

**SIMON HINSLEY** Good morning and welcome to Ai-Media's first half financial year 2022 results webinar. From the company today, we have CEO Tony Abrahams, and the CFO, John Bird. Before I hand over to them shortly, I will just remind investors that we will take Q&A at the end of the presentation. But if you did want to submit a question, do so by the Q&A function at the bottom of the screen. Without any further ado, I will hand over to you, Tony and John.

**TONY ABRAHAMS** Thanks, Simon. And thank you, everyone, for being here, and those watching online. I would like to first pay my respects to the Traditional Custodians of the land on which we meet, the Gadigal people of the Eora Nation. I pay my respects to their Elders past, present, and emerging, and also pay my respects to the Traditional Custodians of the land on which all of us are joining this webinar.

Ai-Media is a global technology company delivering live and recorded captioning transcription and translation. This has been a very exciting half. It is really the half where automatic live captioning has taken off around the world. We are still at the beginning of that mainstream adoption and it is a very exciting time for what this means for Ai-Media. We have built this business to take advantage of exactly this moment and I will run through some of those highlights in this presentation.

So, the highlights for the six months. So, we have had 29% revenue growth on last year, so that is \$29.6 million in statutory revenue. Up from \$22.9 million. We have grown our Lexi and Smart Lexi automatic captioning, almost 100% on that. That is against a pro forma view from EEG, which of course we did not own for the full six months of the prior comparative period. We delivered 47 million minutes in the first half across all of our products.

A cash balance of \$15.9 million as at December 31. Which gives us a really strong cash position to execute on our growth strategy. With a 29% increase in revenue and more of that delivered with our new SaaS products at a higher margin. We have seen that gross profit number lift by 78% to \$15.7 million, and we have seen our gross margins lift from 38% to 53%. And we are expecting to see that trend toward higher margins continue.

That has also fallen through to the bottom line, with a \$7 million improvement in our EBITDA performance against last year, with a breakeven result for this half inclusive of, obviously, all of the growth investments that we are making to take advantage of this unique position. We are recommencing our buy-back after these results now that we are out of the blackout period. 36% of that program has been completed.

So, a little bit on the impact of Automatic Captioning or ASR, automatic speech recognition, on Ai-Media. As I said, this half has really seen these products take off, in particular the free automatic tools that are embedded in Zoom and Microsoft Teams, which were launched between about May and August of last year.

What that has seen is a shift towards these free on demand tools. As we highlighted in our AGM last November that has seen some of the legacy services revenue, particularly North America, shift away from the traditional ACS business that we acquired a couple of years ago. Live Enterprise Services revenue is actually down year-on-year by 25%.

What has balanced that has been our own efforts at introducing automatic speech recognition and doing it in a much better way than those free tools. I will run through some case studies a little later around some of this market-in-transition, and the customers who are moving from premium to automated.

But one thing really stands out in all of those case studies and that is the importance of on demand convenience. So, the ability to not have to book a captioner. The ability to be able to turn on those captions on demand is something, obviously, that we are at a disadvantage at when it comes to Zoom and Microsoft Teams meetings, where those closed loops actually have those features embedded within them. But on the other side, that is a huge advantage for us with the iCap Gateway platform and I will talk a little more on that as we go through the presentation.

So, our automatic speech recognition is, absolutely top-quality and industry-leading, and significantly better than the free tools that you would get on those platforms. It is better because Lexi itself can use multiple underlying ASR engines. It is a completely flexible architecture and what we know is that among the dozens of different ASR engines, there are situations where each of them performs better – and that can be different languages, it can be different accents, it can be different contexts.

Having the ability to swap in any of those ASR engines into the Lexi and Smart Lexi architecture really has provided us a step change improvement over what people would get with competitors' ASR solutions. We have the best-in-class AI-modelling underneath all of those ASR engines and really importantly, the Gateway iCap delivery platform is critical to the user experience here.

This is effectively the 'defensible moat' for Ai-Media, and it delivers us that closed loop environment in high-end broadcast and high-end enterprise. And that is why we are focused on growing that iCap Network across the world. Consistently, we are seeing the quality results for our Lexi and Smart Lexi continue to improve, as you would expect, over time. As the artificial intelligence and machine learning algorithms improve. And we are getting consistent ratings above 98% for that.

Now, that is not as good – as I should say – as our premium service, and we continue to offer that premium service. The market for that premium service is not going away. There remain a significant number of customers, including several new customers that we have signed in the last six months, for whom 98% is not enough. And for whom they require the 99.5% that our human-curated captioning team continue to deliver.

But increasingly, customers are wanting to deliver captions on more and more content and what we are starting to see with this widespread adoption of live captioning through the automated tools, we are starting to see live captioning becoming expected. Almost a hygiene factor in meetings. And this is a really exciting time for Ai-Media to be taking advantage of.

In fact, many customers who had never even thought of captioning before, who have trialed the free tools, they now come to us because they want that improvement in quality above and beyond what they would get from, effectively, the out-of-the-box solutions. That is coming through very strongly in our broadcast and enterprise sales pipelines. A lot of that revenue,

obviously, hasn't hit, as we are reporting, obviously, results just to December 31. So, we are very excited about the prospects of the strategy and the execution of it in the quarters ahead.

Now this is... a few people have asked me, you know, can you try to explain iCap a bit better? So, really, what is it? If we unpack the iCap Network, we have spoken in the past about it being this gateway network that connects captioners, broadcasters, and provides a secure IP delivery platform around the world. With 99.999% uptime, it is incredibly reliable, almost what all US broadcasters used to deliver their captions, and it is what we are installing almost exclusively now with all our new customer contracts.

But really unpicking that further, there are kind of three different elements that kind of need to come together to deliver high-quality captions. The first is that you need to encode the video, then you have to add the captions, then you have to have some way of displaying those captions. All of those things need to come together for a fantastic user experience.

An example, right, is if you have got all white captions coming up and you are watching, say, the Winter Olympics. They are going to be pretty useless against the snowy backdrop. Equally, if you are sizing your captions for a television screen and people are watching that content on a mobile device, then those captions are not going to be fit for purpose.

What the iCap Network does, together with the connected devices that are either physical devices, virtualised devices, or cloud-based devices, is that they ensure that the captions stream is encoded brilliantly with low latency and with full reliability. Such reliability that, you know, NBC relies on this for delivery of their Winter Olympics and Summer Olympics content.

That encoding is done in a way that is consistent, regardless of what video format it comes in. That is actually a difficult problem to solve, and it is not actually a problem that any of the big technology companies that are working on speech recognition are working on. They are not focused on that. Adding captions to that, that is critical and that is obviously part of the iCap infrastructure and those captions can be automated with Lexi, semiautomated with Smart Lexi, or human-curated with the Ai-Premium option.

The final part of the puzzle, and often the part that is most difficult, is how do you actually display those captions? You could perhaps think of an event that you have been to, with a whole lot of tables and screens on the side or even up the front. How do you actually get the captioning – how do you get the audio from the event and the captions back onto the display?

These are the technologies on the right that enable us to do that in a very seamless way. It is putting this entire package together, this entire product suite, that is really underlying that iCap Network. That delivers us the closed loop system, it delivers our customers the single button convenience for turning captions on and the reliability that, regardless of how their customers are viewing the content, that the captions are going to come up in a way that is appropriate to the device and the situation that they are viewing it on.

That is with a measure of inserters that will then insert captions onto the video screen. It can be encoding the captions, so they will display according to the monitors preset caption display options, or it can be a separate user interface like our Ai-Live display which is running as well, and parallel to the session. And I will show that in both English and French – we have got it

running today – as we move to the Q&A part.

Some exciting sales wins. Not many of those have hit the revenue for the half which is particularly exciting, obviously, for the forecast. We have deepened some really key strategic customer accounts, including three of the big global technology companies, two parliaments, and one international sporting organisation. We have also moved existing iCap customers away from a premium-delivered service with one of our competitors to Lexi and Smart Lexi, and that includes NBC, Fox Weather, ABC in the US, and ESPN.

And then we have also won new customer accounts, where we are expanding the iCap Network and delivering Lexi and Smart Lexi, and they include Sky News Australia and TVSN which we mentioned in the last quarterly update. But a brand-new customer that we haven't announced until today is GB News, which is a 24/7 news service in the UK, and our first UK customer broadcast win with this combined suite, which is really great news.

I will move now to a little more detail on some of these case studies and then hand over to JB for a bit of a deeper dive on the financials. Then we will come back and have a look at the outlook. As I said at the outset, the six months really has marked a step change in the market. It is something we highlighted in November but I'm pleased we were able to offer a bit more colour today.

This market in transition, as I said, the on demand convenience outweighs any accuracy concerns for a lot of one-on-one support environments. What do I mean by one-on-one support environment? It could be a Deaf student in a lecture theatre, it could be a hard of hearing employee in a workplace. For those hard of hearing employees who are using Teams or Zoom at their workplace, they just have to click a button and the automatic captioning comes on.

That is going to see that section of our business... is going to see revenue being about \$14-\$16 million lower than it was in FY21. But what we've seen on the upside and making up for that shortfall in revenue are these long-term tail winds at the more professional end of the market. In the bigger broadcasters, in the over-the-top streaming companies, and really excitingly, and I think this is my bet on sort of where the overall ASR transformation is really going to take off, it is in large enterprises.

Large enterprises that want to make all of their meeting rooms accessible. To do it on demand and to do it in a secure environment. So that none of the conversation and none of the captioning data ever leaves their organisation. And we have got a great case study on exactly that coming up.

But first, one of those customer wins, which was a big four US sporting organisation, which has been a customer of our EEG subsidiary for eight years. They have been using iCap-enabled devices with an expanding in-house production suite including full IP video production and making all of their content accessible for all their viewers.

Excitingly, they are now extending that to one of their subsidiary competitions, which for the first time is going to stream all of the events on their OTT platform with captioning, for the first time. Our integrated technology allows for captioner insertion on both of the IP videos, so it is Transport Stream, and 211, with the automatic Lexi captions.

And of course Alta is the product that provides that encoding, that virtualised encoding. And the impact of this is that it is a highly scalable and affordable solution, and a large customer account. And as what we are seeing with a lot of broadcasters is they are almost all of them, expanding their over-the-top streaming options.

For example, NBC had over 60 channels streaming on their Peacock station during the Olympics, so we are very well-placed with that Alta product and with Lexi to take advantage of all of that OTT market as it continues to grow. Second case study is the one that I highlighted just before, the really exciting one. This is one of those large... one of those three global technology companies. They have their own consumer grade ASR product, as all the global technology companies do.

But what they wanted to do was make sure that they had on demand accessibility throughout the global organisation in all of their corporate meeting rooms. To provide single button, on demand, high-quality captions. Why? Not because their employees are Deaf or hard of hearing, but because they talk about a lot of technical information and a lot of the engineers speak languages other than English at home.

And having the ability to ensure the precision of the spoken word is really what is driving this universal design initiative. Why couldn't they do this themselves? Well, they don't worry about the encoding. They don't worry about the display. And they don't even worry about having the tools to customise the dictionaries as we have done with Lexi and Smart Lexi.

I think this really helps to really differentiate where we are in the market. What this one-stop shop solution really means for some really exciting customer accounts. And as I said, we are just at the beginning of this adoption curve of live captioning, and there is no reason why in a few years time this case study cannot be replicated with thousands of other organisations around the world. We are well placed to do that with the resources and technologies that we have at the moment. And of course we will continue to improve on those areas.

The final case study, a really interesting one actually, this is a long-term US university. A customer of our ACS subsidiary for many, many years. They were paying \$99 an hour for human delivered premium captions, for many years. In 2021, last year, I think it was June, they switched to the free auto-captions on Zoom. Again, they really liked the convenience. We had a conversation with them to say, "Well, what if you could get a higher quality outcome while still being on demand?"

They have now come back to Ai-Media and we have installed the Falcon product for them, which is \$400 a month subscription, and they are now paying \$20 an hour for Lexi because the quality of those captions are so much better than what they would get with the free tools. And they are paying 25% all up of what they were paying back in 2020. And again, there are 5000 universities in the US alone, and really helping to refine this pitch and then also to deliver more accessibility for these universities in more situations is what our growing sales team are really focused on.

And so all of this shows really in the growing share of SaaS and Devices as a percentage of the total. So our SaaS and Devices revenue share on a pro forma basis, inclusive of the EEG

standalone business, has grown by 44% from 18% to 26%. And we are expecting obviously that trend to continue.

The next couple of slides I find just really interesting. The top slide is really looking at the growth overall of the market and the network, the iCap Network. You can see that begins in 2017. And that market has really begun to step up since we acquired EEG. And what we are also seeing is that Lexi as a percentage of iCap, or if you like the percentage of that iCap Network that we are monetising, is increasing much faster. So, we currently are delivering 20% of all iCap volume with our Lexi and Smart Lexi products, which is up from 16% in May when we acquired EEG.

The next slide really also shows just how much room there is for us to continue to grow that share. And our bet is that automatic captioning can be used for a lot more content than it is being used at the moment, and that with continued improvement in quality where we are working on even smarter Lexi, that will be able to turn on even more of the iCap Network into the future.

Our competitive advantages have not changed. These are the same competitive advantages that we have been focused on for years, the same ones we reported on in the prospectus. But of course we have enhanced all of those. Our proprietary technology delivers us that one-stop shop ecosystem and gateway across the iCap Network, the best-in-class AI and machine learning powering our Lexi and Smart Lexi products.

The security element, we never would be in conversations with large technology companies if we did not have that security integrating all of our systems, whether it be the encoders, the captioning and decoders, whether it is customers being able to access with single sign-on or whether it is API integrations with large enterprise systems.

Of course delivering everything multilingual and right across the globe with our local sales teams. I think we are very excited about what the shift towards automatic captioning means, we are very excited about being clear leaders in the professional end of this space. And for many reasons this has not shown up in the financials yet, but we are expecting to see this continue to improve as the sales pipeline turns into actual revenue.

And I will now hand over to JB to walk through the financials. Thank you.

**JOHN BIRD** Thanks, Tony. Good morning. Thank you to everyone for attending. I will only take a moment of your time because I think Tony has looked at the high points and highlights of where the organisation is going. Look, there are a couple of very important numbers that I would just like to draw out. They might help you understand our performance and I'm happy to take questions at the end.

Our revenue growth, it was driven very much by the acquisition of EEG. Our services revenue continues to change, as Tony identified. There is slow growth in some regions. And there is decline in other regions, particularly in the US. That is driven by some of the older legacy business. What we are also seeing is a change in the quality of earnings so even in the services business we are seeing a move of some customers, they are moving away from us to services that are free.

Whereas others, particularly the targeted customers, the ones we want to retain, are moving into smarter products, and often that is at a lower cost to the customer, a lower price, but a significantly higher margin.

The change in mix and new revenue from EEG has actually seen a profit, our gross profit grow quite significantly, and our margin rate has grown from 38% up to 53%. Which is incredible when you start to consider how the business has evolved and the fact that we are getting penetration quite quickly on some of these new products.

In contrast, the expenses have increased, the underlying expenses. When I look at prior comparative period, included \$3 million of IPO cost, and the costs associated with our share raising and capital raising. But the underlying expenses are growing at a far slower rate than the revenue and the profit. Part of the reason for the growth in expenses is we are investing in markets. Tony has mentioned on several occasions that the lead time on some of the sales, some of these bigger customers can be some period of time.

We have increased the sales force, the marketing activities, and it is starting to pay real dividends in attracting bigger and better customers. And developing the revenue further. What does this mean for the half year? It means it is a breakeven performance, which is a great outcome compared to prior periods. Whether it is the June year or the December year end. On the balance sheet, from my perspective, the highlight remains a strong cash position.

We will talk about the cash flow in a moment, but we effectively threw off \$2 million in operating cash, so the fundamental growth of the cash will always remain important and we continue to work very heavily on that. One point I would like to highlight is the other current liabilities. It includes a contingent consideration for the EEG purchase and that is US\$4.6 million.

That has performance hurdles associated with it and, fundamentally, it is June quarter one next financial year, but we are working on deferring that to once again maintain a very strong cash position so our options remain open. I mentioned our cash position and I might go to the next slide. As I said to mark the highlight in this is that we have actually grown the operating cash flow. So, \$2 million was thrown off and that is a great outcome.

We continue to work on improving our working capital and that will strengthen that operating cash flow over the next six months and, hopefully, for time immemorial. The cash for financing activities relate to earlier acquisition payments and the share buyback, about half million dollars for the buyback we implemented last October. On top of that, we actually have \$1.6 million of transaction costs which hit the cash flow in the past six months and that is all associated with EEG. But I think, fundamentally, a highlight is we are generating cash on an operating level. We expect to continue to do that.

You want to do this one, Tony?

**TONY ABRAHAMS** Sure. Thanks, JB. We will take more questions on that if anyone wants a deeper dive. The next couple of slides kind of talk to this business in transition. This is the geographic mix. You can see that the share of offshore revenue continued to increase. In particular, the North American region, which has really been powered by that EEG acquisition, and the Rest of World growth has really been fully organic and a lot of new customer wins.

And those key growth drivers remain that transition towards the SaaS and Devices revenue, and we are seeing that right across the world. We are also seeing very, very strong growth in Live Broadcast and this is a sector that got hit very hard by COVID. So, there is an extent to which this is a bit of bounce back from COVID. But also, it has been increased with the EEG acquisition, so we are seeing a far more balanced view between Live Broadcast and Live Enterprise.

And of course, we have got that iCap solution that meets both of those markets, and we are continuing to see much less of a focus on the Recorded Media industry, where there is much more competition in the market and the margins are much lower than what we would get from focusing on what is that market where we are clearly number one in, which is the professional live captioning and the professional live ASR captioning.

In terms of outlook, the guidance for the remainder of the year, we are taking into account the first half and the first two months of the second half of the year. We are forecasting revenue between \$60-\$62 million, which compares to a statutory number of \$49.2 million in FY21, noting of course that we only owned EEG for two of those months, so the pro forma version, if you like, is relatively flat. But we are and that is because of the erosion that we are seeing in that traditional services business, albeit being made up for in these new and exciting revenue streams.

But as JB said, the sales cycle on a lot of those is reasonably long. Some deals take multiple years to close, almost all of them take almost six to nine months. So, we have got a pretty strong handle on what revenue is contracted obviously between now and the end of June. We are forecasting those margins to be around 53% to 54% and remain positive EBITDA, of course inclusive of positive developments in sales, marketing, product and technology.

The assumptions around this are that our contracted revenue continues to be realised, that our product enhancements are successfully deployed, and that our customer service levels continue to be met. And to the extent that there are risks, those risks include any delays to customer onboarding, which has happened in the recent past with component shortages in some of the other implementations, and of course, unanticipated events and global macro economic uncertainty that everyone is very aware of.

Our investment in this outlook will continue in iCap and Lexi and Smart Lexi. We will ensure that that single button, on demand convenience is enhanced for more and more customers. That our Lexi and Smart Lexi products continue to improve in multiple languages and in multiple settings. 12 months ago, it didn't work in sport. We have now successfully deployed it in multiple sporting environments, including the Olympics and the Winter Olympics.

Importantly as well, we have just launched our partnerships for success programs and we are exploring some very, very early, exciting opportunities with some top shelf partners, who will earn a revenue share of up to 25% from reselling our Lexi and Smart Lexi services across the iCap platform. These are organisations such as players in the audiovisual industry, events, and entertainment, and other distribution partners in the space of corporate comms, the broadcast industry, and the technology broadcast industry more broadly.



Putting this all together, we have got a pretty clear view on where we need to invest in the next three years, out to 2025. It is establishing iCap as the global gateway standard, growing and diversifying our customer base, continuing on the early wins that we have had, driving that growth at higher margins and continuing to enhance our leadership in our product suite and technology.

And with that, I will hand over to Simon to moderate the Q&A.

**SIMON HINSLEY** Great, thanks, Tony and John.

First question, is the company expecting to make acquisitions this half, or is there a greater focus on growing the business organically?

**TONY ABRAHAMS** We are not planning on any significant acquisitions. We have had a flurry of acquisitions in the previous couple of years, which was to get us to the point where we really did have this one-stop shop and to help us take advantage of this shift to Automatic Captioning. The most significant acquisition of this being EEG. We have had terrific success in integrating these businesses and terrific customer response from what is now an integrated product suite, so there is really no gap in the market that we are seeing that we would need to fill with a short-term acquisition.

**SIMON HINSLEY** Thank you, Tony.

The next question is – Thanks for explaining the moving parts on legacy and SaaS. Three questions. The first one, the \$14-16 million of legacy revenue decline, is there a percentage you can share on how many are leaving AIM and how many are staying with AIM but spending less with AIM because they are using Lexi or less premium?

**TONY ABRAHAMS** No, this is just everyone that is shifting to the free tools. That is the estimate of how much of that legacy business that was delivered with those legacy premium stenographers in many cases. Respeakers as well, but most of them were stenographers. And all of that \$14-16 million will migrate over the course of this financial year to the free tools on Zoom, Teams, and other platforms. To the extent that we are winning some of those customers back with Falcon and Lexi, that is part of the other swing.

So, the \$14-16 million is kind of the gross number of losses and some of those we have won back. All up, it is kind of balancing itself out on a revenue basis, albeit that we are focused more on the higher-end enterprise market now and higher-end broadcast and OTT markets than we are on winning back individual students or individual employees who need that service.

But if you think back to that case study, when there is full accessibility in all of the meeting rooms, then platform the company would get their Automatic Captioning on is iCap, and they would come back as Lexi customers rather than being on the free tools that they are on at the moment. It is very much a transition, the headwinds happen first and we are now starting to see those longer term tailwinds.

**SIMON HINSLEY** Second question from Nick. Can you talk about iCap expansion overseas? What are the plans to bring iCap to new regions and initial progress and thoughts on the

opportunity?

**TONY ABRAHAMS** We have installed iCap right across the world. It is working very, very well. There was almost no penetration of iCap into Australia until about three years ago when we became EEG's value added reseller here. We have now got it in customers in Asia, the Middle East, Europe. Then of course, also in more enterprise customers as well.

We are seeing, obviously, more and more countries look to add captioning as part of the requirements and these sort of regulatory tailwinds that are coming through, particularly around the International Convention on the Rights of People with Disability. Which is sort of a multi-decade project to improve accessibility worldwide, which 180 countries have now signed up to at the United Nations.

There is a process that is very similar to the kind of climate change net zero by 2050, to make sure people with disabilities have full access to employment and social participation opportunities right across the world. One of the key considerations in these new markets is affordability and quality. And, where we are now and where we will be in the next few years with these investments in continuing to improve the iCap Network, but also continuing to improve the results of Lexi and Smart Lexi in multiple languages and the translation is that we will hit that sweet spot, where it is affordable, on demand, single button, and the quality level is sufficient for it to deliver meaningful accessibility. And, you can see there is still only 20% of US broadcasters that have actually made the switch to Automatic Captioning.

So, I need to stress, we are still in early days of this wave of adoption of Automatic Captioning. But the signs are very positive, it is not going to be a short-term thing, it is going to be a multi-year project, but we are certainly not seeing any competitors come out with any products or solutions that compete in a meaningful way with what we are able to offer in those markets.

**SIMON HINSLEY** Final question on that same topic of iCap, can you please talk to us about iCap, Lexi growth win rates? What are the barriers to customer adoption and winning more market share?

**TONY ABRAHAMS** Any time that we go in with a pitch it is now with iCap. It is really a question on what are the Ai-Media win rates. Every single time a customer has been prepared to make the leap to automatic captioning we have won it. 100% of those situations. Which is pretty extraordinary.

Now, there is still a lot of customers that have not made that switch and a lot of customers are afraid of more errors being on-air, but increasingly as our own technology improves and as the reference sites and being able to say that the ABC Network and the NBC Network in the US are deploying this, it is really important to those sort of secondary customer wins because we've already got that top tier.

But of course, we don't have as much of a competitive advantage in the recorded media space. And if someone just wants human-delivered captions then while it tends to be still across the iCap Network, we would only then be earning the revenue from the Devices rather than from the SaaS.

So it is a bit of an evolving strategy but our focus is really very much on those high-value, large customers, both in broadcast and OTT. But also enterprises that are looking for whole-of-enterprise solutions for universal design and accessibility. While delivering it in a secure way. And most of these customers have been customers of EEG in the past. And so, there is a long-term customer relationship there.

Or a lot of them have been long-term customers of Ai-Media, or ACS, and we are able to really, with authority, walk them through this technology transition. Manage the expectations about, you know, differences and vagaries in quality and the kind of errors that come up with automatic captioning.

And, we have expanded our sales team as a result of that. And as I said, the pipelines are looking very strong, albeit they are long lead times. We would not expect significant uptick in revenue that six to nine month process, that has been completed. Most of those conversations have only really started in the last couple of months.

**SIMON HINSLEY** Thanks, Tony.

Next question, there has been consolidation recently within the transcription and captioning industry, for example, the acquisition of Vitac and 3Play's acquisitions. What does this increased activity mean for Ai-Media?

**TONY ABRAHAMS** I think it clearly demonstrates that the industry is consolidating, that technology is playing an ever greater role, and that smaller players are going to find it increasingly difficult to match the technology investments of the larger businesses.

**SIMON HINSLEY** Perfect. Thank you.

The industry has seen greater global regulation. Can you talk to the impact this has had on Ai-Media to date and how you are positioning the business to keep abreast of these changes?

**TONY ABRAHAMS** Yes. As I said in response to, I think, Nick's question earlier, very much this global regulation is all being driven by the widespread adoption of the UN Disability Convention, and minimum quality guarantees are critical, as is obviously security. And you know, our focus is on engaging very closely with our local partners in each of those markets. But also with our global technology partners, to ensure that we have solutions that can improve accessibility once this regulation happens.

Most of the time the implementation is done alongside an understanding of what the technology can deliver. We are in a position to effectively work with the regulator, work with our local stakeholders, to really educate as to what is technically possible, what is economically feasible, and the exciting thing is that with this inflection point that we are clearly at with the adoption of automatic captioning, then we are very, very confident that this always on solution for captioning is going to become mainstream all over the world.

And how long that takes, obviously we can't forecast, but it is all heading in the right direction and all of the pieces of the technology puzzle are there. And the roadmap to continuing to improve that technology is also very clear for us.

**SIMON HINSLEY** Thanks. The share price since October 2021 has taken a battering. Can you talk to why that is specifically the case, and what the company strategy is to best control that?

**TONY ABRAHAMS** Look, it is a tough one. We are very much just focused on running the business. We have no impact on the share price. That is for the market participants to decide. The directors have obviously taken a view that there is a fundamental mismatch in value between what the market is pricing the company at and what its intrinsic value is, and hence we have commenced the buyback program.

**SIMON HINSLEY** Great. Thanks, Tony. In terms of the Preferred Partners Program, how many partners are you collaborating with and can you give me an example of a partner and how we are looking to grow this aspect?

**TONY ABRAHAMS** I will have more to say on that in subsequent disclosures, this is very much a new program that we are just kicking off and we are in early conversations with some exciting partners. I've given some indication of the kind of the sectors that we are looking at those partners, it is the AV sectors, event companies and people for whom captions and translation is going to be a layered service for their customers.

And it is an open program. And we are actually looking for expressions of interest from people who would like to add this functionality to the offerings that they are providing to their customers. We will have more to say on that in coming months.

**SIMON HINSLEY** Thanks, Tony. Can you provide further detail on the recent 7News issue and how AIM has increased safeguards to reduce the likelihood of this in the future?

**TONY ABRAHAMS** Look, that was obviously a very disappointing event and the first time anything like that has happened in the 19 years of Ai-Media's history. Our customer contracts contain clauses about what to do in the event that something like this does happen, that obviously was triggered very seriously when this happened with Channel 7 and we were able with our technology and our systems to get to the bottom of what happened very, very quickly.

As you can imagine there were multiple possible scenarios about what had happened there and we were able to determine within minutes that it was a single individual, and very soon after that it wasn't actually anything malicious. It wasn't actually a breach of the company security systems, but someone working from home had held an iPhone up to a screen, which is in a COVID world something very difficult to control for.

And they had, wanted to be Insta famous and sent it to one of their friends, who sent it to one of their friends, who sent it to one of their friends, and two hours later it appeared online. So certainly not a great outcome for Ai-Media or for the impacted presenters at Channel 7, or for Channel 7. In terms of improvements in the security posture, obviously that is a kind of error that can only be improved with education. And we have certainly taken a lot of steps since that event internally to reinforce the importance of customer confidentiality.

But also, people are used to sharing stuff now on social media and just making sure that there is

that sort of mindfulness that, something that might look cool on a screen on an Ai-Media machine is very different to something that might look cool on YouTube. It was an impulsive decision by a very young individual, and so really there is nothing more in terms of the kind of technology architecture that we have needed to improve beyond the education system. But deeply disappointing, nonetheless.

**SIMON HINSLEY** Thanks, Tony. Final question, can we please get some further colour on any key contracts up for renewal in the near term?

**TONY ABRAHAMS** The renewal of the Channel 7 contract and the Foxtel contract are the two major ones that are occurring in the next 12 months. I don't think there is any others that I need to mention or are significant enough for this audience.

**SIMON HINSLEY** Great. Thanks, Tony. That concludes the Q&A segment. I will hand back to you for closing remarks.

**TONY ABRAHAMS** Thanks very much. Thank you, everyone, for attending and for your support. We will obviously continue to work hard for all shareholders and for customers. As I said, this is a really exciting time where automatic captioning has the potential to really become universal in more and more situations. And we are in a position to take best advantage of that with our Lexi and Smart Lexi products, all powered by the iCap Network. And our great team of engineers who continue to ensure that we remain at the top of this industry in the years to come.

Thank you very much.

Live captioning by Ai-Media.

