



ASX ANNOUNCEMENT

30 August 2022

Ai-Media delivers solid revenue growth and positive EBITDA Positive operating cashflow expected to continue in FY23

Melbourne, Australia, 30 August 2022: Ai-Media Technologies Limited (**Ai-Media** or **Company**) (**ASX: AIM**), a global provider of technology-driven captioning, transcription and translation services, today releases its results for the financial year ended 30 June 2022.

Highlights

- **Total revenue of \$60.1 million, up 22% on the previous corresponding period (pcp) of \$49.2 million in FY21, and within guidance range**
- **Positive EBITDA of \$1.1 million, a significant improvement of \$9.8 million from an EBITDA loss of (-\$8.7 million) in FY21**
- **Gross profit of \$33.2 million, an increase of 63% on pcp from \$20.4 million, with improved gross margin of 55% compared to 41% in FY21, and above guidance**
- **21.9 million Lexi/Smart Lexi minutes delivered, a strong increase of 125% on pcp of 9.7 million in FY21**
- **Accelerated SaaS revenue growth and increased services revenue driven by key customer wins including Google, Major League Baseball, ESPN, FOX and the UK and NSW Parliaments**
- **Successfully launched Lexi Preferred Partner Program, opening up new sales channels for iCap and Lexi product offerings**
- **Total consideration of \$1.2 million paid under the 2 million AIM shares buy-back program executed between November 2021 and June 2022**
- **New acquisition, EEG delivered strong YoY revenue growth of over 40%, triggering payment of maximum earn-out of US\$4.6 million which has been deferred to FY24**
- **Positive operating cashflow, a significant turnaround compared to (-\$18 million) in FY21**
- **Strong cash balance of \$15.2 million at 30 June 2022**

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

“We are pleased to have delivered a year of solid revenue growth, within our guidance range, and generated positive underlying EBITDA while maintaining a strong cash position and successfully completing a buy-back program of 2 million shares.

“We are also delighted with the success of our strategy to extend our iCap network beyond its dominant position in the US broadcast market. Our goal is to become the default global standard for delivering live captioning across both the broadcast and enterprise markets.

“In FY22, the share of iCap minutes being monetised grew from 16% to over 30%, predominantly driven by US broadcasters switching from competitors’ premium services to our automated and less expensive Lexi product. As we win new customers and transition them onto the iCap platform and Lexi/Smart Lexi products, we also continue to increase sales of our premium services for high value content and create new strategic partnerships.

“As we move into FY23, we will continue with our strategy to grow our iCap network across the globe and accelerate our transition towards a higher portion of SaaS and devices revenue, leading to higher margins and greater recurring revenue.”



Financial performance

Ai-Media earned total revenue of \$60.1 million, up 22% on the pcp of \$49.2 million in FY21. This result is at the lower end of guidance of \$60-\$62 million and was impacted by customers' supply-chain issues affecting onboarding.

Deferred revenue increased from \$1.5 million to \$3.0 million signifying an increase in forward SaaS sales.

The Company recorded positive EBITDA of \$1.1 million, a significant improvement of \$9.8 million from a loss of \$8.7 million in FY21. Both are in line with the guidance provided by the Company.

The Company increased gross profit by 63% from \$20.4 million in FY21 to \$33.2 million in FY22, with improved gross margin of 55%, compared to 41% in FY21 and above guidance of 50%. Margin improvement resulted from Ai-Media's strategy to increase the portion of its SaaS revenue more rapidly than its premium services revenue, delivering higher margins.

Ai-Media completed its first year of operations owning EEG Enterprises with record YoY revenue growth of over 40%, exceeding the maximum threshold and triggering payment in full of the US\$4.6 million earn-out. The deferral of the earn-out payment by 12 months at 8% simple interest, allows the Company to consider investment opportunities in FY23.

The Company achieved positive operating cash flow in FY22 and expects this trend to continue in FY23. Cash outflows for the period included 12 months of EEG costs, investments in sales, marketing and technology expenses. Cash outflows from financing activity included repayment of debt and the completion of a share buy-back program.

From the commencement of the share buy-back in November 2021 to June 2022, 2 million shares were purchased, successfully completing the planned program. The total consideration paid was \$1,164,005 averaging \$0.58 per share.

Ai-Media ended the year with a strong cash balance of \$15.2 million as at 30 June 2022, enabling the Company to execute its growth strategy and fund future growth opportunities.

Global sales win accelerating SaaS revenue

In November 2021, Ai-Media implemented its strategy to accelerate SaaS and devices revenue growth while steadily increasing premium services revenue. The Company commenced transitioning existing iCap customers to its Lexi/Smart Lexi products, winning new iCap customers and signing them to Lexi/Smart Lexi products, and by growing its premium Services customer base.

At 30 June 2022, Lexi/Smart Lexi accounted for over 30% of total iCap network minutes and the global growth in iCap volume drives further increase of Lexi/Smart Lexi minutes. The total iCap minutes grew by 26% from FY21 to FY22 and Lexi/Smart Lexi volume minutes significantly increased by 125% from 9.7 million minutes in FY21 to 21.9 million in FY22. The growth in Lexi/Smart Lexi volume increased Ai-Media's portion of SaaS and devices revenue from 6% in FY21 to 30% in FY22. This was mainly driven by key customer wins including Google, Major League Baseball, ESPN, and the UK and NSW Parliaments.

Lexi Preferred Partner Program

Ai-Media successfully launched its Lexi Preferred Partner Program, opening a new sales channel for its iCap and Lexi/Smart Lexi product offerings. Under the program, the Company's iCap human captioning partners have the ability to resell its best-in-class automated captioning tools.

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 further technical integration due to the existing presence of iCap encoders in partners' customers' broadcast plants in the US.



Outlook

In FY23 Ai-Media will continue to expand its iCap network presence across the globe, accelerating its transition towards a higher portion of SaaS and Devices revenue, leading to higher margins and greater recurring revenue.

The Company has a strong balance sheet allowing it to continue executing its growth strategy and fund future growth opportunities and initiatives.

The Company expects to continue to deliver positive operating cashflow in FY23.

FY22 Investor Webinar

Ai-Media will be hosting a webinar for the presentation of its full year FY22 results. Click the below link to register:

Date/Time **Tuesday 30 August 2022 at 11:00am (AEST)**

Presenters Tony Abrahams, Co-Founder and CEO and John Bird, CFO

Link: https://us02web.zoom.us/webinar/register/WN_D_x3GXtpThuN82Msv8FZog

Participants are invited to submit questions to maude@nwrcommunications.com.au prior to the webinar or submit questions via the Q&A function within Zoom during the live webinar. A recording of the webinar will be available on the Company's website after the event.

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Authorised for release by the Ai-Media Board.

Further Information

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About Ai-Media

Founded in Australia in 2003, technology company Ai-Media has become a global leader in the provision of high-quality live and recorded captioning, transcription and translation services. Its technology platform combines artificial intelligence and human expertise to deliver speech-to-text accuracy in three price points: automated (Lexi), semi-automated (Smart Lexi), and premium (Ai-Live). The company is the biggest captioning provider in the Australian market, with clients including major free-to-air and pay television networks, and has a growing international footprint, with offices in Australia, the US, UK and Canada. Globally, Ai-Media technology delivers 7 million minutes of live and recorded media content, and online events and web streams every month. Ai-Media (ASX: AIM) commenced trading on the ASX on 15 September 2020. For more information on Ai-Media please visit <https://www.ai-media.tv/>.

Legal Notices

This announcement may include forward-looking statements that relate to anticipated future events, financial performance, plans, strategies or business developments. Forward-looking statements can generally be identified by the use of words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "outlook", "forecast" and "guidance", or other similar words. They may include, without limitation, statements regarding plans, strategies and objectives and anticipated business developments. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements are based on the Company's good-faith assumptions as to the financial, market, regulatory and other considerations that exist and affect the Company's business and operations in the future and there can be no assurance that any of the assumptions will prove to be correct. There may be other factors that could cause actual results or events not to be as anticipated, and many events are beyond the reasonable control of the Company. Ai-Media's actual results, performance or achievements



may be materially different from those which may be expressed or implied by such statements, and the differences may be adverse. Accordingly, you should not place undue reliance on these forward-looking statements. Any forward-looking statements in this announcement are only made as at the date of this announcement and, to the maximum extent permitted by law, Ai-Media disclaims any obligation or undertaking to update or revise any forward-looking statements or to advise of any change in assumptions on which any such statement is based.