

Making the World's Content Accessible – For Everyone



14 December 2020

Investor Briefing – US Acquisitions

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About CaptionAccess

Company Overview



CaptionAccess

- Based in Illinois, US
- <https://www.captionaccess.com/>

Services

- Provides communication access services to the government, corporate and education sectors
- Services include captioning, transcription and translation for webcasts, corporate events, conferences, government meetings, news and social media
- Provides post-production captioning for TV shows, remote real-time captioning for classrooms, meetings and court hearings as well as sign language translations

Key People

- Founded and led by Bill Graham, a strong advocate for captioning services who co-founded the Association of Late-Deafened Adults (ALDA) and has served on a number of boards and committees related to captioning and disability
- Workforce of 15 employees and 253 freelancers

Revenue & Customers

- Revenue is derived largely from enterprise customers with strong positioning in the education sector - customers include 23 universities
- Strong track record of customer acquisition and retention
- Strong revenue growth over the prior year expected to be delivered in CY2020
- Growth opportunities further enhanced through increased capacity that integration with Ai-Media's platform will deliver
- Opportunity to deliver margin improvements through integration with Ai-Media's operating model

About Caption IT

Company Overview



- Based in Wisconsin, US
- <https://www.captionit.net/>

Services

- Offers real-time, offline and post-production captioning transcription and translation services
- Services include webcasts and corporate events, conferences and seminars, government meetings, live broadcast television, post-production captioning for television, remote real-time speech-to-text services and multilingual translations

Key People

- Maureen DeRuyter founded Caption IT in December of 2002 after spending time at a US national captioning company where she ran captioning operations. Maureen is a certified voice writer trainer and has extensive experience in the industry
- Workforce of 4 employees and 42 freelancers

Revenue & Customers

- Tio tier enterprise customer base with revenue predominantly generated from corporate customers – largely through a white label product sold via resellers in the technology space
- Maintains a strong revenue growth track record
- Growth opportunities further enhanced through increased capacity that integration with Ai-Media's platform will deliver
- Opportunity to deliver margin improvements through integration with Ai-Media's operating model

Purchase consideration

	Cash US\$m	Equity US\$m ⁽¹⁾	Total US\$m
Purchase consideration	~1.6	~0.3	1.9

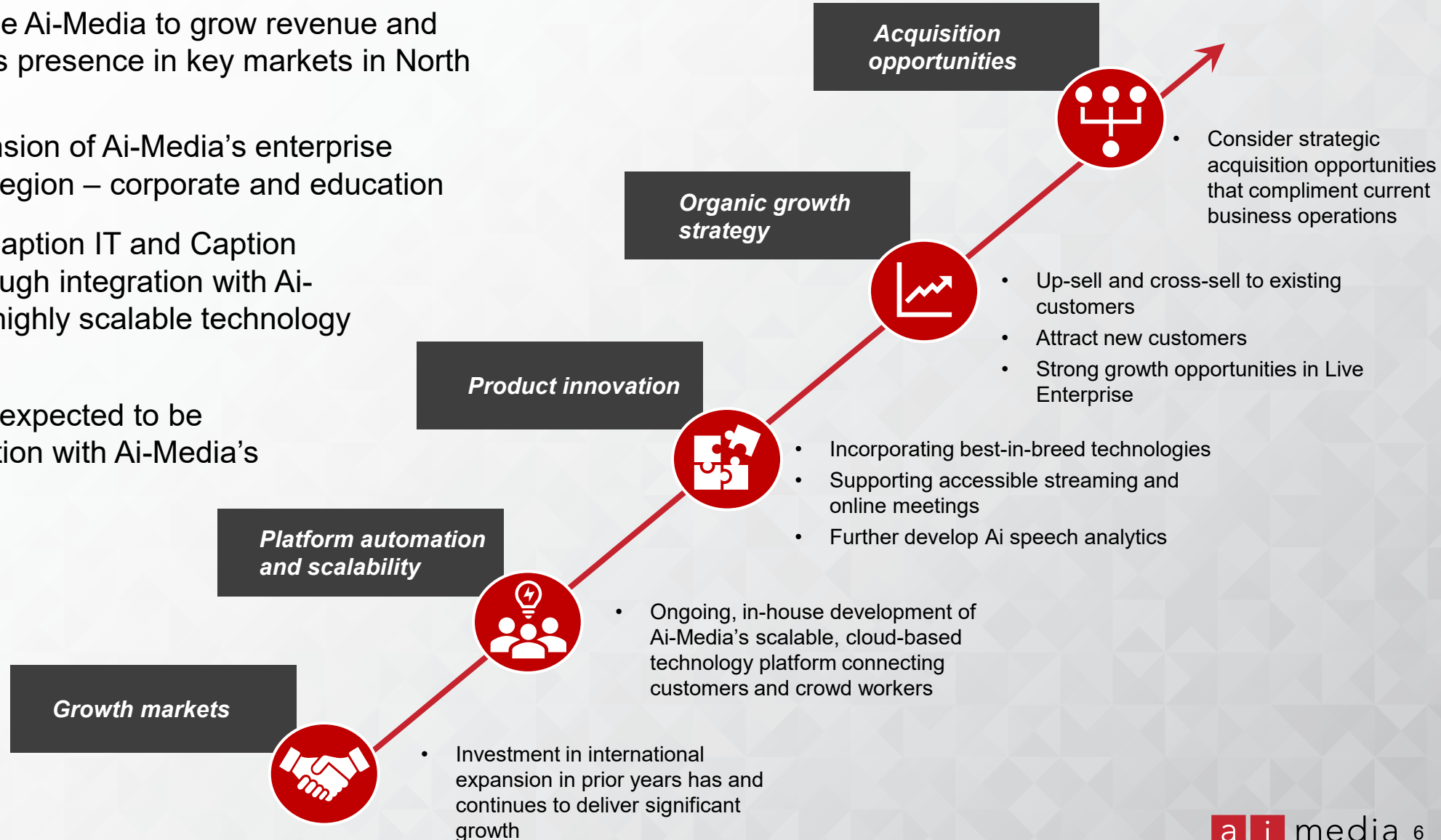
- Number of shares issued under the equity component are based on a 30-day VWAP to 11 December 2020¹ (**Consideration Shares**)
- Consideration Shares will be subject to the three-year escrow agreement applying to Board and Senior Management, as set out in the Ai-Media prospectus²
- Acquisitions are expected to be completed on 4 January 2021
- Cash consideration will be funded from Ai-Media's existing cash reserves
- 10% of the total purchase consideration will be retained in escrow for 12 months
- There are no earn outs associated with the transactions
- Companies have been acquired free of cash and debt

1. The 30-day VWAP prior 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.

2. 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.

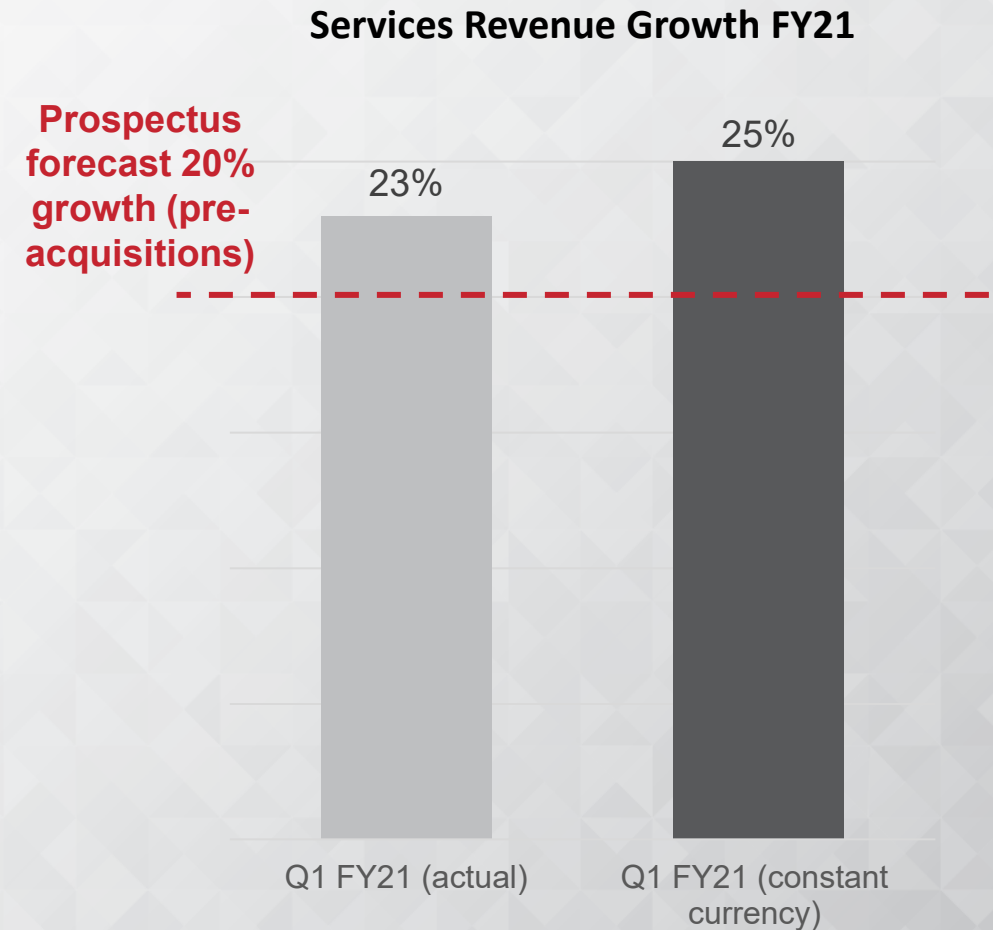
Acquisitions supporting strategic growth drivers

- The acquisitions enable Ai-Media to grow revenue and expand the Company's presence in key markets in North America
- Complementary expansion of Ai-Media's enterprise customer base in the region – corporate and education
- Growth prospects of Caption IT and Caption Access enhanced through integration with Ai-Media's services and highly scalable technology platform
- Margin improvements expected to be driven through integration with Ai-Media's operating model



Acquisitions will deliver upside to FY21 prospectus guidance

- **Reaffirm FY21 Prospectus forecasts including A\$43.8m in FY21 Services revenue – which excludes the contribution from acquisitions – supported by business performance to date and a strong sales pipeline**
- CaptionAccess and Caption IT are expected to deliver revenue of US\$2.2m for the 12 months to 31 December 2020
- The acquisitions will deliver six months of revenue in FY21 from 1 January 2021 - incremental to prospectus forecast revenue of A\$43.8m
- Expected to have a positive but small impact on Ai-Media's EBITDA and EPS forecasts for FY21, before synergies
- Ai-Media is continuing to focus on further acquisition opportunities in a highly fragmented and consolidating industry





Q&A

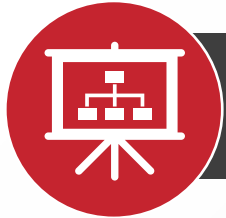
Ai-Media background



Welcome to Ai-Media

Ai-Media is a global technology services business whose proprietary cloud-based platform translates speech-to-text in multiple languages using a combination of artificial and human intelligence and machine learning.

Ai-Media at a glance



Three Key Product Lines

- Live Enterprise
- Live Broadcast
- Recorded



Investment in Technology

- More than A\$50m¹ has been invested in Ai-Media's industry-leading platform



Proven Track Record

- Strong growth in Australia
- Expansion into international markets underpinned by long term, repeatable revenue



Global Growth

- Operations in four key regions; ANZ, North America, EMEA and Asia
- Executing domestic and international growth initiatives that are supported by regulatory requirements



Consolidating Market

- The May 2020 acquisition of ACS presents a unique opportunity to realise synergies and enhance presence in the key North American markets: more consolidation opportunities expected



Our People

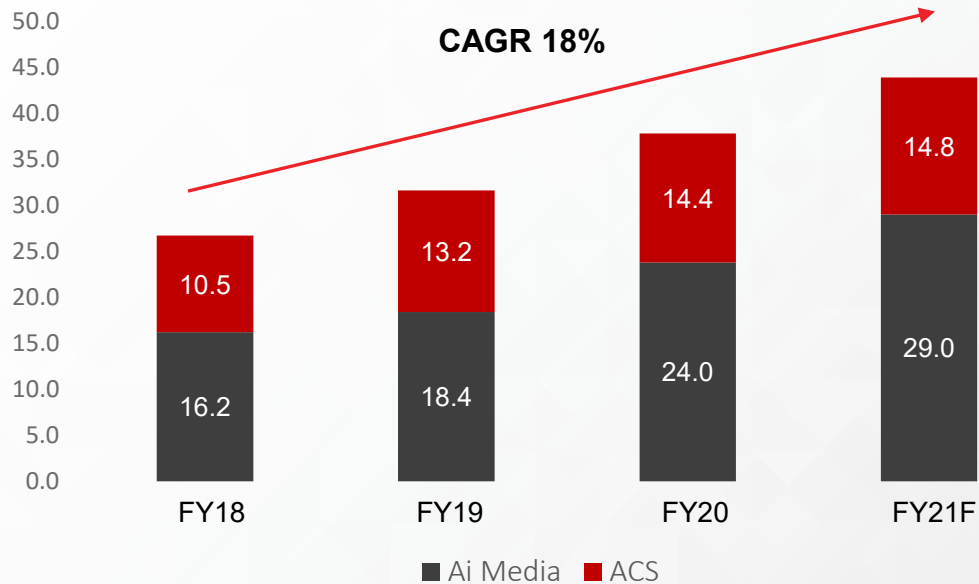
- Experienced Board and management team, supported by approximately 160 full-time staff and over 2,000 casual, crowd-sourced freelancers and contractor personnel²

(1) Investment since 2009

(2) As at 30 June 2020

A large and diverse customer base supporting revenue growth

Growth in Pro Forma revenue: FY18 – FY21F¹ (A\$m)



Large and diverse customer base

- ✓ Over 2,200 customers globally
- ✓ High level of repeating revenue
- ✓ Diversified revenue by customer and region

Singtel

verizon

WORLD
ECONOMIC
FORUM

OPTUS



foxtel

iQIYI 爱奇艺

(1) FY20 Pro forma is unaudited. FY18, FY19 and FY21F from Prospectus

Leading global media access provider across three key product lines



	Live Enterprise	Live Broadcast	Recorded
FY20 Revenue¹			
YoY Growth²	83% (ex-ACS)	3%	25%
Service description	Live captions and interpreting in real time	Live captions in real time for broadcasters	High-quality recorded captions, subtitles, transcripts and audio description
Customer type³	Global businesses, universities, schools, governments and non-government organisations and events	Global and domestic broadcasters and OTT streaming networks	Global businesses, universities, schools, government and non-government organisations, SMEs and individual content producers, events, global and domestic broadcasters, OTT streaming services
Revenue model	Contracts with time based charges		

(1) FY20 pro forma, inclusive of ACS and Ai-Media Revenue. Figures shown exclude other revenue. FY20 Pro forma revenue is unaudited
(2) ACS is predominantly Live Enterprise, the YoY Growth shown is for FY20 for Ai-Media ex-ACS. The Pro Forma YoY growth for Live Enterprise including ACS is 22.5%. Source: unaudited management accounts
(3) Customer types are not listed in order of significance

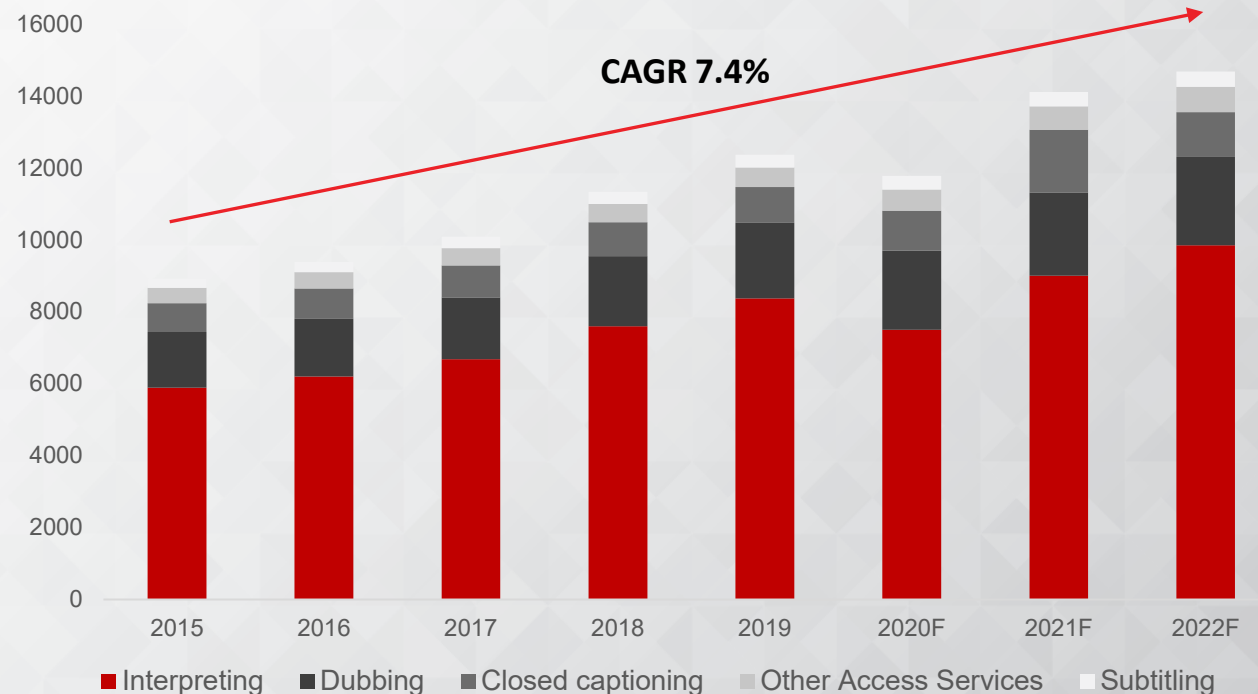
Growing global market forecast to be US\$14.7bn by 2022

- Frost & Sullivan's forecast decline in the addressable market in 2020 incorporates a COVID-19 impact of US\$1.3 billion
- COVID-19 has accelerated the adoption of video as a core communications tool for education and work, with a resulting significant increase in demand for captioning services
- Given trading performance in CY20 Ai-Media believes that COVID-19 will **actually drive market growth**

Key growth drivers

- Increasing regulatory requirements across the globe
- Increased demand for services outside media and entertainment
- Increasing need for localisation
- Requirement for low-cost services to be delivered more efficiently
- COVID-19 has accelerated adoption of Video as a key communications tool for Business and Education enterprises

Addressable Market by Service, Global, 2015 to 2022F (US \$m)



Competitive advantages driven by business model and technology platform

- Ai-Media provides fast, high-quality accurate and secure captioning and translation services
- Maintains leading live capabilities, global reach, proprietary and leading technology which is improving the accessibility of global content
- Operating with a highly fragmented global language services market with an estimated 18,500+ service providers, with the top 100¹ only accounting for 14.5% of industry revenue in 2019



Latest Technologies combined with Human Intelligence

- ✓ Proprietary technology
- ✓ High quality captioning
- ✓ Accuracy
- ✓ Minimal lag



Security Accreditation

- ✓ Data protection
- ✓ Compliance with legal and regulatory requirements



Workflow Efficiency and Quality

- ✓ Integrated systems for end-to-end service delivery
- ✓ Consistent industry leading quality and accuracy



Multilingual

- ✓ Ability to provide live subtitles into over 120 languages
- ✓ Creating local content for global distribution



Broad Product Range with Global Reach

- ✓ Global mindset with a local presence
- ✓ Uninterrupted 24/7 production and support

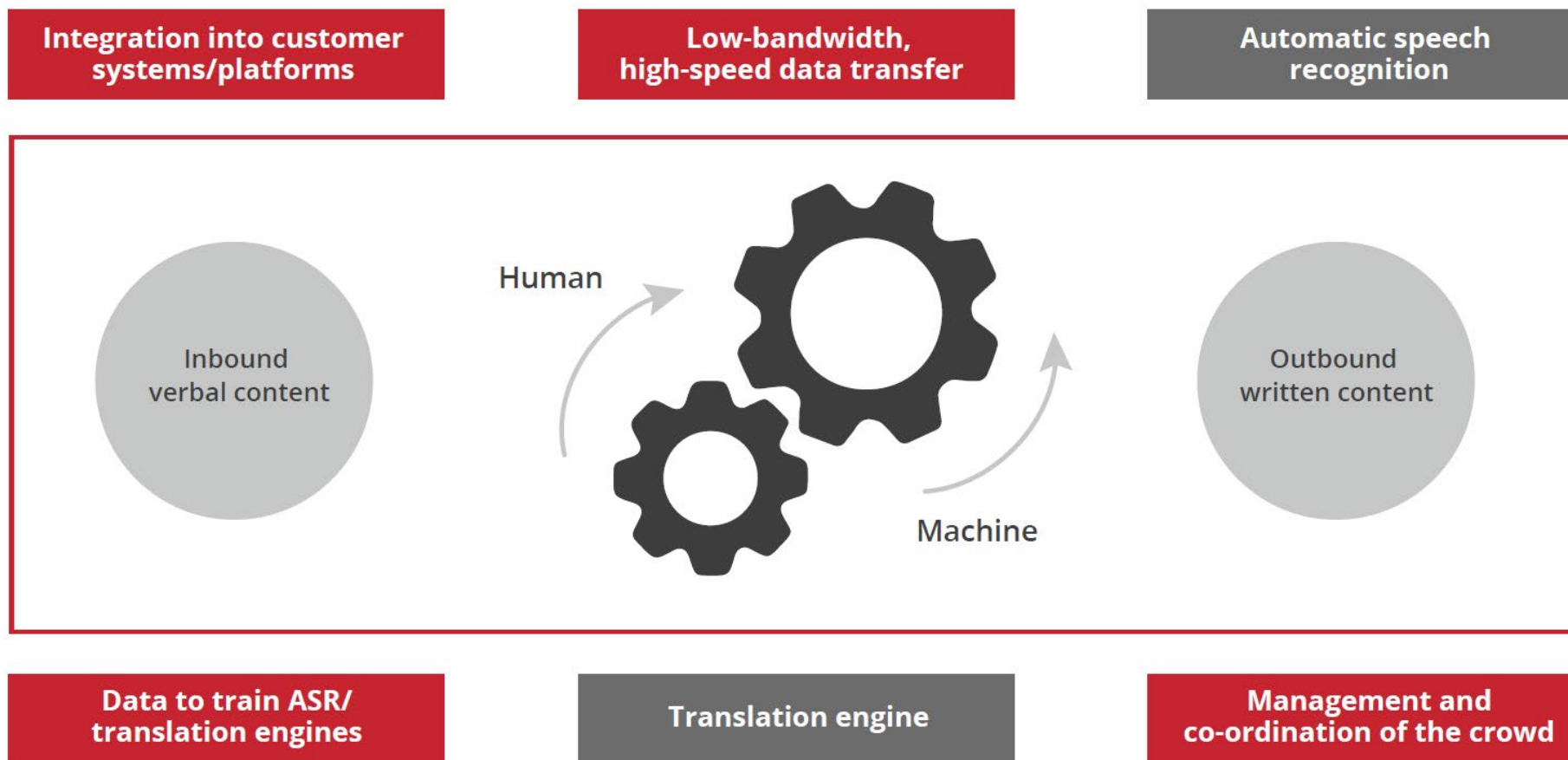
(1) Top 100 by revenue in 2019.

Investment highlights

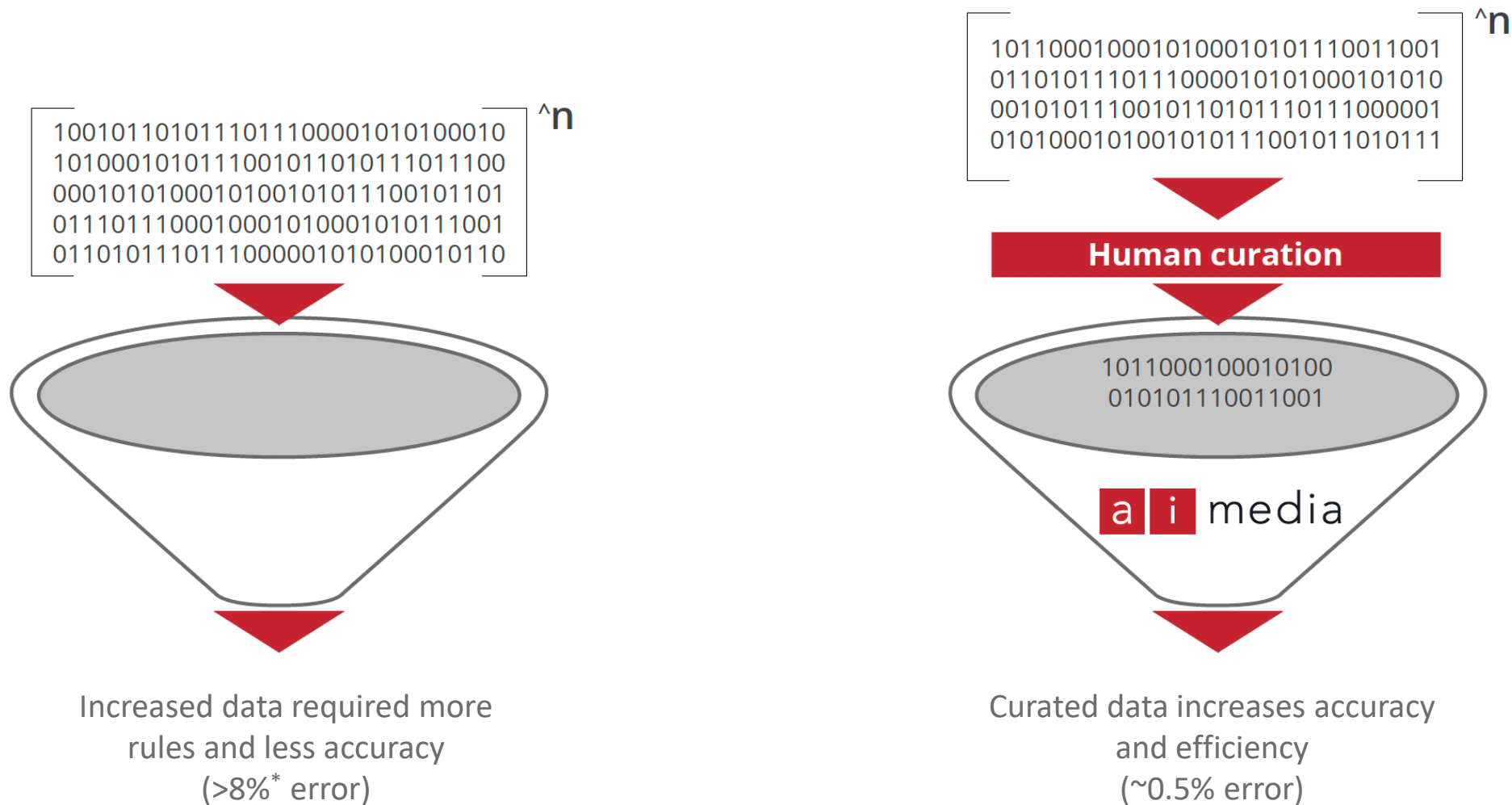
- 1 Large and growing market supported by regulatory requirements and COVID-19 tailwinds
- 2 Established global presence and employee network
- 3 Industry leading platform providing a scalable business model
- 4 Large and diverse customer base with repetitive revenue
- 5 Strong revenue growth and consistent margins
- 6 Experienced Board, management and personnel led by founder
- 7 Exceeded FY20 revenue and EBITDA forecasts, reaffirmed FY21 guidance (pre-acquisitions)

Technology platform

A cloud based scalable technology platform

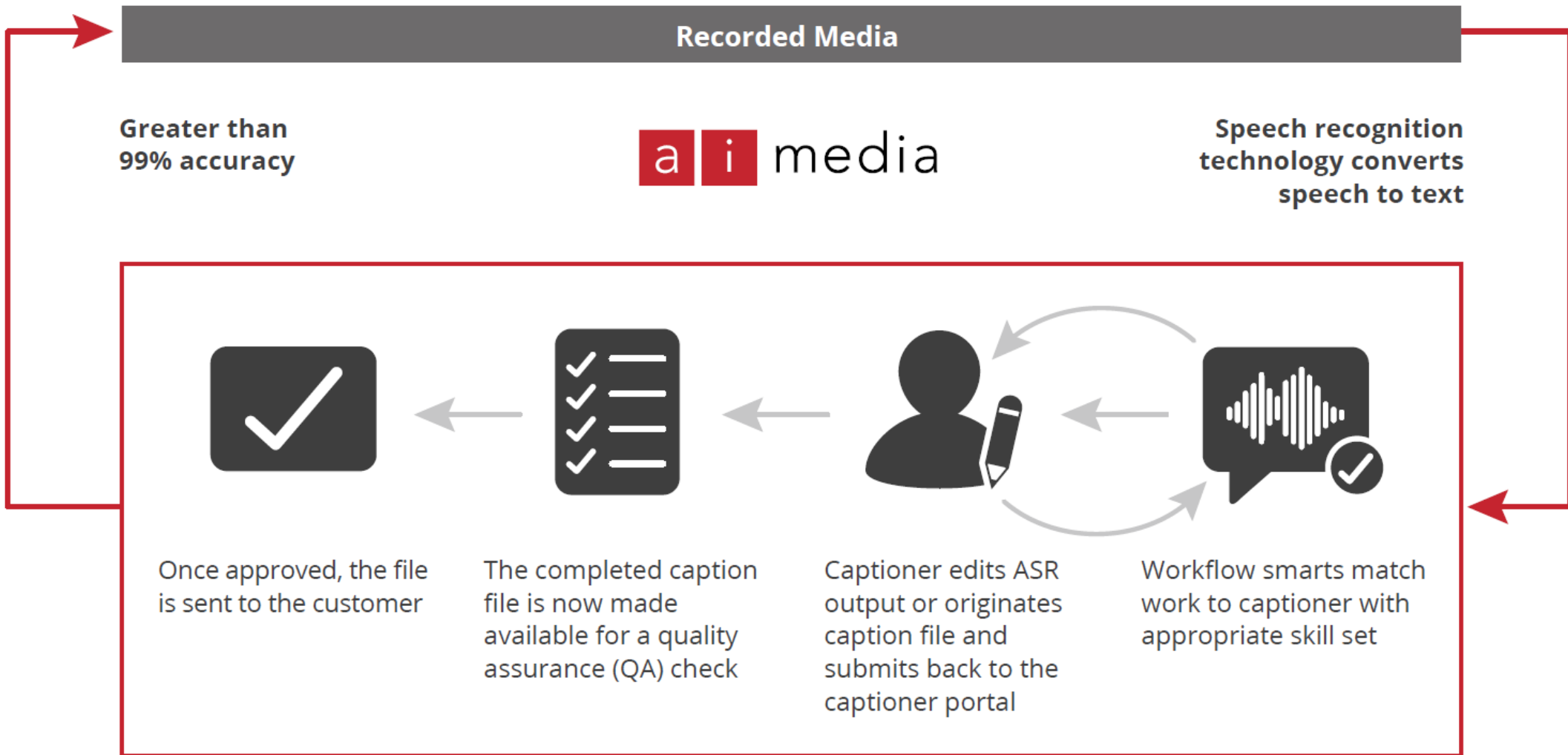


Accuracy driven by the combination of human curation & machine capability



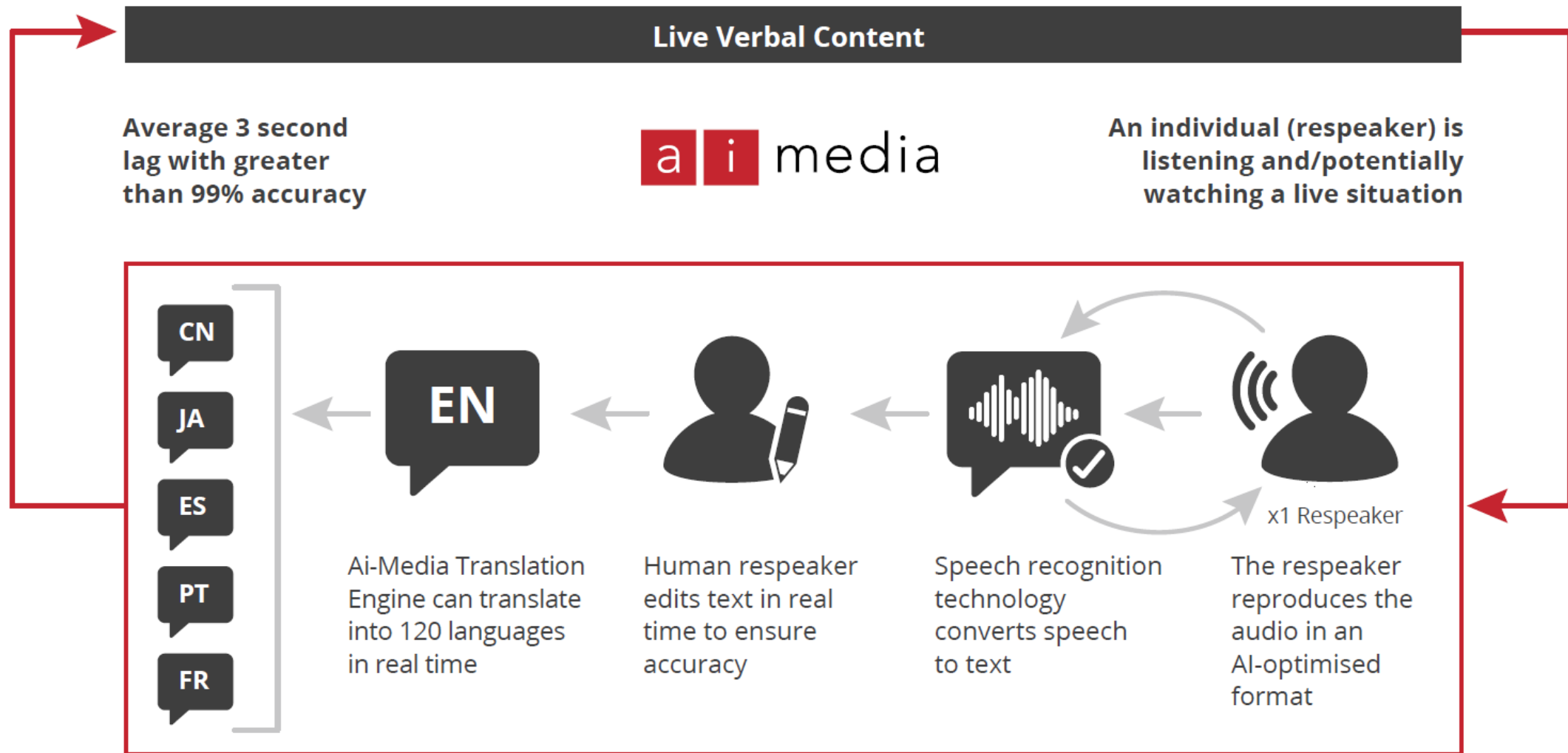
* Based on NER captioning quality assessments utilising the scores from the best-performing ASR engines as tested by Ai-Media in FY20

Recorded delivery method



Data captured and output constantly improved through machine learning

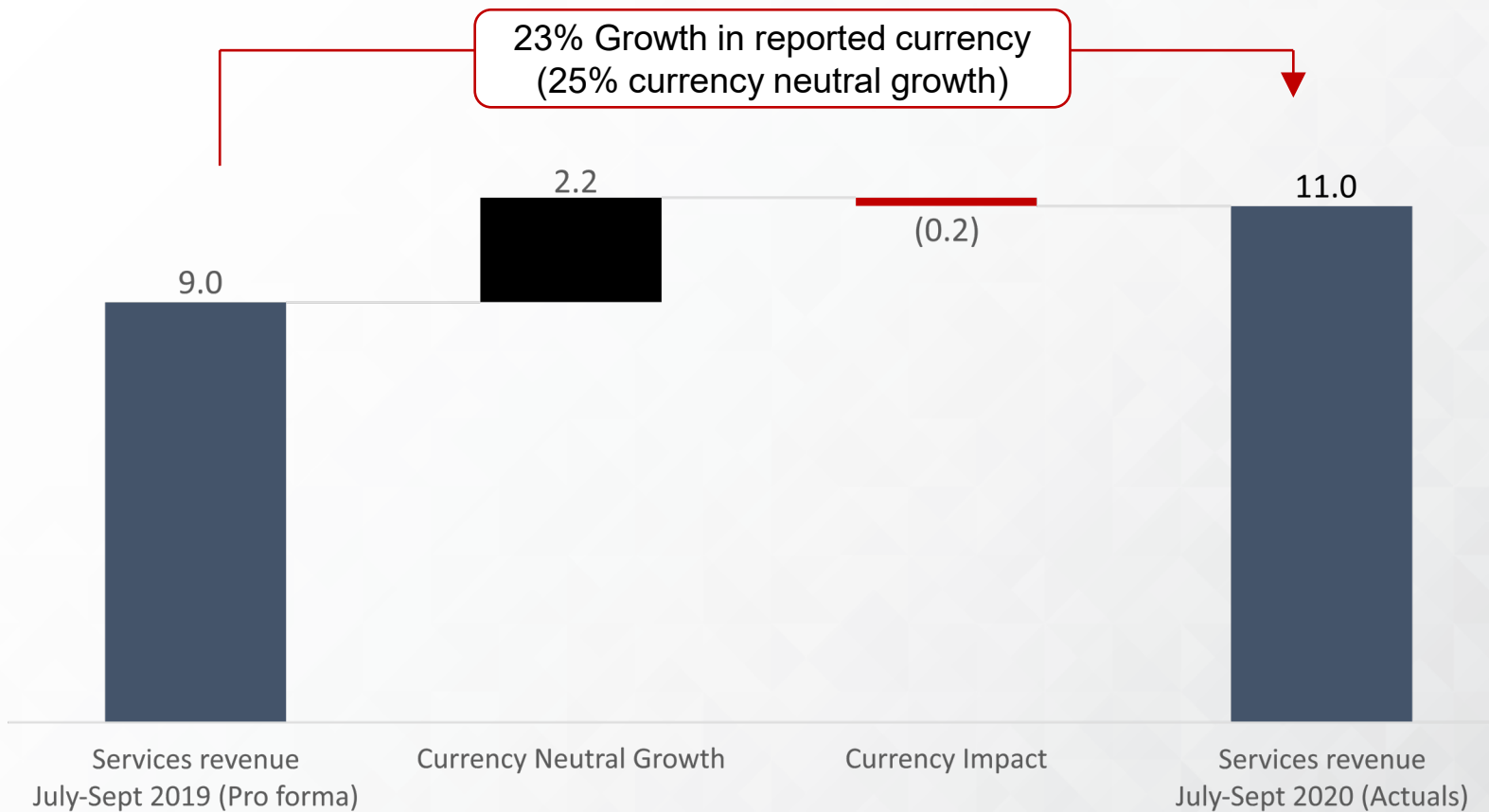
Live captioning delivery method



Operational update Q1 F21

Services Revenue Growth 25% (currency neutral) and 23% (reported currency) on pcg

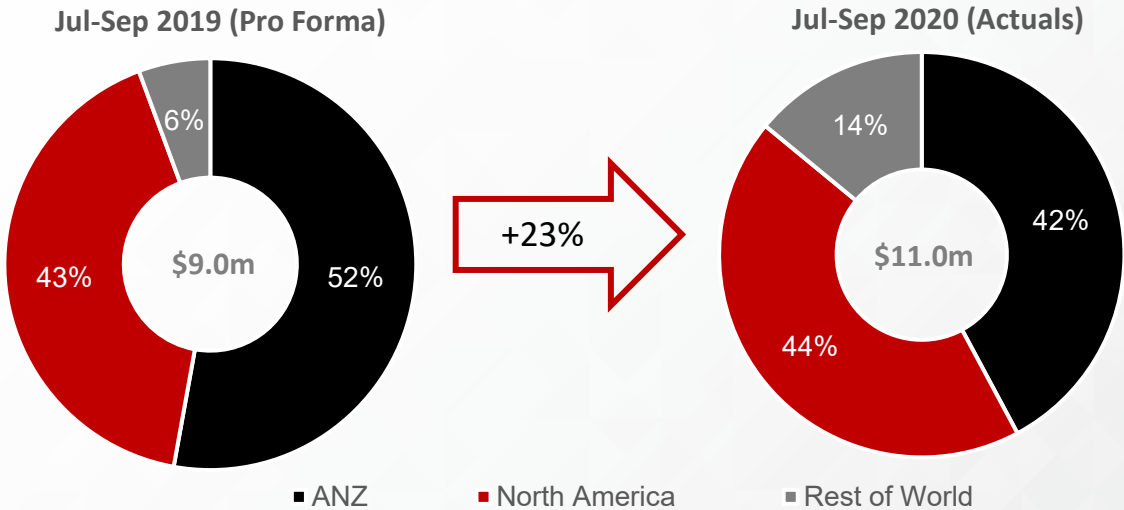
Services Revenue (A\$'m)



- Higher proportion of Services revenue derived offshore in USD, CAD, GBP and SGD ~ 58% in Q1 FY21.
- The strength of the Australian Dollar in Q1 FY21 had an adverse impact on revenue growth over the comparable period in FY20.
- **Revenue Growth tracking in line with Prospectus forecasts of 20% Services Revenue Growth**

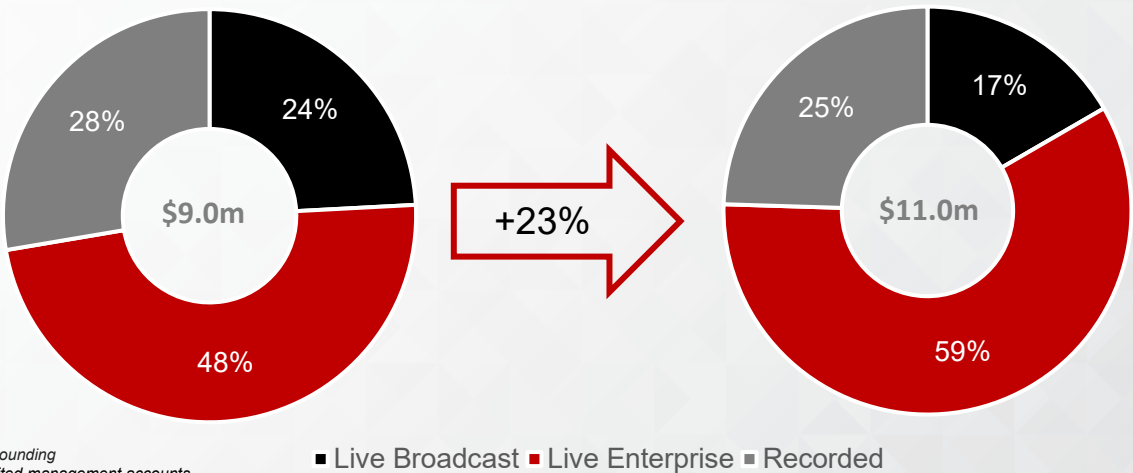
Greater geographic diversity with Enterprise a key growth driver

Services Revenue Geography Mix %



- Strong year on year services revenue growth of 23% is driven by high demand in particular Live Enterprise across all regions. Services revenue growth is 25% on a currency neutral basis.
- Significant growth outside of ANZ with share increasing from 49% to 58% of total revenue.

Services Revenue Product Mix %



- Live Enterprise share of total services revenue increased from 48% to 59% in July-September 2020, driven by increasing demand for accessibility services from Universities, Corporate and Government across all regions.

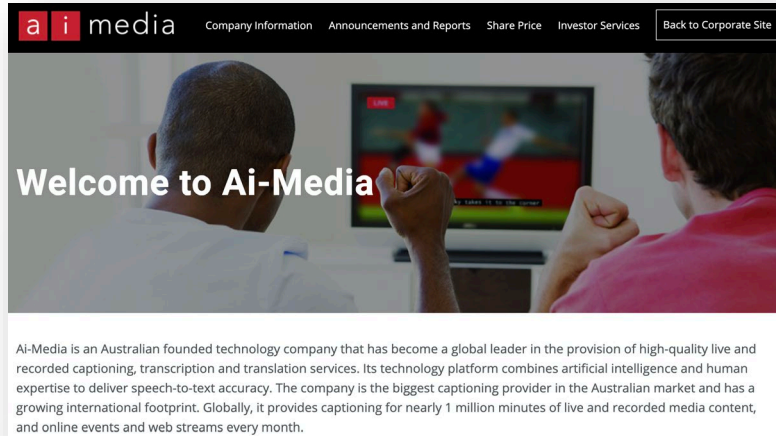
Key Operating Metrics – Q1 FY21 v Q1 FY20

	Jul-Sep 20 Actuals	Jul-Sep 19 Pro forma (Reported Currency)	Jul-Sep 19 Pro forma (Currency Neutral)*	FY21F Prospectus (Pro Forma Forecast)
Key operating metrics				
Total captioned minutes (millions)	3.4	2.5	2.5	13.8
Total captioned minutes (% increase YoY)	38.7%	23.8%	23.8%	23.0%
Services revenue / captioned minute (\$/min)	3.20	3.63	3.55	3.16
Margin per minute (\$/min)	1.30	1.50	1.47	1.30
Total Headcount (period end)	164	135	135	174

**July to September 2019 at FY21 exchange rates*

- Delivered 3.4m captioned minutes in July - September 2020 with growth of 39% compared to prior comparative period, driven by Enterprise across all regions. Live Enterprise minutes increased by 51% compared to July - September 2019.
- Average Service Revenue per minute was lower at \$3.20 in July - September 2020 compared to prior comparative period, due to the change in service product mix and appreciation of Australian Dollar. Average revenue per minute and margin per minute are in-line with the prospectus forecast.
- Record high live broadcast captioning quality score of 99.8 NER – up from 99.5 at 30 June 2020
- Actual Headcount as at 30 September 2020 is 164. The increase over the last year is driven by investment in operations, sales, product and IT roles in FY20.

For further information



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