

AI-Media maintains growth in revenue, margins and EBITDA as technology transition nears completion

Sydney, Australia, 29 August 2024: AI-Media Technologies Limited ('**AI-Media**' or the '**Company**') (**ASX: AIM**), a global technology provider of captioning, transcription and translation solutions, is pleased to present its financial results for the financial year ending 30 June 2024.

Highlights

- **Revenue of \$66.2 million, up 7% on the prior corresponding period (pcp)**
- **37% growth in technology revenue to \$32.9 million, underpinned by growth in flagship LEXI revenue of 40% on the pcp**
- **Gross profit of \$42.5 million, up 15% on the pcp**
- **66% of gross profit from technology sales compared to 56% on the pcp**
- **Total gross margin of 64%, up from 60% on the pcp**
- **A 24% increase in EBITDA on the pcp to \$4.1 million, highlighting the impact of higher margin technology revenue**
- **Growth in operating cash flow of 3% on the pcp to \$3.6 million, demonstrating business model scalability**
- **Cash balance of \$10.9 million as at 30 June 2024**

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

"FY24 has been pivotal in strengthening our position in the AI captioning and translation market, particularly through the continued and successful transition of our legacy services to an innovative suite of AI solutions under the LEXI banner.

"We are pleased to report that we successfully grew our technology revenue by 37%, driven by the scaling of our LEXI solutions, iCap network monetization, and encoding revenue streams. This increase in higher margin revenue led to a 24% increase in EBITDA to \$4.1 million.

"To remain at the forefront of the market and further advance our defensive moat, we continued to invest in sales and marketing and product development, resulting in a strong technology sales pipeline in all regions.

“As we step into FY25, we intend to continue our growth trajectory and focus on increasing our technology sales revenue by expanding in new territories and segments and further enhance our LEXI solutions.”

Financial and operating performance

The Company increased total revenue by \$4.5 million to \$66.2 million, with gross profit up by \$5.6 million to \$42.5 million despite legacy services revenue falling by \$4.5 million.

AI-Media’s flagship AI-powered LEXI product suite drove this result with LEXI revenue growing 40% to \$11.0 million, helping drive total technology revenue 37% higher to \$32.9 million. As a result, gross profit margins rose to 64% from 60% in FY23.

In FY24, LEXI usage grew to 53.3 million minutes, an increase of 36% from 39.2 million minutes in FY23. Between FY21 and FY24, the usage of LEXI products grew at a CAGR of 77%.

In FY24, revenue from encoding hardware grew 40% year-on-year to \$12.8 million compared to \$9.1 million in FY23.

iCap network usage grew to 116.8 million minutes in FY24, an increase of 13% from 103.8 million minutes in FY23, with the first iCap revenue being recognised in 2H24.

Sales revenue grew by 22% to \$43.3 million in the core North America market, which comprises 65% of total revenue in FY24 (up from 57% in FY23), largely based on technology broadcast sales.

Revenue declined in the APAC and EMEA regions, mainly due to existing large AIM Services contracts transitioning to LEXI solutions at lower revenue/higher margins. Sales momentum has picked up in both regions since the first encoders were adopted in recent months.

The year closed with cash of A\$10.9 million, as at 30 June 2024.

Product highlights

During the final quarter of FY24, AI-Media rolled out two significant technology products to further build out the LEXI Toolkit: LEXI Recorded and LEXI DR (Disaster Recovery).

LEXI Recorded simplifies and speeds up quality captioning of recorded content. The quality of LEXI Recorded already exceeds that of LEXI Live and has generated great interest from early adopters. Continuing to improve the quality and features of LEXI Recorded is a key product development priority.

LEXI DR is the first product to provide a full technology redundancy solution, removing the requirement for human backup services during connectivity disruptions. LEXI DR was launched in Q4 FY24 and during the quarter, AI-Media sold 13 devices and 66 licenses to four different customers.

Together with the improvements in the scalability of the iCap network (funded via the iCap monetization program from third party users, completed in 1H24), LEXI DR offers customers up to 99.999% uptime. In FY21, iCap uptime was 99.80% and is currently 99.99%.

As AI-Media extends its market-leading position from live closed captioning into other AI-powered language services, our ability to accelerate sales of encoders to new customers (especially outside North America) will create exciting opportunities for revenue growth as future AI-enabled products are released.

FY25 Outlook

AI-Media's accomplishments in FY24 have set a strong foundation for future growth and the core focus for FY25 is to grow technology sales via three strategic pillars:

1. Extend the leadership of AI-Media's technology products beyond the US market to European and Asian broadcasters;
2. Increase sales to government and enterprise customers with tailored LEXI products; and
3. Innovate and enhance technology solutions to capture a greater share of the emerging AI language services market beyond captioning and translation, including LEXI Audio Description, LEXI Voice and LEXI Dubbing.

Webinar details

Event: AI-Media Technologies FY24 Results Webinar
Presenters: Tony Abrahams (CEO & Co-Founder) and John Bird (CFO)
Date / time: 11:00am (AEST), Thursday, 29 August
Registration link: https://us02web.zoom.us/webinar/register/WN_iNydTw4zTNmfNMt5GJWEpA

Investors will be able to use the Q&A function on Zoom during the webinar, or can submit their questions ahead of the webinar to melanie@nwrcommunications.com.au

ENDS

Authorised for release by AI-Media's Company Secretary.

Further Information

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About AI-Media

Founded in Australia in 2003, technology company AI-Media is a global leader in live and recorded captioning, transcription and translation solutions. The company helps the world's leading broadcasters, enterprises and government agencies ensure high accuracy, secure and cost-effective captioning via its AI-powered LEXI automatic captioning solution. LEXI captions are delivered to millions of screens worldwide via AI-Media's range of captioning encoders and its iCap Cloud Network – the world's largest, most secure caption delivery network. Globally, AI-Media delivers over 10 million minutes of live and recorded media monthly. AI-Media (ASX: AIM) commenced trading on the ASX on 15 September 2020.

