

ASX ANNOUNCEMENT

Ai-Media Q4 FY21 Quarterly Activities Report and Appendix 4C

Business highlights

- Successfully completed the acquisition of EEG Enterprises (EEG), a market-leading video and captioning technology company
- Raised A\$40 million in capital to fund the EEG acquisition and future growth opportunities
- Secured a three-year contract with Sky News Australia for 24/7 captioning of news programming using Ai-Media's new *Smart Lexi*™ product
- Changed business name to Ai-Media Technologies Limited
- M&A integrations proceeding ahead of schedule
- Full-year results and investor briefing to be held on 26 August 2021 at 11am AEST

Financial highlights

- Ai-Media generated \$5.0 million in positive operating cashflow in Q4 FY21, a \$6.6m improvement on Q3 FY21
- Pro forma Services revenue growth exceeded 25% on a constant currency basis on the prior corresponding period (pcp)
- Ai-Media reaffirms its FY21 prospectus forecast in advance of full year results, with additional upside from the acquisitions
- Cash balance at 30 June 2021 of \$17.8 million

Melbourne, Australia, 27th July 2021: Ai-Media Technologies Limited (**Ai-Media or Company**) (**ASX: AIM**), a global provider of technology-driven captioning, transcription and translation services, is pleased to provide the following highlights on its business activities and financial performance.

Ai-Media Co-Founder and CEO Tony Abrahams said: "Ai-Media achieved significant milestones in this quarter that lay the foundations for continued growth and profitability in the years ahead. The acquisition of EEG, combined with our new *Smart Lexi* offering and further product innovation, position Ai-Media as a global one-stop shop for live captioning, transcription and translation – with three different price points for premium, automated and semi-automated delivery. We are seeing significant interest in this simplified approach across corporate, education and broadcast customers around the world."

Financial and Operational Performance

Ai-Media continues to deliver strong Services revenue growth exceeding 25% on a pro forma constant currency basis on the pcp.

During the quarter, net cash from operating activities was \$5.0 million, which represents a \$6.6 million improvement from the prior quarter. This includes benefits from active working capital management and the EEG acquisition. Total customer receipts for Q4 were approximately \$17.9 million, an increase of \$7.2 million over the prior quarter.



As at 30 June 2021, the cash balance was \$17.8 million, including \$5.3 million held in escrow as part of the EEG earnout arrangements.

In April, Ai-Media announced the launch of its transformational Smart ASR product, which combines artificial intelligence and machine learning automation with a final layer of human-curated, custom ASR dictionaries, to deliver high-quality captioning at half the price of Ai-Media's premium service.

In May, Ai-Media completed the acquisition of EEG. The acquisition of EEG brought a significant and valuable US customer base and added to Ai-Media's technology suite, especially EEG's flagship automatic captioning product, **Lexi**.

Ai-Media has now merged the Lexi and Smart ASR technologies and rebranded its semi-automated Smart ASR product as **Smart Lexi**. The benefits of **Smart Lexi** have been immediately recognised by customers. In May, Sky News Australia signed a new three-year contract with Ai-Media, enabling 24/7 captioning of its news programming for the first time.

Ai-Media's tiered services now range from fully automated (**Lexi**), semi-automated (**Smart Lexi**) through to premium live human-curated options (**Ai-Live**), delivering multiple quality and price points for customers, and cementing Ai-Media's position as a technology leader in the fast-growing global live captioning, transcription and translation market.

A change of name reflecting global technology leadership

The change of company name, to Ai-Media Technologies Limited, was approved by shareholders at the 29 June 2021 Extraordinary General Meeting, and better reflects the Company's global technology leadership and future strategic direction.

Strong capital position

Ai-Media maintains a strong balance sheet with minimal debt.

During the quarter the Company issued new equity to fund the acquisition of EEG and provide additional capital to fund future growth plans. Under the terms of the EEG acquisition, Ai-Media issued 14,630,017 shares to the vendors at an effective issue price of A\$0.876 per share. In late April, the Company announced an equity raising at \$0.80 per share that comprised a fully underwritten institutional entitlement offer and a share placement of approximately A\$35.0 million and an underwritten retail entitlement offer of approximately A\$5.0 million.

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

Authorised for release by the 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 and Canada. 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

Ai-Media provides the following comparison of its actual expenditure since admission to the ASX in 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	7.1
Sales and marketing	5.0	1.5
Investment in ongoing product development and platform automation	5.0	3.0
Payment of ACS vendor loan	2.8	2.7
Cash incentive scheme	3.4	3.7
Costs relating to the offer	5.8	5.3
Repayment of shareholder loans	2.5	2.4
Total Uses *	30.0	25.7

* 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

Ai-Media Technologies Limited

ABN

12 122 058 708

Quarter ended (current quarter)

30 June 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		17,869	49,530
1.2 Payments for			
(a) research and development		(647)	(2,283)
(b) product manufacturing and operating costs		(6,970)	(31,406)
(c) advertising and marketing		(229)	(717)
(d) leased assets		(60)	(267)
(e) staff costs		(4,759)	(15,426)
(f) administration and corporate costs		(118)	(2,385)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		0	22
1.5 Interest and other costs of finance paid		(27)	(448)
1.6 Income taxes paid		(24)	(52)
1.7 Government grants and tax incentives		-	88
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		5,035	(3,344)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses	(28,730)	(33,525)
	(c) property, plant and equipment	(103)	(742)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	(613)	(2,355)
	(g) distributions of equity related entitlements	-	(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)	-	-
2.6	Net cash from / (used in) investing activities	(29,446)	(47,770)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	40,008	77,324
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	(2,017)	(4,349)
3.5	Proceeds from borrowings	(104)	(3,838)
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (IPO Costs)	(25)	(3,051)
3.10	Net cash from / (used in) financing activities	37,862	66,086

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,376	2,994
4.2	Net cash from / (used in) operating activities (item 1.9 above)	5,035	(3,344)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(29,446)	(47,770)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	37,862	66,086
4.5	Effect of movement in exchange rates on cash held	17	(122)
4.6	Cash and cash equivalents at end of period	17,844	17,844

5.	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	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	17,844	4,376
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	17,844	4,376

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	295
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
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7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end	-	
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

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	5,035
8.2	Cash and cash equivalents at quarter end (item 4.6)	17,844
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	17,844
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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.

27 July 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.