

## ASX ANNOUNCEMENT

### **Ai-Media expands US footprint with two new acquisitions**

- **Complementary acquisitions of Caption IT and CaptionAccess will expand Ai-Media's high-quality live captioning for enterprise customers in the large and fast-growing US market**
- **The acquisitions are consistent with Ai-Media's strategy to pursue consolidation opportunities that will benefit from Ai-Media's technology platform**
- **Caption IT and CaptionAccess are expected to achieve services revenues of US\$2.2 million in CY2020 and will contribute to Ai-Media's revenue for six months of FY21 commencing on 1 January 2021**
- **Over 95% of the additional revenue is in Ai-Media's flagship Live Enterprise services line**
- **Revenue associated with the acquisitions is incremental to Ai-Media's reaffirmed FY21 prospectus forecast revenue of A\$43.8 million**

**Melbourne, Australia, 14 December 2020:** Access Innovation Holdings Limited (**Ai-Media or Company**) (**ASX: AIM**), a global provider of technology-driven live and recorded captioning, transcription and translation services, is pleased to announce that it has accelerated its growth in North America by agreeing to acquire Caption IT LLC (**Caption IT**) and Caption Access LLC (**CaptionAccess**) (**Acquisitions**).

Wisconsin-based Caption IT offers real-time, offline and post-production captioning, transcription and translation services. Caption IT predominantly generates revenue from corporate customers – largely through a white label product sold via resellers in the technology space, delivering efficiency in sales and marketing expenditure and strong organic growth opportunities.

Illinois-based CaptionAccess is a deaf-owned and managed company providing communication access services to the government, corporate and education sectors. Revenue is derived largely from enterprise customers, including 23 universities.

Total revenue of US\$2.2 million is expected to be delivered by Caption IT and CaptionAccess in the year to 31 December 2020. The companies will contribute revenue to Ai-Media from 1 January 2021.

The key terms of the Acquisitions include:

- Total purchase consideration for the Acquisitions, on a cash and debt free basis, of US\$1.9 million comprising approximately US\$1.6 million in cash and approximately US\$0.3 million in AIM shares with the number of AIM shares issued to be determined based on the 30-day VWAP to 11 December 2020<sup>1</sup> (**Consideration Shares**).

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<sup>1</sup> The 30-day VWAP to 11 December 2020 is A\$1.046 (US\$0.782) which will result in the issue of 255,689 Consideration Shares in relation to Caption IT and 166,198 Consideration Shares in relation to CaptionAccess

- The Consideration Shares will be subject to the three-year escrow agreement applying to Board and Senior Management, as set out in the Ai-Media prospectus.<sup>2</sup>
- 10% of the total purchase consideration will be retained in escrow for a 12-month period to cover any breaches of representations and warranties. There are no earn-out amounts associated with the Acquisitions.

The Acquisitions are expected to be completed on 4 January 2021 and will be funded by existing cash reserves.

Ai-Media Co-Founder and CEO Tony Abrahams said the Acquisitions will strongly complement Ai-Media's North American business, which now makes up around half of the Company's total services revenue.

"Both CaptionAccess and Caption IT have been built on foundations of high-quality service delivery to loyal enterprise customers with values and cultures that are strongly aligned with Ai-Media," Mr Abrahams said. "Following our successful integration of ACS in North America in recent months, I am excited that Ai-Media can provide the infrastructure and scalable technology platform to enable these great businesses to continue to accelerate their growth in the years ahead."

Caption IT Founder and CEO Maureen DeRuyter said: "Following years of strong growth with top tier enterprise customers, we knew we needed to partner with a great technology business to provide the scale to continue to grow. Ai-Media's demonstrated success with the recent ACS acquisition has given us enormous confidence to further enhance the excellence in service and quality that Caption IT is known for."

CaptionAccess Founder and CEO Bill Graham said: "As a proud deaf business owner with Disability Owned Business Enterprise (DOBE) Certification it was important for me to partner with a business that shares our community roots and our values, as well as focusing on delivering the highest quality services to our customers who rely on us to participate equally in education and at work."

### **Strategic Rationale**

The Acquisitions enable Ai-Media to grow revenue and expand the Company's presence in key markets in North America. Caption IT maintains a top tier corporate customer base while CaptionAccess is strongly positioned in the education sector, providing a broad and complementary expansion of Ai-Media's enterprise customer base in the region. Both companies have a strong track record of revenue growth, with future prospects further enhanced by the integration with Ai-Media's services and highly scalable technology platform. Further, future margin improvements are expected to be driven through integration with Ai-Media's operating model.

In recent years, Ai-Media has invested in growing its presence in the key offshore regions of North America, EMEA and Asia. In May 2020, the Company's North American presence was enhanced through the successful acquisition and integration of Alternative Communication Services (ASC), a leading provider of voice-to-text captioning and sign language services in North America.

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<sup>2</sup> The Consideration Shares will be released from escrow in equal tranches on the first, second and third anniversaries of the share issuance date. As the vendors of CaptionAccess and Caption IT have agreed not to trade the Consideration Shares within 12 months after issue, the Company will not be issuing a cleansing notice pursuant to section 708A(5) of the *Corporations Act 2001* (Cth) in respect of the Consideration Shares.

Ai-Media maintains a solid pipeline of acquisition opportunities where the Company's highly scalable technology platform supported by robust back-end infrastructure can provide capacity and capability to drive strong growth.

### **Impact on FY21 Guidance**

On a combined basis, CaptionAccess and Caption IT are expected to deliver revenue of US\$2.2 million for the year ended 31 December 2020. The companies will contribute revenue to Ai-Media from 1 January 2021.

The six months of FY21 revenue contributed through the acquisition of CaptionAccess and Caption IT will be incremental to Ai-Media's recently reaffirmed prospectus forecast revenue of A\$43.8 million in FY21.

The Acquisitions are expected to have a small positive impact on Ai-Media's EBITDA and EPS forecasts for FY21, before synergies.

"We continue to see strong demand for Ai-Media's services across all regions, in particular in live enterprise where COVID-19 restrictions have accelerated the adoption of video as a key communication tool for business and the education sector," Mr Abrahams said.

"This is providing a tailwind for our growth strategy, particularly in the large North American market, where we expect the accelerated adoption of captioning services to be sustained. This is supported by our observations across Australia where the easing of COVID-19 restrictions has not resulted in a reduction in demand for Ai-Media's services."

### **Investor and Analyst Briefing**

Ai-Media CEO Tony Abrahams will provide a briefing to analysts and investors in relation to the acquisitions as detailed below:

**Date:** 14 December 2020

**Time:** 11:30am (AEDT)

**Registration:** [https://ai-media.zoom.us/webinar/register/WN\\_gJipuKouT-6deXxQbjaM7w](https://ai-media.zoom.us/webinar/register/WN_gJipuKouT-6deXxQbjaM7w)

A link to the briefing as well as dial in details will be provided following registration. Note that participants will be required to join the briefing online to ask questions.

Ai-Media was advised on the transactions by Atlas Technology Group.

Authorised for release by the Ai-Media Board.

ENDS

### **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. 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, Canada and Singapore. Globally, it provides captioning for nearly 1 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/>

For more information on CaptionAccess please visit <https://www.captionaccess.com/>

For more information on Caption IT please visit <https://www.captionit.net/>