021).

Mr Pearce will not be entitled to any further RSUs for the remainder of FY22 or any RSUs for FY23. For further details on the RSU grants, please see the Company's 2021 Annual Report and its IPO prospectus (available at [www.asx.com.au](http://www.asx.com.au)).

### **ENDS**

Authorised for release by the Ai-Media Board.

### **Further Information**

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### **About Ai-Media**

Founded in Australia in 2003, technology company Ai-Media has become a global leader in the provision of high-quality live and recorded captioning, transcription and translation services. Its technology platform combines artificial intelligence and human expertise to deliver speech-to-text accuracy in three price points: automated (Lexi), semi-automated (Smart Lexi), and premium (Ai-Live). The company is the biggest captioning provider in the Australian market, with clients including major free-to-air and pay television networks, and has a growing international footprint, with offices in Australia, the US, UK and Canada. Globally, Ai-Media technology delivers 7 million minutes of live and recorded media content, and online events and web streams every month. Ai-Media (ASX: AIM) commenced trading on the ASX on 15 September 2020. For more information on Ai-Media please visit <https://www.ai-media.tv/>

## Annexure

Ai-Media provides the following comparison of its actual expenditure since admission to the ASX in September 2020 against the “use of funds” statement in its Prospectus dated 10 August 2020.

| Use of funds  | Prospectus<br>use of funds<br>\$million | Expenditure<br>since ASX<br>admission<br>\$million |
|---|---|--|
| General working capital   | 5.5                                     | 7.3  |
| Sales and marketing   | 5.0                                     | 1.8  |
| Investment in ongoing product development and platform automation | 5.0                                     | 3.4  |
| Payment of ACS vendor loan  | 2.8                                     | 2.7  |
| Cash incentive scheme   | 3.4                                     | 3.7  |
| Costs relating to the offer                                       | 5.8                                     | 5.3  |
| Repayment of shareholder loans                                    | 2.5                                     | 2.4  |
| <b>Total Uses *</b>   | <b>30.0</b>                             | <b>26.6</b>  |

\* The proceeds represent the amount raised by the Company from the issue of new shares and excludes the amount of \$35.5m raised and transferred to Selling Shareholders via SaleCo refer Ai Media IPO Prospectus IPO - Table 7.1: Sources and uses of proceeds

## Appendix 4C

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

**Name of entity**

Ai-Media Technologies Limited

**ABN**

12 122 058 708

**Quarter ended (current quarter)**

30 September 2021

| <b>Consolidated statement of cash flows</b>               | <b>Current<br/>quarter<br/>\$A'000</b> | <b>Year to date<br/>(3 months)<br/>\$A'000</b> |
|---|--|--|
| <b>1. Cash flows from operating activities</b>            |  |  |
| 1.1 Receipts from customers                               | 15,310                                 | 15,310   |
| 1.2 Payments for  |  |  |
| (a) research and development                              | (409)                                  | (409)  |
| (b) product manufacturing and operating costs             | (9,069)                                | (9,069)  |
| (c) advertising and marketing                             | (340)                                  | (340)  |
| (d) leased assets   | (92)                                   | (92)   |
| (e) staff costs   | (5,057)                                | (5,057)  |
| (f) administration and corporate costs                    | (408)                                  | (408)  |
| 1.3 Dividends received (see note 3)                       | -                                      | -  |
| 1.4 Interest received                                     | 3                                      | 3  |
| 1.5 Interest and other costs of finance paid              | (82)                                   | (82)   |
| 1.6 Income taxes paid                                     | 0                                      | 0  |
| 1.7 Government grants and tax incentives                  | 118                                    | 118  |
| 1.8 Other (provide details if material)                   | -                                      | -  |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(25)</b>                            | <b>(25)</b>                                    |

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date<br>(3 months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| <b>2.</b>                            | <b>Cash flows from investing activities</b>   |                            |                                       |
| 2.1                                  | Payments to acquire or for:   |                            |                                       |
|                                      | (a) entities  |                            |                                       |
|                                      | (b) businesses  | (1,594)                    | (1,594)                               |
|                                      | (c) property, plant and equipment   | (88)                       | (88)                                  |
|                                      | (d) investments   | -                          | -                                     |
|                                      | (e) intellectual property   | -                          | -                                     |
|                                      | (f) other non-current assets  | (542)                      | (542)                                 |
|                                      | (g) distributions of equity related entitlements  | -                          | -                                     |
| 2.2                                  | Proceeds from disposal of:  |                            |                                       |
|                                      | (a) entities  | -                          | -                                     |
|                                      | (b) businesses  | -                          | -                                     |
|                                      | (c) property, plant and equipment   | -                          | -                                     |
|                                      | (d) investments   | -                          | -                                     |
|                                      | (e) intellectual property   | -                          | -                                     |
|                                      | (f) other non-current assets  | -                          | -                                     |
| 2.3                                  | Cash flows from loans to other entities   | -                          | -                                     |
| 2.4                                  | Dividends received (see note 3)   | -                          | -                                     |
| 2.5                                  | Other (provide details if material)   | -                          | -                                     |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b>                                   | <b>(2,224)</b>             | <b>(2,224)</b>                        |
| <b>3.</b>                            | <b>Cash flows from financing activities</b>   |                            |                                       |
| 3.1                                  | Proceeds from issues of equity securities (excluding convertible debt securities)       | -                          | -                                     |
| 3.2                                  | Proceeds from issue of convertible debt securities                                      | -                          | -                                     |
| 3.3                                  | Proceeds from exercise of options   | -                          | -                                     |
| 3.4                                  | Transaction costs related to issues of equity securities or convertible debt securities | (26)                       | (26)                                  |
| 3.5                                  | Proceeds from borrowings  | (240)                      | (240)                                 |
| 3.6                                  | Repayment of borrowings   | -                          | -                                     |
| 3.7                                  | Transaction costs related to loans and borrowings                                       | -                          | -                                     |
| 3.8                                  | Dividends paid  | -                          | -                                     |
| 3.9                                  | Other (IPO Costs)   | -                          | -                                     |
| <b>3.10</b>                          | <b>Net cash from / (used in) financing activities</b>                                   | <b>(266)</b>               | <b>(266)</b>                          |

| Consolidated statement of cash flows |  | Current quarter<br>\$A'000 | Year to date<br>(3 months)<br>\$A'000 |
|--------------------------------------|--|----------------------------|---------------------------------------|
| <b>4.</b>                            | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |                            |                                       |
| 4.1                                  | Cash and cash equivalents at beginning of period                             | 17,844                     | 17,844                                |
| 4.2                                  | Net cash from / (used in) operating activities (item 1.9 above)              | (25)                       | (25)                                  |
| 4.3                                  | Net cash from / (used in) investing activities (item 2.6 above)              | (2,224)                    | (2,224)                               |
| 4.4                                  | Net cash from / (used in) financing activities (item 3.10 above)             | (266)                      | (266)                                 |
| 4.5                                  | Effect of movement in exchange rates on cash held                            | 187                        | 187                                   |
| <b>4.6</b>                           | <b>Cash and cash equivalents at end of period</b>                            | <b>15,516</b>              | <b>15,516</b>                         |

|            |  |                                    |                                     |
|------------|--|------------------------------------|-------------------------------------|
| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b> | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
| 5.1        | Bank balances  | 15,516                             | 17,844                              |
| 5.2        | Call deposits  | -                                  | -                                   |
| 5.3        | Bank overdrafts  | -                                  | -                                   |
| 5.4        | Other (provide details)  | -                                  | -                                   |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>   | <b>15,516</b>                      | <b>17,844</b>                       |

|   |   |                                    |
|---|---|------------------------------------|
| <b>6.</b>   | <b>Payments to related parties of the entity and their associates</b>                   | <b>Current quarter<br/>\$A'000</b> |
| 6.1   | Aggregate amount of payments to related parties and their associates included in item 1 | 215                                |
| 6.2   | Aggregate amount of payments to related parties and their associates included in item 2 | -                                  |
| <i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i> |   |                                    |

|     |  |
|-----|--|
| 6.1 | Included in section 6.1 are payments made to related parties of Ai-Media. These amounts primarily relate to executive and non-executive directors in payment of their directors' fees, salaries and benefits |
|-----|--|

|           |   |   |  |
|-----------|---|---|--|
| <b>7.</b> | <b>Financing facilities</b><br><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i><br><i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>  | <b>Total facility amount at quarter end \$A'000</b> | <b>Amount drawn at quarter end \$A'000</b> |
| 7.1       | Loan facilities   | -   | -  |
| 7.2       | Credit standby arrangements   | -   | -  |
| 7.3       | Other (please specify)  | -   | -  |
| 7.4       | <b>Total financing facilities</b>   | -   | -  |
| 7.5       | <b>Unused financing facilities available at quarter end</b>   | -   |  |
| 7.6       | Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. |   |  |
|           | Facility  | Facility limit \$A'000                              | Amount drawn \$A'000                       |
|           | Interest rate   | Secured   |  |

|  |  |                |
|--|--|----------------|
| <b>8.</b>  | <b>Estimated cash available for future operating activities</b>  | <b>\$A'000</b> |
| 8.1  | Net cash from / (used in) operating activities (item 1.9)  | (25)           |
| 8.2  | Cash and cash equivalents at quarter end (item 4.6)  | 15,516         |
| 8.3  | Unused finance facilities available at quarter end (item 7.5)  | -              |
| 8.4  | Total available funding (item 8.2 + item 8.3)  | 15,516         |
| 8.5  | <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  | 620            |
| <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i> |  |                |
| 8.6  | If item 8.5 is less than 2 quarters, please provide answers to the following questions:  |                |
| 8.6.1  | Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?  |                |
|  | Answer: N/A  |                |
| 8.6.2  | Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? |                |
|  | Answer: N/A  |                |
| 8.6.3  | Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?  |                |
|  | Answer: N/A  |                |
| <i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>   |  |                |

## Compliance statement

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

26 Oct 2021

Date: .....

By the Board

Authorised by: .....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.