

The text 'H1 FY23' in white, outlined font, set against a horizontal bar with a blue-to-red gradient.

RESULTS PRESENTATION

27 February 2023

Ai-Media Technologies Limited (ASX: AIM)

Ai-Media is well positioned to benefit from the fast-emerging improvements in AI

Ai-Media is deploying the latest AI to make quality automatic live captioning and translation a reality with its global scalable and secure iCap cloud platform



Tony Abrahams

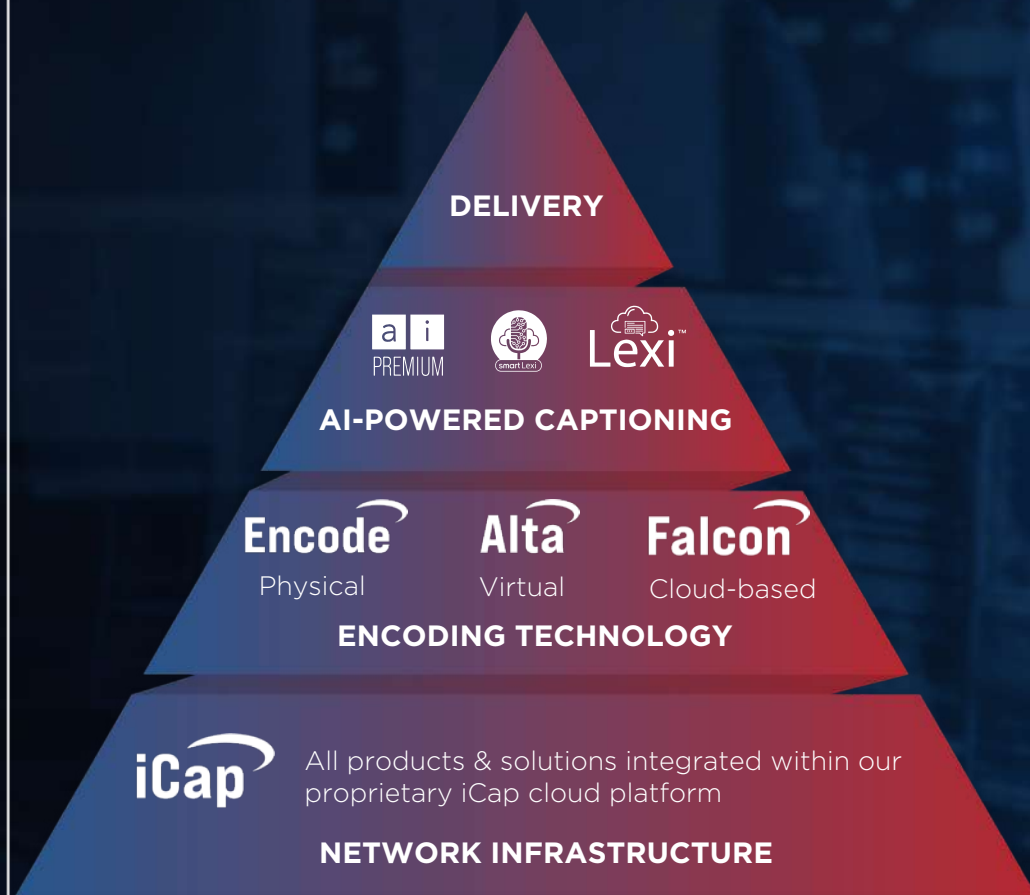
Chief Executive Officer



John Bird

Chief Financial Officer

TURNKEY SOLUTIONS POWERED BY AI-DRIVEN ENCODERS AND THE iCAP CLOUD PLATFORM



- Captions are delivered to any screen, on any platform, in any language

Ai Premium

- Human
- 99.9% accuracy
- Services margin

Smart Lexi

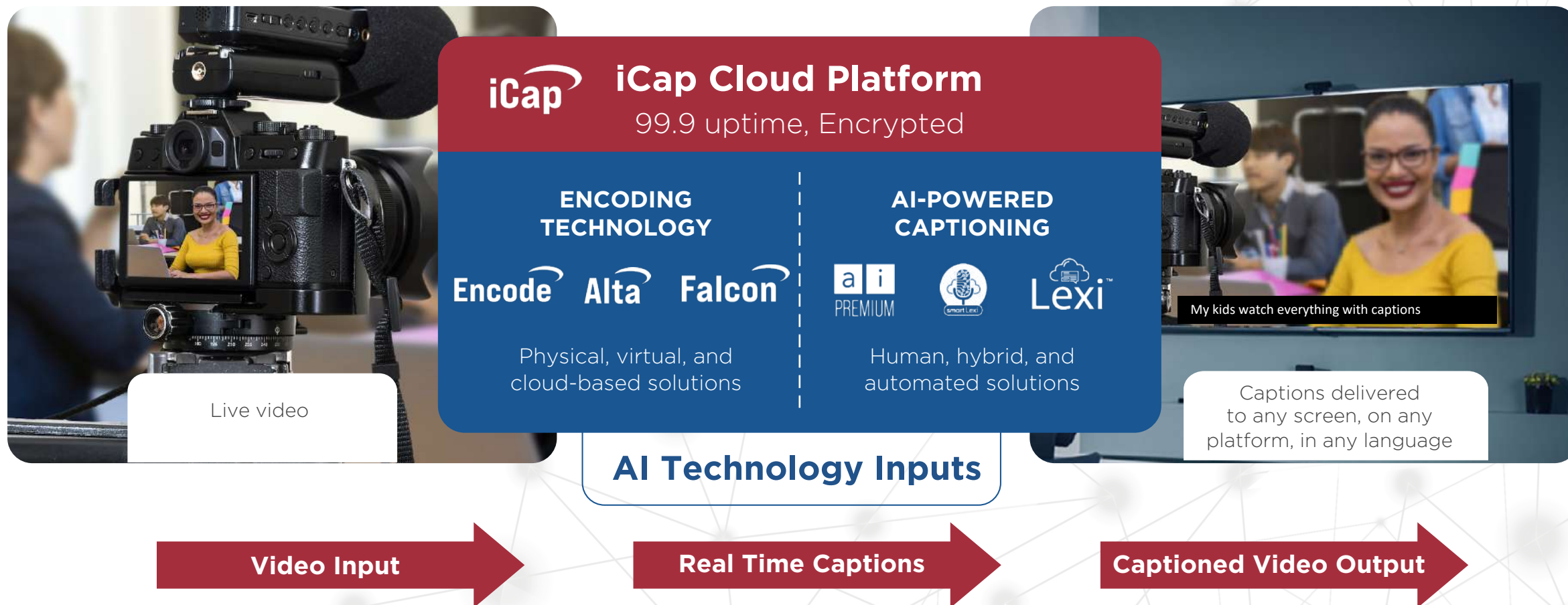
- Hybrid
- Human custom dictionaries
- 98.5% accuracy
- SaaS margin

Lexi

- Automated
- Algorithm custom dictionaries
- 98.0% accuracy
- SaaS margin

- Ai-Media iCap Encoders and iCap Cloud are needed to get the most out of ASR

MONETISING INFRASTRUCTURE AND SOLUTIONS



H1 FY23

HIGHLIGHTS

H1 FY23 HIGHLIGHTS

\$29.7M

Total Revenue

+\$0.1m on
\$29.6m in H1 FY22

+105%

LEXI¹ Minutes

15.9m minutes, up from
7.7m minutes in H1 FY22

38%

Technology Sales² Portion
of Total Revenue

Up from 28%
in H1 FY22

\$14.6M

Cash Balance

\$0.6m operating
cashflow

+13%

Gross Profit

\$17.7m compared to
\$15.7m in H1 FY22

+120%

LEXI Revenue

Growing customer
value

60%

Gross Margin

Up from 53%
in H1 FY22

+\$1.4M

EBITDA

+\$1.4m compared to
breakeven in H1 FY22

1. Includes the whole LEXI product suite

2. Includes sales from Devices and SaaS & Support

KEY GLOBAL SALES WINS

Well positioned as the leading captioning, transcription & translation solutions provider with a sticky and growing customer base, solving a broad spectrum of customer needs

			
			
			
			
			
Existing iCap Customers transitioned to LEXI	New Premium Services Customers	New iCap Customers using LEXI	New Partnerships

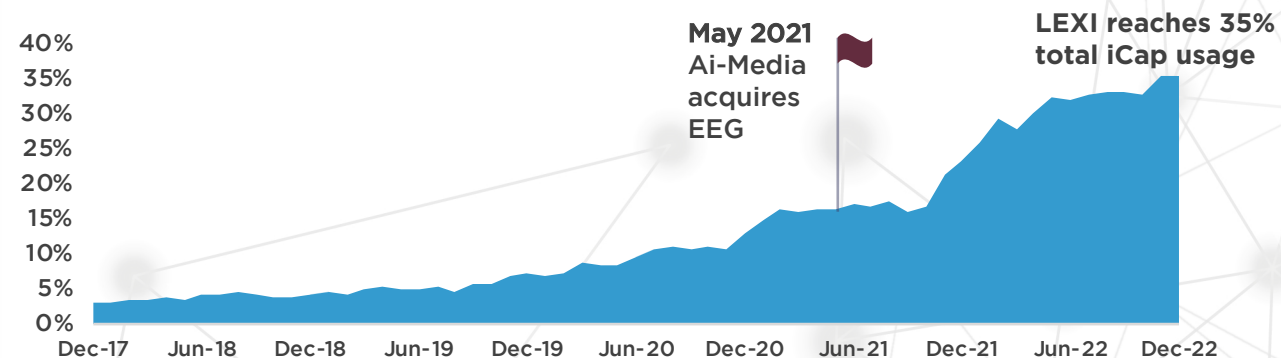
Key regions: APAC NA RoW *Renewal

iCAP GROWTH = LEXI GROWTH

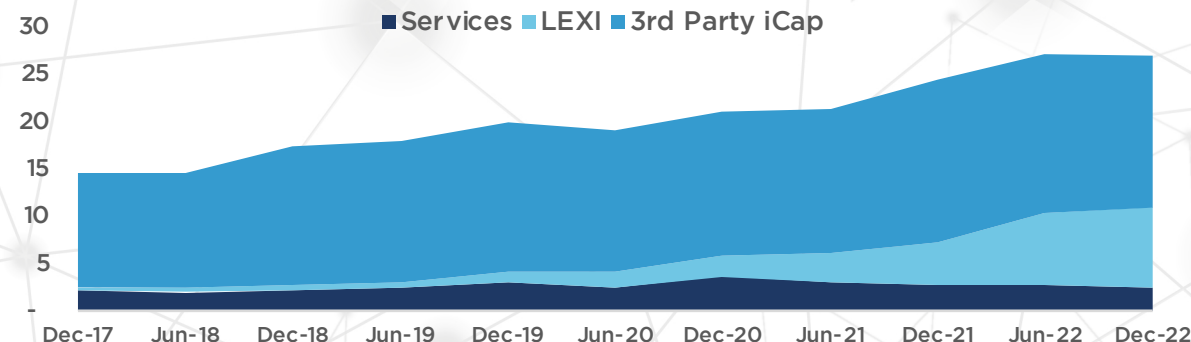
The global growth in iCap cloud platform minutes drives even faster growth in LEXI minutes

- LEXI now used on >35% of total iCap cloud platform minutes volume
- iCap cloud platform minutes volume grew by 15% on the prior comparative period (pcp) of H1 FY22
- LEXI minutes volume grew by 105% on the pcp
- LEXI revenue grew by 120% on the pcp
- The transition to SaaS revenue is accelerating and the iCap cloud platform is growing
- LEXI volume growth 7x the growth in iCap cloud platform, offsetting reductions in legacy service business

LEXI minutes as % of iCap cloud platform

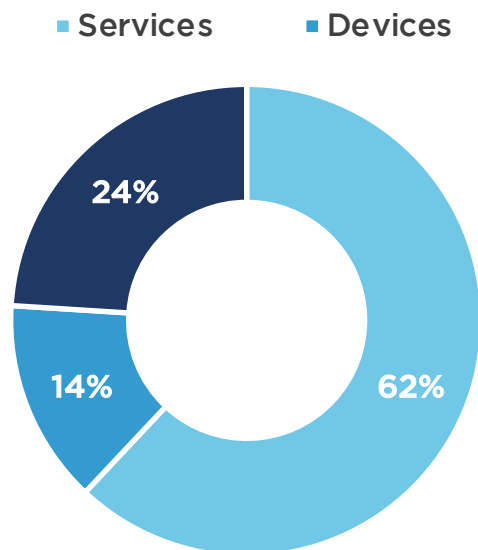


iCap cloud platform growth (minutes in millions per quarter)



SAAS GROWTH CONTINUES

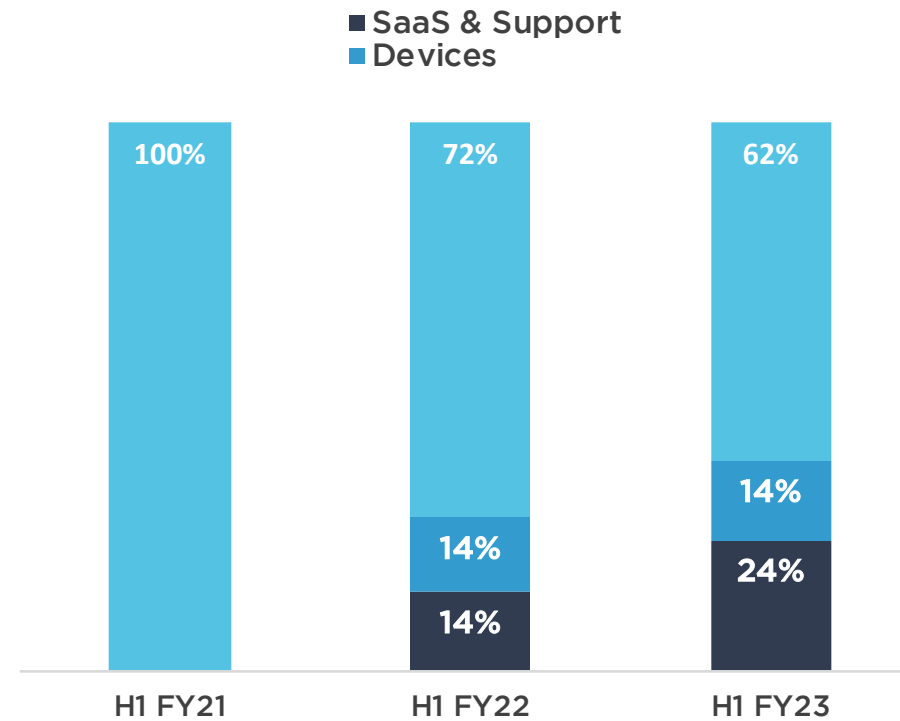
H1 FY23 Revenue Mix Technology sales = 38% of total



H1 FY23 Gross margins:

- Services >40%
- Technology sales (Devices and SaaS & Support) >80%

Higher margin technology sales products continue to grow



AI-MEDIA WINS 'CREATIVE TECH' CATEGORY AT THE NOVEMBER 2022 INNOVATIONAUS AWARDS



AI-MEDIA WINS APAC INSIDER AWARD

APAC
Insider
Australian Enterprise
Awards 2023

Winner!

ai media

Best Captioning & Translation
Solutions Provider 2023
- Australia

***AI-MEDIA WINS
2023
'APAC INSIDER'
AWARD FOR BEST
CAPTIONING &
TRANSLATION
PROVIDER***

H1 FY23

FINANCIAL PERFORMANCE

MACROECONOMIC CONDITIONS FAVOUR A VALUE-DRIVEN APPROACH

As macro conditions put pressure on customer budgets, Ai-Media's leading AI technology products offer customers solutions that satisfy regulatory and commercial needs at a better price point and scale than legacy human captioning solutions

Using artificial intelligence to drastically lower mandated costs for customers

Lexi



Enabling customers to get more out of their data

Lexi & SubSilo



Technology that delivers compliance, saves money & never compromises quality

Smart Lexi, Premium & Encoders



Lexi & iCap
volume growth

Continued uplift
in gross margin

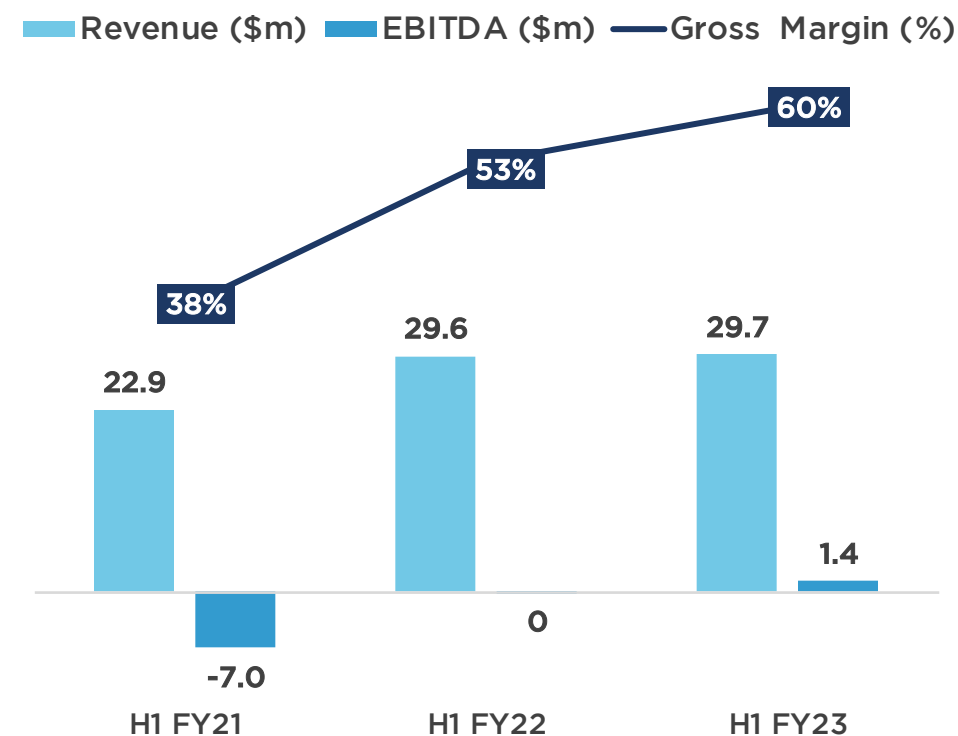
Overall growth of
SaaS business

Increased penetration
of Devices

GROSS MARGIN AND EBITDA SOAR AS PART OF STRATEGIC TRANSFORMATION

Comments

- H1 FY23 revenue flat on the pcip
 - Flat revenue is a mix of growth in technology sales and a decline in services revenue
 - Strong EBITDA of **\$1.4 million in H1 FY23**, driven by increased gross margin
- Gross margin **increased to 60%** in H1 FY23, up from 53% in H1 FY22, and 38% in H1 FY21
 - **38% of revenue is now technology sales**
 - **Improvement in profitability** of existing legacy services business



H1 FY23 PROFIT & LOSS

REVENUE

- Revenue growth is driven by technology sales while services revenue continued to decline
- Quality of revenue is improving with product mix moving from premium services to SaaS

GROSS MARGIN

- Strong gross margin of 60% in H1 FY23 compared to 53% on the pcp

OPEX

- Operating expenses increased due to increase in payroll and general IT expenses in-line with CPI
- Sales and marketing expenses increased in line with expectations

EBITDA

- Positive \$1.4 million EBITDA in H1 FY23 compared to breakeven EBITDA in H1 FY22

	H1 FY23	H1 FY22	Var	Var
	\$m	\$m	\$m	%
Total Revenue	29.7	29.6	0.1	0%
Cost of sales	(12.0)	(13.9)	1.9	↓ (14%)
Gross Profit	17.7	15.7	2.0	↑ 13%
Gross Margin %	60%	53%		↑ 7%
Other income	0.5	-	0.5	-
Operating expenses	(16.8)	(15.7)	(1.1)	7%
EBITDA	1.4	(0.0)	1.4	↑ 100%
Depreciation and amortisation	(2.4)	(2.2)	(0.2)	(8%)
EBIT	(1.1)	(2.3)	1.2	↑ 54%
Net interest expense	(0.4)	(0.7)	0.3	46%
Profit/(loss) before tax	(1.4)	(2.9)	1.5	↑ 52%
Income tax benefit	0.3	0.6	(0.3)	(46%)
Net profit/(loss) after tax	(1.1)	(2.4)	1.3	↑ 53%

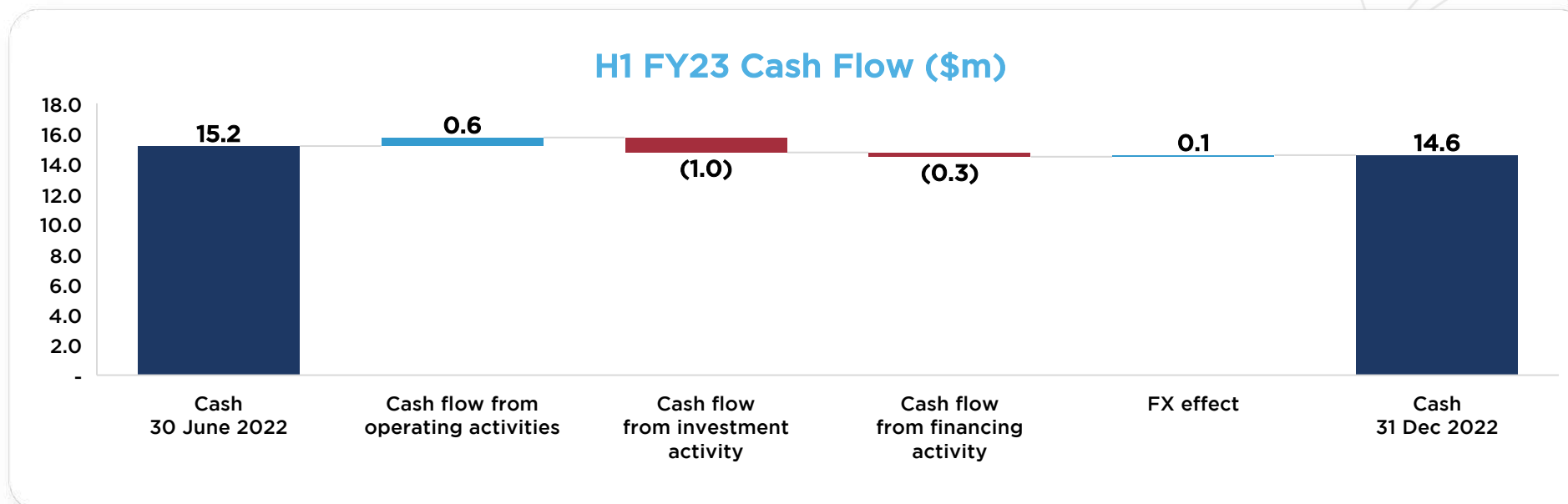
FY23 BALANCE SHEET

Comments

- \$14.6 million in cash
 - Strong capacity to fund future growth opportunities
 - +\$0.6 million operating cashflow in H1 FY23
- Intangibles includes goodwill of \$43.9 million and other intangibles associated with the purchase of businesses
- Other current liabilities includes:
 - \$4.6 million accrued expenses (\$4.4 million as at June 2022)
 - \$3.0 million deferred SaaS revenue
 - \$6.9 million deferred consideration for EEG repayable in FY24 (non-current liability June 2022) and provisions of \$2.7 million

	31-Dec-22	30-Jun-22	Var
	\$'m	\$'m	\$'m
Cash and cash equivalent	14.6	15.2	(0.6)
Trade receivables	9.6	11.2	(1.7)
Other current assets	3.1	3.5	(0.5)
Total current assets	27.2	30.0	(2.8)
Property, plant and equipment	4.5	4.8	(0.3)
Intangibles	59.8	60.3	(0.6)
Other non-current assets	8.6	7.5	1.1
Total non-current assets	72.9	72.7	0.2
Total assets	100.1	102.6	(2.5)
Trade payables	0.5	1.8	(1.3)
Borrowings	0.2	0.3	(0.1)
Other current liabilities	17.7	11.5	6.2
Total current liabilities	18.3	13.5	4.8
Borrowings	0.2	0.3	(0.1)
Other non-current liabilities	2.9	9.8	(6.9)
Total non-current liabilities	3.2	10.2	(7.0)
Total liabilities	21.5	23.7	(2.2)
Net (liabilities)/assets	78.6	79.0	(0.3)
Equity	78.6	79.0	(0.3)

H1 FY23 CASH FLOW



**Net cash from operating activities (inclusive of GST) includes interest income, other revenue and finance costs*

*** Net cash from investing activity includes \$0.4m remaining payment for ACS acquisition*

Comments

Positive operating cash flow since H1 FY22

Cash outflows from investment activities included final payment for acquisition of ACS

H1 FY23

STRATEGIC OUTLOOK

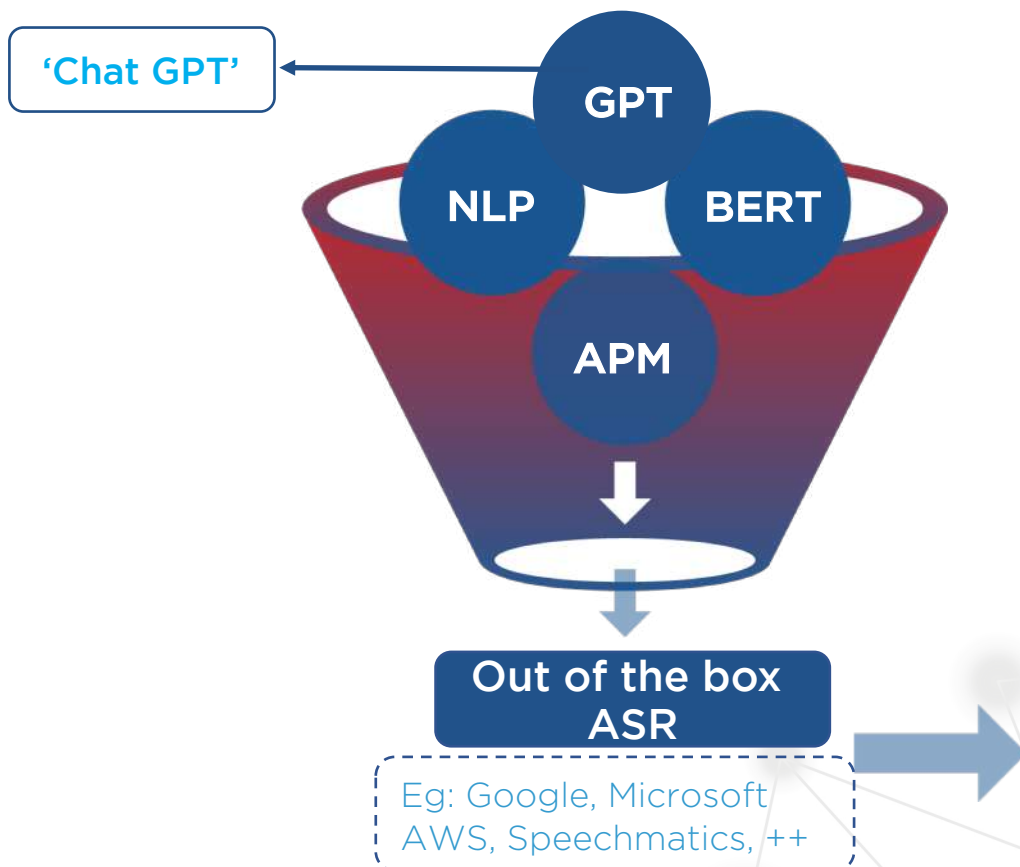
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*The age of AI is upon us.
We are witnessing nonlinear
improvements in the
capabilities of the foundation
models which we are making
available as platforms.*

- Satya Nadella; Microsoft CEO January 2023



AI ADVANCES CONTINUE TO IMPROVE LEXI AND ICAP VALUE



- GPT = Generative Pre-trained Transformative
- BERT = Bidirectional Encoder Representation from Transformers
- NLP = Natural Language Processing
- APM = Acoustic and Pronunciation Modelling

iCap iCap Cloud Platform

99.9 uptime, Encrypted

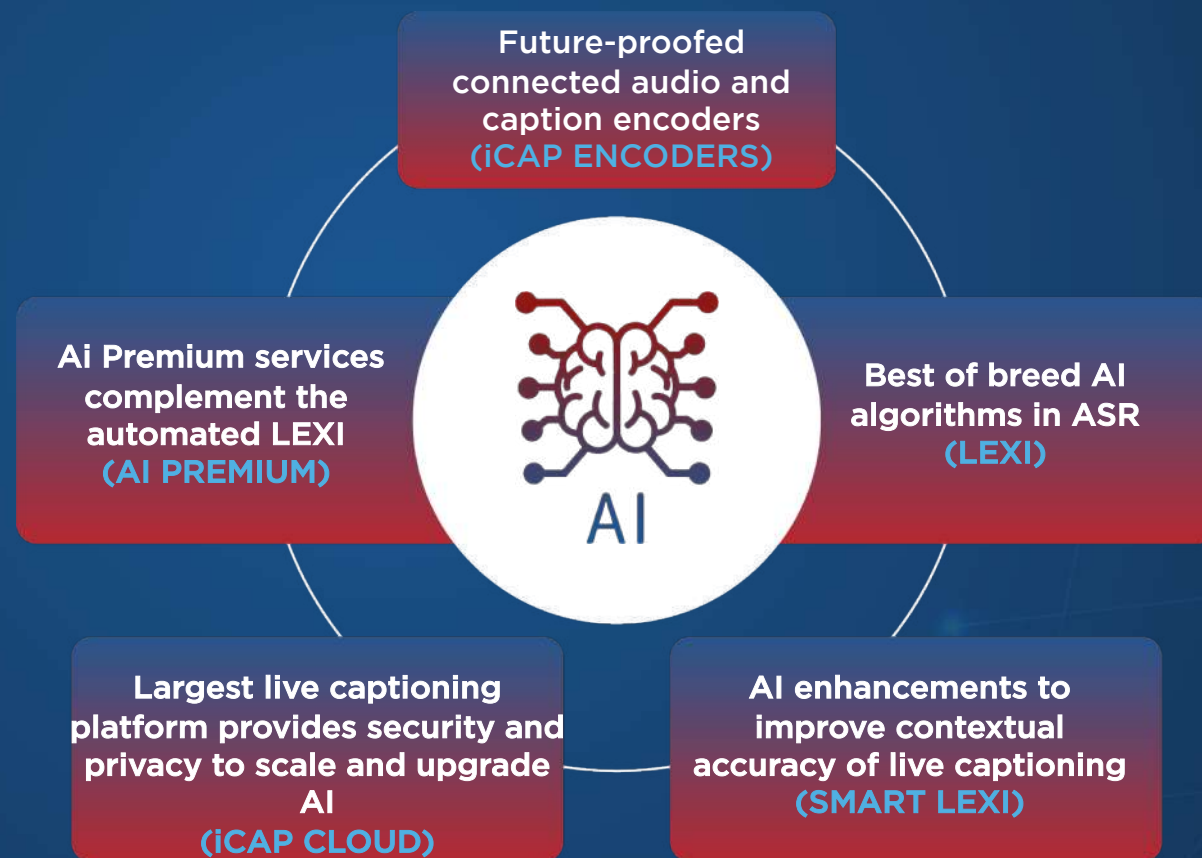
AGNOSTIC AI-COMPATIBLE
ENCODING TECHNOLOGY

Encode Alta Falcon

AI-POWERED
CAPTIONS



AI-MEDIA'S COMPETITIVE MOAT IS STRENGTHENED BY ADVANCES IN AI



- Ai-Media's competitive moat begins with iCap Encoders which enable the captioning turnkey solution
- Devices connected to iCap cloud platform for security, reliability and future-proofing
- Improvements in GPT and related AI models powering ever better accuracy of LEXI
- Additional proprietary AI layer added with Smart Lexi
- AI Premium (live curated by humans) available for specific use cases

NONLINEAR IMPROVEMENTS IN AI WILL POWER FUTURE GROWTH

AI-MEDIA IS WELL POSITIONED TO BENEFIT FROM THE FAST-EMERGING IMPROVEMENTS IN AI

- Ai-Media's product suite benefits directly from global improvements in AI at all stages of the workflow
- Our AI enhancements; data scraping, topic modelling and vocabulary learning system continue to complement LEXI as best in class AI-driven captions
- Opportunity to acquire new technologies and/or companies that add further value to existing product suite

AI INFLECTION ENABLES AI-MEDIA TO IDENTIFY NEW INDEX CUSTOMERS AND DIVERSIFY BASE

- Able to diversify index customers based on AI, lowering cost and barrier to entry
- Growing customer awareness and familiarity of the transformational power of AI to transcribe live speech and the continuing benefits of access to that transcript which will help drive search and discoverability
- AI advances continue to reduce cost of automation which removes cost justifications for in action

KEY TAKEAWAYS

SaaS transformation continuing

- Flat revenue growth continued in H1 as legacy customers increased adoption of cheaper SaaS products
- Improving margins
- Improving EBITDA

Multi-year growth strategy

- AI's moment has pierced the public consciousness and is opening minds of our target customers as to what is possible
- Further AI investments and customer awareness drive improved product quality and further uptake

Continue building momentum in live sports

- Recent customer wins such as MLB, MLS, NCAA, CBS Sports has shown strong product market fit in sports broadcast market
- Headroom to grow this opportunity further

Strong cash position to execute growth strategy

- Positive operating cash flow to continue

iCap cloud platform growth increases LEXI minutes

- LEXI can only be provided across the iCap cloud platform
- LEXI is the only automated live service delivered across iCap due to its superior security and flexibility

Business model powered by competitive advantage

- Best LEXI delivered across the most flexible and secure private network (iCap) powered by great devices
- Premium captioning and transcription completes the offering

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APPENDIX

AI IMPROVEMENTS ACROSS GPT, BERT, NLP & APM POWERING IMPROVED LEXI ACCURACY

Four key AI-based techniques have seen transformational improvements in recent years that have massively improved the performance of ASR (out-of-the box) solutions + LEXI improves further on the accuracy of ASR with Ai-Media's proprietary LEXI IP

Generative Pre-Trained Transformative (GPT)

- Language modelling in ASR is improved by the GPT database on text transcripts
- GPT improves fine-tuning on specific domains, similar to AIM's approach on improving contextual accuracy with Smart LEXI
- GPT can generate synthetic speech data which helps improve accent and language accuracy

Bidirectional Encoder Representations from Transformers (BERT)

- BERT has language modelling that (similar to GPT) improve the text transcripts of audio
- BERT has focused on acoustic features such as tone to improve ASR
- BERT improves fine-tuning on specific domains in a manner analogous to how it is performed by GPT
- BERT developed an error correction mechanism to further improve transcript accuracy

Natural Language Processing (NLP)

- Pre-training techniques like GPT and BERT vastly improve natural language modelling outputs from ASR
- Attention focus on most important components of the encoded audio
- NLP has benefited from multi-modal learning across speech and text to improve generative output
- Unsupervised AI-based learning is a breakthrough allowing improvements in ASR to be generated without data labelling

Acoustic and Pronunciation Modelling (APM)

- Deep Neural Networks help map spectrograms to phonemes & words
- Recurrent Neural Networks (RNNs) help predict next likely words and sentences
- Connectionist Temporal Classification improves on RNNs with a probabilistic assessment
- Convolutional Neural Networks add data from tone & other acoustic information
- Hidden Markov Models combine hidden & observed variables to better model speech data
- Grapheme to Phoneme Conversion models text into phonemes and then words