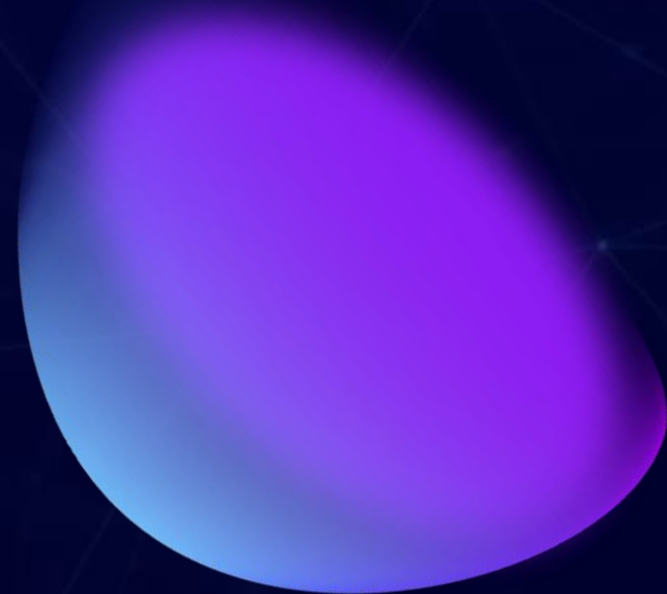


H1 FY24 Results

26 February 2024

AI-Media Technologies Limited (ASX: AIM)



AI MEDIA

“

AI-Media's successful deployment of the best AI technologies, seamlessly integrated into customer workflows, is the essence of our vertically integrated ecosystem.

H1 FY24 has seen further acceleration by customers on the transition to AI-powered language services. Our technology sales now contribute 63% of total gross profits, delivering a significant improvement in operating cash flow and EBITDA.

We anticipate H2 FY24 to continue these positive trends as LEXI 3.0 outperforms the much more expensive legacy human workflows.

- Tony Abrahams, Co-Founder, CEO

”



**Tony
Abrahams**

**Co-founder, CEO &
Shareholder (~15%)**



**John
Bird**

Chief Financial Officer

AI-Media at a glance



AI-Media is the leading captioning, transcription and translation provider globally, with over 9 million minutes a month¹ captured on its iCap network



Best-in-class technology, providing the only end-to-end live captioning solution in market, from encrypting source data to encoding, captioning, transcription and translation



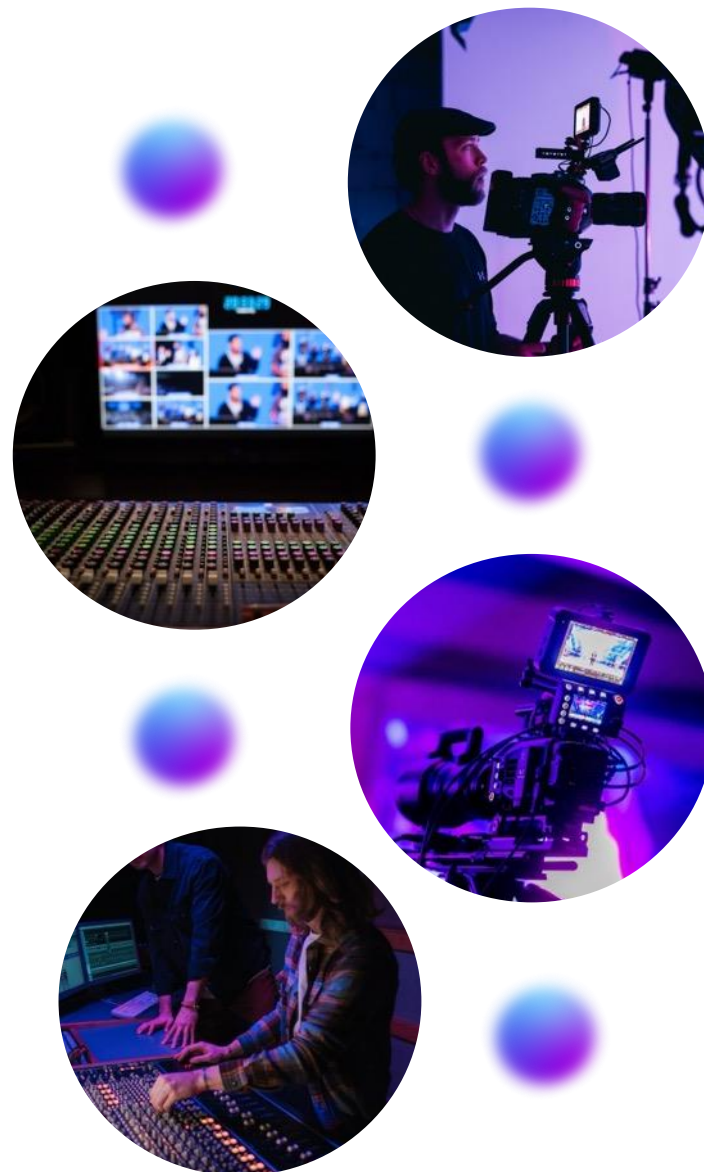
Continued focus on business model transition towards high margin technology revenue (GPM: >80%), overall uplift in H1FY24 gross profit margin to 63% (H1FY23: 60%) and 63% of H1FY24 gross profit now derived from technology



Achieved >39% growth in H1FY24 EBITDA to \$1.9m, driven by 38% growth in high margin tech revenue (\$15.6m), representing 48% of H1FY24 revenue



Ongoing focus on growth priorities, including growing the iCap network into new industries and new territories, driving SaaS tech revenue underpinned by LEXI 3.0 and rolling out additional AI-driven LEXI products



H1 FY24 highlights

Total revenue¹

↑ 10%

\$32.7m

(H1FY23: \$29.7m)

Tech revenue²

↑ 38%

\$15.6m

(H1FY23: \$11.3m)

LEXI revenue

↑ 54%

\$5.1m

(H1FY23: \$3.3m)

Operating cash flow

↑ \$3.1m

\$3.7m

(H1FY23: \$0.6m)

Total gross margin

↑ 3%

63%

(H1FY23: 60%)

Tech gross profit

63% of total

\$12.9m

(H1FY23: \$9.6m)

EBITDA

\$1.9m

↑ 39%

(H1FY23: \$1.4m)

Cash balance³

\$11.7m

↓ \$5.3m

(June-23: \$17m)

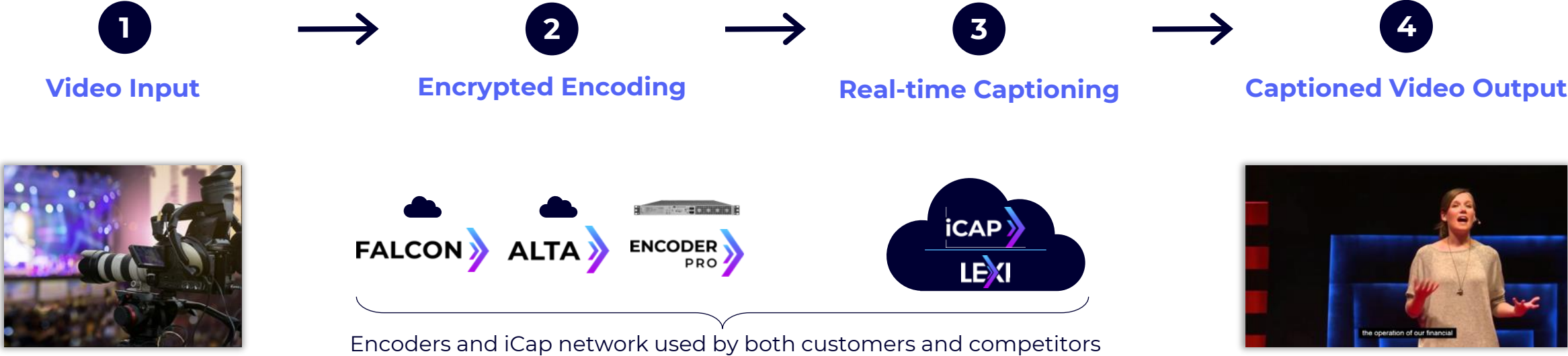
AI-Media update



AI-Media's unique ecosystem



Industry leading live captioning platform, providing customers with the only fully integrated solution



Live or recorded video source via broadcasts, events or over-the-top (OTT) content

Cloud, virtual, or physical encoders convert audio into digital data that is sent to iCap network

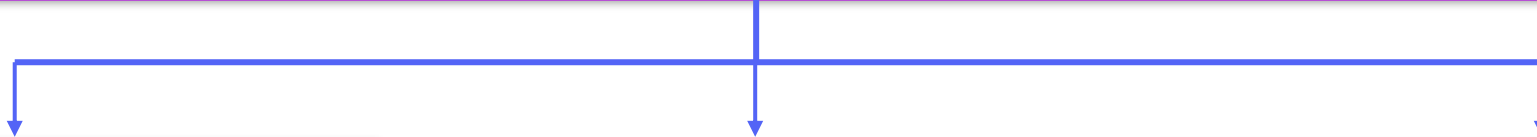
Matches captions to video sources and provides encrypted remote access to customer data improving contextual accuracy

LEXI converts speech into text to present live captions on any screen or platform, in any language

AI solutions embedded into customer workflows



World leading captioning network, infrastructure and solutions



FALCON  **ENCODER PRO**  **ALTA** 

- ✓ Offered as cloud software or hardware
- ✓ Pairs captions to video sources
- ✓ Low latency, enabling near-real-time captioning
- ✓ Compatible with multiple resolutions

iCAP 

- ✓ Scalable encrypted cloud-based network with hourly charging implemented
- ✓ Global standard, servicing majority of US broadcasters
- ✓ Integrated with AIM and leading 3rd party products & solutions

LEXI 

- ✓ Proprietary speech recognition solution
- ✓ Enterprise-grade accuracy >98.7%
- ✓ Delivers coherent captions using advanced ML and NLP algorithms
- ✓ Captions multiple languages

Blue chip customers and new wins

Trusted by global leaders in broadcasting, government and other sectors

Select global customers



\$5.1 million (H1FY23:\$3.3m)
in LEXI sales, including from:





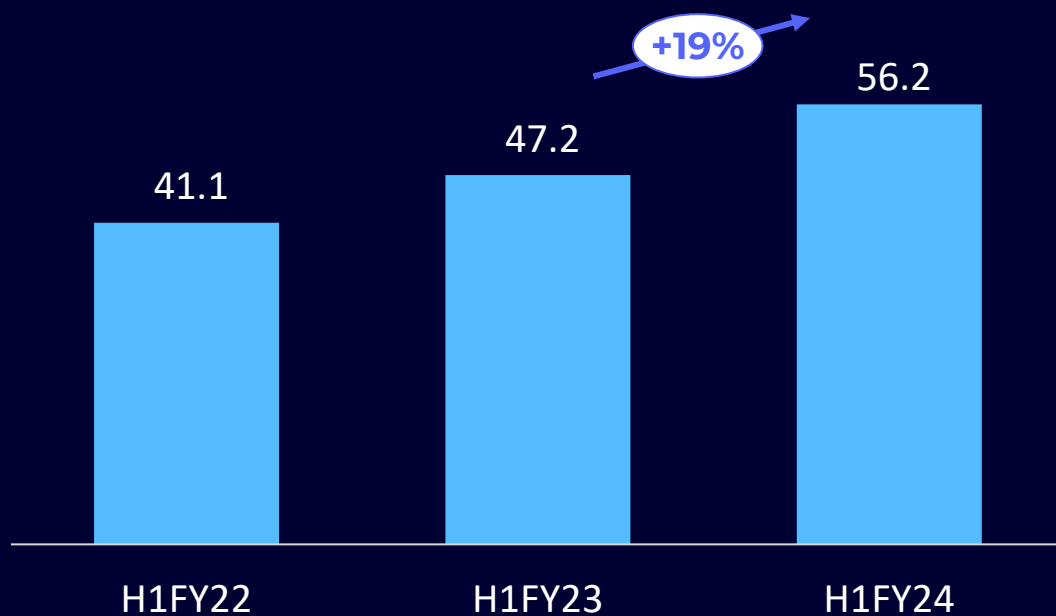




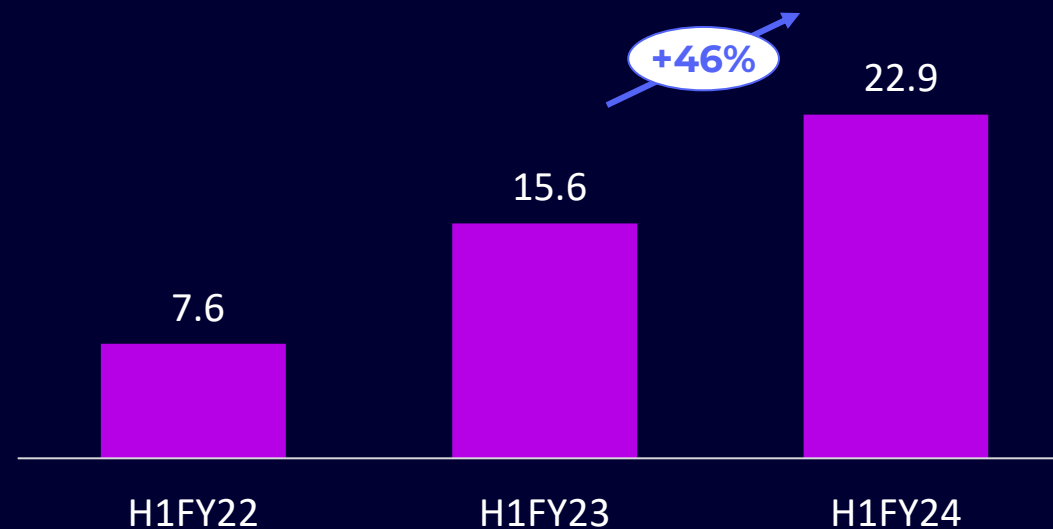
Sustained growth across iCap and LEXI

Increasing iCap usage provides future conversion opportunity to higher margin LEXI solutions

iCap network usage (millions of minutes)

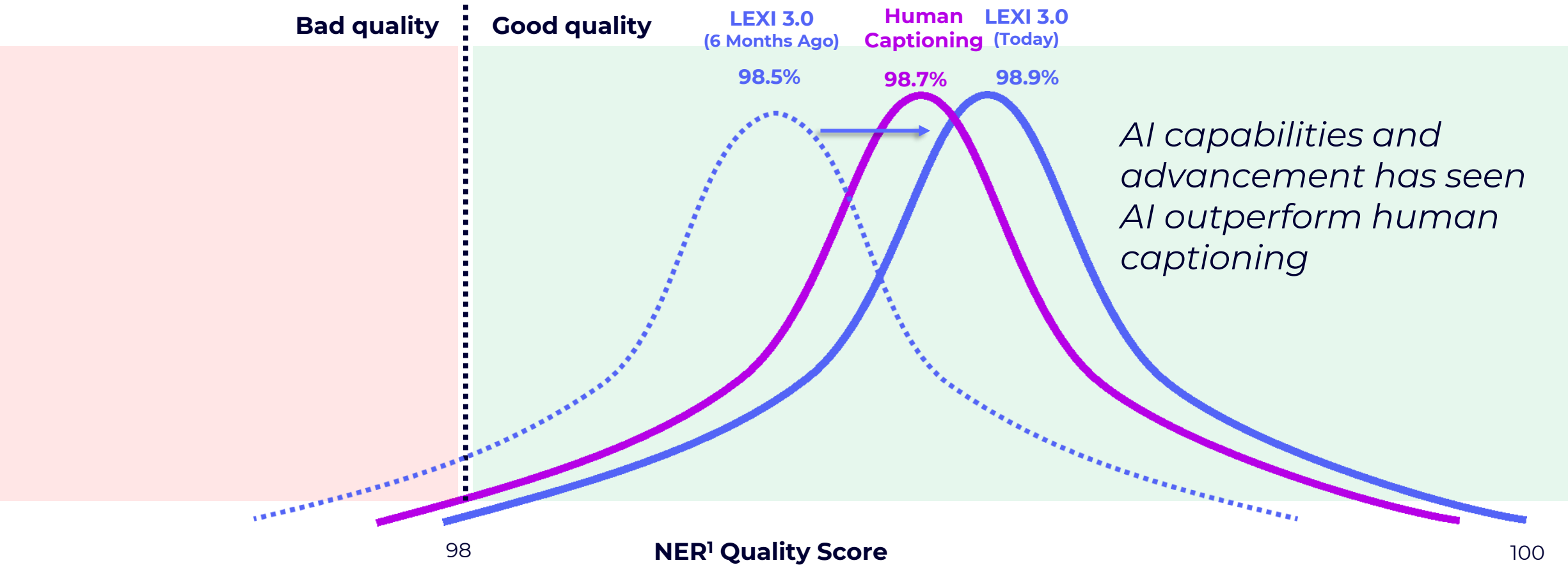


LEXI usage (millions of minutes)



Rapid increases in AI captioning - LEXI better than humans

Massive improvements in AI has for the first time in H1 FY24 delivered better quality through AI than with humans, 3 seconds faster – and it continues to improve further!



1. NER Model measures the accuracy of live captioning and is widely used across various industries, services and regions. The 98% benchmark is used by regulatory oversight authorities around the world, including The Office of Communications in the UK and the Canadian Radio-television and Telecommunications Commission.

2. NER Score based on averages from comparative analysis between 3rd party human captioning services vs LEXI. Samples range across Live sports and Live News.

H1 FY24 operational updates

AIM's growth strategy comprised of four quadrants which will deliver a sustainable and scalable business model

Grow LEXI

- H1 FY24 LEXI usage up 46% on the pcp
- LEXI Revenue up 54% on the pcp

Grow iCap Network Globally

- H1 FY24 iCap usage up 19% on the pcp
- All iCap traffic now being monetised with third party iCap charging implemented in H1 FY24

Grow Channel Partnerships

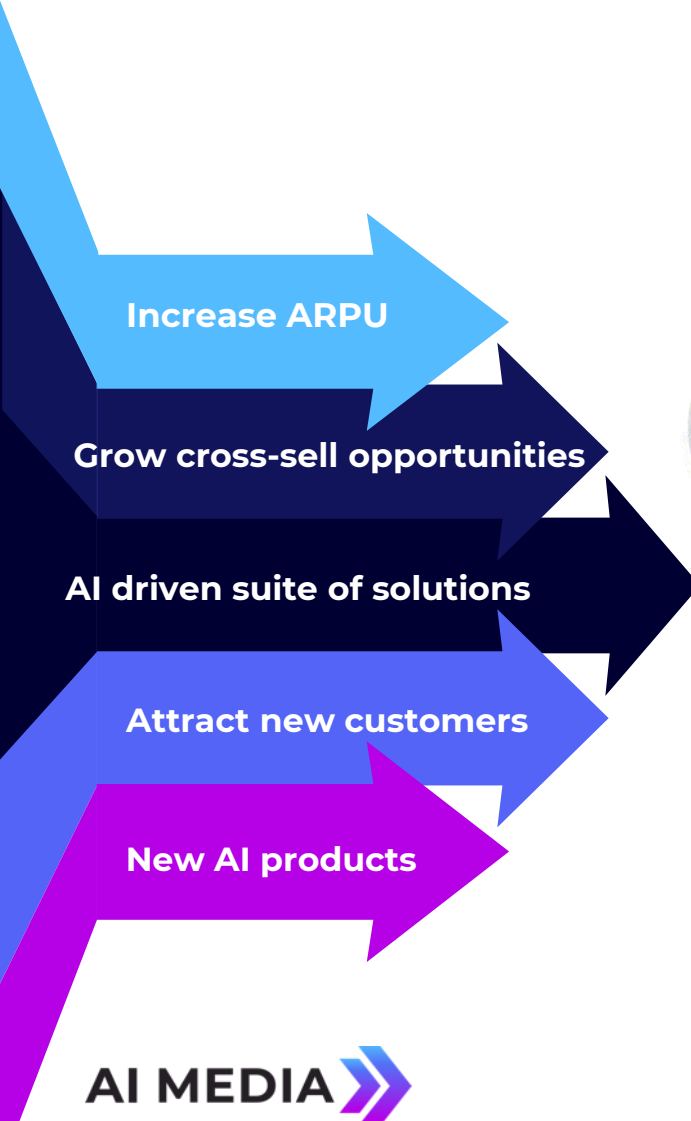
- Greatest success with systems integrators who choose the best of breed technology for customers
- Commercial incentives & programs continue to drive resellers to push AIM products into new regions and markets

Extend & Enhance LEXI Toolkit

- LEXI Recorded successfully launched February 2024
- LEXI Disaster Recovery launch planned for April 2024

Further LEXI product development to grow tech revenue

Enhancement of AI language solutions accelerate cross-sell and up-sell opportunities



Commercialisation benefits

Larger addressable market

Diversified and enhanced product offering expanding the customer base and **creating new opportunities for growth**

Superior value proposition

Enhanced functionality and increased number of solutions maximises end-user experience, **increasing customer retention**

Forefront of market trends

LEXI Toolkit enhancements and extensions place AI-Media at the centre of AI-driven product development, **fostering multi-year customer and partner collaborations**

AI advancements

Leveraging AI advances within the iCap cloud maintains **competitive edge over peers**

2024 product roadmap goals

Strengthening and extending our defensive moat by incorporating the latest advancements in AI and other emerging technologies into a growing toolkit of LEXI solutions with ever wider industry and territory applications

Encoding enhancements

- Full software upgrade to deliver global functionality of encoding audio and captioning display (DVB improvements, ARIB, 2110-43 TTML, all character sets supported)
- Enable text to speech over iCap for applications like AI dubbing and Speech AI
- New hardware models including enterprise “puck” encoder

iCap enhancements

- Upgraded encryption & multi-factor authentication
- Enhanced software development kit for 3rd party partners
- UX/UI EEG cloud update
- 99.99% uptime target

LEXI Toolkit enhancements

- LEXI Disaster Recovery: fully redundant captioning solution
- LEXI Recorded: ultra-fast recorded media captioning solution
- LEXI Translation
- Generative AI topic modelling
- Music categorization or recognition
- Multiple auto language detection
- LEXI Audio Description & LEXI Dubbing solutions

H1FY24 financials



Summary H1FY24 financials

Strong results driven by 38% tech revenue growth at margins >80%

A\$m	H1FY24	H1FY23	Variance	Growth %
Services revenue	17.1	18.4	(1.3)	(7%)
Tech revenue	15.6	11.3	4.3	38%
Total revenue	32.7	29.7	3.0	10%
Services gross profit	7.5	8.1	(0.6)	(7%)
Tech gross profit	12.9	9.6	3.3	35%
Gross Profit	20.5	17.7	2.8	16%
<i>GP margin %</i>	63%	60%	-	-
Other Income	-	0.5	(0.5)	-
Operating expenses	18.6	16.8	1.8	11%
EBITDA	1.9	1.4	0.5	39%
<i>EBITDA margin %</i>	6%	5%	-	-
Operating cashflow	3.7	0.6	3.1	547%
Cash and cash equivalents¹	11.7	17.0	(5.3)	(31%)

38% Tech revenue growth , underpinned by scaling of LEXI solutions.

63% of Gross Profit now coming from technology
Gross Margin expansion to 63% achieved in H1FY24 (pcp 60%)

EBITDA increase of >39% to \$1.9m in H1FY24 reflecting improved performance as technology revenue grows

\$3.7 million operating cash flow signals sustained tech business performance and scalable growth potential

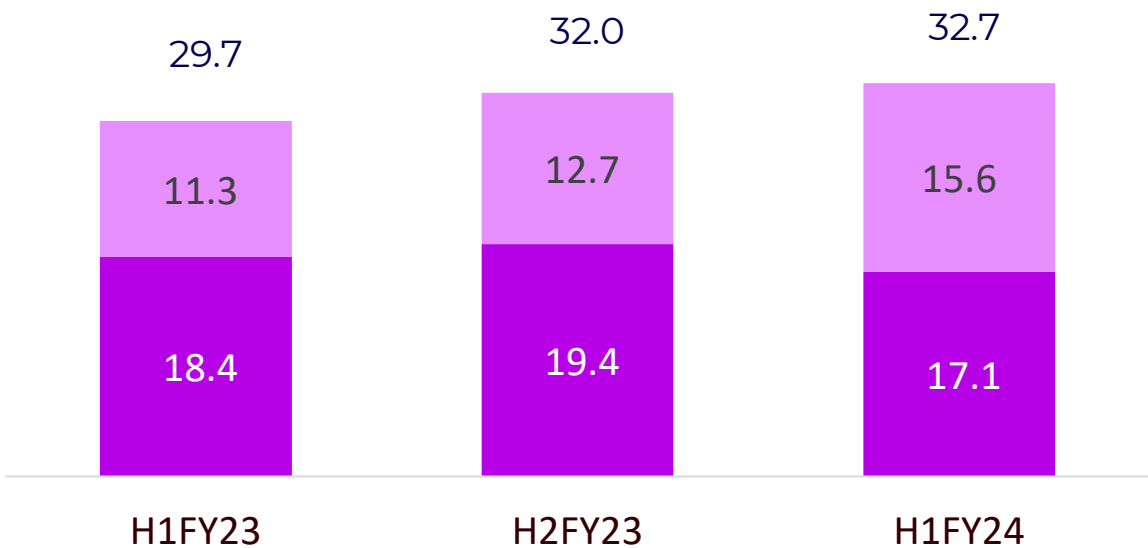
Cash balance \$11.7m as at 31 December 2023 net of \$8.1m final earn-out payment for EEG and ACS acquisitions paid in H1 FY24

Gross profit composition and margin growth

H1FY24 gross profit margin of 63% - increasing from 60% on the pcp

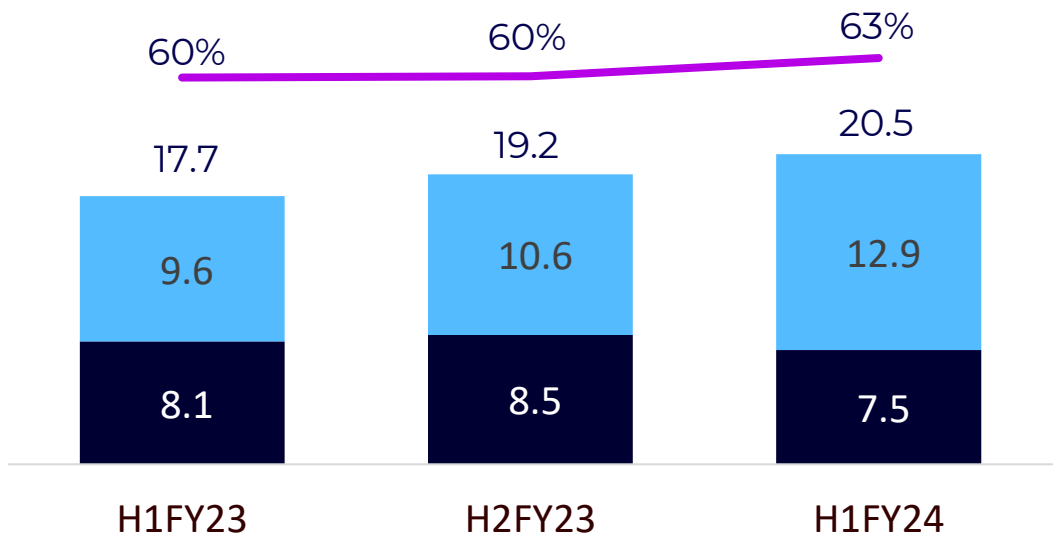
Revenue (\$m)

- Tech
- Services

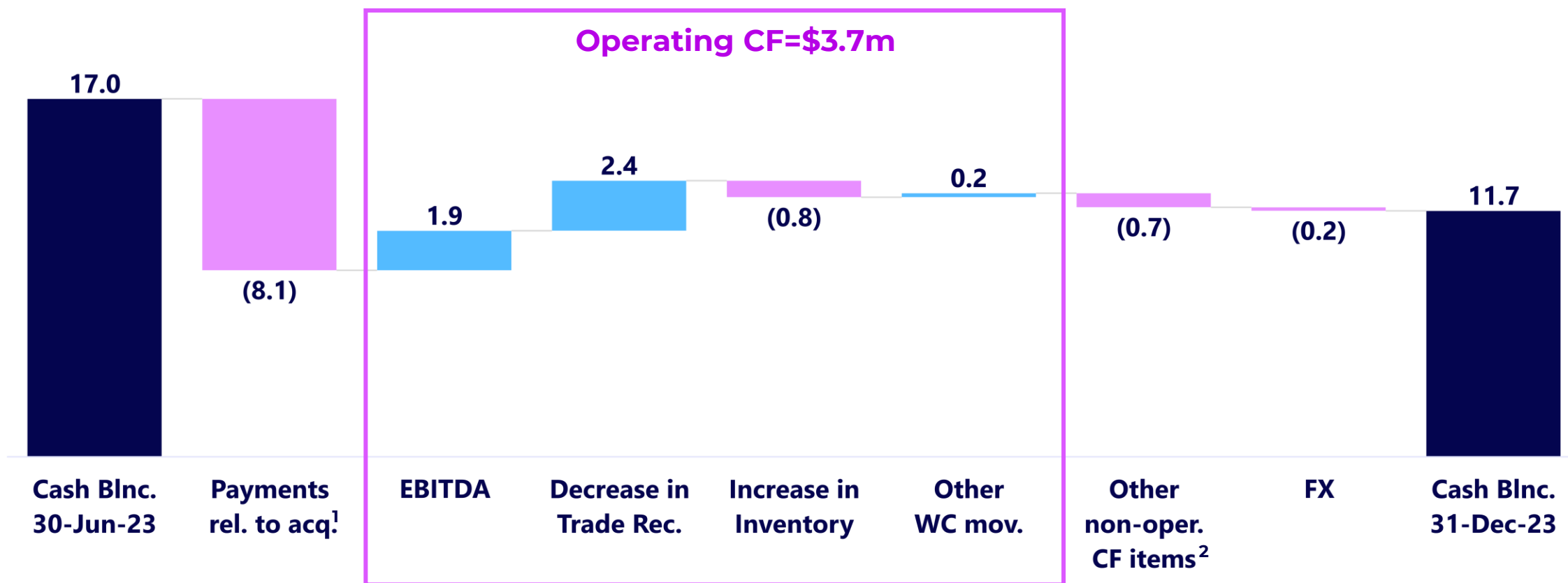


Gross Profit (\$m) and GP margin (%)

- Tech
- Services



Cash flows bridge (\$m)



(1) \$8.1m final earn-out payment for EEG and ACS acquisitions paid in H1 FY24

(2) Payments for property, plant and equipment, Payments for Intangibles, Repayment of Lease liabilities



Note: Totals may not add up precisely due to rounding

Strategy & outlook



FY24 growth priorities & outlook



Grow LEXI

- Complete transition of Services customers to LEXI
- Win new customers in established broadcast markets
- Introduce LEXI to enterprise customers in new markets and territories

Grow iCap Network Globally

- Targeting new territories
- Expansion into new industries
- Improving scalability & resilience of the network

Delivering scalability & sustainable profitability

Grow Channel Partnerships

- Systems integrator relationships are especially valuable in new territories and in new enterprise markets for our tech products (including education, corporate, government, churches)
- Grow tech revenue contribution from partners

Extend & Enhance LEXI Toolkit

- New AI-driven solutions driven by Broadcast customers' priorities: LEXI DR, LEXI Recorded – launching H2FY24
- LEXI Audio Description (LEXI AD) – launching Sept 2024

New product releases extends competitive advantage

Encoding Technology, iCap & LEXI Toolkit present clear differentiation that uniquely positions AIM as the only vertically integrated player in market – creating a compelling long-term value proposition

	Core business in captioning				Media & broadcast		
Company	AI MEDIA	verbit	3PLAYMEDIA	@ rev	RED BEE	ENCO	evertz
Pre-recorded Captions	✓	✓	✓	✓	✓	✓	✗
Live Automated Captions	✓	✓	✓	✓	✓	✓	✗
Human Curated Dictionaries (ASR)	✓	✓	✓	✗	✓	✓	✗
Live Automated Translation	✓	✓	✓	✓	✓	✓	✗
On Prem Encoding Solution	✓	✗	✗	✗	✗	✗	✓
Redundant/Failover Caption Solution	✓	✗	✗	✗	✗	✗	✗
Captioning Network Provider	✓	✗ (Uses AIM iCap)	✗ (Uses AIM iCap)	✗	✗ (Uses AIM iCap)	✗	✓
Captioning Infrastructure Provider	✓	✗ (Uses AIM encoders)	✗ (Uses AIM encoders)	✗	✗ (Uses AIM encoders)	✓	✓

Source: Based on company websites

Q&A

Additional information



Profit & loss statement

For the half year ended
31 December 2023

	31-Dec-23 (\$m)	31-Dec-22 (\$m)	Var (\$m)
Revenue	32.7	29.7	3.0
Cost of sales	(12.2)	(12.0)	(0.2)
Gross Profit	20.5	17.7	2.8
Other income	-	0.5	(0.5)
Operating expenses	(18.6)	(16.8)	(1.8)
EBITDA	1.9	1.4	0.5
Depreciation and amortisation	(2.2)	(2.4)	0.2
EBIT	(0.4)	(1.1)	0.7
Net interest expense	(0.2)	(0.4)	0.2
Profit/(loss) before tax	(0.5)	(1.4)	0.9
Income tax expense	(0.7)	0.3	(1.0)
Net profit/(loss) after tax	(1.2)	(1.1)	(0.1)
GP Margin %	63%	60%	-

Note: Totals may not add up precisely due to rounding

Balance sheet

For the half year ended
31 December 2023

	31-Dec-23 (\$m)	30-Jun-23 (\$m)	Var (\$m)
Cash and cash equivalent	11.7	17.0	(5.3)
Trade receivables	8.1	10.5	(2.4)
Other current assets	3.9	3.4	0.5
Total current assets	23.7	31.0	(7.2)
Property, plant and equipment	4.7	4.5	0.2
Intangibles	56.0	59.3	(3.3)
Other non-current assets	5.8	6.0	(0.2)
Total non-current assets	66.5	69.8	(3.3)
Total assets	90.2	100.8	(10.5)
Trade payables	1.0	0.9	0.1
Borrowings	0.3	0.2	0.1
Other current liabilities ¹	12.2	19.3	(7.1)
Total current liabilities	13.5	20.6	(6.9)
Borrowings	0.4	0.2	0.2
Other non-current liabilities	2.4	3.0	(0.6)
Total non-current liabilities	2.8	3.1	(0.4)
Total liabilities	16.3	23.7	(7.3)
Net assets	73.9	77.1	(3.2)
Equity	73.9	77.1	(3.2)

Note: Totals may not add up precisely due to rounding

1. \$8.1m final earn-out payment for EEG and ACS acquisition paid in H1 FY24.

Cash flows

For the half year ended
31 December 2023

	31-Dec-23 (\$m)	31-Dec-22 (\$m)	Var (\$m)
Receipts from customers (incl. of GST)	38.5	33.9	4.7
Payments to suppliers and employees (incl. of GST)	(34.5)	(32.7)	(1.8)
Interest received	0.1	0.0	0.1
Interest and other finance costs paid	(0.3)	(0.2)	(0.1)
Income taxes paid	(0.2)	(0.4)	0.2
Net cash from operating activities	3.7	0.6	3.1
Payments for expenses relating to acquisitions	(8.1)	(0.4)	(7.8)
Payments for property, plant and equipment	(0.3)	(0.2)	(0.1)
Payment for intangibles	(0.2)	(0.4)	0.2
Net cash used in investing activities	(8.7)	(1.0)	(7.7)
Repayment of lease liabilities	(0.1)	(0.3)	0.2
Net cash used in financing activities	(0.1)	(0.3)	0.2
Net increase/(decrease) in cash and cash equivalents	(5.1)	(0.7)	(4.4)

Note: Totals may not add up precisely due to rounding

Management

Strong and qualified management team to drive product development and commercialisation strategy



TONY ABRAHAMS

Co-Founder and CEO

- Tony co-founded AI-Media in 2003. He served as a Director of Northcott Disability Services.
- Worked to establish the Oxford Internet Institute in 2001, while attending the University of Oxford as a Rhodes Scholar.



DONNA REID

Chief Operating Officer

- Donna joined AI-Media in March 2021 after five years as the Director of Content Service Operations for Foxtel Media.
- Has more than 20 years' experience in Human Resources and Operations.



JAMES WARD

Chief Sales Officer

- James Ward has been with Ai-Media since 2013, driving growth in the APAC region from Sydney, then moving to London in 2018 to lead expansion in EMEA.
- Now as Chief Sales Officer, he spear heads AIM's global growth strategy and execution.



BILL MCLAUGHLIN

Chief Product Officer

- Bill was CTO at EEG and now Chief Product Officer globally at AI-Media.
- Since 2007, Bill has been with EEG architecting the company's leading software solutions including iCap, Falcon, LEXI, and Alta.



JOHN BIRD

Chief Financial Officer

- John recently held the role of CFO and COO of Regeneus, an ASX-listed biotechnology company.
- Previously provided financial and strategic management services to ASX-listed companies.

Board

Highly skilled and experienced senior leadership team with decades of experience



DEANNE WEIR

Non-Executive Chair

- Deanne has served as a director of AI-Media since 2010 and became Chair in August 2013.
- Previously spent 10 years at ASX listed company Austar United Communications as a senior executive.



TONY ABRAHAMS

Co-Founder and CEO

- Tony co-founded AI-Media in 2003. He served as a Director of Northcott Disability Services.
- Worked to establish the Oxford Internet Institute in 2001, while attending the University of Oxford as a Rhodes Scholar.



ALISON LOAT

Non-Executive Director

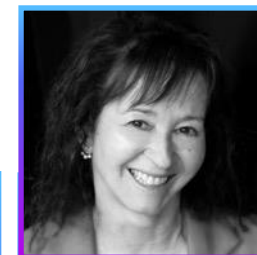
- Alison joined the Board in 2018.
- Managing Director, Sustainable Investing and Innovation at OPTrust, a Canadian public pension plan, with \$23 billion CAD in globally diversified investments.



JOHN MARTIN

Non-Executive Director

- John joined the board in 2010 and served as the company's first Chairman until 2013.
- Served as CEO and director of ASX-listed Babcock & Brown Communities, Primelife and Regeneus.



CHERYL HAYMAN

Non-Executive Director

- Cheryl joined the board in March 2022
- Held several non-executive director roles of ASX-listed companies over the last 15 years. Previously held CMO roles at George Weston Foods, Yum Restaurants International & Unilever.

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