

ASX ANNOUNCEMENT

26 August 2021

Ai-Media delivers FY21 results ahead of prospectus forecasts Outlines transformational FY22

Highlights

- Total FY21 revenue up 87% to \$49.2 million
- Total gross profit up 73% to \$20.4 million, at a gross margin of 42%
- EBITDA of (\$8.7) million and net loss after tax of (\$10.7) million. Adjusting for IPO and acquisition costs, normalised EBITDA of (\$4.4) million, ahead of the pro forma prospectus EBITDA forecast of (\$4.8) million
- Total captioned minutes up 175% to 16.8 million, reflecting organic growth, product mix changes and acquisitions
- Successfully completed the transformational acquisition of leading video streaming and captioning technology business, EEG Enterprises (EEG), funded by a A\$40 million capital raising
- SaaS revenue grew to 8% of total revenue in June 2021, and is forecast to increase significantly as a proportion of total revenue in FY22 and FY23
- All four acquisitions completed since May 2020 are performing ahead of budget, with integration proceeding ahead of schedule
- Diversification of geographic revenue mix accelerated, with North America now representing 47% of revenue, up from 19% in FY20
- Cash balance as at 30 June 2021 of \$17.9 million, with strong balance sheet providing capacity to pursue strategic growth opportunities

Melbourne, Australia, 26 August 2021: Ai-Media Technologies Limited (**Ai-Media** or **Company**) (**ASX: AIM**), a global provider of technology-driven live and recorded captioning, transcription and translation services, today releases its results for the 2020-21 financial year.

Ai-Media Co-Founder and CEO Tony Abrahams said: “FY21 was a transformational year for Ai-Media, with every action undertaken – from our successful IPO and listing on the ASX, to our strategic acquisitions, capital raising and ongoing product innovation – laying the foundations for the Company’s continued growth and success.

“Our FY21 results showcase the positive changes that have taken place over the course of the year. We are delighted to have exceeded our prospectus revenue, margin and EBITDA forecasts and to have continued to diversify our geographic, customer and product revenue mix. Today, the enormous North American market represents almost half of our revenue. And with the recent completion of the EEG acquisition, we have a highly scalable product suite to meet the captioning and language needs of our customers, globally.

“For the first time we have delivered SaaS revenue at gross margins over 75%. SaaS accounted for 8% of revenue in June 2021, and included sales of Lexi, Smart Lexi, Alta, Falcon and iCap. Our strategic focus is to expand sales of these SaaS product lines in FY22, as we offer three clear price tiers – automated (Lexi), semi-automated (Smart Lexi), and premium (Ai-Live).

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“With our market-leading technology, strong balance sheet and global momentum, Ai-Media is ideally positioned to benefit from ever-growing demand for our services in a video-enabled world where people can watch, work or learn from anywhere.”

Financial performance

Ai-Media delivered solid financial results in FY21, with headline revenue and EBITDA growing strongly and ahead of prospectus forecasts. This outperformance was maintained after allowing for the effect of the Company’s four US acquisitions during the year, including the transformative acquisition of EEG in May 2021.

Total revenue for FY21 was \$49.2 million, representing an increase of 87% on the previous corresponding period (pcp).

Adjusting for the effect of the Company’s acquisitions, Services Revenue was \$44.6 million, which was 75% higher than the pcp and 2% ahead of prospectus forecast, inclusive of a negative currency impact of a higher Australian dollar.

Ai-Media’s gross margin in FY21 was 42%, up from 39% in FY20, ahead of prospectus forecast of 41%. As flagged in the H1 FY21 results presentation, the bulk of the margin improvement was realised in H2 FY21.

Ai-Media delivered EBITDA of (\$8.7) million in FY21. Adjusting for IPO and capital raising costs, normalised EBITDA was approximately (\$4.4) million, a significant improvement on prospectus forecast of (\$4.8) million. The Company recorded a net loss after tax of (\$10.7) million for the year.

As announced in April 2021, Ai-Media achieved EBITDA breakeven for the month of March and remains both EBITDA and cashflow positive. In the final quarter of FY21, the Company delivered \$5.0 million in positive operating cashflow, representing a \$6.6 million improvement on Q3 FY21.

Total captioned minutes across the Company increased 175% to 16.8 million minutes during the year, 22% ahead of the prospectus forecast of 13.8 million minutes. This growth was predominantly driven by growth in Live Enterprise and the recent acquisition of EEG, with the fully-automated Lexi SaaS product contributing approximately 2 million minutes in the final two months of the financial year.

The geographic diversity of the Company’s revenue mix also continued to accelerate in FY21. The revenue contribution from North America grew strongly, increasing from 19% in FY20 to 47% in FY21. As a result of this growth, the contribution from Australia/New Zealand has reduced to 36% in FY21 from 70% in FY20. The Company achieved solid organic growth across its other key markets, which accounted for 17% of revenues, up from 11% in FY20, with EMEA the greatest contributor to this result.

Ai-Media maintains a strong balance sheet with minimal debt. At 30 June, the Company had a cash balance of \$17.9 million, including \$5.3 million held in escrow as part of the earnout arrangements relating to the acquisition of EEG.

Growing global platform

Ai-Media significantly expanded its global footprint in its first year as an ASX-listed company, completing four acquisitions since May 2020, including three since listing and culminating with the transformational acquisition in May 2021 of EEG. This represents a step change for Ai-Media, significantly strengthening its technology and product portfolio and opening up growth opportunities in new markets.

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Securing new and existing customers

Among significant customer wins and renewals, in November 2020 Ai-Media successfully secured a contract with Al Jazeera Media Network to deliver 24/7 live captions on the Al Jazeera English language news channel. These services, which commenced in mid-January 2021, are being delivered from Ai-Media offices across the United Kingdom, North America and Australia, currently bringing Al Jazeera captioning to more than 800 million homes.

In June of this year, Ai-Media successfully renewed its contract with Australian News Channel Pty Ltd (Sky News Australia), a top five customer, for a further three years. Under the terms of the agreement, Ai-Media is providing Sky News Australia with both its human-curated Ai-Live premium captioning service and Smart Lexi service, which enables Sky News Australia to offer its viewers 24/7 captioning on the Sky News channel for the first time.

As at 30 June, Ai-Media's government, corporate and education clients represented 64% of services revenue, up from 40% in FY20.

A change of name reflecting global technology leadership

The change of company name, to Ai-Media Technologies Limited, was approved by shareholders at the 29 June 2021 Extraordinary General Meeting, and better reflects the Company's global technology leadership and future strategic direction.

Outlook

In FY21, through a combination of organic growth and acquisitions, Ai-Media successfully transformed its business into a global platform and network servicing a large and increasingly diverse customer base, including with new SaaS product lines.

Moving into FY22, Ai-Media has a strong balance sheet and is well positioned to pursue future growth opportunities and initiatives including product innovation and investment in the Company's technology platform.

Ai-Media is well placed to continue its strong revenue growth in FY22, with its market-leading technology platform giving it the ability to take advantage of continued tailwinds from the accelerated use of video and live streaming worldwide.

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/>

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