

H1 FY22 Results Presentation

23 February 2022

Ai-Media Technologies Limited



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Presenters

Making the world's content

accessible for everyone

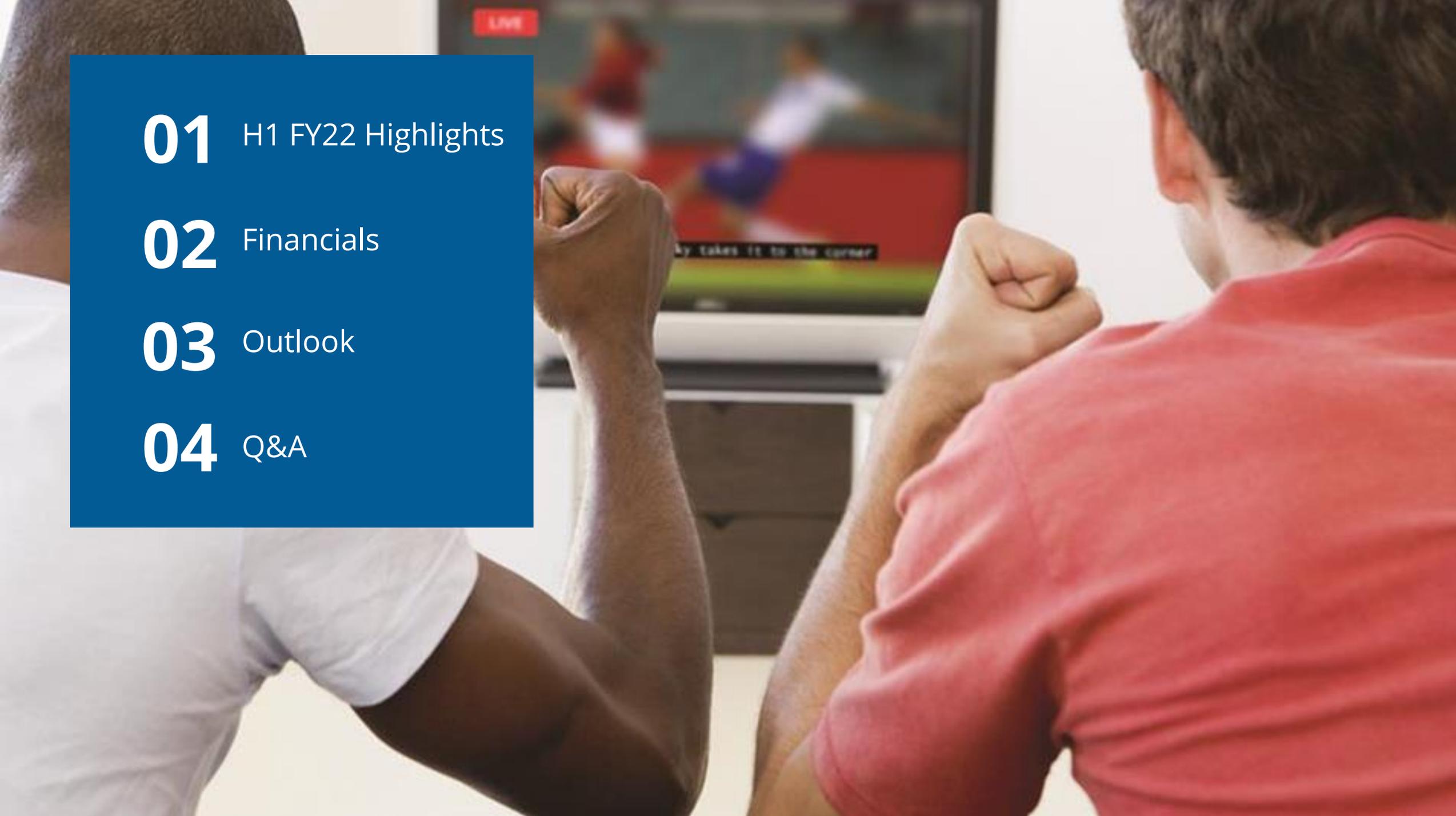
Ai-Media is a global technology company delivering live and recorded captioning, transcription and translation



Tony Abrahams
Chief Executive Officer



John Bird
Chief Financial Officer

A photograph of two men from behind, sitting on a couch and watching a soccer game on a television. Both men have their fists clenched in a cheering gesture. The man on the left is wearing a white t-shirt, and the man on the right is wearing a red t-shirt. The television screen shows a soccer match in progress, with a red 'LIVE' indicator in the top left corner and a subtitle at the bottom that reads 'ky takes it to the corner'.

01 H1 FY22 Highlights

02 Financials

03 Outlook

04 Q&A

H1 FY22 Highlights



H1 FY22 Highlights

+29%

Revenue Growth on PCP (H1 FY21)

\$29.6m Revenue
in H1 FY22 up from \$22.9m

+98%

Growth in Lexi / Smart Lexi
SaaS minutes on PCP

47 million minutes delivered in
H1 FY22 across all products

\$15.9m

Cash balance at 31 December 2021

Strong cash position to
execute on growth strategy

+78%

Gross Profit \$15.7m up from \$8.8m

Gross Margin up from
38% to 53%

+\$7.0m

Improvement in EBITDA on PCP

EBITDA breakeven in H1 FY22 from
EBITDA loss of (\$7.0m) in PCP

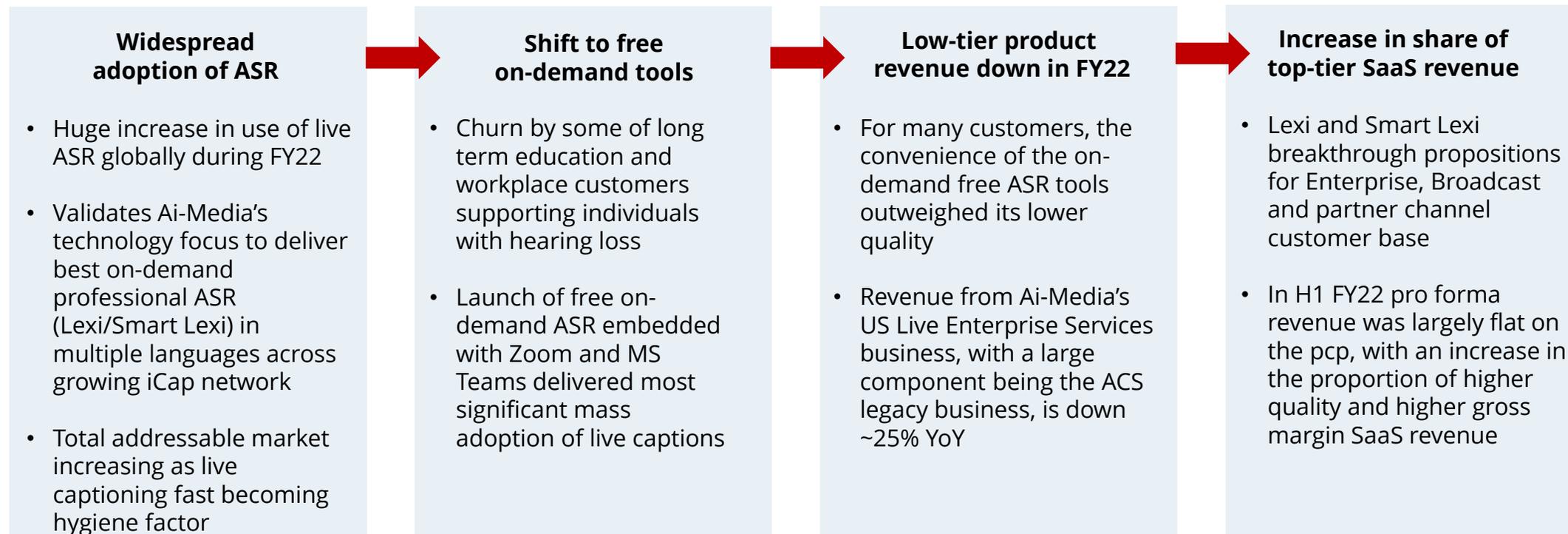
Buy-back

Program of up to 2 million shares
launched on 15 November 2021

36% of the program has been
completed at 31 December 2021

The Impact of Automatic Captioning (ASR) on Ai-Media

The rapid adoption of free ASR tools has resulted in lower revenues from Live Enterprise Services; however, it has contributed to higher gross margin, improved EBITDA performance, and a larger Total Addressable Market



Ai-Media continues to invest in delivering the best ASR via its SaaS products Lexi and Smart Lexi, available through a full suite of connected gateway devices on the growing proprietary iCap network and ecosystem, and offering the highest quality premium services in the industry, including through preferred partners.

Ai-Media's ASR is Proven Top-Quality and Industry-Leading



Lexi can use multiple underlying ASR engines and flexible custom dictionaries



Best-in-class AI-modelling incorporating Natural Language Processing, Deep Learning, Neural Networks and Contextual Learning



Ai-Media's ASR utilises the gateway iCap delivery platform to deliver the best, most flexible and tailored automatic captioning in multiple languages



The gateway iCap platform is the 'defensible moat' for Ai-Media's ASR solutions, providing single button on-demand convenience and security



Consistent NER ratings for Lexi above 98% and improving

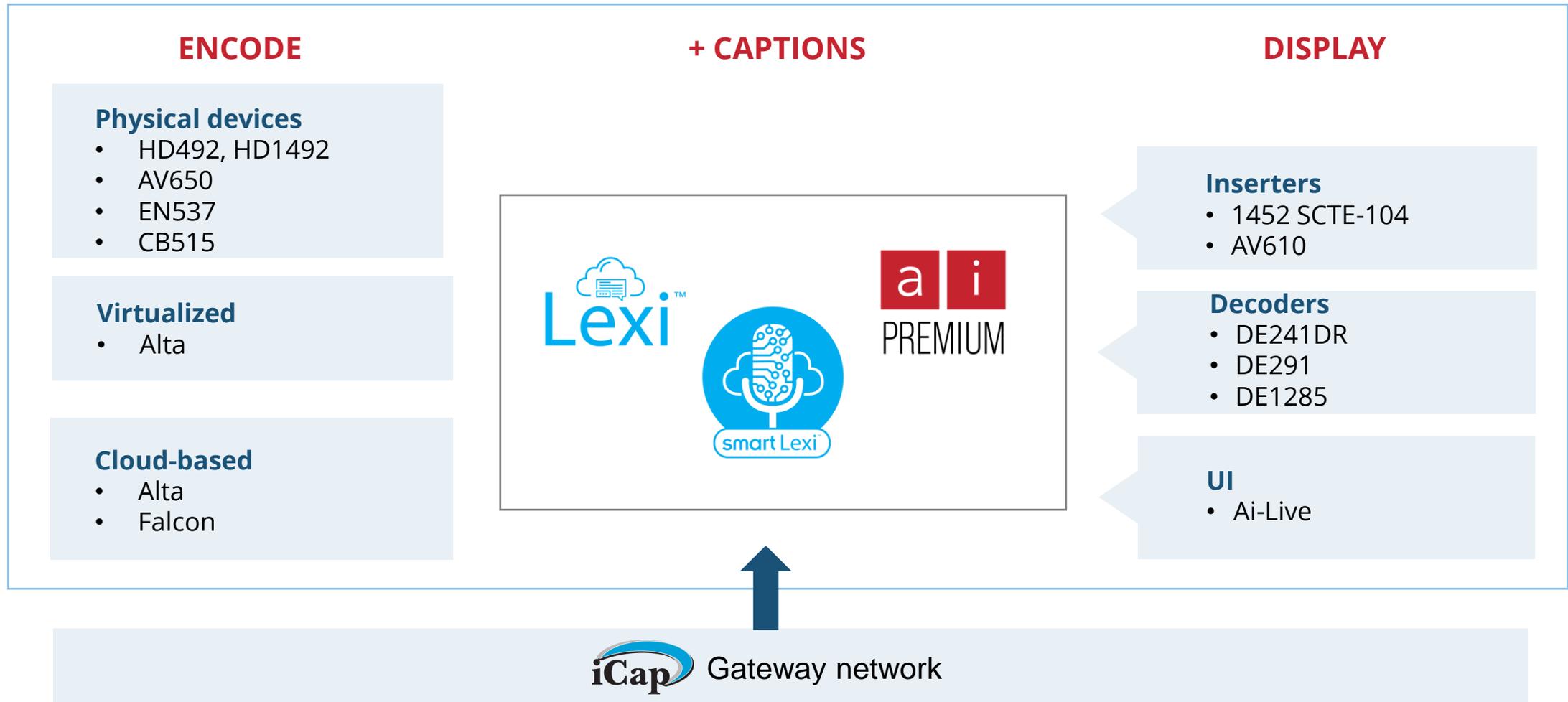


Growing sales pipeline in broadcast and enterprise sector



Full Product Suite

Customers can opt for just one or two of AIM's product offerings – or utilize the iCap gateway network to access all three for a truly seamless one-stop shop solution



Global Sales Wins

Looking to accelerate revenue growth and compete effectively in the global market, Ai-Media's sales teams have had significant wins with great customers in FY22

Deepened strategic customer accounts

- 3** Global technology companies
- 2** Parliaments
- 1** International sporting organisation

Existing iCap customers moving to Ai-Media's ASR



New iCap customers moving to Ai-Media's ASR





A MARKET IN TRANSITION

- On-demand convenience outweighs accuracy concerns for many use cases (e.g. university students and meetings on Zoom and MS Teams)
- Short term headwinds from our legacy ACS business (FY22 Live Enterprise Services revenue expected to be \$14-\$16m lower than FY21)
- Long term tailwinds in the broadcast and enterprise market segments emerging clearly



Case Study One

ONE OF THE 'BIG FOUR' US SPORTS ORGANISATIONS

- This international sport has been using **iCap-enabled** devices for 8 years with an expanding in-house production suite, including full state-of-the-art IP video production which provides accessibility for all viewers
- Subsidiary competition is streaming on the league's website and OTT platform with captioning for the first time
- Ai-Media's integrated technology allows for caption insertion on both IP video workflows (**Transport Stream** and **SMPTE 2110**) with automatic **Lexi** captions
- **Lexi** and **Alta** provide seamless caption integration into their new system

Impact: This is a highly scalable and affordable solution. Ai-Media is well positioned to capitalise on a growing OTT sports streaming market with our scalable IP video tailored offering. As major sports leagues and rights owners continue to enhance their IP delivered, owned and operated ecosystems we are ready to seamlessly integrate with caption insertion in both IP workflows.

Case Study Two

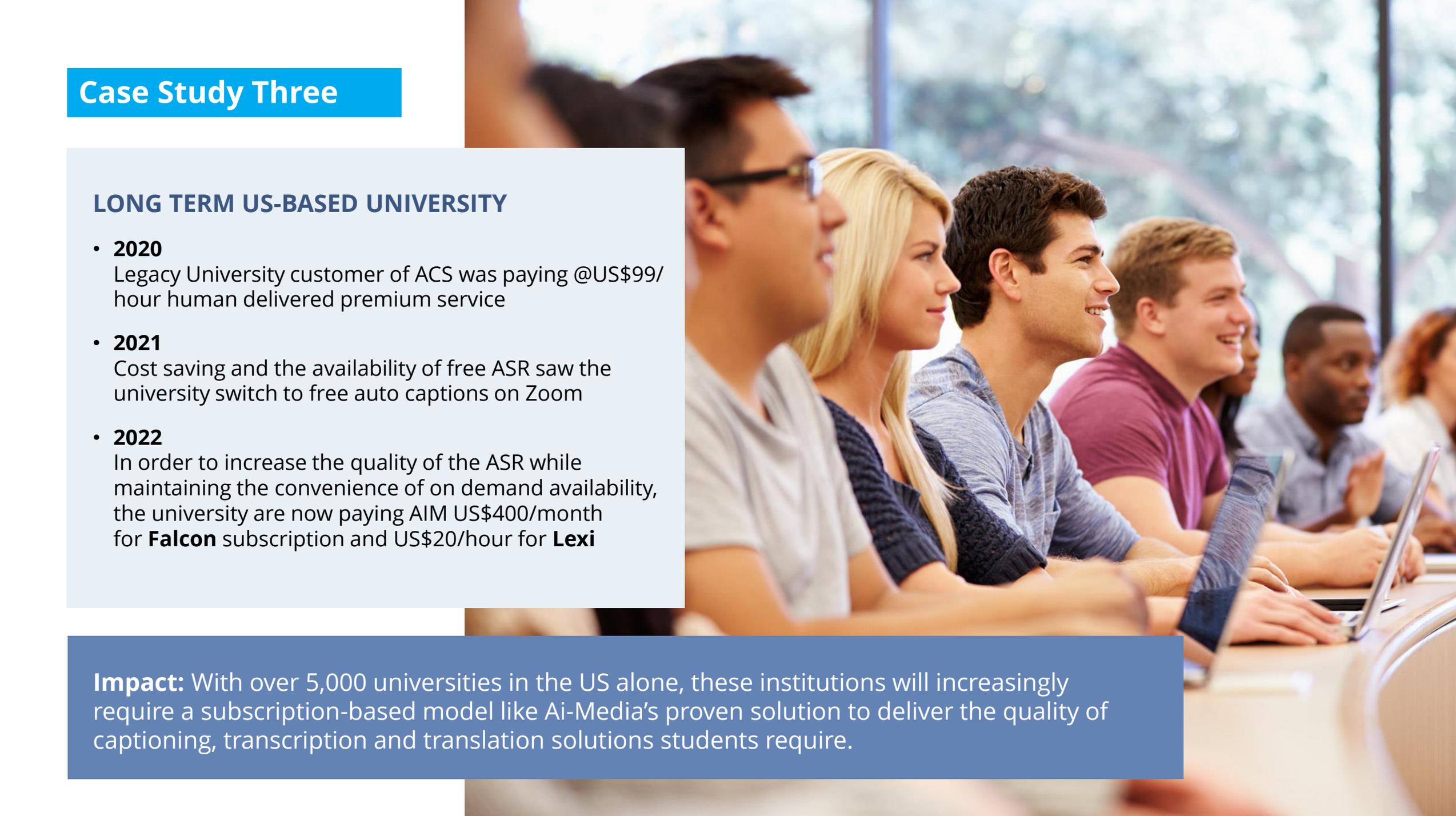
LARGE ENTERPRISE UNIVERSAL DESIGN

- Customer is a large global technology company with their own free consumer-grade ASR product and is a long-term Ai-Media customer
- Wants to secure on-demand accessibility in its corporate meeting rooms with **Lexi**, to improve comprehension, mainly for staff whom English is not their first language
- They have a unique selling proposition with fully installed devices that give secure and private **iCap** network connectivity. This is also connected into the customer's meeting network with customizable **Lexi** and display options through the **AV610** decoder

Impact: In the enterprise sector, **security** is key and something large players want to have in-house control over. Ai-Media's physical hardware and software solutions provide that security.



Case Study Three



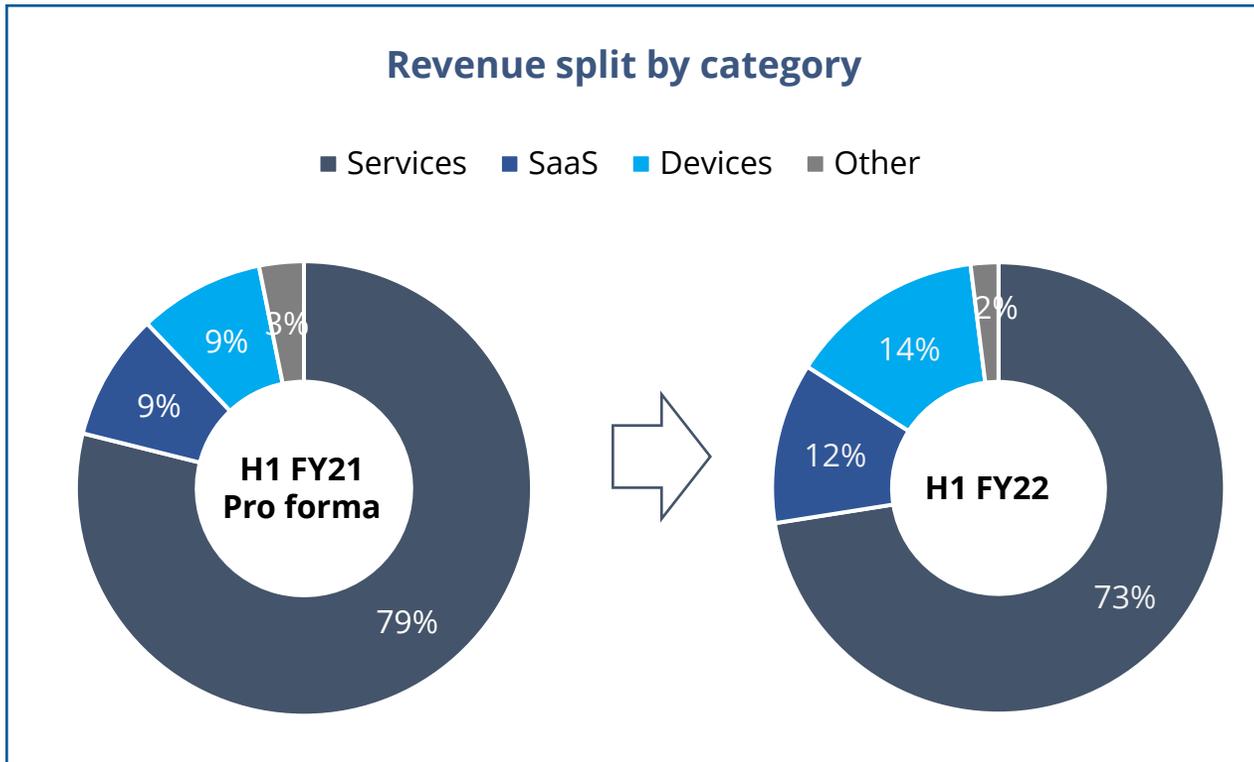
LONG TERM US-BASED UNIVERSITY

- **2020**
Legacy University customer of ACS was paying @US\$99/hour human delivered premium service
- **2021**
Cost saving and the availability of free ASR saw the university switch to free auto captions on Zoom
- **2022**
In order to increase the quality of the ASR while maintaining the convenience of on demand availability, the university are now paying AIM US\$400/month for **Falcon** subscription and US\$20/hour for **Lexi**

Impact: With over 5,000 universities in the US alone, these institutions will increasingly require a subscription-based model like Ai-Media's proven solution to deliver the quality of captioning, transcription and translation solutions students require.

Continued Growth of SaaS Revenue

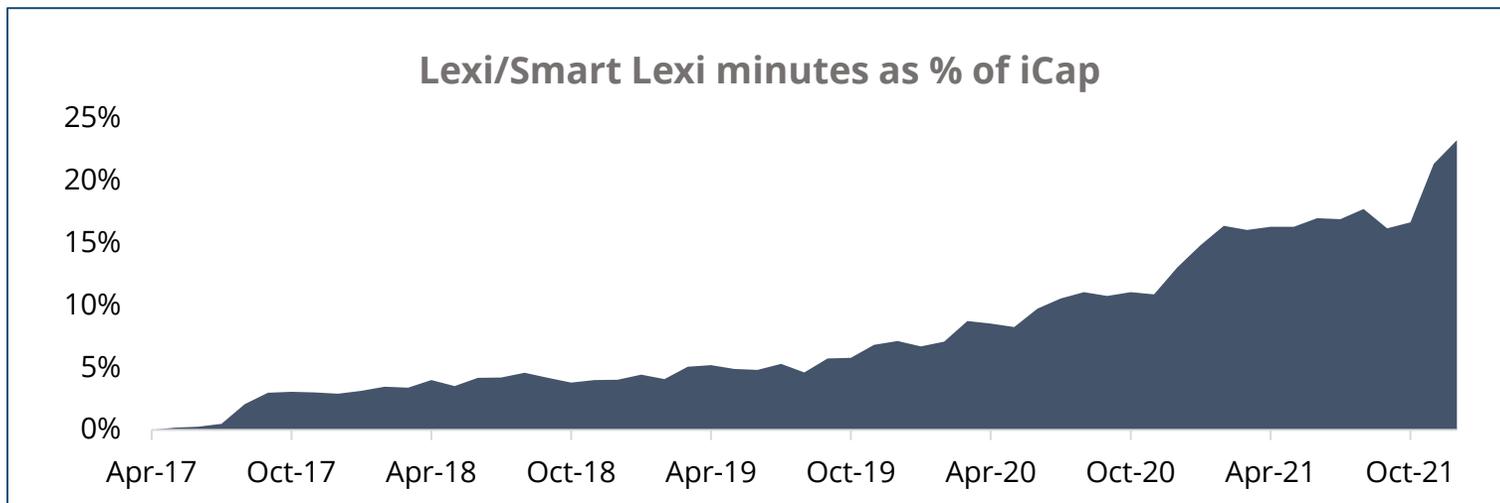
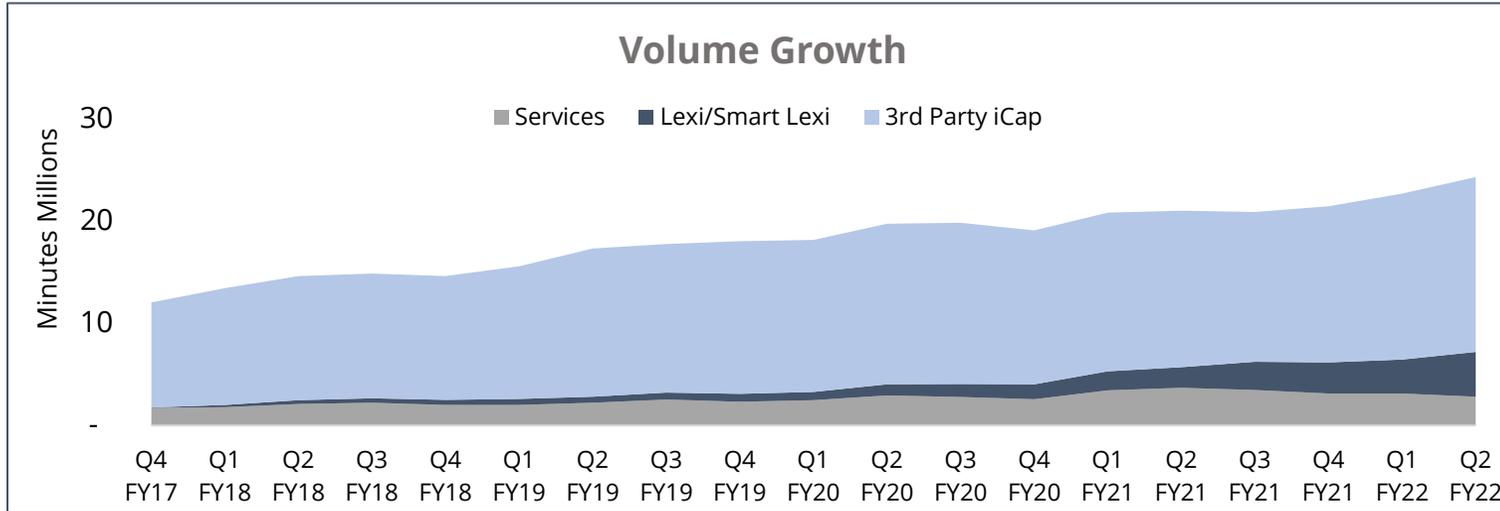
Growing share of SaaS revenue driven by global rollout of connected Devices and SaaS products



COMMENTS

- SaaS and Devices revenue share increased by 44% from 18% to 26% compared to H1 FY21 on a pro forma basis inclusive of EEG
- Shift towards a higher portion of SaaS revenue leads to higher gross margin and greater recurring revenue
- **Services revenue**
H1 FY22 Margin >40%
- **SaaS revenue**
H1 FY22 Margin >75%
- **Devices revenue**
H1 FY22 Margin >70%

iCap Network (market) Growing and Lexi/Smart Lexi Accelerates



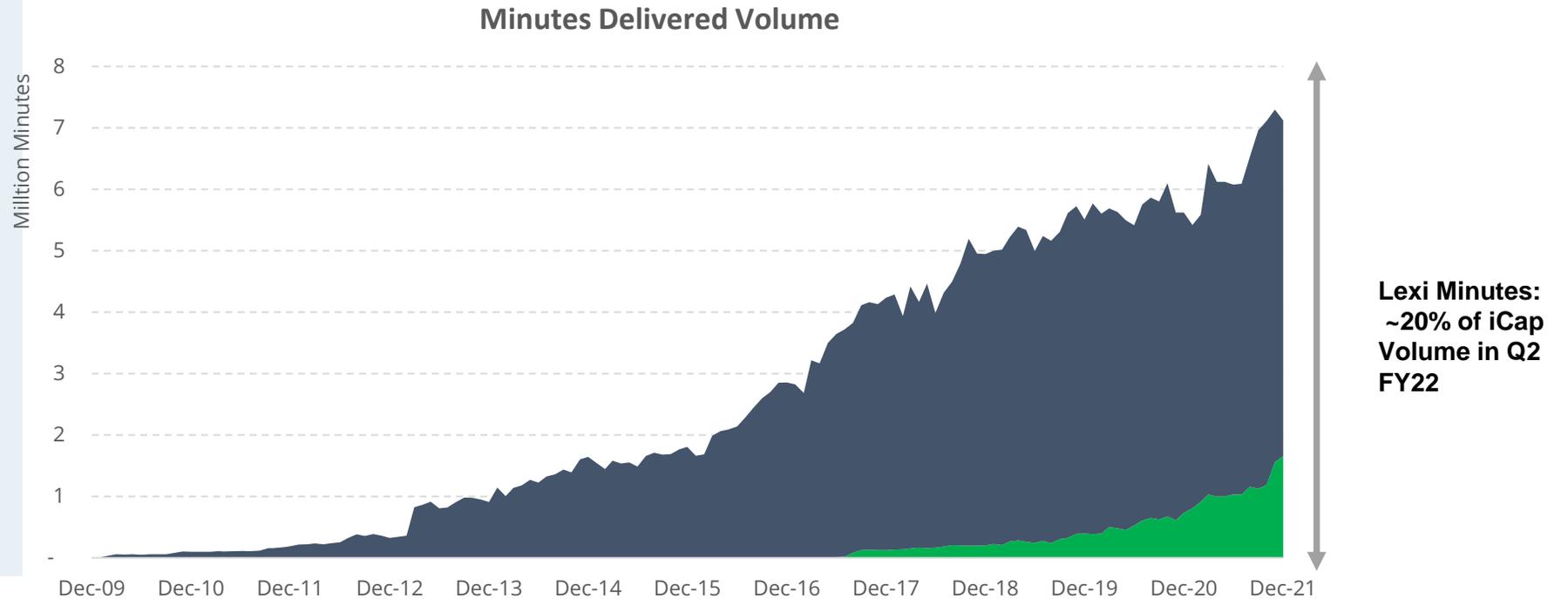
COMMENTS

- The transition to SaaS revenue is accelerating and the network (market) is growing
- Lexi/Smart Lexi volume growth 5x the growth in iCap, offsetting reductions in legacy service business
- H1 FY22 vs H1 FY21 minutes growth:
 - **18%** for iCap
 - **98%** for Lexi/Smart Lexi
- Significant headroom to increase further penetration of Lexi/Smart Lexi into existing customer base
- Currently Lexi is used on 20% of iCap volume (up from 16% in May 2021)

Significant Potential to Increase Lexi volume

COMMENTS

- Significant opportunity exists to increase penetration of Lexi/Smart Lexi into iCap customer base
- In Q2 FY22 Lexi is used on 20% of iCap minutes, up from 16% in May 2021



Competitive Advantages

Ai-Media's live captioning and translation technology products are fully integrated in a leading and growing proprietary network and ecosystem (iCap)



PROPRIETARY TECHNOLOGY

- ✓ Proprietary technology ecosystem with video and captioning encoders operating seamlessly within proprietary iCap network
- ✓ Best in class artificial intelligence & machine learning applications powering Lexi/Smart Lexi
- ✓ Accuracy exceeds regulatory standards



SECURITY

- ✓ Data protection to support each customer's compliance with local and international privacy laws
- ✓ Product solutions to meet the strictest obligations of customer confidentiality (eg Lexi Local)



INTEGRATED SYSTEMS

- ✓ Custom, flexible, integrated systems for optimizing and automating end-to-end service delivery
- ✓ Encoders and decoders for any streaming platform (on prem, virtualized and cloud options)
- ✓ Customers can integrate via Single Sign On (SSO) functionality



MULTILINGUAL

- ✓ Live subtitles, transcription and translation into over 120 languages with market leading accuracy and minimal delay
- ✓ Creating local content that can be distributed globally



GLOBAL FOOTPRINT

- ✓ A global suite of products with local presence in geographical locations across the APAC, EMEA and Americas
- ✓ Delivery of uninterrupted 24/7/365 production and support



There are a range of factors to be considered when assessing the competitive environment.

LIVE

CC

Financials

- meeting with Peter at 3 pm @ Coffee Bar
- marketing class start tomorrow
- buy new camera!



Profit and Loss

	H1 FY22	H1 FY21	Var	Var
	\$m	\$m	\$m	%
Total Revenue	29.6	22.9	6.7	29%
Cost of sales	(13.9)	(14.1)	0.2	2%
Gross Profit	15.7	8.8	6.9	78%
Operating expenses	(15.7)	(15.8)	0.1	1%
EBITDA	(0.0)	(7.0)	7.0	99%
Depreciation and amortisation	(2.2)	(1.5)	(0.7)	(46%)
EBIT	(2.3)	(8.5)	6.3	(73%)
Net interest expense	(0.7)	(2.4)	1.7	71%
Profit/(loss) before tax	(2.9)	(10.9)	8.0	73%
Income tax benefit / (expense)	0.6	3.4	(2.8)	(83%)
Net profit/(loss) after tax	(2.4)	(7.5)	5.1	68%
<i>GP Margin %</i>	53%	38%	-	15%

REVENUE

- Revenue growth is driven by EEG revenue for the 6 months to December 2021 (acquired May 2021)
- Quality of revenue is improving with product mix moving from premium to SaaS

MARGIN

- Strong gross profit margin of 53% in H1 FY22 compared to 38% in comparable period

OPEX

- H1 FY21 operating expenses included \$3.0m IPO and listing expenses
- Underlying expenses have risen by 23% (less than the 29% growth in revenue) driven by the EEG acquisition and increases in sales and marketing

EBITDA

- Breakeven EBITDA in H1 FY22 compared to (\$7m) EBITDA in H1 FY21

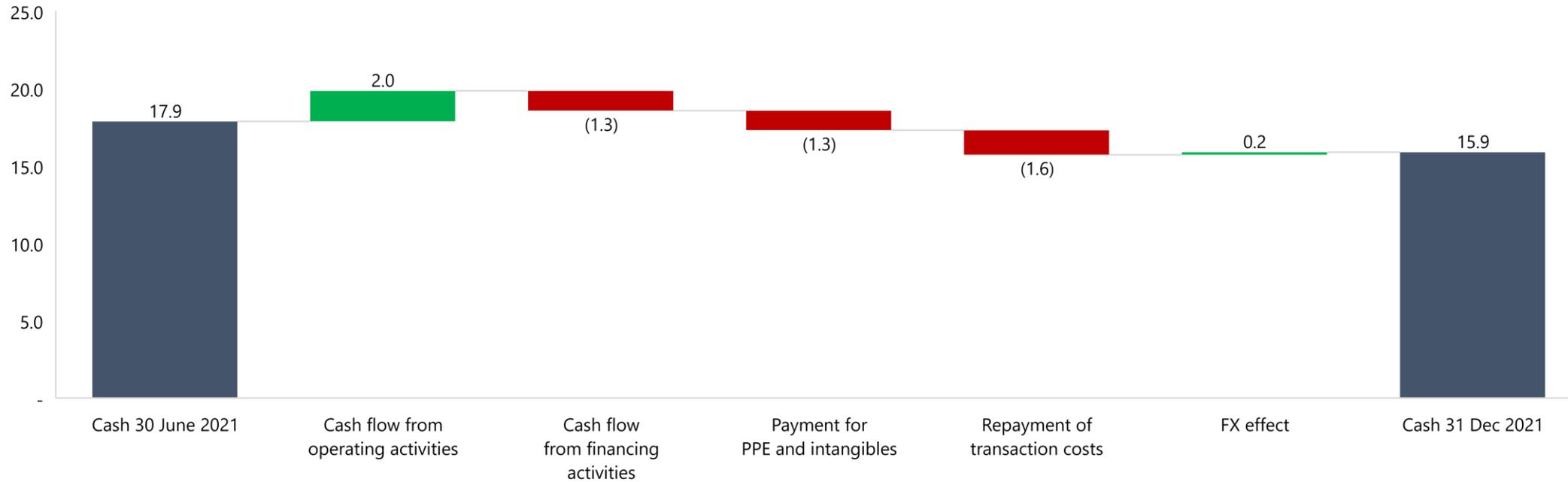
Balance Sheet

	31-Dec-21	30-Jun-21	Var
	\$'m	\$'m	\$m
Cash and cash equivalent	15.9	17.9	(2.0)
Trade receivables	11.4	12.2	(0.8)
Other current assets	3.4	1.8	1.7
Total current assets	30.7	31.8	(1.1)
Property, plant and equipment	3.8	4.1	(0.4)
Intangibles	57.2	54.2	3.0
Other non-current assets	7.5	7.6	(0.1)
Total non-current assets	68.4	65.9	2.5
Total assets	99.1	97.7	1.4
Trade payables	0.7	1.1	(0.4)
Borrowings	0.8	0.9	(0.0)
Other current liabilities	16.8	9.7	7.1
Total current liabilities	18.4	11.7	6.7
Borrowings	0.2	0.3	(0.1)
Other non-current liabilities	1.9	6.8	(5.0)
Total non-current liabilities	2.1	7.1	(5.0)
Total liabilities	20.5	18.7	1.7
Net (liabilities)/assets	78.7	79.0	(0.3)
Equity	78.7	79.0	(0.3)

COMMENTS

- \$15.9m in cash and no company debt
 - strong capacity to fund future growth opportunities
 - +\$1.9m operating cashflow in H1 FY22
- Other current liabilities include deferred revenue, and contingent consideration for EEG earnout of US\$4.6m which would be payable following the release of Ai-Media's FY22 financial results
- Intangibles includes goodwill of \$40m and other separately identifiable intangibles from Purchase Price Allocations

H1 FY22 Cash Flow



REVENUE

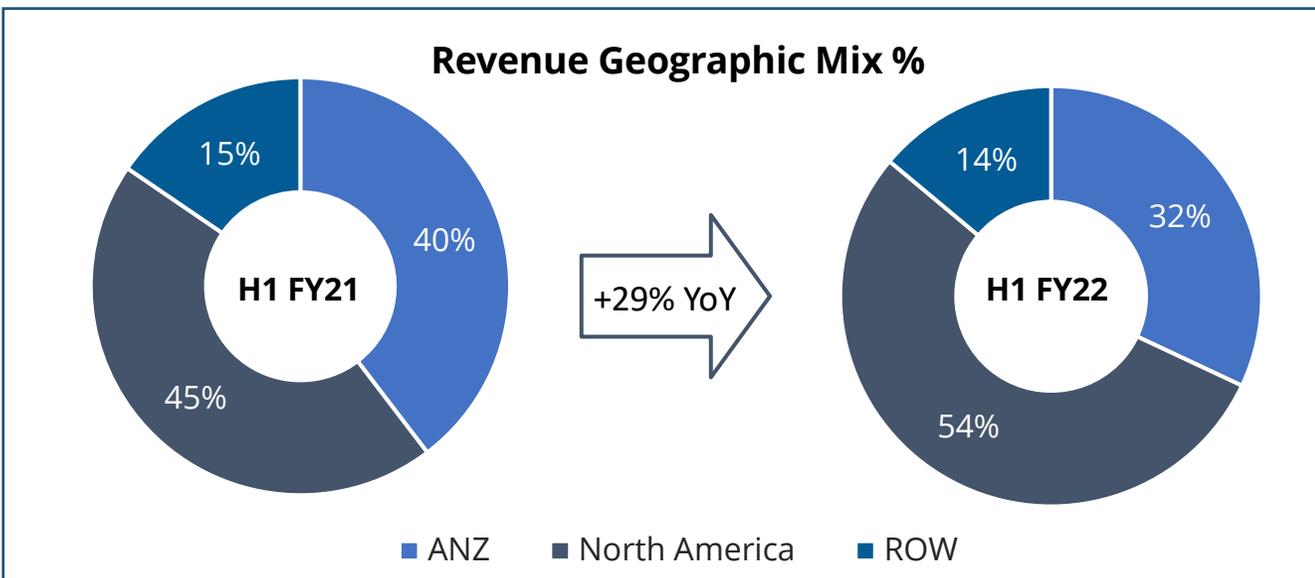
- Company achieved positive operating cash flow in H1 FY22 and expects this trend to continue in FY22 and beyond
- Cash outflows for the period included EEG acquisition associated costs
- Cash outflows from financing activity included share buy back and repayment of debt

Strong Growth in All Offshore Markets

	H1 FY22	H1 FY21	Var	Var
	\$m	\$m	\$m	%
ANZ	9.5	9.1	0.4	4%
North America	16.0	10.3	5.7	56%
ROW	4.1	3.5	0.6	16%
Total	29.6	22.9	6.7	29%

COMMENTS

- North America growth driven by EEG acquisition
- ROW growth driven by new customer wins in EMEA



COMMENTS

Key growth drivers include:

- Live multilingual
- Lexi
- Smart Lexi
- Other SaaS products including Falcon, Alta and iCap
- EEG hardware encoders outside the United States

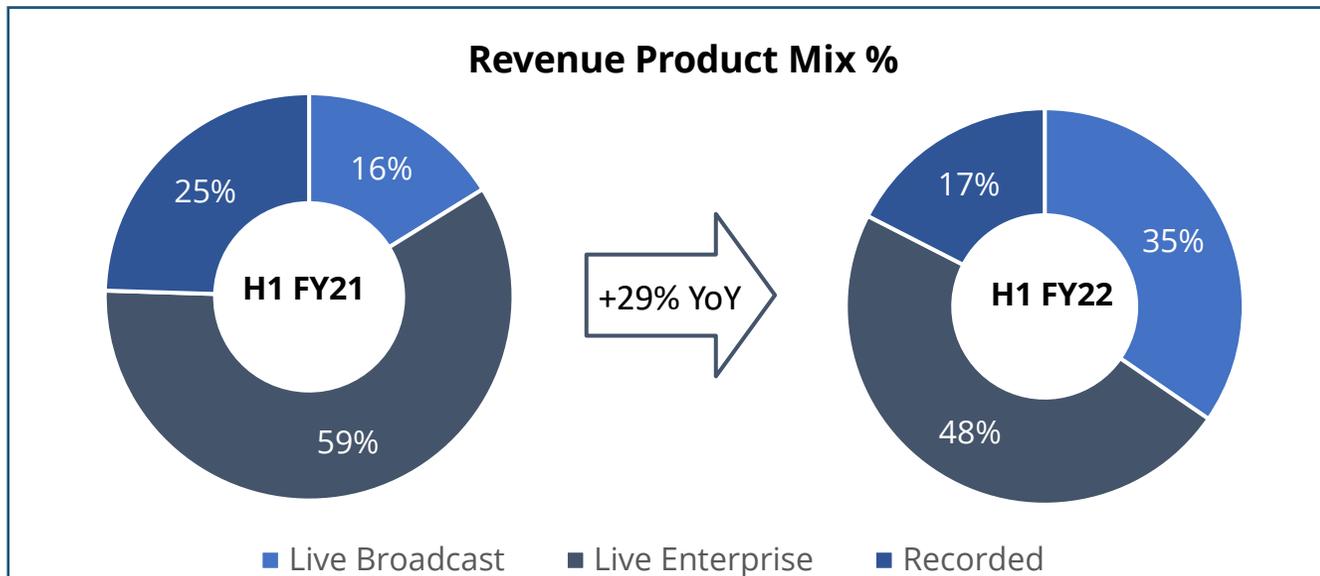
*Rest of World (ROW) includes EMEA and Asia

Strong Growth in Broadcast Space

	H1 FY22	H1 FY21	Var	Var
	\$m	\$m	\$m	%
Live Broadcast	10.2	3.7	6.5	177%
Live Enterprise	14.2	13.6	0.6	4%
Recorded	5.2	5.6	(0.5)	(8%)
Total	29.6	22.9	6.7	29%

COMMENTS

- Live Broadcast growth off a low COVID-impacted FY21, and driven by EEG acquisition and new SaaS customer wins
- Live Enterprise growth adversely impacted by legacy ACS revenue transitioning to free tools, and positively impacted by Enterprise SaaS sales
- Recorded continues to decline as a share of total revenue



Outlook



Guidance for FY22

The Ai-Media Board provides the following guidance for FY22 which takes into account H1 FY22 performance, year-to-date trading in CY2022 and the outlook for the remaining ~4 months of FY22

Forecast FY22
Revenue of

\$60-\$62m

Compared to \$49.2m in FY21

Forecast FY22
Gross Margin of

53-54%

Compared to 42% in FY21

Forecast FY22
**Positive
EBITDA**

Compared to (\$8.7m) in FY21

COMMENTS

- The erosion of Ai-Media's legacy Live Enterprise business due to free ASR tools, combined with strong growth in the higher margin business lines of connected Devices and SaaS delivered across the iCap gateway network, is expected to deliver modest revenue growth and more significant improvements in margin and EBITDA
- EBITDA is inclusive of growth investments in sales, marketing, product and technology
- Key assumptions include that contracted revenue continues to be realised, that product enhancements are successfully deployed, and that customer service levels continue to be met
- Key risks to achieving the guidance include delays in customer onboarding, unanticipated events and global macroeconomic uncertainty



- ✓ iCap is Ai-Media's proprietary gateway network and the industry standard for delivering live captioning throughout North America
- ✓ Ai-Media's Devices are iCap-enabled and connected
- ✓ Lexi/Smart Lexi ASR delivered across the iCap gateway network with on-demand single button convenience
- ✓ Ai-Media is increasing investment in robustness and security of iCap gateway network and ecosystem for global reach
- ✓ Ai-Media launched a revenue share partnership with iCap's preferred partners to resell Lexi and Smart Lexi products across the iCap platform

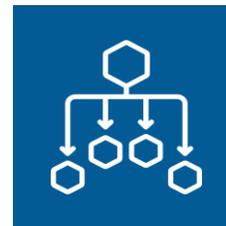
PARTNERSHIPS FOR SUCCESS



Ai-Media launched its **Preferred Partner Program** in collaboration with iCap's preferred partners



iCap's preferred partners to earn up to 25% revenue share when reselling Lexi and Smart Lexi products



The Preferred Partner Program create **new sales channels** for the iCap platform

Ai-Media's Roadmap to 2025



Establish iCap gateway network as global standard

Become the go-to live captioning provider across the industry and around the globe



Drive growth at higher margins

Increase revenue share of our transformative SaaS product suite and devices



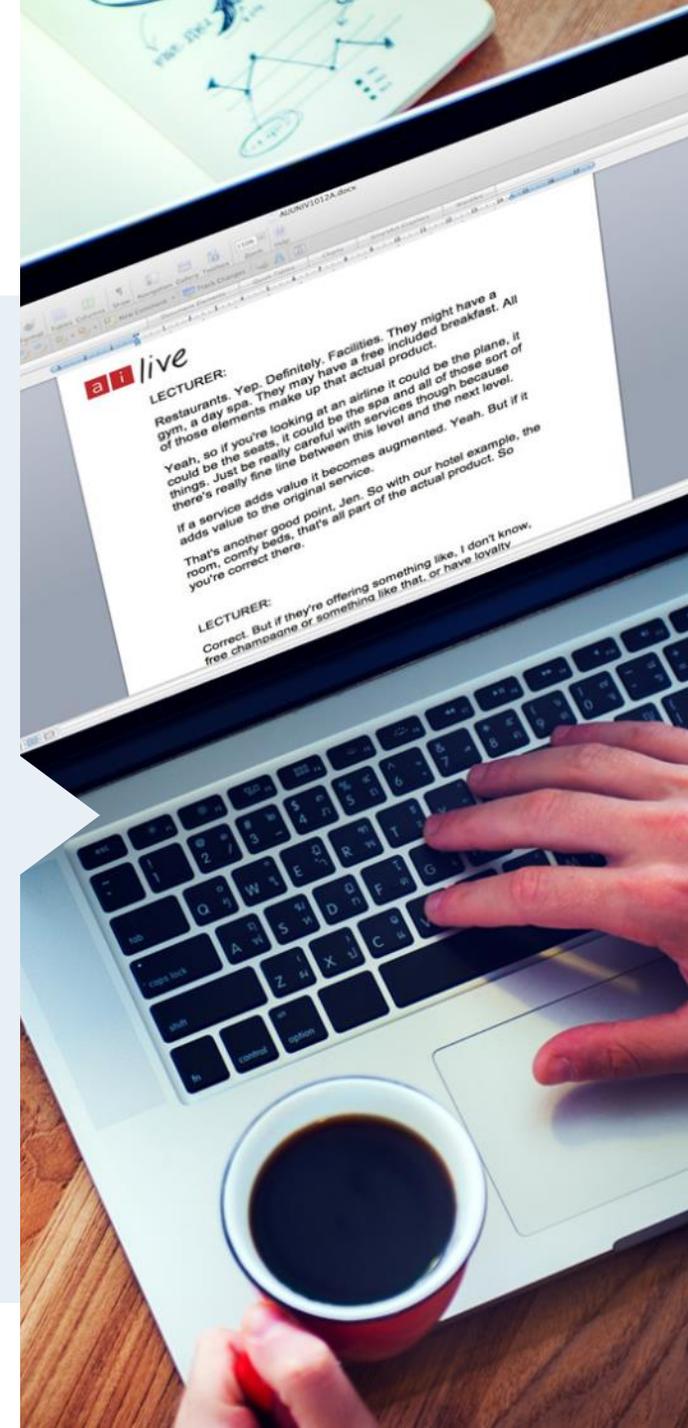
Grow and diversify customer base

Capitalise on increasing demand for live captioning across new segments and territories



Enhance product suite and technology

Continued investment in platform to further improve the quality of our product offerings



Q&A

For further information

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