Simon Hinsley (host and moderator):

Good and welcome to Ai-Media Technologies Ltd full year results presentation for the financial year FY21.

We have Tony Abrahams, the co-founder and CEO, and John Bird, the CFO and they will run through a brief presentation followed by a Q&A segment which you can submit using the button at the bottom of the screen. I will hand you over to Tony to get started.

Tony Abrahams (Co-Founder and CEO):

Thanks, Simon. Thank you for joining. It is a great pleasure to share some great results from the first year as a listed company. The mission is to make the world's content accessible for everyone and with the recent acquisition of EEG, we are a global one-stop shop for live and recorded capturing, transcription, translation, and it is an exciting time for us and we look forward to FY22.

At a glance, we have got three key product lines being Live Broadcast, Live Enterprise, Recorded Media. Established in 2003 we have invested over $50 million in R&D since 2009 on our world beating Ai-Live product set and we have also invested $48 million in three acquisitions and we have got 2200 global customers increasingly diversified in terms of revenue, category, customer, region. We have over 3000 skilled contractors around the world.

We have operations in every part of the planet - Asia-Pacific, North America, Europe, the Middle East, Africa. What you can see in these results is that it is very much a story of two halves: in the first half we absolutely invested additional amounts in our technology and product portfolio that are starting to see the benefit of that in a real shift and we will run through that and JB will give detail as we go through and obviously we have significant acceleration in quarter four of FY21 putting us in a good position for FY22.

The key highlights, we have exceeded the prospectus forecasts without the three US-based acquisitions. We increase the gross margin throughout FY21, more than we said we would do in the prospectus forecasts and quarter four was where we saw the huge uplift. We lunched some breakthrough products with the fully automated Lexi, the semiautomated Smart Lexi SaaS products which complement the Ai-Live services offering and we have also acquired EEG's scalable SaaS live streaming product range Alta and Falcon and importantly it's also the iCap cloud platform and network and we have over 6 million minutes a month- almost all of that in US broadcast and we looking to significantly expand the scope of that cloud platform into enterprise in the United States and globally as well. Really key, we have delivered captions for the Tokyo Olympics - both in the United States in Australia. In Australia, obviously for Channel 7, a long-time customer of ours. The interesting thing is we provided the semiautomated Smart Lexi SaaS product on NBC's Peacock platform for upto 60 different channels and the feedback has been fantastic and we are very excited to launch that Smart Lexi product on Sky News next month. It is also providing us with great opportunity to engage with customers to deliver a product that is effectively half the price of our premium product and done with far less human involvement and leveraging the smarts of the artificial intelligence and machine learning we have built up over more than a decade. We significantly broadened our customer base with new contracts including Al Jazeera and the UK Parliament and others, and in terms of capital raised, we completed the IPO in September and a further $40 million to fund the acquisition of EEG. In terms of key highlights, $49.2 million total revenue which was $5.4 million ahead of the prospectus forecast which included the acquisitions but if you strip the acquisitions out we still beat that target. A massive increase in captioned minutes and we expect that to continue as we deliver more with Lexi and Smart Lexi. Three successful acquisitions with CaptionAccess, Caption IT, and the transformative acquisition of EEG in May. Gross profit was $20.4 million and again, that is $2.3 million ahead of the prospectus forecasts. Gross margin, happily up to 42% statutory for the year but really if we look at the pro forma on that, and you can see that in the annual report, we are already at 50%, finishing the year on a pro forma basis. We are starting to see the seismic shift in the way that we deliver technology products. A much stronger balance sheet than we were in this time last year with $17.9 million cash on the balance sheet and no company debt. What we can offer now is an extremely simple offering. We can deliver live and recorded captions in any language and from any language to any language and streamed in any format to any device and this is the combination of the EEG components which provided the streaming and our legacy Ai-Media translation, transcription, and captioning products. In terms of the tiers, we can offer it in terms of premium, semiautomated, automated, and again the EEG component gave us the automated service of Lexi which we were able to overlay Smart Lexi and premium to give that true one-stop shop and the market is $20 billion in languages and growing, and we are seeing increasing consolidation in that market as the technology intensity grows. The pivotal acquisition of EEG in May allowed us to really deliver that true one-stop shop. The really exciting thing about EEG is its incredible market penetration in the United States. In fact, the penetration is so ubiquitous in US broadcast that the ratings agency Nielsen gathers their data from the EEG iCap network and so there is no rating broadcaster that is not effectively on the EEG platform. The exciting thing about the EEG platform is that it works just as well outside of broadcast and just as well outside of the United States. Historically, EEG and the business there has been very much focused on the United States. It is a 40-year-old business and right up until the digital transformation of broadcasting, the United States had very different broadcasting standards to those in Europe, Australia, around the world. They were delivering with NTSC and we were delivering with PAL but the work that the EEG team have done over the last 10 years has been fantastic to uplift that technology so that it is digital and global and we will be utilising our global sales teams to sell this one-stop shop led by the EEG iCap platform. In terms of how that looks, effectively we have the hardware encoders which the iCap network feeds in. Those encoders can be physical or they can be virtualised and a big trend in the EEG business has been to virtualise more and more of the hardware and then what the iCap network does is it connects captions, be they premium, semiautomated, automated, across the infrastructure and delivering with confidence for customers around the world.

In terms of the operational performance, you can see the transformational change there with the captioned minutes up to 16.8 million which is an increase on a pro forma basis of 55% and the statutory base is much higher because we only included two months of the ACS acquisition in the FY 20 statutory results. The revenue per minute has come down which is not a problem because it reflects the increasing focus on those less expensive automated and semiautomated products and you can see that therefore the margin is very much protected despite that spin down in terms of quality. Really exciting for us is that our five SaaS products in the month of June already accounted for 8%, of total revenue, and we are expecting that to continue to grow quite significantly. A smattering of some of the key customer wins in FY21. From all around the world, and in a series of different verticals. This has been a story of offshore growth and our Australia New Zealand business is reasonably mature - we have got a 65% market share already in the Australian broadcast industry and we were impacted by less live sport and events happening during COVID. This was more than made up for by the growth, fully organic in the rest of world number, a significant increase, which we are seeing continue and that organic growth is being supercharged effectively by this one-stop shop offering of any quality level for captioning, transcription and translation. The North American increase – very significant. Part of that is organic and part of it through those 4 acquisitions. We have gone from being an Australian company with some export sales to truly being a global business. In terms of customer mix analysis, we have continued our very significant diversification of our customer base while retaining over 95% of our strategic customers, so defined as a customer that spends more than $25,000 a year with us, and as an indication, this time last year, the top three customers accounted for 45% of our revenue and today our largest customer is less than 10% of the total.

Again, the transformation can be seen here in terms of the impact of the number of minutes delivered across the Ai-Media platform, so from a base of 800,000 minutes in June 2020, we increase that on an organic basis to 900,000 minutes in the month of June 2021. On top of that, we are offering another 1 million minutes a month with Lexi alone in US broadcasters. But really interesting and exciting for us is the 5.1 million minutes on top of that that are carried across the iCap network. A lot of that we are currently not monetising and that is because of the EEG business model prior to the acquisition but as we continue to improve that network and invest in that network, we will expect some monetisation opportunities in the future as well.

In terms of financial performance, I will cover the revenue growth and I will hand over to JB to go through the next few slides. It is an 87% growth in reported currency, included a negative currency impact of $600,000. That revenue growth included $4.1 million in the acquisitions, so that is six months of the CaptionAccess and Caption IT business and two months of the EEG business and the remainder was organic but also when we count 12 months of the ACS acquisition rather than two - so they are the components of growth. If you look at that 49.2 again on a pro forma basis, we are looking at a $60 million number at a 50% gross margin. JB, I will hand over to you.

John Bird (CFO):

Thanks and welcome. Tony has stolen all the highlights but to put into perspective our revenue for the full year, it was made of two significant halves. The second half was equivalent to the prior full year's revenue, so gives you an idea of how much we are growing in the second half and we expect that growth to continue. The second half numbers only include the contribution as I will explain later from EEG for two months and the other acquisitions for six months. Overall we continue to see the margin grow significantly. Part of this is the investment in technology and moving ACS, one of the early acquisitions in May 2020, moving it across into more advanced platform technologies. We have managed to do all of this keeping a lid on expenses, which is quite an achievement for a growing organisation. It doesn't mean expenses are not growing but when we strip out some of those one-off costs, we are doing an incredible amount of growth keeping all of the costs relatively well controlled, so that is contributing to our bottom line where, once again, the story of two halves. We actually in the second half on a normalised basis we made a positive contribution. But the EBITDA went from $7 million negative to $1.6 million negative in the second half, contributing to the $8.7 million, so we are really seeing the transformation occur in the second half. That of course we expect to continue and in fact, increase quite dramatically over the ensuing years as we move through the integration of EEG and all the prior acquisitions.

As I mentioned, and Tony alluded to the fact there is a contribution from the two acquisitions. EEG – we gave a significant amount of disclosure when we were acquiring them but they turned over about 2.2 million in the current year. That is only May and June, and neither month was unusual, and we expect that that will be part of the ongoing growth of the business. The reality is the integration and leverage of that revenue is very significant for the entire organisation, so it is seen as incredibly important part of the growth engine of Ai-Media.

As I note, we had about $5.6 million of one-off adjustments, largely due to the acquisition or acquisitions and the IPO costs and when we take those out we came out at $4.4 million EBITDA, significantly better than the prospectus forecast, $4.8. That was partly driven by the revenue growth and we have managed to grow the business, make the acquisitions and continue holding expenses at a reasonable level.

This is where accountants get all excited and some of you will see the first number is the most important number. We have cash, and un-leveraged balance sheet, $17.9 million of cash and throwing off significant cash in the ensuing year. We have a position where we can be very opportunistic and that is opportunistic for both investment in technology and other investments. Most importantly, though, the assets or net assets are incredibly significant and that will very much form a great base for the next 12 months, but I think longer term.

As mentioned, the cash has significantly increased. We started the year with barely enough and went through what was a significant IPO. That was very successful. It was six or seven times oversubscribed. In the six months post the IPO, that's when we actually started to not only further invest in the technology and a lot of that occurred prior to December, but then we also did a further capital raise of $40 million, which was substantially to not only improve the balance sheet but acquire EEG. And all of that, we ended the year with $17.9 million. We have a commitment to the vendor based on exceeding budget of a further $5.3 million maximum payment in Australian dollars, US$4 million. That will probably, I anticipate, be more than covered by the growth of the business. We are in a very good position from a cash perspective.

Tony Abrahams:

Thanks. Moving on to Outlook. Key drivers of growth remain the same as the ones we have put into the prospectus and reported on since then. It is that proprietary technology now including that great EEG live streaming technology as well as those SaaS products, security-led sales, which is really, really critical for a lot of the great customers that we have switched on in the last 12 months. Integrated systems, and this remains a key focus of product development for us, making it easier for people to order Ai-Media's services and products with a single click and then having that integrated within the enterprise-grade systems of our customers. Multilingual, so we will be… We had a fantastic launch of our live multilingual product at the end of last year.

We are in the process of layering that onto Lexi and Smart Lexi, Lexi and Smart Lexi translate options and the global footprint and so it increasingly is then taking that fantastic EEG product suite global. Again, this is a key reason why EEG chose to sell the business to Ai-Media and also why the EEG vendor took an investment of 14.6 million Ai-Media shares in the transaction. We are expecting to see an increasing share of SaaS revenue from Lexi and Smart Lexi, and the proof point of the NBC broadcast of the Olympics really cannot be understated. The important thing to note is often customers need all three. They want Lexi where it can be done effectively, where you need Smart Lexi they will go for Smart Lexi, and where you still need that human curated service, they will choose that premium Ai-Live. No one else in the market can offer that one-stop shop, and that really has been supercharging the pipeline in the last couple of months. In terms of exactly what that one-stop shop means and how it applies based on particular customers, particular confidence levels and target markets, is on that slide, and I can let you reflect on that at your leisure. The key thing we are intending to do is on this slide. 8% of June's revenue is already SaaS. That is with those five SaaS products and we are looking to significantly increase the size of that in the coming months and years to the point where our internal management forecast – you can see that 76% services number dropping back to 50% by the end of FY23 on what will obviously be a much bigger total.

In terms of the revenues to be expected from those revenue lines, the services revenue has delivered in FY21 a margin of greater than 40%. We would expect that margin to continue to improve as we bring on for the technology and product automation. The SaaS revenue – the margin has been higher than that, being 75%, and the hardware revenue, margin greater than 70%, which has enabled us to get that 50% gross margin on a pro forma basis at the end of the year, which we are obviously expecting to grow in FY22 and FY23. It is a large and growing market supported by regulatory and commercial tailwinds and it is those commercial tailwinds that I would say have overtaken the regulatory tailwinds in the last 12 months. We have an established global presence with local sales teams and supported by a very experienced Board. An industry leading platform providing a truly scalable business model. A large and increasingly diverse customer base with repeating revenue, strong revenue growth, growing margins and positive EBITDA and cash flow, a transformative SaaS product suite and this one-stop shop offering which is driving growth at higher margins in FY22 and beyond. And being cash flow positive, with a strong balance sheet, we are well positioned for growth moving forward and I would like to thank many of you on the call for your support and investment in this first year and we look forward to an even better FY22 and FY23. Further information – feel free to reach out to Sue at any time and I might hand over to Simon for questions.

Simon Hinsley:

The first question is from Nick Harris at Morgans. Appreciate you haven't provided any guidance for the year ahead but are you able to provide an exit rate from June 21 to give us an idea of what numbers look like assuming twelve-month ownership of the recent acquisitions.

Tony Abrahams:

Good question and that 50% pro forma margin is where we are at and, JB, do you have anything you would like to add to that?

John Bird:

I think we are almost going to answer a few of the questions, when you look at the exit rate of the organisation, you do have to add EEG and as I mentioned those numbers of 2.2 baseline revenue for EEG and year-on-year we have exceeded double-digit growth in the underlying Ai-Media business and so that sort of organic growth continues. So adding those two influences together is pretty much where we are heading exiting moving to the new year.

Simon Hinsley:

Great. A follow-up question from Nick: I notice you have named Amazon and Facebook as customers in the slide deck. At the start of your IPO journey investors were a bit concerned that mega technology might eat your lunch own with their own ASR? What sort of work are you doing for Amazon and Facebook?

Tony Abrahams:

Great question and the slide number 31 highlights exactly the offering. The out-of-the-box ASR is what Amazon and Google and many other companies have and for a lot of situations, that is good enough. But for situations where you require a degree of confidence, what is being transcribed or translated is accurate in the sense that it conveys the importance of that information to people consuming those captions or translations, it is just not good enough. Effectively, we are layering on the algorithmic custom dictionary with our basic automated Lexi service and we are adding human curation to those dictionaries where that higher level of confidence is required and where almost complete certainty we have the Ai-Live premium service. The important part, and this cannot be understated, those two particular examples of Amazon and Facebook, we are doing translation for them and moving from speech into text, moving from one language to another language, the errors multiply and so if you get the wrong word in English then it is obviously going to make the translation many times worse than it appears in English and so getting that fidelity and that accuracy in multiple languages and doing it live, that is really what those customers are coming to us for.

Simon Hinsley:

Thanks, Tony. The next question from John Polinelli at Morgans: Congratulations and well done - great result. You mentioned the gross profit margin was 42% up from 39% last year, but you actually finished the period closer to or exceeding 50%.

What drove the increase at the end of the year which was close to 50%? Should we expect 50% to be maintained?

Tony Abrahams:

We should expect more than 50% moving forward as we continue that shift away from services towards the SaaS business lines that we are focusing on growing. The increase from last year's number is also a result of a lot of the migration from the legacy ACS, Caption IT and CaptionAccess platforms onto the Ai-Media platform and it’s also a result of further investments, many of which made in the first half of FY21, to improve the automation of that core Ai-Media platform and certainly we continue to invest in that platform as we will continue to invest in the SaaS products moving forward.

Simon Hinsley:

Another question from John: - with regard to the acquisitions made this year in particular EEG, what has the customer retention or CHURN been like with those businesses and can you talk to the cross selling of AIM legacy products into their client base and vice versa?

Tony Abrahams:

We have not lost any customers since we have acquired the EEG business and in fact we secured the NBC Olympics deal off the back of the cross sell and that required Smart Lexi which is not something that the EEG team had and the success of that means we are now targeting that EEG customer base for upsell into Smart Lexi which are some of those minutes those 5.1 million minutes not currently captured by Lexi and we are seeing upsell and cross sell from EEG customer base and we are seeing upsell and cross sell opportunities from the AIM legacy business. Critically we are just seeing new customers being won with the one-stop shop offering.

Simon Hinsley:

Thanks. Question from Alex McLean at Bell Potter: Can you give us an update on the margins in the ACS business both in the through transition to the premium respeaker model and uptake of the new SaaS products?

Tony Abrahams:

It is difficult to unpick that now because we've fully integrated the ACS and Ai-Media business but we are seeing more and more customers moving across to the respeaker model and what we are exploring, and we have not launched this yet, is moving the EEG products into the enterprise space where we can begin to sell those products and we expect to report positively on that in the first half results of FY22.

Simon Hinsley:

Thank you. A follow-up question from Alex. What percentage of total revenue do you see SaaS revenues exiting FY22?

John Bird:

It is difficult to answer because a lot of it is leveraged from the growth of the EEG product suite with the overlay of the existing businesses. We expect it to grow quite significantly and where we exited the year is just the start of the journey.

Tony Abrahams:

Giving more flavour to that, Alex, we will continue to report on that and it will be a key metric of success as to how quickly we can increase that 8% and that will be a key focus.

Simon Hinsley:

Is a company currently forecasting additional acquisitions in this financial year?

John Bird:

It has been a delight doing the three we have done this year. On a serious note, having the cash does make it easier and it gives us the appropriate means to make acquisitions that are technically proven. Tony, you can answer from where you think we will head on the acquisition path.

Tony Abrahams:

We looked at commencing the process towards listing on the ASX towards the end of 2019 and one of the reasons that we looked to list was access to capital and access to acquisitions in what is a fast consolidating market. In that independent analysis that we did, EEG was top of the list in terms of acquisition opportunities and frankly daylight was second. Off the back of that, we also had the great fortune of meeting Phil Hyssong from ACS several months after that and we saw what a great fit the ACS business would be with Ai-Media, given the incredible success they had had in the US enterprise space and where we could also see value in applying the Ai-Media technology platform across to that. Phil himself had made four acquisitions in the lead-up to selling ACS to Ai-Media and there were another two in the offing and they were Caption IT and CaptionAccess, and they were very much bolt-on acquisitions that afforded us some interesting assets.

CaptionAccess has a strong presence in the disability community and it is a Deaf-run organisation and Caption IT had done some phenomenal stuff in terms of bundling services with third party providers. Those acquisitions are now are fully part of Ai-Media and with the transformative EEG acquisition and the one-stop shop it is affording us, we are not seeing a lot of gaps in our ability to go to market and deliver customer value with the product set that we have got in FY22, which is not to say that there are not companies on our radar and the EEG process was a sell-side mandate that kicked off just a couple of months after we listed and so as JB said, we will continue to be opportunistic in terms of where we see a strategic fit but I think it is more likely that we will look at acquisitions in FY23 and beyond.

Simon Hinsley:

Final question, where you EBITDA positive in the fourth quarter? If not, when do you expect to be EBITDA and cashflow positive?

Tony Abrahams:

Yes, we were. And yes, we expect to continue to be.

Simon Hinsley:

Thanks and we have another question from Ken Behrens (very funny): can you confirm the Smart Lexi ASR is incremental to Ai-Live? Should we expect growth in services revenue into FY23 when we consider the revenue mix on slide 32?

Tony Abrahams:

We expect all those product lines to grow and we expect the SaaS product lines to grow more strongly.

Simon Hinsley:

Thanks, Tony. That concludes the Q&A segment and I will hand it back to you for closing remarks.

Tony Abrahams:

Thanks, Simon. Thank you all for joining. I am happy to meet with you one-on-one. It has been a very exciting first year and I think we have positioned ourselves very well for growth into the future. I want to thank my Board who have been absolutely terrific and really great counsel throughout the listing process. We have had 21 board meetings over the last 12 months which included obviously getting ready for the IPO and the acquisitions and we look forward to sharing the ongoing journey with you over the years ahead. Thank you very much.

Simon Hinsley:

Thanks, Tony. Thanks, all.

ENDS