



ASX Announcement

26 February 2024

Record technology sales drive growth in revenue, margin, EBITDA and operating cash flow in H1 FY24

Sydney, Australia, 26 February 2024: AI-Media Technologies Limited ('AI-Media' or the 'Company') (ASX: AIM), a global provider of technology driven captioning, transcription and translation services, is pleased to present its financial results for the half year ending 31 December 2023 (H1 FY24).

Highlights

- Revenue of \$32.7 million, up 10% on the prior corresponding period (pcp) of H1 FY23
- Technology revenue of \$15.6 million, up 38% on the pcp, underpinned by growth in LEXI revenue of 54% on the pcp
- Gross profit of \$20.5 million, up 16% on the pcp, with gross margin lifting to 63%
- A 39% increase in EBITDA on the pcp to \$1.9 million, highlighting the impact of higher margin technology revenue
- Growth in operating cash flow from \$0.6 million in the pcp to \$3.7 million, demonstrating business model scalability
- Future growth in LEXI underpinned by new languages including French and Spanish, and further innovations in the AI-driven LEXI Toolkit
- Significant new product releases in H2 FY24 to grow addressable market: LEXI Recorded, and LEXI Disaster Recovery (DR)

AI-Media Co-Founder and CEO Tony Abrahams said:

"AIM's H1 FY24 results demonstrate the success of our multi-year transformation strategy from human-in-the-loop services to scalable and integrated technology-driven AI language services products, as reflected in our growing LEXI Toolkit.

"The breakout success of LEXI 3.0 reflects the broader progress of AI. Specifically, we achieved an important milestone in H1 FY24 with LEXI outperforming more expensive legacy live human workflows for the first time.

"This half we successfully monetised hourly charging on our iCap network for third party captioning agencies without losing any iCap customers. Third parties

represent 60% (33 million minutes) of captioning volume on iCap for the half. Total iCap volume was up 19% on the pcp. LEXI represents 40% of iCap usage, up 46% from the pcp.

“Important steps were made this half in fortifying our fully integrated captioning ecosystem. Our new product releases broaden out LEXI and iCap, delivering uniquely integrated workflow solutions to our customers while growing our network globally. AIM remains the only vertically integrated live captioning player in the market.”

Financial performance

H1 FY24 further consolidated gains in growing higher margin technology revenues. The rollout of LEXI 3.0 underpinned a 38% increase in technology revenues to \$15.6 million, which drove a 10% increase in total revenue to \$32.7 million, offsetting a decline of 7% in human services revenue.

This higher margin revenue mix saw total gross profit increase by 16% on the pcp to \$20.5 million with gross margins improving to 63% from 60%. This in turn drove accelerated bottom-line improvements, with EBITDA increasing by 39% to \$1.9 million and operating cash flow by over 5 times to \$3.7 million from \$0.6 million on the pcp.

The Company’s cash balance was \$11.7 million at 31 December 2023, following the final earn-out payments for the EEG and ACS acquisitions of \$8.1 million.

Key business activities

Sustained growth in AI-powered LEXI products underpinned these results, with LEXI volumes up 46% on the pcp, delivering a 54% increase in LEXI revenue underpinned by an accelerated transition of existing customers and new customer wins.

AI-Media extended its wins of major US sporting leagues with the addition of NBA and NFL. These major US sporting league wins plus incremental growth in traditional broadcasting across new territories including Mexico, Argentina & South Africa, delivered \$5.1 million in LEXI sales in H1 FY24. Enhancements in AI-driven language solutions have strengthened business capability and AIM continues to improve and extend its suite of LEXI solutions, while strengthening its competitive moat of seamless automated workflow integration of the latest AI technologies for a wide array of broadcast, government and enterprise customers.

Outlook

Delivering a sustainable and scalable business model is at the core of AIM’s growth priorities.

Technology sales and pipeline continue to strengthen in H2 FY24, particularly in French and Spanish language markets. Customers have responded well to the launch of LEXI Recorded in February 2024. The next major product launch will be in April 2024 of LEXI Disaster Recovery (DR) at the National Association of Broadcasters (NAB) Show in Las Vegas. The NAB Show is a global gathering of content professionals from the media, entertainment and technology industries and attracts close to 100,000 attendees from 165 countries along with over 1,500 exhibitors.

The extension and enhancement of AI-Media's LEXI Toolkit delivers a competitive edge over industry peers, increasing customer retention, building long-term partnerships and laying the foundation for further growth opportunities.

These growth opportunities include new territory penetration and expansion, industries outside of broadcast, and further development of channel partners - especially systems integrators.

Board Renewal

After 14 years on the Board, and 12 years as Chair, Deanne Weir will retire from the AI-Media Board effective 29 February 2024. Mr John Martin, a non-executive director and Chair of the Audit and Risk Committee, will succeed Ms Weir as Chair.

Ms Weir said "It has been an absolute privilege to be part of the AIM story, from the very beginning 20 years ago as one of the Company's first customers, and then over the last 14 years as investor, mentor, board member and Chair."

Incoming Chair John Martin said "On behalf of the Board I want to thank Deanne for everything that she has done for AI-Media. She has been a pleasure to work with, and a driving force in the business. I am looking forward to working with the Board, Tony and the executive team in my new capacity as Chair as we continue to grow the Company and deliver increased shareholder value."

Co-Founder and CEO, Tony Abrahams, said "Deanne was a very early enthusiast of the AI-Media story, first as a customer, and later as an investor, Director, and Chair. I am particularly grateful for the crucial financial investments Deanne made between 2010 and 2014 that has allowed AI-Media to develop into the global technology company it is today.

"I am delighted that John Martin is taking over as Chair. With 14 years' experience with the AIM Board, John is energised and enthused to lead the Board as we grow our technology revenues and suite of transformational AI solutions through our flagship LEXI Toolkit."

The Company is recruiting two new Directors, the first to replace Mr Martin as Chair of the Audit and Risk Committee, and the second an AI product and technology expert with strong connections to the United States.

Webinar details

Event: AI-Media Technologies H1 FY24 Results Webinar
Presenters: Tony Abrahams (CEO & Co-Founder) and John Bird (CFO)
Date / time: 11:30am (AEDT), Monday, 26 February
Registration link: https://us02web.zoom.us/webinar/register/WN_WuBFKkuxSSy1WYnrfb988A

Investors will be able to use the Q&A function on Zoom during the webinar, or can submit their questions ahead of the webinar to

melanie@nwrcommunications.com.au

ENDS

Authorised for release by AI-Media's Board Directors.

Further Information

AI-Media Technologies

Lisa Jones

Company Secretary

investorrelations@ai-media.tv

NWR Communications

Melanie Singh

Investor Relations

melanie@nwrcommunications.com.au

About AI-Media

Founded in Australia in 2003, technology company AI-Media is a global leader in live and recorded captioning, transcription and translation solutions. The company helps the world's leading broadcasters, enterprises and government agencies ensure high accuracy, secure and cost-effective captioning via its AI-powered LEXI automatic captioning solution. LEXI captions are delivered to millions of screens worldwide via AI-Media's range of captioning encoders and its iCap Cloud Network – the world's largest, most secure caption delivery network. Globally, AI-Media delivers over 9 million minutes of live and recorded media monthly. AI-Media (ASX: AIM) commenced trading on the ASX on 15 September 2020.