

ASX ANNOUNCEMENT

Ai-Media Q3 FY21 Quarterly Activities Report and Appendix 4C

Business highlights

- **Ai-Media achieved EBITDA break-even for the month of March, and is expecting to achieve a cash-neutral position for the final quarter of FY21**
- **Ai-Media continues to experience stronger-than-forecast revenue growth across all regions in Live Enterprise**
- **Integration of recent US acquisitions Caption IT and CaptionAccess ahead of schedule and businesses performing solidly**
- **Finalised the development of our *Smart ASR* live captioning technology, which was launched in April, providing further momentum for the business**

Financial highlights

- **Cash balance at 31 March 2021 is \$4.4 million, which includes the effect of payments totalling \$2.1 million relating to the CaptionAccess and Caption IT acquisitions, in line with forecasts**
- **Ai-Media pro forma Services revenue growth again exceeded 20% on a constant currency basis on the prior corresponding period (pcp)**
- **Excluding the impact of the transaction and capital raising announced separately today, Ai-Media reaffirms its FY21 prospectus forecast, including Services revenue of \$43.8 million, gross profit of \$18.1 million and pro forma EBITDA loss of (\$4.8 million). The completion of the acquisitions of Caption IT and CaptionAccess in the US on 4 January 2021 provides upside to this forecast, with revenue of US\$1.1 million expected from these businesses in the second half of FY21**

Melbourne, Australia, 28th April 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, today releases its Appendix 4C Quarterly Cash Flow Report for the quarter ended March 2021 and is pleased to provide the following highlights on its business activities and financial performance.

Ai-Media Co-Founder and CEO Tony Abrahams said: “The business continues to deliver strong Services revenue growth, with our Live Enterprise product continuing to contribute significantly to this growth. The acquisitions we completed at the beginning of the period have also made an immediate contribution to our growth, while our *Smart ASR* product, which we launched in April, is already generating significant inquiries from current and prospective customers.

“Importantly, the business is in a strong financial position, with \$4.4 million cash and expects to be cash-neutral in the final quarter of FY21 with the group having reached break-even on an EBITDA basis in the month of March.”

Financial and Operational Performance

Ai-Media continues to deliver strong Services revenue growth exceeding 20% on a pro forma basis on the pcip.

The acquisitions of US-based Caption IT and CaptionAccess were completed on 4 January 2021 and have contributed positively to the Company's results. The integration of ACS into the Ai-Media platform accelerated in Q3, with further margin improvements to be realised in coming quarters.

During the quarter, net cash used in operating activities was (\$1.6 million), which represents a significant improvement on the Q2 result of (\$3.8 million). Total customer receipts for Q3 were approximately \$10.7 million, slightly lower than the previous quarter due to seasonality.

Importantly, in March Ai-Media reached break-even on an EBITDA basis for the month. This is a significant achievement, and the Company is forecasting to achieve a cash-neutral position for the final quarter of FY21.

Following the end of the period, the Company announced the strategic expansion of its product suite with the launch of market-leading *Smart ASR* live captioning technology. Addressing a significant market gap, *Smart ASR* targets customers seeking a more affordable captioning service, where standard 'out-of-the-box' automatic speech recognition (ASR) services do not provide sufficiently high accuracy and confidence. By layering Ai-Media's technology on existing ASR products, *Smart ASR* delivers a significant improvement over the performance of standard ASR products in market. *Smart ASR* delivers quality outcomes approximately halfway between generic 'out-of-the-box' ASR and Ai-Media's premium service. *Smart ASR* is Ai-Media's first live product that does not require real-time human curation and follows several years of in-house automation technology development, with funds from Ai-Media's recent IPO used to accelerate this product launch.

Strong capital position

Ai-Media maintains a strong balance sheet with minimal debt. This is further supported by the Company's expectations of achieving an operating cash neutral position over the coming months, driven by ongoing revenue growth and the delivery of a disciplined cost structure.

Ai-Media had cash payments of \$2.1 million in the quarter relating to the CaptionAccess and Caption IT acquisitions. These acquisitions are performing ahead of expectations and have been accretive to both top-line and bottom-line growth metrics.

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



Further Information

Investors:

Sue Sanossian
Company Secretary
+61 2 8870 7711
investorrelations@ai-media.tv

Media:

Clive Mathieson
Cato & Clive
+61 411 888 425
clive@catoandclive.com

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 around 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	8.8
Sales and marketing	5.0	1.3
Investment in ongoing product development and platform automation	5.0	1.4
Payment of ACS vendor loan	2.8	2.7
Cash incentive scheme	3.4	3.7
Costs relating to the offer	5.8	5.2
Repayment of shareholder loans	2.5	2.4
Total Uses *	30.0	25.5

* 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

Access Innovation Holdings Limited

ABN

12 122 058 708

Quarter ended (current quarter)

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	10,653	31,315
1.2 Payments for		
(a) research and development	(344)	(1,551)
(b) product manufacturing and operating costs	(7,810)	(24,436)
(c) advertising and marketing	(151)	(488)
(d) leased assets	(79)	(208)
(e) staff costs	(3,479)	(10,752)
(f) administration and corporate costs	(600)	(2,267)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	22
1.5 Interest and other costs of finance paid	(25)	(420)
1.6 Income taxes paid		(28)
1.7 Government grants and tax incentives		88
1.8 Other (provide details if material)	245	347
1.9 Net cash from / (used in) operating activities	(1,588)	(8,379)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses	(2,088)	(4,795)
	(c) property, plant and equipment	(235)	(638)
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets	(403)	(1,743)
	(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	(2,726)	(18,324)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		37,316
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		(2,332)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(77)	(3,734)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (IPO Costs)		(3,027)
3.10	Net cash from / (used in) financing activities	(77)	28,224

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	8,767	2,994
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,588)	(8,379)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,726)	(18,324)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(77)	28,224
4.5	Effect of movement in exchange rates on cash held		(139)
4.6	Cash and cash equivalents at end of period	4,376	4,376

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	4,376	8,767
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)		

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	169
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)	(1,588)
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,376
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	4,376
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1) <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>	2.7
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 April 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.
6. Cash and cash equivalents updated as at December 31 reclassifying \$272,076 of secured deposits