

FY22 Results Presentation

30 August 2022

Ai-Media Technologies Limited



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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

May
2018

FY22 highlights

Cash Flow

	Projected	Actual	Variance
Total Income	5,700	5,500	200
Total Expense	3,603	3,553	50
Total Cash	2,097	1,947	150

As you can see, our revenue increased st

Full year FY22 highlights

+22%

YoY Revenue Growth

\$60.1m Revenue in FY22, up from \$49.2m in FY21

+125%

YoY Growth in Lexi & Smart Lexi SaaS Minutes

21.9m minutes delivered in FY22 up from 9.7m in FY21

\$15.2m

Cash balance at 30 June 2022

Strong cash position to execute on growth strategy

>40%

YoY Revenue Growth for EEG

Driven by Ai-Media's global sales and marketing

+63%

YoY Gross Profit Growth

\$33.2m Gross Profit in FY22, up from \$20.4m in FY21

+\$9.8m

Improvement in EBITDA

\$1.1m EBITDA in FY22, up from (\$8.7m) in FY21

55%

Gross Margin

Compared to 41% in FY21 and FY22 Guidance >50%

Buy-back

Program of 2m shares successfully completed

Total consideration of \$1,164,005 paid

Turnaround in operating cashflow achieved

Cash flow from operating activities	30-Jun-22	30-Jun-21	Var
	\$'m	\$'m	\$m
Receipt from customers (inclusive of GST)	63.6	48.0	15.6 ▲
Payments to suppliers and employees (inclusive of GST)	(59.8)	(66.0)	6.2 ▲
Net cash from operating activities (inclusive of GST)	3.8	(18.0)	21.8 ▲
Non-recurring EEG associated acquisition costs	(1.6)	-	(1.6)
Interest received	0.02	0.02	0
Other revenue	0.02	0.50	(0.5) ▼
Interest and other finance costs paid	(0.3)	(0.5)	0.2 ▲
Net cash from/(used in) operating activities	1.9	(18.0)	19.9 ▲

Comments

- Receipts from customers up from \$48.0m in FY21 to \$63.6m in FY22
- Payments to suppliers down from \$66.0m in FY21 to \$59.8m in FY22
- **Improvement of \$21.8m in underlying net cash from operating activities between FY21 and FY22**
- Positive operating cashflow targeted in FY23

OTT and IP Transition

Growth of online viewership and distribution has driven the shift towards OTT away from cable/FTA, bringing with it a huge variety of new content.

Regulations for live captioning in OTT platforms are moving in, and captioning all live content with human captioners would be prohibitively expensive. With an affordable SaaS solution plus scalable caption encoding infrastructure, content owners can provide captioning across all content.

Who: OTT players, content owners & traditional broadcasters transitioning towards IP

Market Fragmentation (Technology)

Our iCap network – the world's largest captioning delivery network – provides unmatched reliability, security and integration between Ai-Media's solutions and third-party captioners across the globe. Utilizing our iCap network, Ai-Media's solutions are future-proofed for our Lexi Preferred Partners and our customers, for any captioning requirement – applicable to any IP or SDI solution; covering all media connection architectures and standards; and supporting content all the way from source to screen.

Who: Captioning market, traditional competition, system integrators

Tailored Broadcast Solutions

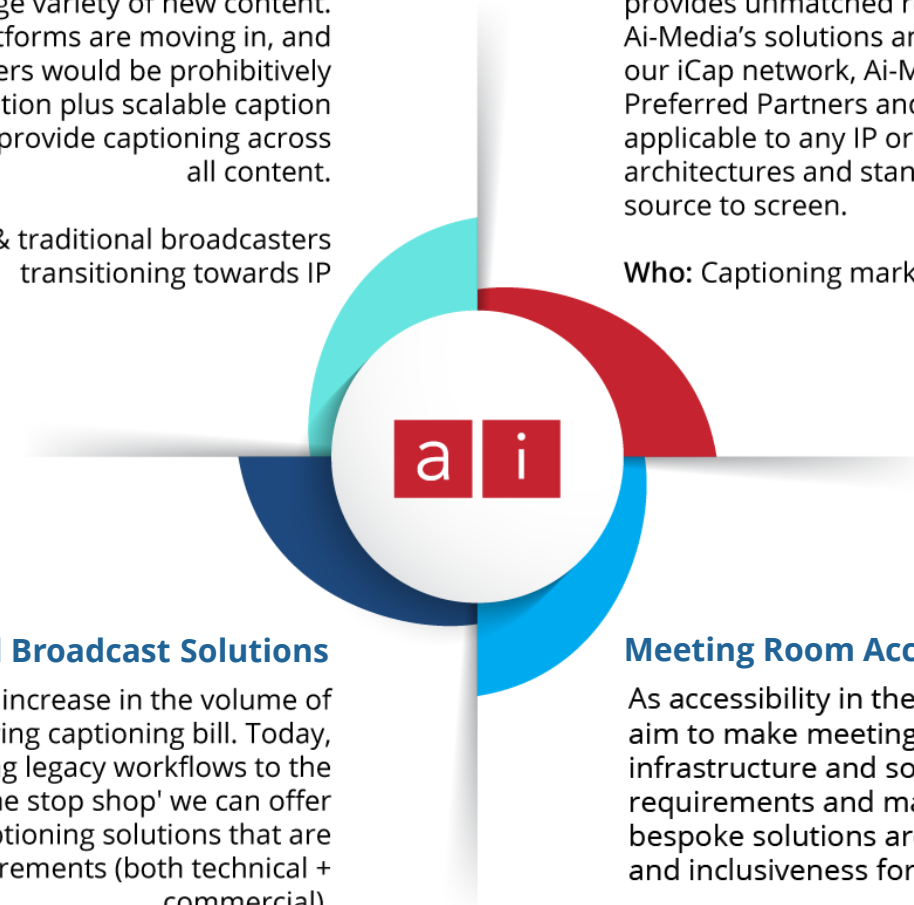
Caption quota growth, wage inflation, and the increase in the volume of content leaves broadcasters with a growing captioning bill. Today, broadcasters are chasing savings by shifting legacy workflows to the cloud and automating. With our 'one stop shop' we can offer infrastructure and a range of compliant captioning solutions that are hyper personalized towards customer requirements (both technical + commercial).

Who: Broadcast, content owners & distributors

Meeting Room Accessibility

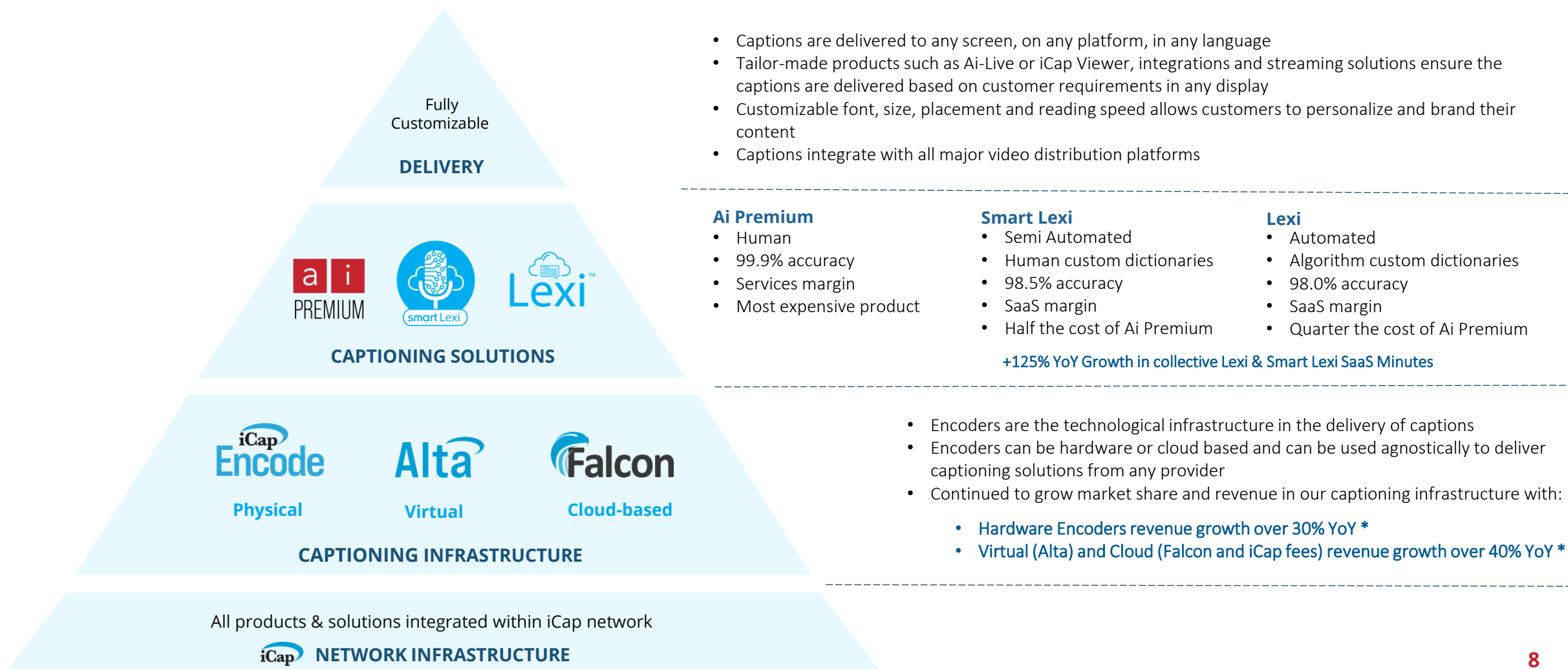
As accessibility in the workplace becomes increasingly important, we aim to make meeting rooms accessible and inclusive through secure infrastructure and solutions. We take highly complex customer requirements and make it as simple as 'click to caption'. These bespoke solutions are for organizations looking to hero accessibility and inclusiveness for their employees.

Who: Global enterprise



A full product suite powered by Ai-Media's iCap network

With its private iCap Network, Ai-Media offers a one-stop shop solution and is globally one of the only captioning companies monetizing both captioning infrastructure and solutions

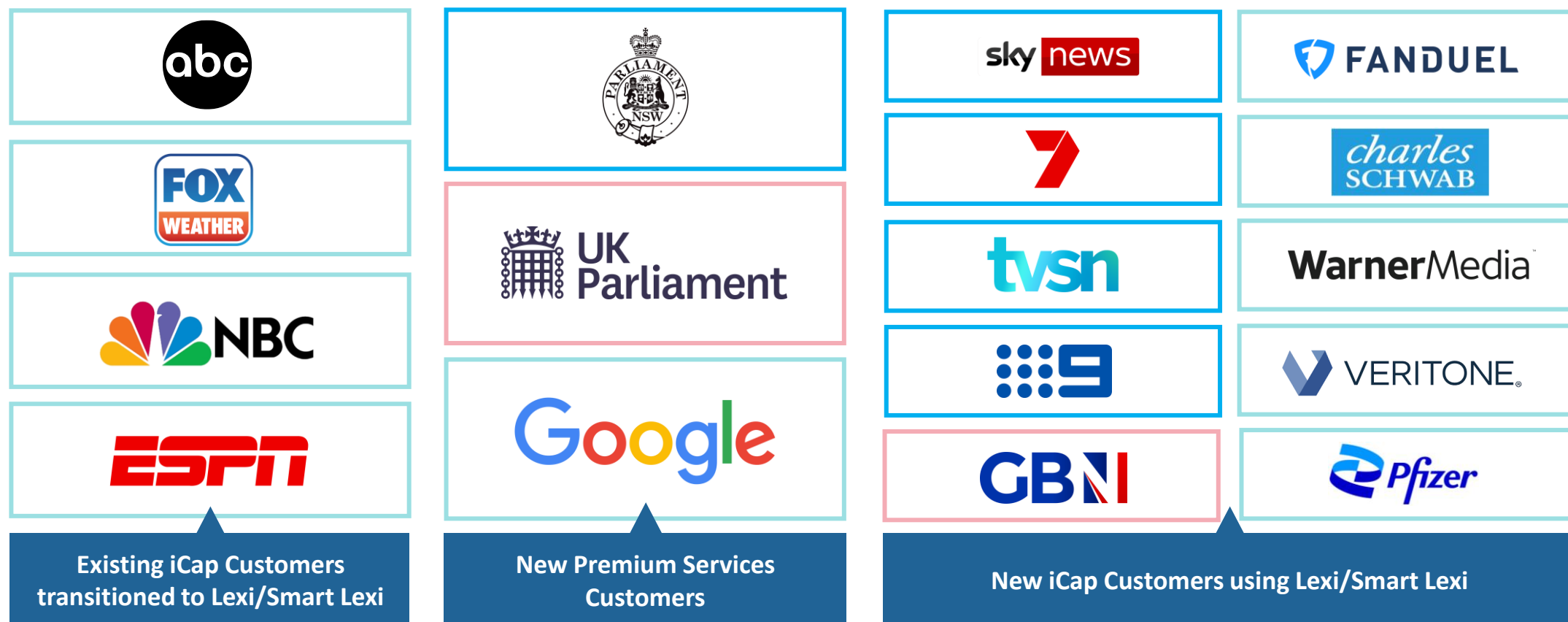


A person is seen from behind, sitting at a round wooden table. They are using a laptop that displays a video of two men in a podcast-style interview. The man on the left is wearing a white hoodie and headphones, holding a microphone. The man on the right is wearing a blue shirt and headphones, also with a microphone. A subtitle at the bottom of the video reads: "Welcome back! Today, Josh and I are going to be interviewing the founder of". On the table next to the laptop is a yellow coffee cup with a black lid, a small potted succulent, and a notebook. The person's hands are on the laptop keyboard.

**Operational
performance**

Key global sales wins

Accelerating SaaS revenue growth while growing Premium. Strong YoY growth in Lexi customers (including Smart Lexi), revenue, and volume of minutes, driven by wins with important customers in FY22, some of which are highlighted below



REGION KEY:

APAC

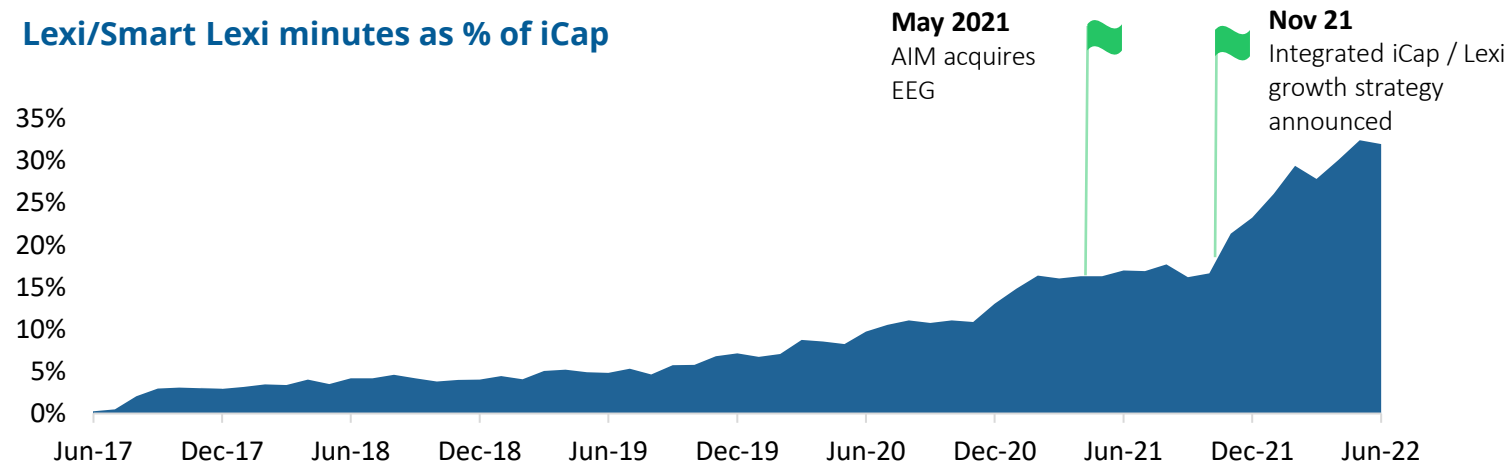
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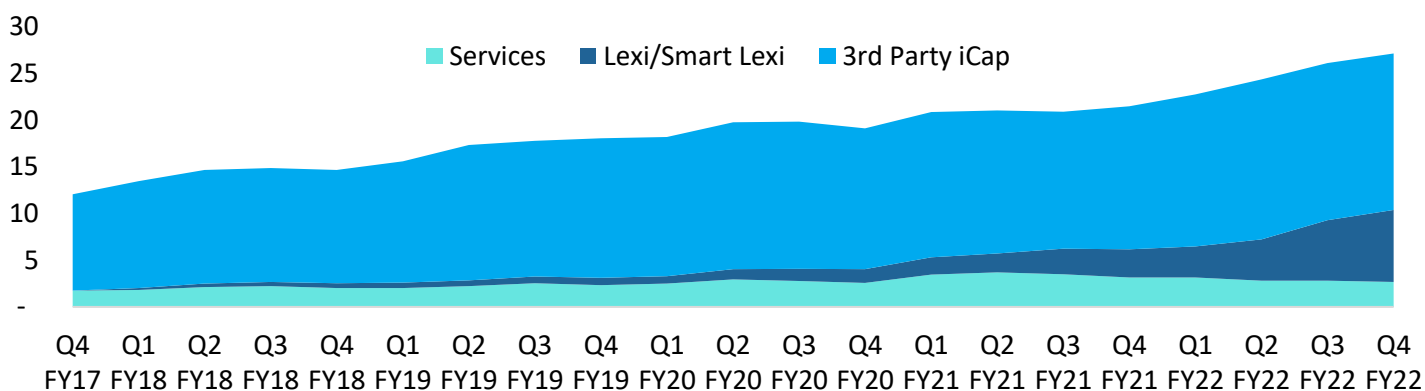
The global growth in iCap Network minutes drives even faster growth in Lexi/Smart Lexi minutes

- Lexi/Smart Lexi now used on >30% of total iCap Network minutes volume
- iCap Network minutes volume grew by 26% from FY21 to FY22
- Lexi/Smart Lexi minutes volume grew by 125% from FY21 to FY22
- The transition to SaaS revenue is accelerating and the iCap Network is growing
- Lexi/Smart Lexi volume growth 5x the growth in iCap, offsetting reductions in legacy service business

Lexi/Smart Lexi minutes as % of iCap

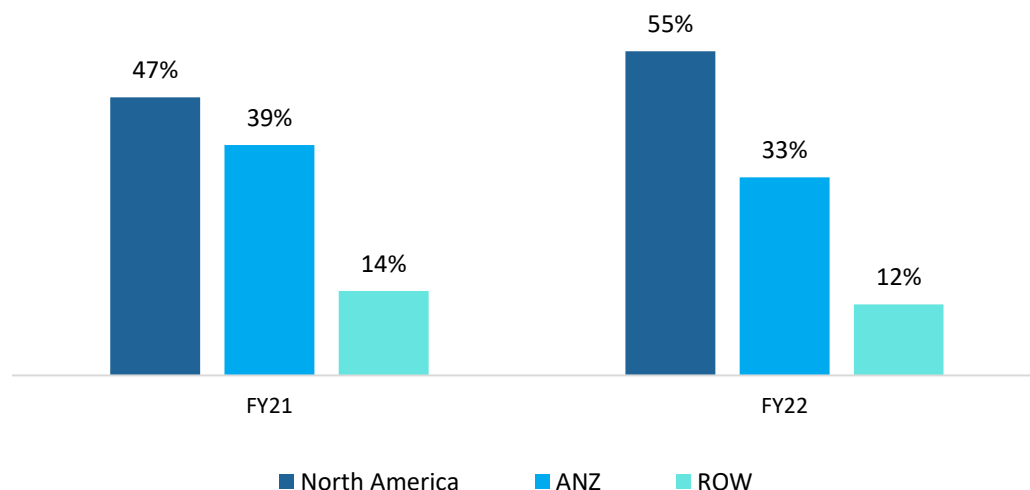


iCap Network growth (minutes in millions per quarter)

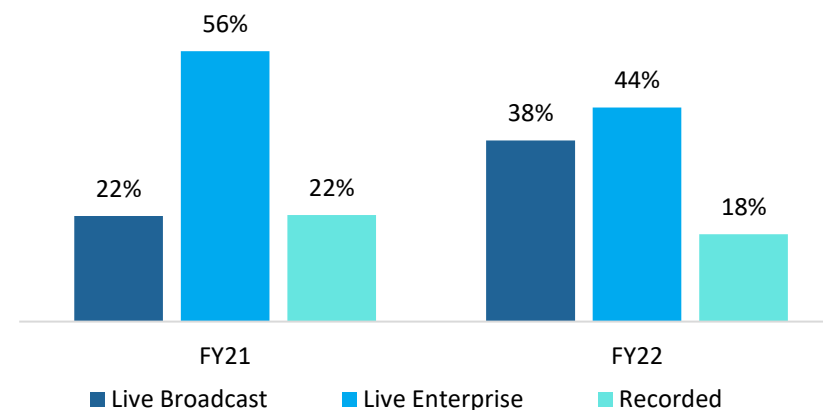


	Case Study 1 Major League Baseball	Case Study 2 Google	Case Study 3 UK Parliament	Case Study 4 Sky News	Key
Business Challenge	MLB in previous years did not live caption any of the 150 Minor League Baseball games that were broadcast during the season. Live human captioning was too expensive	Google required a highly secure booking engine to support their ambition in providing all Google employees globally the ability to add live captioning to any meetings or events	UK Parliament required live captioning and a web-based platform to capture transcripts and captions files that could be edited, downloaded and searched	Sky News wanted to caption 100% of the channel. Human captioning costs were prohibitive, and they were only able to afford to caption the mandated 55% of the channel	SaaS
Solution Delivered	30,000 hours of Lexi Live, 70 Alta encoders. Support assistance during setup and dictionary creation	Ai-Media provided Google with our proprietary Booking Engine allowing Google employees globally to book live captioning for meetings and events	Live captioning plus SubSilo, which allows UKP to download, edit and search caption and transcript files. It also allows SSO and API functionality so UKP can make transcripts available to press agencies	Smart Lexi; per program human curated dictionaries via four HD492 encoders for 19 hours of live content per day. 98% quality SLA, 99.8% uptime	Services
Impact Created	Lexi Live allowed all 30,000 hours of Minor League games in the 2022 season to be live captioned and streamed across various distribution paths. Lexi's affordable hourly rate, plus scalable caption encoding infrastructure made captioning all games possible	A centralised and secure, real-time Booking Engine with English and Multi-Language captioning options 24/7 support with a dedicated customer success team	Centralized record of the proceedings in Parliament. This has improved efficiency and cost of producing the official Parliamentary records	Sky News now has 100% of content captioned on their main channel without increasing overall spend on captioning. They are rolling out the solution to their other channels	

Strong growth in offshore markets & broadcast spaces



Split Revenue by Region



Split Revenue by Product Mix

Region

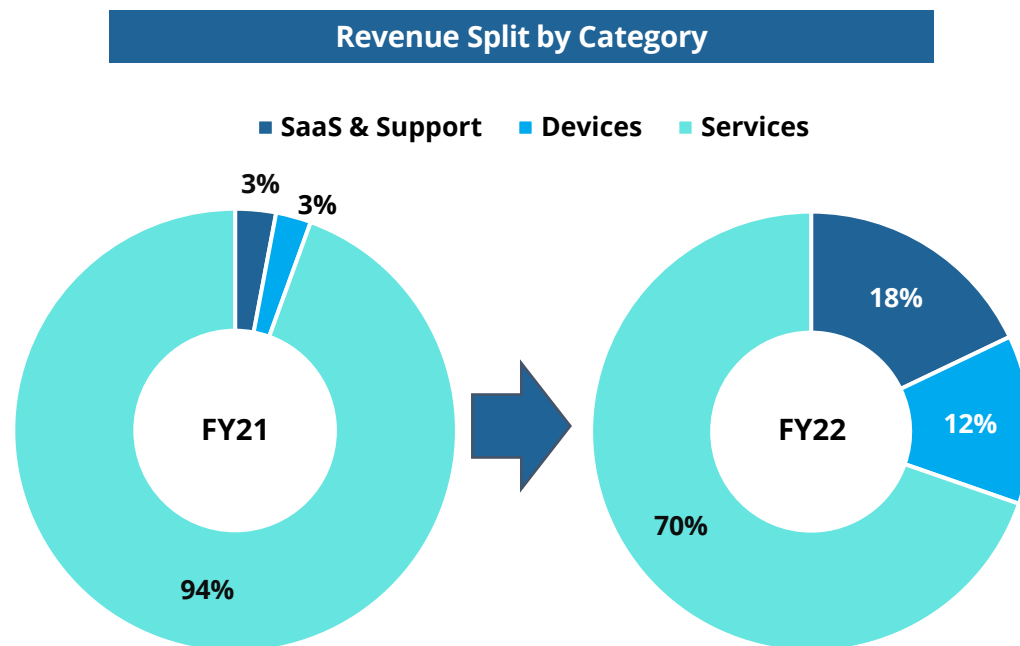
- North America growth driven by EEG acquisition
- North America as % of total revenue increased to 55% in FY22 driven by significant demand for Ai-Media products in the region

Product Mix

- Live Broadcast growth is driven by new customers, 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
- Lower margin Recorded continues to decline as a share of total revenue

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 from 6% in FY21 to 30% in FY22
- Shift towards a higher portion of SaaS revenue leads to higher gross margin and greater recurring revenue
- Shift in revenue split delivered increase in aggregate Gross Margin from 41% to 55% from FY21 to FY22



**Financial
performance**

FY22 profit & loss

	FY22 \$m	FY21 \$m	Var \$m	Var %	
Total Revenue	60.1	49.2	10.9	22%	▲
Cost of sales	(26.9)	(28.8)	(1.9)	-	▼
Gross Profit	33.2	20.4	12.8	63%	▲
Operating expenses	(32.1)	(29.1)	(3.0)	10%	▲
EBITDA	1.1	(8.7)	9.8	113%	▲
Depreciation and amortisation	(4.5)	(3.3)	(1.1)	-	
EBIT	(3.4)	(12.0)	8.6	72%	▲
Net interest expense	(1.3)	(2.3)	0.9	-	
Profit/(loss) before tax	(4.7)	(14.2)	9.5	67%	▲
Income tax benefit	(0.2)	3.6	(3.8)	-	
Net profit/(loss) after tax	(4.9)	(10.7)	5.8	54%	▲
GP Margin %	55%	41%	-	-	▲

Revenue

- Revenue growth is driven by 12 months of EEG revenue for the 12 months (acquired May 2021)
- Quality of revenue is improving with product mix moving from premium service to SaaS

Margin

- Strong gross profit margin of 55% in FY22 compared to 41% in comparable period

OPEX

- Underlying expenses have risen by 10% (comparing favorably to the 22% growth in revenue)
- Includes 12 months of EEG costs (2 months in FY21) and increased investment in sales & marketing and technology

EBITDA

- Positive \$1.1m EBITDA in FY22 compared to (\$8.7m) EBITDA in FY21, \$9.8m improvement

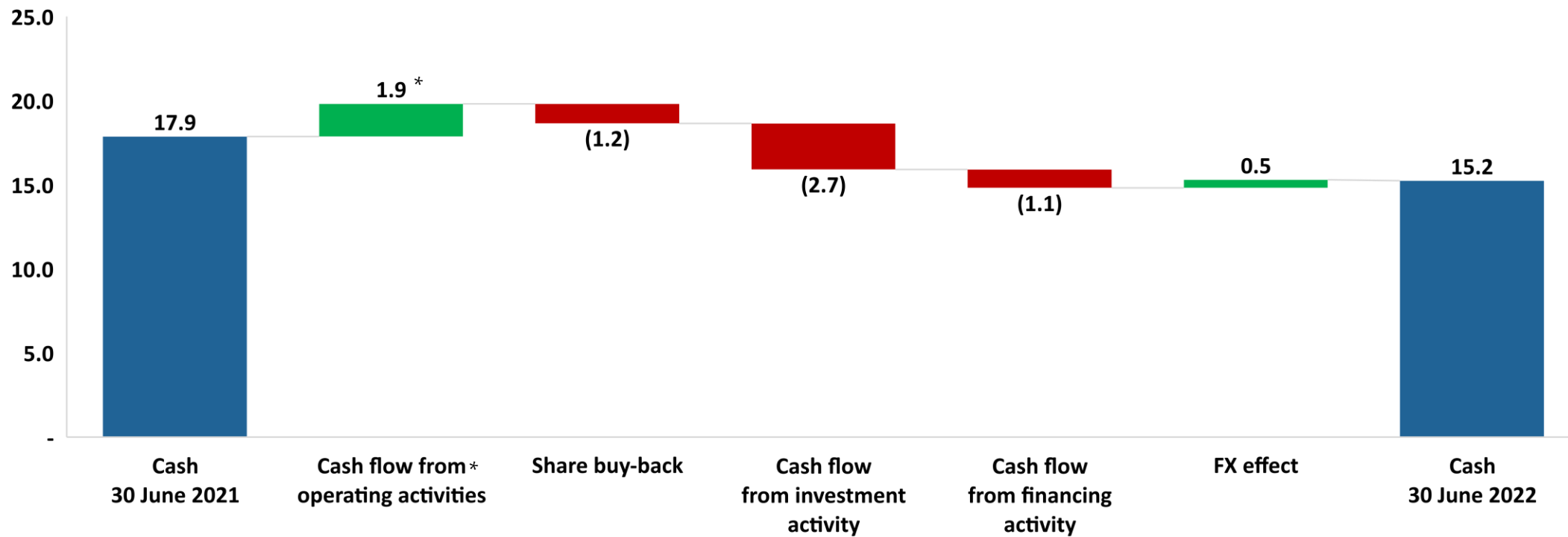
FY22 balance sheet

	30-Jun-22	30-Jun-21	Var	
	\$'m	\$'m	\$m	
Cash and cash equivalent	15.2	17.9	(2.7)	▼
Trade receivables	11.2	12.2	(1.0)	▼
Other current assets	3.5	1.8	1.8	▲
Total current assets	30.0	31.8	(1.9)	
Property, plant and equipment	4.8	4.7	0.1	▲
Intangibles	60.3	56.2	4.1	▲
Other non-current assets	7.5	7.1	0.5	▲
Total non-current assets	72.7	68.0	4.7	
Total assets	102.6	99.8	2.9	
Trade payables	1.8	1.1	0.7	▲
Borrowings	0.3	0.9	(0.6)	▼
Other current liabilities	11.5	11.0	0.5	▲
Total current liabilities	13.5	13.0	0.5	
Borrowings	0.3	0.3	0.1	▲
Other non-current liabilities	9.8	7.5	2.3	▲
Total non-current liabilities	10.2	7.8	2.4	
Total liabilities	23.7	20.8	2.9	
Net (liabilities)/assets	79.0	79.0	(0.0)	
Equity	79.0	79.0	(0.0)	

Comments

- \$15.2m in cash and no company debt
 - Strong capacity to fund future growth opportunities
 - +\$1.9m operating cashflow in FY22
- Other current liabilities include deferred revenue of \$3.0m compared to \$1.5m in FY21 (mainly SaaS)
- Other non-current liabilities includes the deferred consideration for EEG retained as a loan and repayable in FY24
- Intangibles includes goodwill of \$43.3m and other separately identifiable intangibles that are associated with the purchases of business

FY22 cash flow



**Net cash from operating activities (Inclusive of GST) includes interest income, other revenue, finance costs and non-recurring EEG acquisition expenses (one-off EEG acquisition fees of \$1.6m)*

Comments

- Company achieved positive operating cash flow in FY22 and expects this trend to continue in FY23 and beyond
- Cash outflows for the period included EEG acquisition associated costs presented as a part of operating cash flows
- Cash outflows from financing activity included share buy back and repayment of debt



Competitive landscape and macro environment

Competitor analysis

	ai media	verbit ^Y	RED BEE	3PlayMedia	@rev	ENCO	evertz
Live Human Captions	✓	✓	✓	✓	✗	✗	✗
Pre-recorded Captions	✓	✓	✓	✓	✓	✓	✗
Live Automated Captions	✓	✓	✓	✗	✓	✓	✗
Human Curated Dictionaries (ASR)	✓	✗	✓	✗	✗	✗	✗
Live Human Translation	✓	✓	✓	✓	✗	✗	✗
Live Automated Translation	✓	✓	✓	✗	✓	✓	✗
Captioning Network Provider	✓ (iCap Network)	✗ (Using iCap Network)	✗ (Using iCap Network)	✗ (Using iCap Network)	✗	✗	✓
Captioning Infrastructure Provider	✓ (EEG Hardware)	✗ (Using EEG Hardware)	✗ (Using EEG Hardware)	✗ (Using EEG Hardware)	✗	✓ (limited)	✓

- Ai-Media remains as the only player selling captioning infrastructure, increasing upselling opportunities
- Verbit, Red Bee and 3Play Media are all using the iCap Network and infrastructure to deliver their captioning solutions, without paying significant fees to Ai-Media
- A historically fragmented captioning market continues to consolidate with high levels of recent M&A activity
- Ai-Media acquired EEG, Caption IT & Caption Access | Verbit acquired Vitac, Take 1 & Automatic Sync, Take Note, US Captioning | 3Play Media acquires CaptionMax & National Captioning Canada

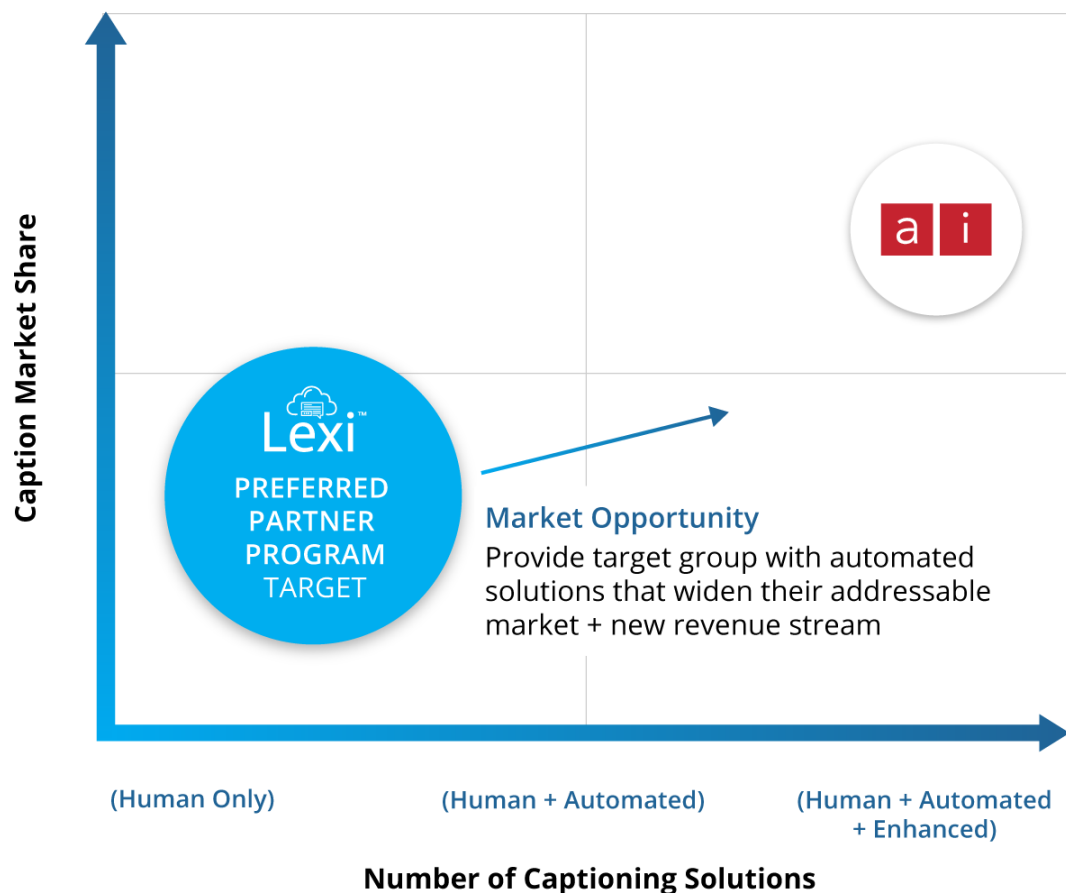
Supply chain constraints	<ul style="list-style-type: none">• Ai-Media has observed small exposure and risk to the global supply chain impacts delaying some revenue in FY22• Revenue is delivered via technology and human captioners• Hardware parts are predominantly sourced from US suppliers and assembled locally in US
Inflation and economic uncertainty	<ul style="list-style-type: none">• Ai-Media's shift towards software delivery enables strong competitive advantage• Customers are looking for high-tech cost-efficient solutions• In inflationary environment, human labor becomes less competitive
Foreign currency exposure	<ul style="list-style-type: none">• Softer AUD/USD exchange rate generally benefits the Company, with ~54% of AIM's Group revenue denominated in USD• Ai-Media does not have a formal currency hedging program
Regulatory tailwinds	<ul style="list-style-type: none">• Continues regulatory trend around accessibility to broadcast content especially in developing markets offering medium- to long-term greenfield opportunities for Ai-Media• Targeting improvements in regulatory settings in mature markets including Australia, UK, Canada and the US towards established quantitative standards and acceptance of audit approach

Strategy



Partnerships driving Lexi growth

The Lexi Preferred Partner Program positively impacts the growth and adoption of Ai-Media's automated tools by incentivising iCap human captioning partners to resell Lexi – without any need for technical integration



Lexi Preferred Partner Target Audience

- Captioning companies only offering human solutions
- High iCap usage and volumes
- Companies conducting their business in the small to medium segment of the market
- Captioning for broadcast, education, enterprise and government
- Competition looking to upgrade ASR offering and receive enhanced iCap integration/features
- Also looking for select number of large global systems integrators

Lexi Preferred Partner Program Focussed on Creating Mutual Value

Partnership Components

- Licensed reseller of Lexi at an exclusive discount on market pricing
- Multi-year partnership
- Input into iCap and Lexi R&D
- Sales team training, onboarding and marketing collateral
- Personalised insights report with metrics, data and usage
- Exclusive co-marketing initiatives
- Options to resell iCap Translate and Support
- Flexible billing terms

Key Commercial Drivers and Benefits for Partners

- Opens new revenue streams and widens their addressable market
- Decrease churn & increases the stickiness of their core business (price point optionality)
- Ability to switch seamlessly over to Lexi backup in event of failover
- No upfront investment or risk in launching ASR business
- Generates sustainable growth and future proofs their business

Key Commercial Drivers and Benefits for Ai-Media

- The Preferred Partner Program opens up a new sales channels for iCap and Lexi
- Drives the growth of the SaaS business
- Increases the volume and usage of iCap
- Supports the broader education of ASR towards the market
- Allows us to penetrate harder to reach segments and customers
- Reduces Opex as less sales resources are required

Ai-Media aims to continue to grow its iCap Network presence globally and accelerate its transition towards a higher portion of SaaS and devices revenue, leading to higher margins and greater recurring revenue

Establish iCap Network as Global Standard	Grow and Diversify Customer Base	Increase SaaS and Devices Revenue Share	Enhance Product Suite and Technology
<ul style="list-style-type: none"> • Become the go-to live captioning provider across the industry and around the globe • Focus on growing presence in the US, APAC, EMEA • Continue to grow the infrastructure business in order to actively spin up new iCap users and grow volume • Continue to invest in R&D to innovate, enhance security and data capabilities 	<ul style="list-style-type: none"> • Capitalise on increasing demand for live captioning across new segments and territories • Employ bundling economics to drive growth in new or underpenetrated segments • Increase market share within Government and Enterprise categories by tailor made products (SubSilo + meeting room accessibility) • Lexi Preferred Partner program 	<ul style="list-style-type: none"> • Accelerate growth in Lexi/Smart Lexi minutes volume via existing and new customers • Deliver the number one automated (ASR) captioning solution in the market. Grow agnostic ASR engine selection base and further investment into the ASR global evaluation lab • Transition more of the human-captioned broadcast market by meeting requirements through bundled solutions • Create a global ecosystem of Lexi resellers via the Lexi Preferred Partner Program 	<ul style="list-style-type: none"> • Invest to improve and increase automation, especially in the services business • Continue to capitalise on the EEG/Ai-Media technological synergies • Leverage partnership approach instead of building/spending in isolation • Acquire new technologies and or companies that support strategic advancement of key priorities

SaaS Revenue Growth Driven by Significant Global Contract Wins

- Significant Device and Alta sales in FY22 will drive future Lexi sales
- Continued improvement in Lexi quality driving further customer wins

Acceleration of SaaS Revenue Growth while Increasing Premium

- SaaS revenue growth underpinned by transition to automated captioning Lexi
- Premium human captioning remains a requirement for premium content

Partnership Program Opens New Sales Channel and Revenue Stream

- Partnerships expand sales channels
- Incentivises legacy human-captioning providers to resell Lexi with confidence

Strong Cash Position to Execute Growth Strategy

- Significant turnaround in operating cash flow achieved
- Positive operating cash flow targeted in FY23 and beyond

iCap Network Growth Increases Lexi/Smart Lexi Minutes

- Lexi can only be provided across the iCap network
- Lexi is the only automated live service delivered across iCap due to its superior security and flexibility

Business Model Powered by Competitive Advantage

- The Best Lexi delivered across the most flexible and secure private network (iCap)
- Premium captioning and transcription completes the offering

Q&A

For further information

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