

## ASX ANNOUNCEMENT

# Ai-Media delivers strong first-half revenue growth, tracking ahead of full-year prospectus forecasts

**Melbourne, Australia, 23 February 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 present its financial results for the six months to 31 December 2020.

	H1 FY21	H1 FY20 <sup>1</sup>	% change
<b>Services revenue</b>	<b>\$22.7m</b>	\$18.0m	+26
<b>Total revenue</b>	<b>\$22.9m</b>	\$18.9m	+21
<b>Gross profit</b>	<b>\$8.8m</b>	\$7.8m	+13
<i>Gross profit margin</i>	<i>38%</i>	<i>38%</i>	-
<b>EBITDA</b>	<b>(\$7.0m)</b>	(\$3.2m)	+119
<b>Net profit/loss</b>	<b>(\$7.5m)</b>	(\$3.4m)	+120
<b>Cash</b>	<b>\$8.8m</b>	\$3.0m	+193
		30 June 2020	
<b>Total captioned minutes</b>	<b>7.1m</b>	5.2m	+37

## Highlights

- Strong revenue growth, with H1 FY21 Services revenue of \$22.7 million, up 26% on the previous corresponding period (pcp) and tracking ahead of FY21 prospectus forecast<sup>2</sup>; Services revenue on a constant currency basis up 29%
- 60% of revenue now from higher-margin Live Enterprise business, up from 50% in the pcp
- Revenue growth in all regions, with the key North American market up 38%; offshore markets now contributing 61% of revenue, up from 50% in pcp
- Total captioned minutes up 37% to 7.1 million, with Live Enterprise minutes up 40%
- Gross profit of \$8.8 million in line with FY21 prospectus forecasts<sup>2</sup>; gross profit margin of 38%, with an improvement expected in H2 FY21
- Cash balance at 31 December 2020 of \$8.8 million, providing a strong position to pursue additional growth opportunities
- Normalised EBITDA loss of (\$3.8m) excluding IPO and restructuring costs
- Remote working and regulatory tailwinds continue to drive customer acquisitions
- Repeating revenue rates of over 99% and success in competitive tenders
- Reaffirmed FY21 prospectus forecasts, including revenue of \$43.8 million, with the contribution from recently completed acquisitions providing further upside

Ai-Media Co-Founder and Chief Executive Officer Tony Abrahams said: “This is a very pleasing result, with broad-based growth delivering a 29 per cent increase in Services revenue on a constant currency basis as demand for live accurate transactions and

<sup>1</sup> H1 FY20 throughout this document is presented on a pro forma basis as set out on page 4

<sup>2</sup> Refers to Ai-Media’s phased internal forecast at 31 December 2020 which aligns with the FY21 prospectus forecast

<sup>3</sup> Excludes other income

translation services continues to increase around the world. In particular, we are experiencing strong growth in our Live Enterprise product, which now represents 60 per cent of revenue, as our business mix continues to shift from broadcast customers toward government, corporate and education customers, many adjusting to the new remote working environment. This shift towards higher-margin business, coupled with our ability to leverage increased sales and our track record of customer acquisition and retention, will continue to drive improved bottom line performance in coming quarters.”

Our balance sheet remains strong, including cash of \$8.8 million, giving us the flexibility to achieve our planned growth initiatives, including product innovation and further strategic acquisitions.”

### **Financial and Operational performance**

Services revenue in the half year to 31 December 2020 increased 26 per cent to \$22.7 million compared with the previous corresponding period, or 29 per cent on a constant currency basis. This growth was driven by rising demand for live accurate transcription and translation services as organisations around the world adjust to post-COVID remote work environments that has seen accelerated take-up of video conferencing. In addition, Ai-Media continued to secure increased multi-lingual recorded and live captioning work across the globe.

Total captioned minutes across the Company rose 37 per cent to 7.1 million in the half year, with the strongest growth among Live Enterprise customers. Total captioned minutes among this cohort rose 40 per cent. Live Enterprise now contributes more than 60 per cent of services revenue, up from 50 per cent in the previous corresponding period.

Ai-Media’s overall customer base continues to shift from broadcasters to government, corporate and education clients as video becomes embedded as a core communications tool. As at 31 December 2020, Ai-Media’s government, corporate and education clients represented 68 per cent of services revenue, up from 55 per cent in the previous corresponding period.

Ai-Media’s ability to deliver its customers outstanding quality and accuracy – with a record high live broadcast captioning quality score of 99.8 NER<sup>4</sup> achieved during the half year – is reflected in its long-term customer relationships, repeating revenue rates of over 99 per cent and success in competitive tenders. Major new and renewing customers secured in the half year include: the Al Jazeera Media Network to deliver 24/7 live captions on the Al Jazeera English language news channel; a major international parliament; and numerous new colleges in the US.

Ai-Media continues to deliver growth in offshore regions, with markets outside of Australia now representing 61 per cent of services revenue, up from 50 per cent in the pcp. Revenue from the key North American market rose 38 per cent as the Company secured major new Live Enterprise customers, including particularly strong growth in the universities sector, with the Rest of the World delivering 195 per cent revenue growth off a low base.

Notwithstanding the impact of a higher Australian dollar, services revenue growth continues to track ahead of the FY21 prospectus forecast growth rate of 20 per cent, with further upside to be provided in the second half of FY21 from the integration of the recently acquired US-based businesses Caption IT and CaptionAccess. The acquisitions, which were

completed on 4 January 2021, are expected to deliver revenue of US\$1.1 million in H2 FY21.

The strong half-year revenue growth was achieved at a stable gross margin of 38 per cent, delivering gross profit of \$8.8 million in line with FY21 prospectus forecasts. Ai-Media expects to see an improvement in gross profit margin in the second half as it implements a series of technology-driven cost-saving measures and as the US-based ACS business, which was acquired in May last year, continues to benefit from transition to the Ai-Media technology platform.

Half-year EBITDA losses rose from \$3.2 million to \$7.0 million – in line with prospectus forecasts<sup>5</sup> – due to an increase in operating expenses associated with Ai-Media's international expansion and increased investment in operations, sales, product and IT roles to support the rapid scale up of the business. The operating results also included one-off costs relating to the IPO and the settlement of legacy employee share-based schemes, as foreshadowed. The net loss for the six-month period of \$7.5 million was in line with prospectus forecasts.

The overall cash position is in line with the company forecast and net cash used in operating activities will remain under review in H2 FY21 as the Company approaches breakeven in coming quarters.

## **Outlook**

Ai-Media is ideally placed to continue its strong revenue growth through FY21 and beyond, with its strong balance sheet, market-leading technology platform and disciplined cost structure giving it the ability to take advantage of continued tailwinds from the accelerated use of video and live streaming worldwide. The Company expects to deliver continued growth across all regions, with Live Enterprise customers remaining a key focus, and improved margins led by product enhancements and customer mix. With \$8.8 million in cash and minimal debt, Ai-Media has the balance sheet capacity to pursue additional growth opportunities, including product innovation and further strategic acquisitions.

The Company reaffirms its FY21 prospectus forecast including Services revenue of \$43.8 million and gross profit margin improvement. The completion of the acquisitions of Caption IT and CaptionAcess on 4 January 2021 provides upside to this forecast with revenue of US\$1.1 million expected in the second half.

Authorised for release by the Ai-Media Board.

ENDS

<sup>5</sup> refers to Ai-Media's phased internal forecast at 31 December 2020 which aligns with the FY21 prospectus forecast

## 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 ~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/>

### Basis of preparation of pro forma results

Pro forma reflects statutory financial information adjusted for transactions of the type set out in the Prospectus Section 4.5 and includes adjustments to reflect the financial contribution of Alternative Communication Services (ACS) should the acquisition have been completed on 1 July 2018. The actual date of the acquisition was 1 May 2020 and therefore the statutory results for the half year to 31 December 2019 do not include ACS. The pro forma financial information is unaudited.