

**ASX ANNOUNCEMENT**

31 October 2022

**Ai-Media delivers fourth consecutive quarter of positive cash flow with increasing SaaS revenue and improving margins**

**Melbourne, Australia, 31 October 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 30 September 2022.

**Highlights**

- **Cash flow from operating activities of \$1.2 million for Q1 FY23, an improvement of \$1.2 million on the prior comparative period (pcp) of Q1 FY22, despite revenue being 5% down on the pcp**
- **Strong cash balance at 30 September 2022 of \$15.9 million, compared to \$15.2 million at 30 June 2022**
- **Increased adoption of automated SaaS products Lexi and Smart Lexi with September volumes up 131% on pcp, while iCap platform minutes increased by 15% on pcp**
- **Renewal of exclusive agreement with strategic customer and major Australian broadcaster Seven Network with product enhancement for a new five-year term**
- **New multi-year global agreement with technology giant Google to the value of up to US\$5.0 million over a three-year term**

**Ai-Media Co-Founder and CEO Tony Abrahams said:**

“We are delighted to have delivered a fourth consecutive quarter of positive operating cash flow while continuing to accelerate our technology-driven growth and maintaining our strong cash position.

“We had important contract wins through the quarter, including our renewed exclusive agreement with Seven Network for a further five-year term. Under the new agreement, we will transition Seven to our iCap Network and SaaS products Lexi and Smart Lexi. The renewal also includes a significant technology uplift delivering improvements in scalability and cost for Seven and increasing our SaaS revenue at higher margins.

“We are also excited to have signed multi-year agreements with Google and another global technology company, which highlights our position as a trusted market leader and validates the strength of our product offerings and our ability to deliver high-quality and secure captioning services to a variety of global customers across different industries.

“As we continue establishing the iCap Network as the global standard for captioning connectivity, we are actively presenting at international trade shows to demonstrate the depth and roadmap of our growing cloud-based product suite. Feedback from our target customers has been very encouraging, and we remain very optimistic on our strategic sales pipeline, including through our partner programs.”

**Global Contract Wins****Seven Network (Seven) agreement renewal**

Ai-Media successfully renewed its exclusive agreement with strategic customer and major Australian broadcaster Seven Network for an additional five-year term. Seven will be the first

free-to-air Australian broadcaster to transition to Ai-Media's iCap network, adopting the full suite of technology products, targeting a Q3 FY23 roll-out.

Under the new agreement, Seven extended its use of Ai-Media's offerings from traditional premium Services to technology products iCap Encode, Lexi and Smart Lexi, and an organisation-wide implementation of SubSilo which uses Ai-Media's captioning to power automated search across Seven's extensive media archive.

#### New agreement with Google

Ai-Media signed a three-year agreement with giant tech Google where all employees globally will have access to Ai-Media's range of premium and secure multilingual captioning services. Under the agreement, Ai-Media will become Google's lead global provider of premium live captioning and translation services for internal meetings and events.

The agreement with Google is material due to the strategic importance of a leading global technology company adopting Ai-Media's products in the corporate market. The total value of the contract is up to US\$5.0 million for the duration of the agreement, however there is no guarantee that the contract will generate the full value of the agreement.

#### Other contract wins and sales pipeline

Other contract wins for the quarter include Racing Victoria, City of Austin, City of San Francisco, Texas A&M University, Northern Arizona University, and the Inter-University Council of Ohio. The contract wins include a full mix of Ai-Media's product suite. The sales pipeline remains strong especially in the higher margin technology and SaaS products.

### **Product Suite Update**

#### Lexi and Smart Lexi

Adoption of Lexi and Smart Lexi continues to accelerate with September volumes up 131% on pcp. This acceleration in SaaS revenue is driven by increasing customer confidence in the performance of Lexi and Smart Lexi and reflects increasing sales and marketing investments made since the start of 2022. Further Lexi enhancements are planned over the remainder of FY23.

#### iCap

The iCap platform minutes increased in September by 15% on pcp. The growth in iCap in Q1 came mainly from new customers in EMEA and APAC who recognise the leading functionality of this secure private network providing connectivity, interoperability, and information security for the long term.

#### Multilingual offerings

Ai-Media continues to enhance its multilingual offerings, with the share of revenue derived from multilingual sales growing especially strongly in the EMEA region.

### **Partnerships Update**

#### New Partnership with Grass Valley

Ai-Media has signed a new global partnership with Grass Valley; provider of AMPP, the world's leading agile production and distribution platform. Users of Grass Valley's AMPP can now add Ai-Media's live automated Lexi captions to their content in real time with just a few clicks.

Grass Valley customers can also add live multilingual captions via Ai-Media's automated Lexi Translate solution. The combination of Ai-Media's Lexi and iCap Alta products within Grass Valley's AMPP creates an easy-to-use cloud-native platform where highly accurate and secure live captions can be added to any content.

### New Partnership with Cvent

Ai-Media has partnered with leading event management provider Cvent. Ai-Media is now listed in the Cvent Vendor Marketplace, making it seamless for event and meeting planners to coordinate live captioning and translations. Cvent customers can now add Ai-Media's live automated Lexi captions and Lexi Translate with the click of a button. By combining these solutions with Ai-Media's iCap Falcon encoder, Cvent customers can leverage a fully cloud-based self-service workflow to drive engagement and accessibility.

### **Financial and Operational Performance**

Revenue of \$14.2 million for Q1 FY23 was down 5% on Q1 FY22 revenue of \$14.9 million. Despite the revenue decline, acceleration of the customer transition to lower price SaaS products saw better margins and an improvement in operating cash flow of \$1.2 million on pcp.

The Company closes the quarter with a strong cash balance at 30 September 2022 of \$15.9 million, which is an increase of \$0.7 million on 30 June 2022. The Company anticipates continuing to deliver positive operating cash flow.

### **ENDS**

Authorised for release by the Ai-Media Board.

### **Further Information**

#### **Ai-Media**

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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)**

30 September 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	16,341	16,341
1.2 Payments for		
(a) research and development	(29)	(29)
(b) product manufacturing and operating costs	(8,170)	(8,170)
(c) advertising and marketing	(500)	(500)
(d) leased assets	(227)	(227)
(e) staff costs	(5,680)	(5,680)
(f) administration and corporate costs	(423)	(423)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(64)	(64)
1.6 Income taxes paid	-	-
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>1,249</b>	<b>1,249</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	(368)	(368)
	(c) property, plant and equipment	(123)	(123)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	(274)	(274)
	(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>(765)</b>	<b>(765)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Cash used in current shares buyback	-	-
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other including AASB16 lease liabilities *	(107)	(107)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(107)</b>	<b>(107)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$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	15,184	15,184
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,249	1,249
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(765)	(765)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(107)	(107)
4.5	Effect of movement in exchange rates on cash held	289	289
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>15,850</b>	<b>15,850</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	15,850	15,184
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>15,850</b>	<b>15,184</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	206
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.</i> <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.												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Facility</th> <th style="width: 20%;">Facility limit \$A'000</th> <th style="width: 20%;">Amount drawn \$A'000</th> <th style="width: 20%;">Interest rate</th> <th style="width: 15%;">Secured</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Facility	Facility limit \$A'000	Amount drawn \$A'000	Interest rate	Secured							
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)	1,249
8.2	Cash and cash equivalents at quarter end (item 4.6)	15,850
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	15,850
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  <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>	N/A
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.

31 Oct 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.