

## ASX ANNOUNCEMENT

25 January 2022

### **Ai-Media delivers another cash flow positive quarter with increased gross margins**

**Melbourne, Australia, 25 January 2022:** 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 31 December 2021.

#### **Highlights**

- **Revenue of \$14.7 million for Q2 FY22, up 25% on the prior comparative period (pcp) of Q2 FY21, with gross margins exceeding 50% (vs 39% on the pcp)**
- **Cashflow from operating activities of \$1.9 million for the quarter, a \$5.6 million improvement on the pcp (and up \$1.9 million on Q1 FY22)**
- **Strong cash balance at 31 December 2021 of \$15.9 million, inclusive of \$0.5 million spent on the share buyback, an increase of \$0.4 million on Q1 FY22**
- **Increased adoption of our automated SaaS products Lexi and Smart Lexi with volumes up 115% on pcp and 32% on Q1 FY22, with live captioning quality outcomes continuing to improve with launch of Lexi and Smart Lexi 2.0**
- **iCap platform minutes volumes up 24% on pcp and up 10% on Q1 FY22**
- **Large international brands increased volumes of Lexi and Smart Lexi on live broadcast content including FOX television group and ESPN+ in the US, and growing sales pipeline globally**

**Ai-Media Co-Founder and CEO Tony Abrahams said:** “Ai-Media’s best in class automated live captioning solutions Lexi and Smart Lexi are propelling a transformation in global live broadcast markets. Q2 FY22 saw an acceleration in the growth of key automated SaaS products due to increased accuracy delivered by our Lexi and Smart Lexi 2.0 upgrades, and enhanced sales and marketing activity.

“Our continued transition from a leading captioning service provider to a global technology SaaS business is well underway. Our iCap platform minutes increased by 24% on the pcp and our SaaS product line Lexi and Smart Lexi volumes grew by an impressive 115% on the pcp. During the quarter we secured new key global customers and we continued enhancing our technology and product suite.

“With positive cashflow from operating activities and a strong cash balance at 31 December, we are in a great position to keep growing our revenue while improving our margins and extending the leadership of our high quality live captioning, transcription and translation product suite, as powered by our world-leading iCap platform. The iCap platform seamlessly connects captions to any broadcast signal in the world. With 99.99%+ uptime and a near ubiquitous market share in the United States, Ai-Media is actively extending this network

globally, while increasing the number of monetised iCap minutes across the United States with Lexi and Smart Lexi.

“The sales pipeline in existing and new markets is strong and we anticipate further acceleration of SaaS revenue and margin growth in coming quarters.”

### **Key business activities**

Ai-Media won several strategic customer accounts during the quarter which reflects the quality of its product offerings. These customer wins 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). Beyond the wins secured in the quarter, Ai-Media’s sales pipeline has increased providing confidence on future revenue growth.

#### NBC’s Olympics on Peacock and Paralympics

Ai-Media’s partnership with NBC to deliver the most accessible Olympics and Paralympics broadcast has been renewed for the upcoming 2022 Beijing Olympics winter games where our semi-automated Smart Lexi SaaS product will be showcased.

#### Fox Station Group (Fox Corporation)

During the quarter, long standing iCap customer, Fox Station Group transitioned a significant additional volume of its iCap minutes to Lexi, noting the improved quality since the Ai-Media acquisition of EEG.

#### ESPN (US)

ESPN has recently added Ai-Media’s Lexi to its OTT video streaming platform ESPN+. This is another major sports broadcaster to launch Lexi, following NBC for the Olympics. Feedback on quality is excellent.

### **Updates on product suite**

#### Lexi and Smart Lexi

The 115% growth in Lexi and Smart Lexi minutes was underpinned by the first major upgrade to Lexi and Smart Lexi since the acquisition of EEG in May 2021. Lexi and Smart Lexi 2.0 quality outcomes are significantly improved due to Ai-Media’s leading AI and machine learning algorithms. Quality outcomes continue to meet all regulatory benchmarks in the US and Australia.

#### Multilingual offerings

Ai-Media’s full scale multilingual live translations solutions have had strong success in the European market, including the addition of significant events and accounts.

### **Financial and Operational Performance**

Q2 FY22 Revenue of \$14.7 million was up 25% on the pcp (Q2 FY21: \$11.7 million) and in line with Q1 FY22 Revenue of \$14.9 million.

Gross margins continue to exceed 50% (pcp 39%) enhanced by the growth in the proportion of a SaaS products and delivery improvements.

Ai-Media operating cashflow for the December quarter at \$1.9 million was up significantly over the prior quarters’ breakeven performance. This result was driven in part by the operating performance and improvements in working capital.



Cash balance at 31 December 2021 of \$15.9 million, after payments of almost \$0.5 million for the share buyback an increase of \$0.4 million over the prior quarter.

### **On Market Buy-Back**

From the commencement the share buy-back program in November to 31 December 2021, 718,338 shares were purchased, 36% of the program's anticipated 2,000,000 shares. The consideration was \$517,402, averaging \$0.72 per share. In accordance with the Company's Securities Trading Policy and blackout windows, the buy-back program was paused after 31 December 2021 and can resume following the release of H1 FY22 results.

### **Release of H1 FY22 results**

Ai-Media is expected to release its results for the half year to 31 December 2021 on 23 February 2022. Further details regarding an investor briefing in relation to the half year results will be provided in advance of the release date.

### **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/>

## 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)**

31 December 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	16,275	31,702
1.2 Payments for		
(a) research and development	(62)	(472)
(b) product manufacturing and operating costs	(8,436)	(17,505)
(c) advertising and marketing	(111)	(451)
(d) leased assets	(77)	(168)
(e) staff costs	(5,417)	(10,474)
(f) administration and corporate costs	(225)	(633)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	5
1.5 Interest and other costs of finance paid	(48)	(130)
1.6 Income taxes paid	(42)	(42)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,858</b>	<b>1,833</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	(1,594)
(c) property, plant and equipment	(197)	(286)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(731)	(1,273)
(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 Net cash from / (used in) investing activities</b>	<b>(929)</b>	<b>(3,152)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	(462)	(462)
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	(21)	(47)
3.5 Proceeds from borrowings	(64)	(304)
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 Net cash from / (used in) financing activities</b>	<b>(546)</b>	<b>(812)</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<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	15,516	17,844
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,858	1,833
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(929)	(3,153)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(546)	(812)
4.5	Effect of movement in exchange rates on cash held	(16)	171
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>15,883</b>	<b>15,883</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 \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	15,883	15,516
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>15,883</b>	<b>15,516</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	232
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
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<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<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)	1,858
8.2	Cash and cash equivalents at quarter end (item 4.6)	15,883
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	15,883
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
	<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.

28 Jan 2022

Date: .....

the board of Directors

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.