

Making the World's Content Accessible - For Everyone



23 February 2021

H1 FY21 Results Presentation

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Presenters



Deanne Weir
Non-Executive Chair

- Director of Ai-Media since 2010, appointed Chair August 2013
- Former media lawyer and senior executive at Telstra, Austar and Foxtel
- Currently Chair at Seer Data & Analytics, Sydney Film Festival, Grata Fund and Global Sisters



Tony Abrahams
Chief Executive Officer, Director and Co-Founder

- Rhodes Scholar, University of Oxford receiving MBA and MPhil in Economics
- Received LLB and BCom from University of NSW, where he was awarded University Medal in Accounting
- Recognised by the World Economic Forum as a Young Global Leader in 2013



John Bird
Interim Chief Financial Officer

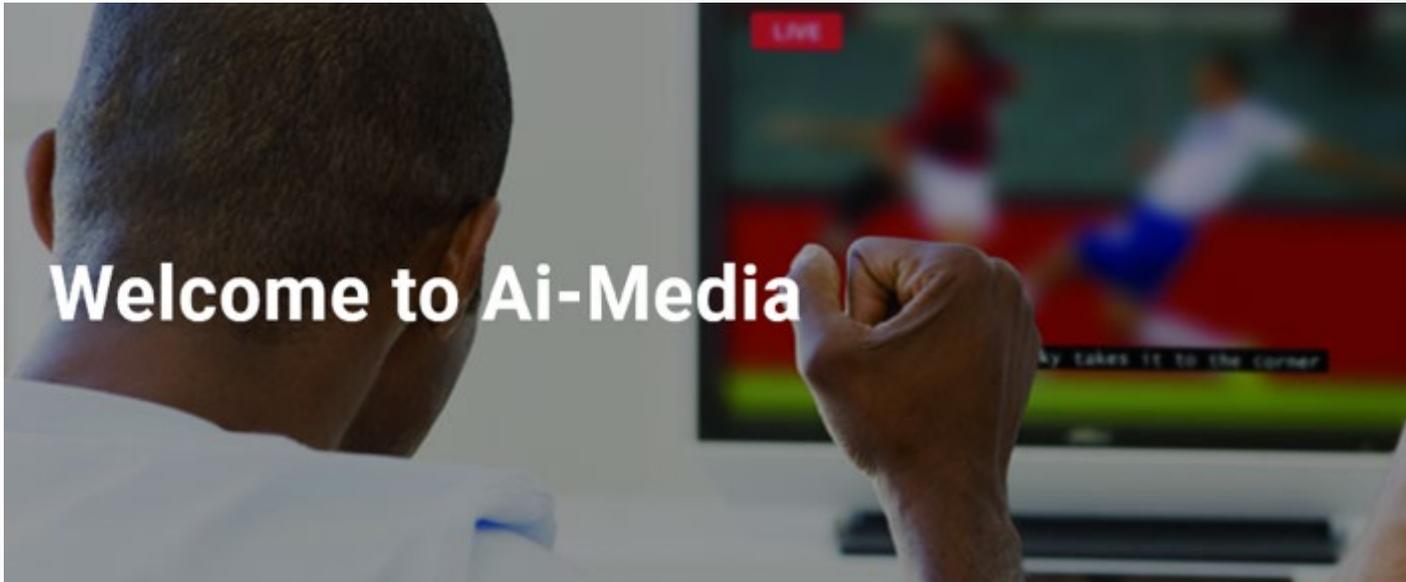
- Experienced executive with financial and strategic management expertise as CFO & COO of ASX-listed tech and biotech companies
- Graduate of the Australian Institute of Company Directors and Chartered Secretaries Australia
- CPA with Bachelor of Economics from Macquarie University

Agenda

1. Overview of Ai-Media
2. H1 FY21 Highlights
3. Financial Performance
4. Operational Performance
5. Outlook
6. Appendix

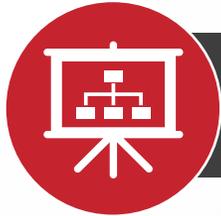


Overview of Ai-Media



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
- Successful 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 and home working



Consolidating Market

- The acquisitions of ACS, Caption IT and CaptionAccess present a unique opportunity to realise synergies and enhance presence in the key North American markets
- More consolidation opportunities expected



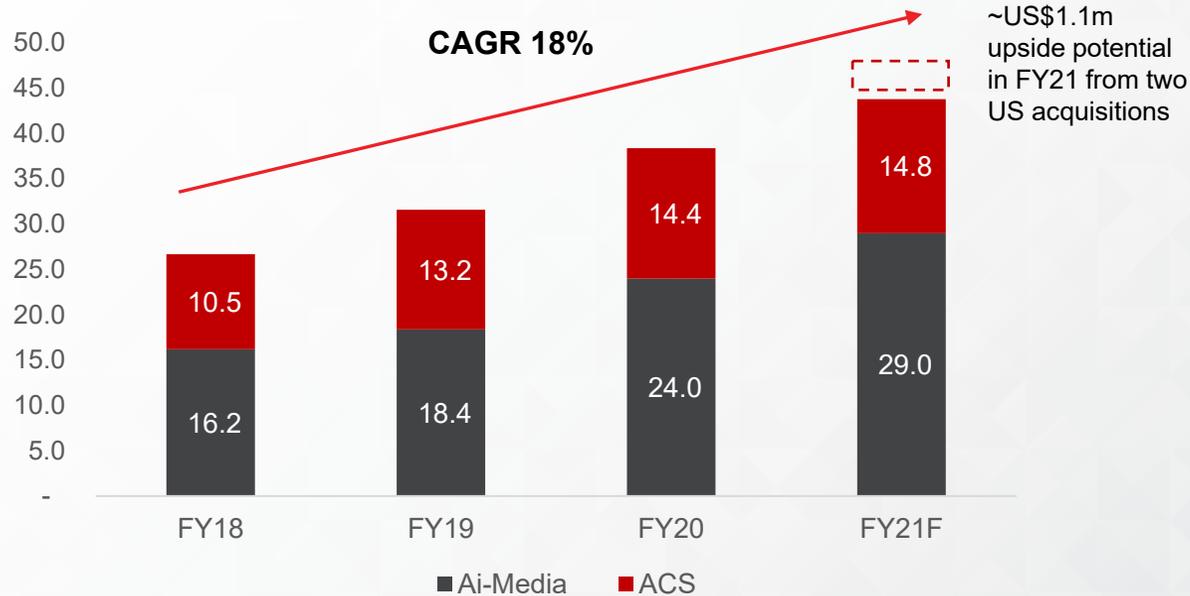
Our People

- Experienced Board and management team, supported by approximately 173 full-time staff and over 2,000 casual, crowd-sourced freelancers and contractor personnel²

(1) Investment since 2009
(2) As at 31 December 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 2,300 customers globally
- ✓ High level of repeating revenue
- ✓ Diversified revenue by customer and region



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

H1 FY21 Highlights

H1 FY21 Highlights

\$22.7 million
Services Revenue



29% on pcp¹
99%+ repeating revenue

7.1 million
Captioned Minutes



37% on pcp

Agreed to
acquisitions of
Caption IT and
CaptionAccess

(A\$1.9m paid Jan 2021)

\$8.8 million
Gross Profit



In line with
prospectus forecast

60% per cent
Revenue from Live
Enterprise



from 50% in pcp¹

\$8.8 million
Cash Balance

With balance sheet capacity to
pursue further growth opportunities

1. On a constant currency basis

Leading global media access provider across three key product lines



	Live Enterprise	Live Broadcast	Recorded
H1 FY21 Revenue	<p>60%</p>	<p>16%</p>	<p>24%</p>
Growth vs pcp (pro forma)	55%	-11% ²	16%
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 type ¹	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) Customer types are not listed in order of significance

(2) Decrease in Live Broadcast due to limited sports events during COVID.

Financial Performance

Profit and Loss

	H1 FY21	H1 FY20 ⁽¹⁾	Var	Var
	\$m	\$m	\$m	%
Service revenue	22.7	18.0	4.7	26%
Other revenue	0.2	0.9	(0.7)	(79%)
Total Revenue	22.9	18.9	4.0	21%
Cost of sales	(14.1)	(11.1)	(3.0)	27%
Gross Profit	8.8	7.8	1.0	13%
Operating expenses	(15.8)	(11.0)	(4.8)	44%
EBITDA	(7.0)	(3.2)	(3.8)	119%
Depreciation and amortisation	(1.5)	(1.2)	(0.3)	27%
EBIT	(8.5)	(4.4)	(4.1)	94%
Net interest expense	(2.4)	(0.3)	(2.1)	687%
Profit/(loss) before tax	(10.9)	(4.7)	(6.2)	132%
Income tax benefit / (expense)	3.4	1.3	2.1	162%
Net profit/(loss) after tax	(7.5)	(3.4)	(4.1)	120%
Gross Profit % (ex other income)	38%	38%		

Revenue:

- H1 FY21 Service revenue growth of 26% pcp, driven by increasing demand for accessibility services in remote work environment. 29% growth on currency neutral basis.
- Significant growth in H1 FY21 Service revenue was achieved at stable Gross Margin of 38%.

Opex:

- H1 FY21 operating expenses include one-off expenses relating to IPO listing of \$3m, settlement of the old employee share scheme of \$0.9m and restructuring costs of \$0.2m.
- Net interest expense include costs relating to the settlement of the convertible notes during IPO

EBITDA:

- Normalised H1 FY21 EBITDA loss of (\$3.8m) excluding IPO and restructuring costs

1. 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 P&L is unaudited.

Balance Sheet

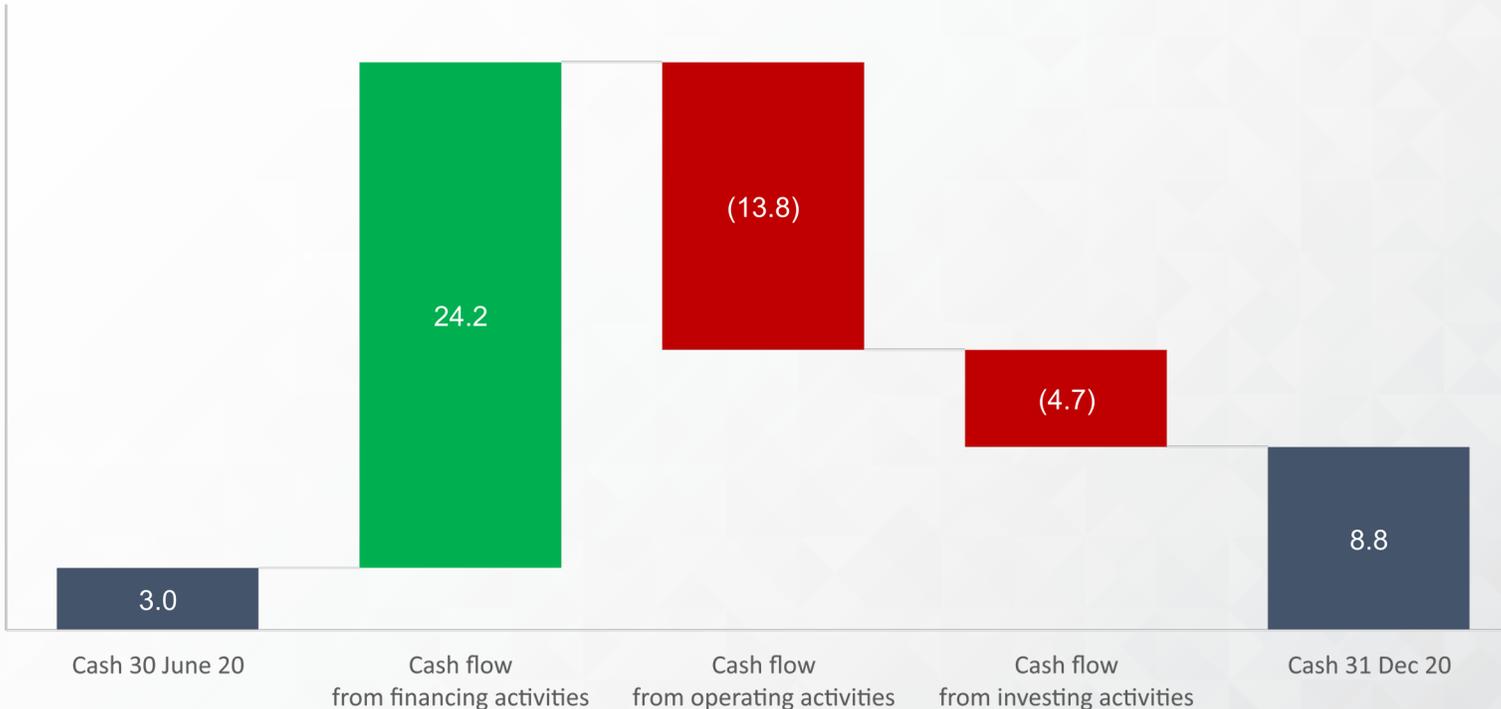
	Notes	31-Dec-20	30-Jun-20	Var
		\$m	\$m	\$m
Cash and cash equivalent	1	8.8	3.0	5.8
Secured deposits	1	0.3	0.3	-
Trade receivables	2	8.4	5.4	3.0
Other receivables		1.1	0.7	0.3
Other current assets		0.6	0.4	0.2
Total current assets		19.1	9.8	9.3
Property, plant and equipment		1.3	1.1	0.2
Right-of-use assets		0.9	1.1	(0.2)
Intangibles		11.4	11.2	0.2
Deferred assets		7.5	3.3	4.1
Total non-current assets		21.1	16.8	4.3
Total assets		40.2	26.6	13.6
Trade payables	3	1.4	1.6	(0.3)
Accrued expenses	3	3.5	3.0	0.4
Cash-settled share-based payments	3	-	3.0	(3.0)
Borrowings	4	0.9	16.9	(16.0)
Other		3.2	8.6	(5.3)
Total current liabilities		9.0	33.1	(24.1)
Borrowings	4	0.7	1.5	(0.8)
Other		0.6	0.7	(0.1)
Total non-current liabilities		1.4	2.2	(0.9)
Total liabilities		10.4	35.4	(25.0)
Net (liabilities)/assets		29.8	(8.8)	38.6
Equity		29.8	(8.8)	38.6

Comments:

1. Movements in cash are discussed on slide 15.
2. Growth in trade receivables is driven by increase in sales.
3. Trade payables and accrued expenses remained on comparable level between periods. Employee share based payment accrual was settled during IPO.
4. Settlement on convertible notes, ACS vendor loan and shareholders loans as a part of IPO.

Cashflow

H1 FY21 Cash Flow



- The overall cash position is in line with the company forecast and net cash used in operating activities will continue to reduce in H2 FY21.
- Cash outflows for the period included IPO related payments which included:
 - ACS vendor loan
 - payments to close out Ai-Media's prior employee share schemes and associated tax payments.

Operational Performance

Key Operating Metrics – H1 FY21 v H1 FY20

	H1 FY21 Actuals	H1 FY20 Pro forma (Reported Currency)	FY21F Prospectus (Pro Forma Forecast)
Key operating metrics			
Total captioned minutes (millions)	7.1	5.2	13.8
Total captioned minutes (% increase pcp)	37.4%	21.2%	23.0%
Services revenue / captioned minute (\$/min)	3.2	3.5	3.2
Margin per minute (\$/min)	1.2	1.3	1.3
Total Full Time Headcount (period end)	173	145	174
<i>*H1 FY20 at FY21 exchange rates</i>			
Margin per minute %	37.9%	38.3%	41.1%

- Delivered 7.1m captioned minutes in H1 FY21 with growth of 37% compared to prior comparative period, driven by Enterprise across all regions. Live Enterprise minutes increased by 40% compared to H1 FY20.
- Average Service Revenue per minute was lower at \$3.20 in H1 FY21 compared to prior comparative period, due to the change in service product mix and appreciation of Australian Dollar.
- Actual Headcount as at December 2020 is 173. The increase over the last year is driven by investment in operations, sales, product and IT roles.

Services revenue growth rate tracking ahead of prospectus forecast

Services Revenue (A\$m)

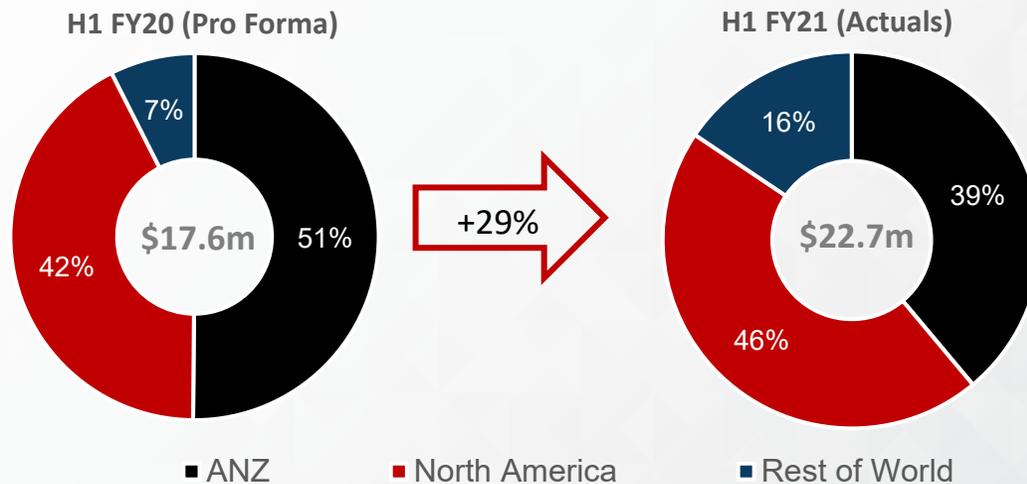


- Higher proportion of Services revenue derived offshore in USD, CAD, GBP and SGD ~ 61% in H1 FY21.
- Movement in AUD / USD in H1 FY21 had an adverse impact on revenue growth over the comparable period in FY20.
- Services Revenue Growth tracking ahead of Prospectus forecasts of 20%.

Strong growth in offshore markets

Segment Revenue	H1 FY20	H1 FY21	Var	Var
	\$m	\$m	\$m	%
ANZ	8.9	8.9	(0.0)	(0.5%)
North America	7.5	10.3	2.8	37.9%
ROW	1.2	3.5	2.3	195.0%
Total	17.6	22.7	5.1	29.2%

Services Revenue Geographic Mix %

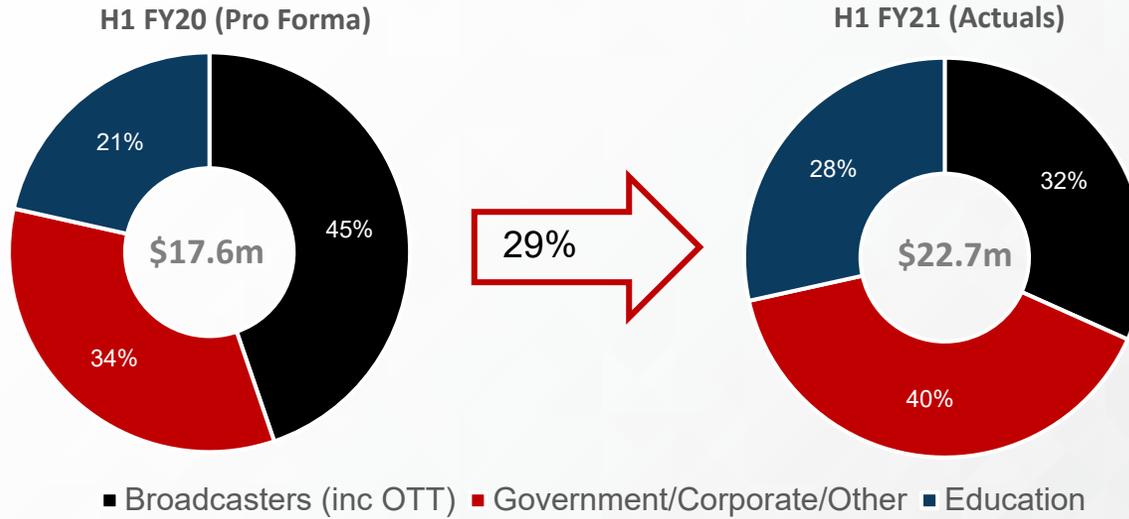


- Strong growth across all offshore markets
- Acceleration of Zoom captioning globally
- Increasing multilingual recorded and live work

Rest of World (ROW) includes EMEA and Asia

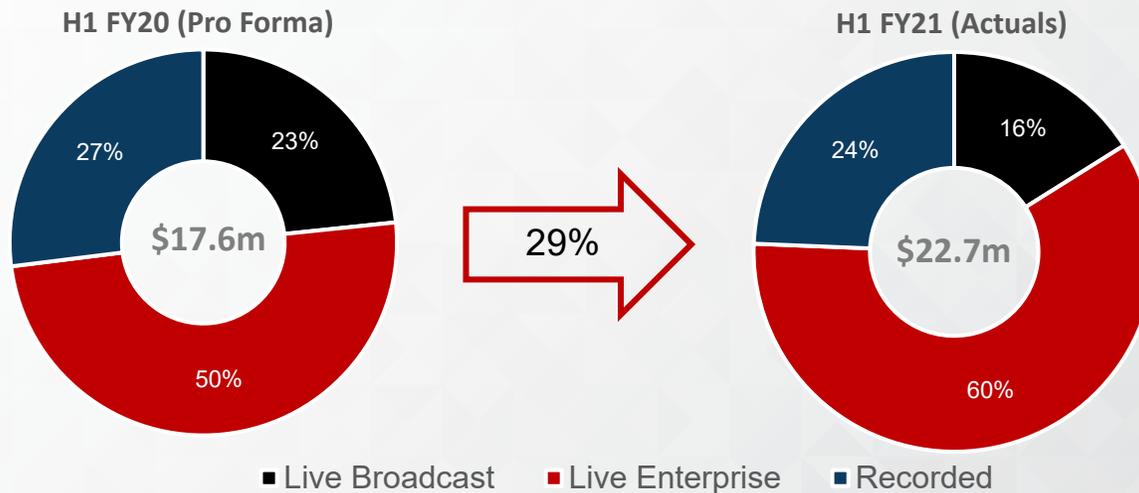
Customer Mix Analysis

Services Revenue by Customer Mix %



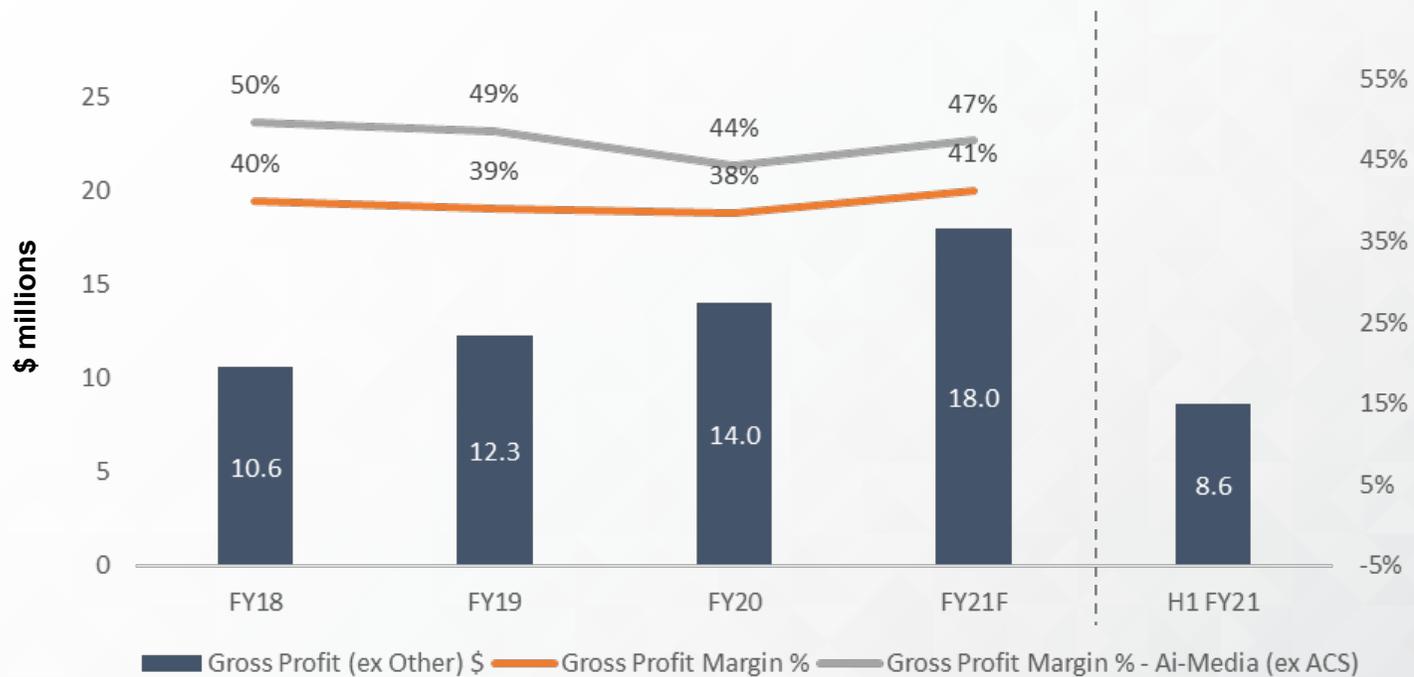
- Continuous shift from Broadcast clients toward Government, Corporate and Education clients
- Strong growth in Live Enterprise revenue from 50% of total revenue in H1 FY20 to 60% in H1 FY21

Services Revenue Product Mix %



Charts above are based on management accounts

Annual gross profit and gross profit margin %



Gross profit margin % improvement expected in FY21

- A series of cost-saving improvement projects including the implementation of new technology along with identified labour cost savings
- Margin improvements at ACS from the utilisation of the Ai-Media technology platform

Gross margin and gross profit margin percentages presented above excludes gross margin from other revenue

Key customer wins



شبكة الجزيرة الإعلامية
ALJAZEERA MEDIA NETWORK



PARLIAMENT



Outlook

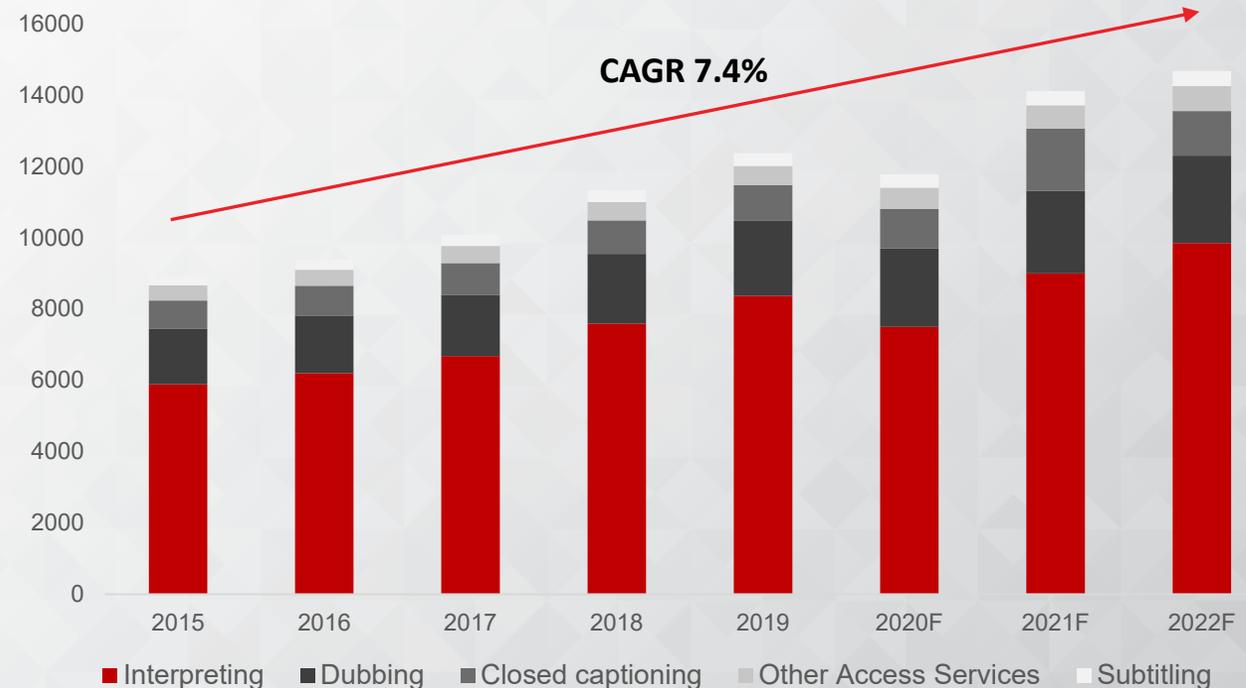
Growing global market forecast to be US\$14.7bn by 2022

- 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**

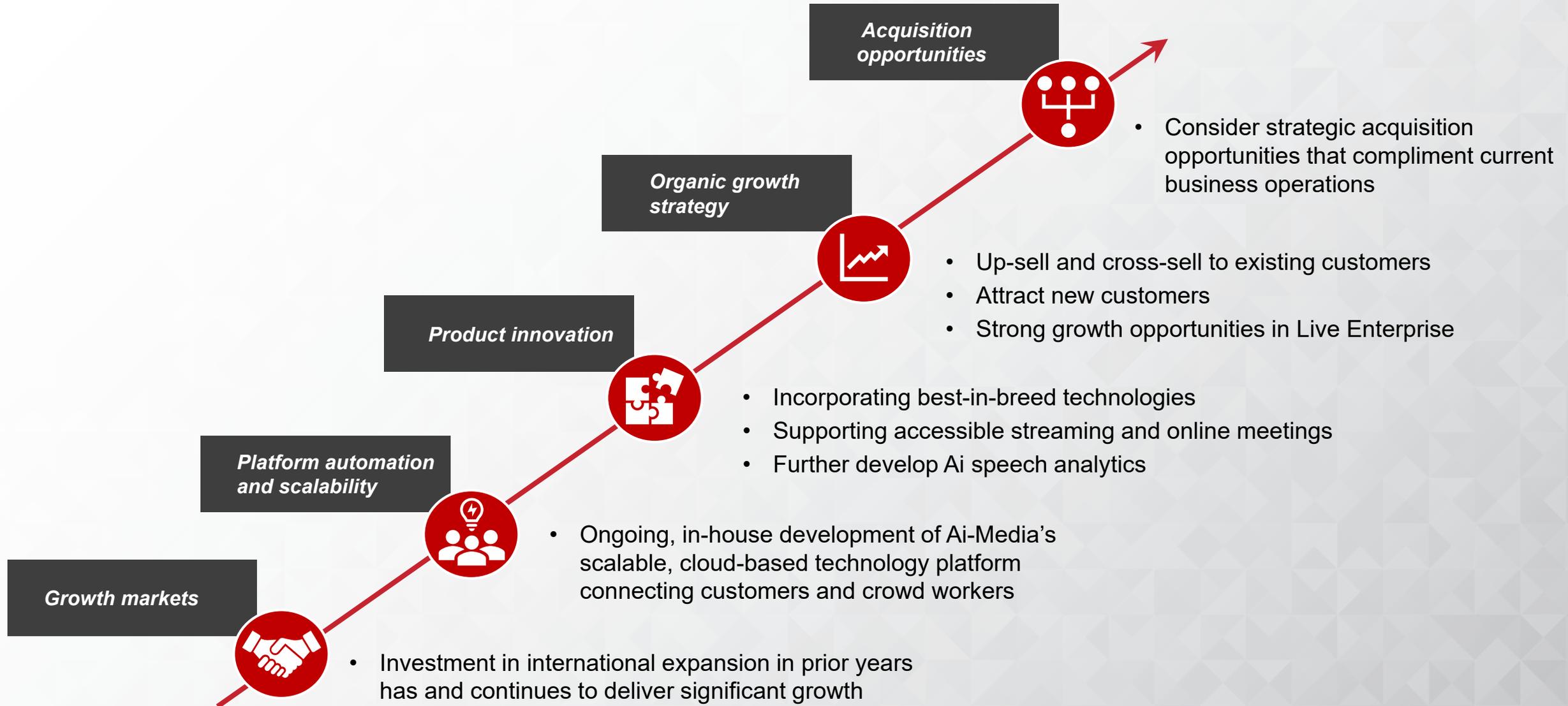
Key growth drivers

- 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)



Multiple levers of growth

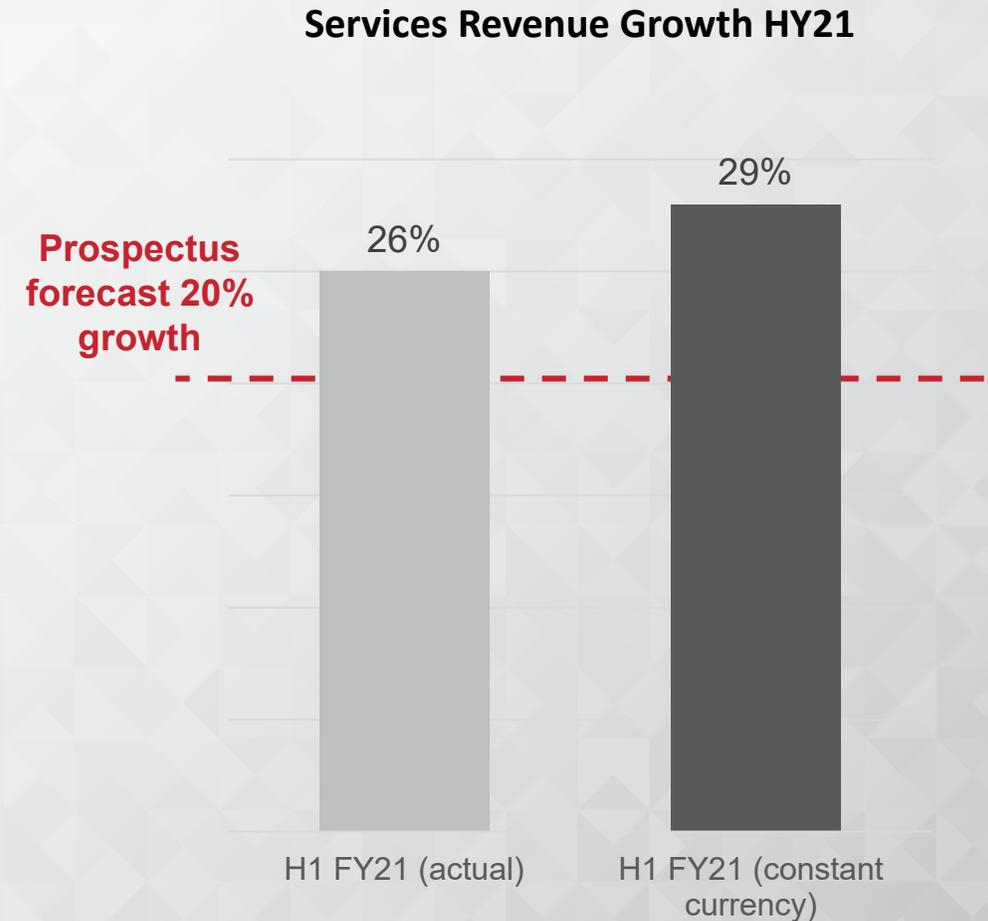


Acceleration in consolidation opportunities across our markets



Upside on Prospectus forecast revenue growth of 20%

- **Reaffirm FY21 Prospectus forecasts across existing business including \$43.8m in FY21 Services revenue notwithstanding stronger \$A**
- Completion of Caption IT and Caption Access acquisitions on 4 January 2021 provides further upside to FY21 forecasts with revenue of US\$1.1m expected in the second half
- First half services revenue growth tracking ahead of internal phased forecast aligned to Prospectus forecasts
- Increased geographic diversity as share of revenue from outside of Australia increases significantly
- Live Enterprise is the engine of global growth as Video becomes embedded as core communications tool for Business and Education enterprises
- Ramping up capacity to meet higher demand expected to be sustained beyond COVID-19 restrictions easing - "No-one will unlearn Zoom"
- Strong pipeline for new security-led sales



Tribute to Leonie Jackson



IN LOVING MEMORY

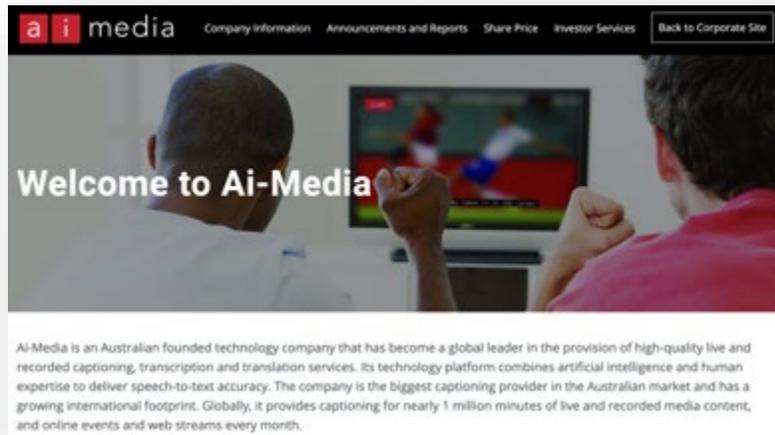
Leonie Jackson

16 JANUARY 1971 ~ 17 JANUARY 2021

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Q&A

For further information



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Appendix

Key financial and operational metrics by half

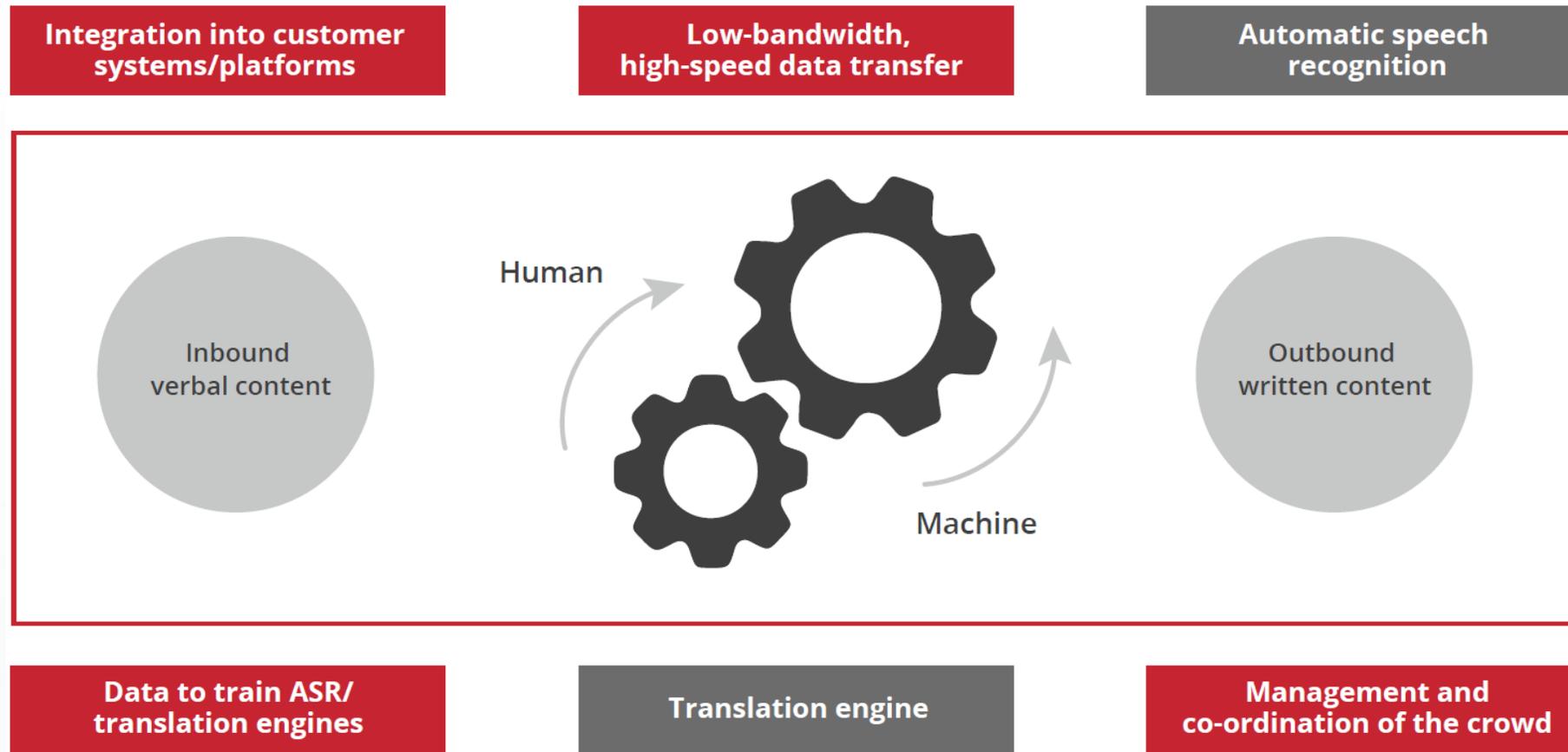
	1H FY21	1H FY20 Pro forma
Key operating metrics		
Total captioned minutes ('000)	7.1	5.2
Services revenue / captioned minute	3.2	3.5
Cost / captioned minute	2.0	2.1
Margin per minute	1.2	1.3
<hr/>		
Key financial metrics		
Services revenue growth	26.3%	21.2%
Revenue growth	21.3%	26.9%
Gross profit margin - ex other income	37.9%	38.2%
Gross profit growth (% increase pcp)	12.9%	31.3%
Gross profit growth - ex other income (% increase pcp)	24.9%	16.9%
Business development expense (as % of service revenue)	1.5%	6.4%

Gross profit in H1 FY20 include ~\$0.9m of one-off equipment sale

Investment highlights

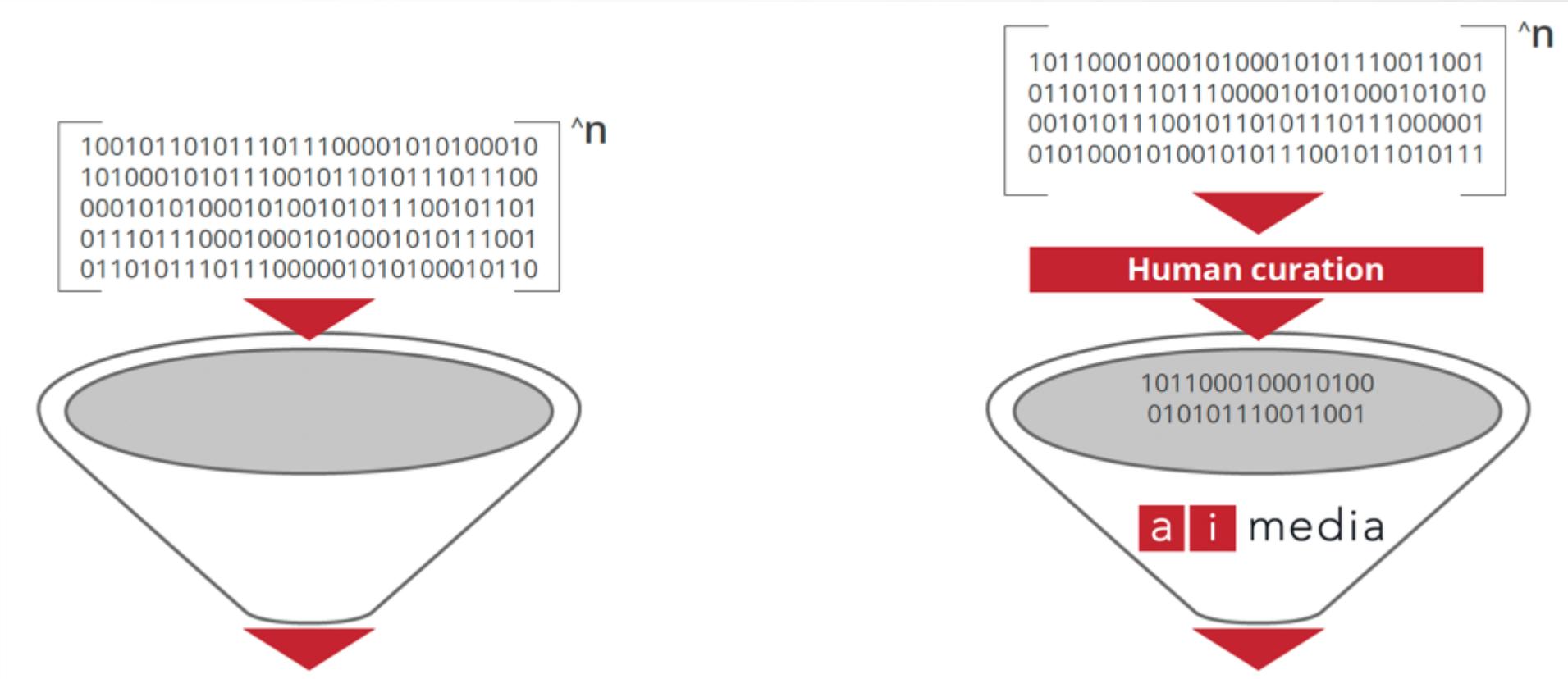
- 1 Large and growing market supported by regulatory requirements and COVID-19 tailwinds
- 2 Established global presence and employee network
- 3 Industry leading platform providing a scalable business model
- 4 Large and diverse customer base with repetitive revenue
- 5 Strong revenue growth and consistent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

A cloud based scalable technology platform



■ developed by Ai-Media ■ externally developed

Accuracy driven by the combination of human curation & machine capability



Increased data required more rules and less accuracy (>8%* error)

Curated data increases accuracy and efficiency (~0.5% error)

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

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.