

ASX ANNOUNCEMENT

23 February 2022

Ai-Media accelerates technology transition to higher quality revenue with a strong sales pipeline

Melbourne, Australia, 23 February 2022: Ai-Media Technologies Limited (**Ai-Media or Company**) (**ASX: AIM**), a global technology company delivering live and recorded captioning, transcription and translation, is pleased to present its financial results for the six months to 31 December 2021.

Highlights

- **Revenue of \$29.6 million for H1 FY22, up 29% on the prior comparative period (pcp) of H1 FY21**
- **Gross profit of \$15.7 million, up 78% on pcp with gross margin of 53%, up from 38% on the pcp**
- **EBITDA breakeven compared with EBITDA loss of (\$7.0 million) on the pcp**
- **SaaS and Devices revenue share increased by 44%, from 18% in H1 FY21 on a pro forma basis to 26% of total revenue, in line with the strategy to increase the share of higher quality and higher margin recurring revenue**
- **Full year FY22 Revenue guidance of \$60-\$62m**
- **Successful launch of Lexi 2.0 (fully-automated) and Smart Lexi 2.0 (semi-automated) live captioning products, improving further automated live captioning quality outcomes at much more affordable rates than premium services, thereby increasing the size of AIM's addressable market**
- **Total captioned minutes volumes for SaaS products Lexi and Smart Lexi up 98% on the pcp, and iCap platform (market) minutes up 18% on the pcp**
- **Global regulatory tailwinds driving customer acquisitions in new markets, in addition to a strong sales pipeline in existing markets**
- **Strong cash balance at 31 December 2021 of \$15.9 million**

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

“During H1 FY22 we saw clear early markers of success in our strategy to integrate EEG into the core of Ai-Media’s global offering. Our technology-led focus delivers our customers the best professional grade AI-powered automatic captioning (ASR) in market – through our secure proprietary iCap network and ecosystem – enabled with a suite of integrated and connected devices (physical, virtualized, and cloud-based).

“With full end-to-end integration of the live captioning workflow – from encoding video streams, adding captions, and controlling the display – all within a secure ecosystem, Ai-Media is well positioned to capitalise on the technology transformation that the widespread adoption of ASR is delivering in broadcast and enterprise markets.

“This shift to ASR has seen short term revenue headwinds – especially in individual support settings where students in universities and employees in workplace meetings have migrated to the free ASR tools on Zoom and MS Teams that were launched in early FY22. The impact has been greatest in the ACS legacy Live Enterprise Services business which is down 25% on the pcp.

“It is encouraging that despite these short-term headwinds, Ai-Media is providing full year revenue guidance of \$60-\$62m (FY21: \$49.2m). The increase in SaaS and Devices revenue is recurring and at a higher margin than the lost legacy Services revenue.

“We are seeing growth in new markets driven by global regulatory tailwinds for live captioning and this has contributed to a strong sales pipeline. It has also been reflected through an increase of 98% in total captioned minutes volumes for our fully-automated Lexi and semi-automated Smart Lexi products, as well as an increase of 18% in iCap (market) volumes on the pcp.

“As we continue enhancing our technology and product suite, such as our recent launch of Lexi and Smart Lexi 2.0 which was very well received by our customer base, and increasing our SaaS revenue, we will have greater ability to scale up our business to meet growing demand at much more affordable rates than human-curated premium services.

“We look forward to building on our sales and product momentum during H2 FY22 and beyond.”

Financial performance

Ai-Media’s revenue for the half year to 31 December 2021 increased by 29% on the pcp to \$29.6 million, mainly driven by rising demand for its SaaS products Lexi and Smart Lexi. SaaS and Devices revenue grew to 26% of total revenue, up 44% on the pcp and in line with the Company’s strategy to reduce its share of Services revenue and increase its share of recurring revenue.

Gross profit for H1 FY22 was \$15.7 million, up 78% on the pcp with gross margins of 53%, compared to 38% on the pcp. Through the half, the Company continued to implement its growth strategy to increase the portion of revenue coming from its SaaS products, which represent higher quality and higher margin recurring revenue.

EBITDA for H1 FY22 was breakeven, an improvement on the EBITDA loss of (\$7.0 million) on the pcp.

The Company’s total captioned minutes volumes for its automated SaaS products Lexi and Smart Lexi was up 98% on the pcp, in addition to its iCap platform minutes volumes that was up 18% on pcp.

Ai-Media ended the half year to 31 December 2021 with a cash balance of \$15.9 million.

Key business activities

The widespread adoption of ASR validated Ai-Media’s technology transformation strategy to deliver the best on-demand professional ASR and increase the portion of its revenue coming from its SaaS products Lexi and Smart Lexi.

The Company successfully launched Lexi and Smart Lexi 2.0, improving live captioning quality outcomes to deliver high quality on-demand ASR, which utilises the iCap delivery platform to deliver the best, most flexible and tailored automatic captioning in multiple languages.

Ai-Media's high quality SaaS product suite provides the Company with a strong pipeline in existing markets and growing sales in the broadcast and enterprise sectors, in addition to global regulatory tailwinds driving customer acquisitions in new markets.

Ai-Media will continue to invest in delivering the best automatic captioning via its SaaS products Lexi and Smart Lexi, across the most reliable network ecosystem iCap, and offer the highest quality premium services in the industry, including through preferred partners.

Guidance for FY22

Taking into account the Company's financial performance for H1 FY22, its year-to-date trading in CY2022 and its outlook for the remaining ~4 months of FY22, the Ai-Media Board considers it appropriate to provide the following guidance for FY22:

- Forecast Revenue of \$60-\$62 million (FY21: \$49.2 million)
- Forecast Gross Margin of 53-54% (FY21: 42%)
- Forecast Positive EBITDA (FY21: EBITDA Loss -\$8.7 million)

Further details regarding the key assumptions underpinning the FY22 guidance, and the key risks that may prevent the guidance from being realised, are set out in the Company's H1 FY22 results presentation (available at www.asx.com.au).

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.

Investor Webinar

As announced to the market recently, AIM will be hosting a webinar for the presentation of its H1 FY22 results. Participants are required to pre-register for the event using the link below.

<u>Event</u>	Ai-Media Technologies (AIM) H1 FY22 Results Webinar
<u>Date/Time</u>	Wednesday 23 February 2022 at 09:30am (AEDT)
<u>Presenters</u>	Tony Abrahams, Co-Founder and CEO, and John Bird, CFO
<u>Registration link</u>	https://us02web.zoom.us/webinar/register/WN_33XYb2-PT2Wu8S_KkRh90Q

Participants are invited to submit questions to simon@nwrcommunications.com.au prior to the webinar, or submit questions via the Q&A function within Zoom during the live webinar. A recording of the webinar will be available on the Company's website after the event.

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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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