



## ASX ANNOUNCEMENT

28 April 2022

### **Ai-Media accelerates technology-driven growth and positive operating cashflow in Q3 FY22**

**Melbourne, Australia, 28 April 2022:** 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 for the quarter ended 31 March 2022.

#### Highlights

- **Revenue of \$14.6 million for Q3 FY22, up 28% on the prior comparative period (pcp) of Q3 FY21, with gross margins exceeding 50% (vs 38% on the pcp)**
- **Cashflow from operating activities of \$0.1 million for the quarter, a \$1.7 million improvement on the pcp**
- **Strong cash balance at 31 March 2022 of \$14.3 million, inclusive of \$0.5 million in current quarter (YTD \$0.9 million) spent on the share buyback, a decrease of \$1.6 million on Q2 FY22**
- **Increased adoption of our automated SaaS products Lexi and Smart Lexi with volumes up 135% on pcp and 47% on Q2 FY22**
- **Continued growth in iCap platform minutes, with volumes up 34% on pcp and up 8% on Q2 FY22**
- **Strong enterprise-grade technology-led sales pipeline, first strategic partnership signed with Hopin platform**
- **Ai-Media reaffirms FY22 full year guidance of Revenue of \$60-\$62m and positive EBITDA**

**Ai-Media Co-Founder and CEO Tony Abrahams said:** “We are excited to have demonstrated another quarter of accelerating growth in our marquee technology products Lexi and Smart Lexi, in line with our strategy to keep increasing our share of recurring SaaS revenue. The launch of Lexi and Smart Lexi 2.0 last quarter bolstered the quality of our SaaS offerings, and we are focused on constantly improving our product suite to deliver the best captioning quality on the market, at every price point.

“We also continue to diversify our client base with our strategic partnership with global live events and streaming platform Hopin to distribute our live captioning solutions to its large client base. Hopin has hosted more than 80,000 events and amassed more than 100,000 customers since it launched in 2019. Further partnership announcements are expected in coming months.

“Another exciting opportunity for Ai-Media is the increasing demand for organisations to offer and distribute accessible content to their audiences. With the strength, security and capability of our unique product suite, powered by iCap, we are well positioned to service these organisations by providing reliable and scalable solutions for captioning, transcription and translation in multiple languages and in any location.



“Of particular note, major broadcasters are increasingly adding more content online, for which our iCap Alta and Lexi and Smart Lexi products are uniquely well designed. Many broadcasters are seeking automated solutions to manage costs while maintaining quality and meeting legislative requirements. We have been making good progress in this area with organisations in APAC, EMEA and North America, which we expect will help us deliver stronger revenue results in the quarters ahead.

“It is reassuring to see that total revenue remains stable quarter on quarter while we are transitioning much of the business to lower cost, higher margin SaaS sales.”

## **Updates on product suite**

### Lexi and Smart Lexi

Adoption of Lexi and Smart Lexi continues to accelerate with volumes up 135% on pcp and 47% quarter over quarter. This acceleration in SaaS revenue is driven by customers' increased confidence in the performance of Lexi and Smart Lexi in market; and reflects the increasing sales and marketing investments made since the start of 2022.

### Multilingual offerings

Ai-Media continues to enhance its multilingual offerings, with the share of revenue derived from multilingual sales growing especially strongly in the EMEA region.

## **Financial and Operational Performance**

Q3 FY22 Revenue of \$14.6 million was up 28% on the pcp (Q3 FY21: \$11.4 million) and in line with Q2 FY22 Revenue of \$14.7 million.

Gross margins continue to exceed 50% (pcp 38%) enhanced by the growth in the proportion of SaaS products and delivery improvements.

Ai-Media operating cashflow for the March quarter at \$0.1 million was up \$1.7m on prior comparable period. This result was driven in part by the operating performance and improvements in working capital.

Cash balance at 31 March 2022 of \$14.3 million, which is a decrease of \$1.6m in comparison to Q2 FY22 after payments of almost \$0.5 million (total of \$0.9m for year to date FY22) for the share buyback and \$0.3m final retention payment to CaptionAccess and Caption IT vendors.

## **On Market Buy-Back**

From the commencement of the share buy-back program in November to 31 March 2022, 1,459,449 shares were purchased, 73% of the program's anticipated 2,000,000 shares. The total consideration was \$947,690, averaging \$0.65 per share (\$430,287 consideration for Q3 FY22, averaging \$0.58 per share).

## **CaptionAccess and Caption IT Vendors Payment**

Final 10% payment of \$0.25m (US\$0.19m) was made to CaptionAccess and Caption IT vendors for acquisition of both companies in Q3 FY22.

## **FY22 Guidance**

Ai-Media reaffirms its full year guidance of Revenue of \$60-\$62 million and positive EBITDA.

**ENDS**

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 in three price points: automated (Lexi), semi-automated (Smart Lexi), and premium (Ai-Live). 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, Ai-Media technology delivers 7 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/>.

## Legal Notices

This announcement may include forward-looking statements that relate to anticipated future events, financial performance, plans, strategies or business developments. Forward-looking statements can generally be identified by the use of words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “outlook”, “forecast” and “guidance”, or other similar words. They may include, without limitation, statements regarding plans, strategies and objectives and anticipated business developments. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements are based on the Company’s good-faith assumptions as to the financial, market, regulatory and other considerations that exist and affect the Company’s business and operations in the future and there can be no assurance that any of the assumptions will prove to be correct. There may be other factors that could cause actual results or events not to be as anticipated, and many events are beyond the reasonable control of the Company. Ai-Media’s actual results, performance or achievements may be materially different from those which may be expressed or implied by such statements, and the differences may be adverse. Accordingly, you should not place undue reliance on these forward-looking statements. Any forward-looking statements in this announcement are only made as at the date of this announcement and, to the maximum extent permitted by law, Ai-Media disclaims any obligation or undertaking to update or revise any forward-looking statements or to advise of any change in assumptions on which any such statement is based.

## 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)**

31 March 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	16,001	47,703
1.2 Payments for		
(a) research and development	(43)	(515)
(b) product manufacturing and operating costs	(9,592)	(26,649)
(c) advertising and marketing	(259)	(710)
(d) leased assets	(85)	(253)
(e) staff costs	(5,309)	(15,783)
(f) administration and corporate costs	(485)	(1,118)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	6
1.5 Interest and other costs of finance paid	(67)	(197)
1.6 Income taxes paid	(47)	(89)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>115</b>	<b>2,395</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	(251)	(1,846)
(c) property, plant and equipment	(148)	(433)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(381)	(1,654)
(g) distributions of equity related entitlements	-	-
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>(780)</b>	<b>(3,933)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Cash used in current shares buyback	(477)	(939)
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	-	(47)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(304)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other including AASB16 lease liabilities *	(215)	(662)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(692)</b>	<b>(1,952)</b>

\*Note: for the year-to-date lease liabilities, excepting the current period, these have been reallocated from operating expenses.

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 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	15,883	17,844
4.2	Net cash from / (used in) operating activities (item 1.9 above)	115	2,395
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(780)	(3,932)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(692)	(1,952)
4.5	Effect of movement in exchange rates on cash held	(200)	(29)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>14,326</b>	<b>14,326</b>

<b>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</b>		<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	14,326	15,883
5.2	Call deposits	-	-
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>14,326</b>	<b>15,883</b>

<b>6. 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	221
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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<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	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
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

<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)	115
8.2	Cash and cash equivalents at quarter end (item 4.6)	14,326
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	14,326
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	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.

28 Apr 2022

Date: .....

The board of Directors

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.