

## ASX ANNOUNCEMENT

### Ai-Media Q2 FY21 Quarterly Activities Report and Appendix 4C

#### Business highlights

- A number of new contracts secured during the quarter including Al Jazeera Media Network for the provision of Live Broadcast captioning services for global distribution commencing January 2021
- Revenue continues to grow strongly with the higher margin Live Enterprise product continuing to experience high demand across all regions, representing 60% of total Services revenue in Q2, up from 53% in the prior comparative period (pcp)<sup>1</sup>
- Successful completion of the previously announced acquisitions of US-based Caption IT and CaptionAccess immediately post December quarter end

#### Financial highlights

- Ai-Media continued to deliver strong revenue growth with Q2 FY21 Services revenue of \$11.7 million, an increase of 31% on constant currency basis on the pcp
- Services revenue for H1 FY21 of \$22.7 million, representing growth of 28% on the pcp on a constant currency basis, and 25% on a reported currency basis
- Cash balance at the end of the quarter of \$9.0 million, in line with management forecasts, providing a strong position to pursue additional growth opportunities
- Ai-Media reaffirms FY21 prospectus forecasts, including revenue of \$43.8 million notwithstanding a stronger \$A, with the contribution from the recent completed acquisitions during the second half of FY21 providing further upside<sup>2</sup>

**Melbourne, Australia, 28th January 2021:** 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 provide the following update on its business activities and financial performance for the quarter ended December 2020.

Ai-Media's Co-Founder and CEO Tony Abrahams said: "Q2 FY21 saw Services revenue growth of 31% on a constant currency basis with our flagship Live Enterprise product growing the fastest. We continue to see increasing demand across all regions for live accurate transcription and translation. Our sales pipeline remains strong and we expect the operating leverage of increased sales and product-led margin improvement to continue to drive improved bottom line performance in coming quarters as we approach breakeven. Following our IPO in September 2020, our balance sheet is strong and provides us with the flexibility to achieve our planned growth initiatives."

#### Financial and Operational Performance

In Q2 FY21 Ai-Media successfully secured a contract with Al Jazeera Media Network to deliver 24/7 live captions on the Al Jazeera English language news channel. These services, which commenced in mid-January 2021, are being delivered from Ai-Media offices across the United

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<sup>1</sup> pcp reflects pro forma performance where the results are adjusted to include Alternative Communications Services (ACS)

<sup>2</sup> The prospectus forecast excludes the incremental contribution from the acquisition of CaptionAccess and Caption IT

Kingdom, North America and Australia, currently bringing Al Jazeera captioning to more than 800 million homes.

The acquisitions of US-based Caption IT and CaptionAccess were completed on 4 January 2021 and will contribute revenue and earnings to Ai-Media from 1 January 2021. The purchase consideration paid on completion comprised US\$1.9 million, with a further 10% retention due in 90 days, and the issue of 421,887 ordinary shares.

Strong growth in Services revenue for the quarter, up 31% on the pcp on a constant currency basis (up 27% on reported currency), with revenue growth for H1 FY21 of 28% on a constant currency basis and 25% on a reported currency basis. Notwithstanding the higher than forecast \$A, these reported results are favourable against full year prospectus forecast Services growth of 20%.

Services revenue remains ahead of the prospectus forecast on a quarter-by-quarter basis<sup>3</sup>. This underpins confidence in the delivery of Ai-Media's FY21 prospectus forecast, including revenue of \$43.8 million, with the recently completed acquisitions providing further upside.

Strong revenue growth was driven by ongoing high demand for Ai-Media's services, particularly in Live Enterprise across all regions, with COVID-19 resulting in the sustained adoption of video as a core communications tool for Business and Education enterprises. Live Enterprise as a share of total Services revenue increased from 53% to 60% on the pcp.

Significant growth continued to be delivered outside of Australia and New Zealand, with Services revenue from offshore markets contributing 64% of total revenue in the quarter, up from 53% in the pcp.

During the quarter, net cash used in operating activities was \$3.8 million. Gross receipts from customers during the period were \$11.7 million reflecting the increased revenue. Higher cash outflows during Q2 FY21 in relation to product manufacturing and operating costs were a result of the timing of creditor payments immediately after the IPO combined with additional crowd worker payments in line with increased revenue.

The overall cash used in operating activities for H1 2021 at \$6.9 million is in line with the prospectus financial model. It is forecast that the net cash used in operating activities will continue to reduce in H2 2021.

Net cash used in investing activities of \$14.6 million included IPO-related payments including the ACS vendor loan, payments to close out Ai-Media's prior employee share schemes and associated tax payments.

### **Strong capital position**

Ai-Media maintains a strong balance sheet with minimal debt and a cash balance in excess of \$9.0 million. This is further supported by the Company's ongoing revenue growth, continued margin improvement and a disciplined cost structure.

This provides Ai-Media with the capacity to pursue future growth initiatives including product innovation, investment in the Company's technology platform and further acquisitions opportunities.

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<sup>3</sup> Refers to Ai-Media's phased internal quarter-by-quarter forecast which, on an annualised basis, aligns with the prospectus forecast for the year ending 30 June 2021



In accordance with ASX Listing Rule 4.7C.2, a use of funds statement is provided in the annexure.

### **Release of FY21 half year results**

On 27 January 2021 Ai-Media announced that it will release its results for the half year to 31 December 2020 and hold an Investor Briefing on 23 February 2021.

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. 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 over 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/>

## Annexure

Pursuant to ASX Listing Rule 4.7C.2, Ai-Media provides the following comparison of its actual expenditure since admission to ASX (on 15 September 2020) against the “use of funds” statement in its Prospectus dated 10 August 2020.

Use of funds	Prospectus use of funds \$million	Expenditure since ASX admission \$million
General working capital	5.5	5.4
Sales and marketing	5.0	0.9
Investment in ongoing product development and platform automation	5.0	0.8
Payment of ACS vendor loan	2.8	2.7
Cash incentive scheme	3.4	3.7
Costs relating to the offer	5.8	5.2
Repayment of shareholder loans	2.5	2.4
<b>Total Uses *</b>	<b>30.0</b>	<b>21.3</b>

\* The proceeds represent the amount raised by the Company from the issue of new shares and excludes the amount of \$35.5m raised and transferred to Selling Shareholders via SaleCo (refer Ai Media IPO Prospectus IPO - Table 7.1: Sources and uses of proceeds)

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Access Innovation Holdings Limited

**ABN**

12 122 058 708

**Quarter ended (current quarter)**

31 December 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	11,668	20,690
1.2 Payments for		
(a) research and development	(843)	(1,206)
(b) product manufacturing and operating costs	(9,557)	(16,792)
(c) advertising and marketing	(101)	(338)
(d) leased assets	(81)	(129)
(e) staff costs	(3,819)	(7,274)
(f) administration and corporate costs	(863)	(1,667)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	20
1.5 Interest and other costs of finance paid	(258)	(377)
1.6 Income taxes paid	(5)	(29)
1.7 Government grants and tax incentives	-	88
1.8 Other (provide details if material)	88	102
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(3,758)</b>	<b>(6,912)</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	(2,707)	(2,707)
(c) property, plant and equipment	(139)	(317)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(609)	(1,198)
(g) distributions of equity related entitlements	(11,148)	(11,148)
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(14,603)</b>	<b>(15,370)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	37,316
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(2,257)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(204)	(3,654)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (IPO Costs)	-	(2,939)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(204)</b>	<b>28,466</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	27,703	2,994
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,758)	(6,912)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14,603)	(15,370)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(204)	28,466
4.5	Effect of movement in exchange rates on cash held	(98)	(139)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>9,039</b>	<b>9,039</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	7,767	26,431
5.2	Call deposits	1,272	1,272
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>9,039</b>	<b>27,703</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	254
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

6.1	Included in section 6.1 are payments made to related parties of Ai-Media. These amounts primarily relate to executive and non-executive directors in payment of their directors' fees, salaries and benefits. The current quarter include unpaid amounts from the prior quarter. Normalised payments to related parties of Director fees, salaries and benefits are \$162k per quarter.
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<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>		
7.1	Loan facilities	1,000	-		
7.2	Credit standby arrangements	-	-		
7.3	Other (please specify)	-	-		
7.4	<b>Total financing facilities</b>	1,000	-		
7.5	<b>Unused financing facilities available at quarter end</b>		1,000		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.				
	Facility	Facility limit \$A'000	Amount drawn \$A'000	Interest rate	Secured
	NAB Bank overdraft	1,000	-	6.27 p.a.	Yes

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,758)
8.2	Cash and cash equivalents at quarter end (item 4.6)	9,039
8.3	Unused finance facilities available at quarter end (item 7.5)	1,000
8.4	Total available funding (item 8.2 + item 8.3)	10,039
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	2.7 qtrs
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

28 January 2021

Date: .....

By the board

Authorised by: .....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.