Making the world's content accessible for everyone.

Annual Report **2021**

We're all about inclusion

"We've come a long way in the last 40 years but we haven't yet seen that we've arrived at the point where a deaf person has perfect access to education and therefore to employment. One thing that I learned from my work at Ai-Media is that nothing is impossible."

Leonie Jackson,
Ai-Media Co-Founder
1971 – 2021

Contents

About Us

As video content becomes an even bigger part of everyone's lives, Ai-Media makes it accessible.

Ai-Media offers a full suite of live and recorded captioning, transcription and translation products across three different price and quality points, to meet every part of the market.

Since 2003, Ai-Media has used technology to broaden far beyond its initial mission of creating captions for the Deaf and hard-of-hearing community.

Today, Ai-Media is a global market leader providing accessibility across an ever-growing number of languages.

Since September 2020, Ai-Media has been a publicly listed company on the Australian Securities Exchange (ASX) with the code AIM.

We operate across three key product lines

Live Enterprise

Live captions and interpreting in real time for government, corporates and education

Live Broadcast

Live captions in real time for broadcasters

Recorded

High-quality recorded captions, subtitles, transcripts and audio description

Chair's Letter

a meaningful impact on the world

Successful Listing on the ASX in **September 2020**

Established Ai-Media as a **one-stop shop** to sell for customers at all levels of service – from small meetings to high-level economic forums

Exceeded **Prospectus** Forecasts

Dear fellow Shareholders

Welcome to the first Annual Report of Ai-Media Technologies Limited (ASX:AIM) since our ASX listing in September 2020. It has been a critical year for our company accelerating our growth as a global provider of technology-driven captioning, transcription and translation products and services. It gives me pleasure to reflect on all we have achieved in FY21.

Our ASX listing followed a successful $65.5 million Initial Public Offer (IPO).

The IPO gave us capital to continue our rapid growth, particularly in Europe and the US, and the opportunity to power continuing innovation within our technology platform, allowing us to provide a broadening range of services to our valued customers.

To maintain our strong momentum, in May we acquired US-based technology company EEG Enterprises in a transformational deal. We completed a $40 million capital raise to fund this acquisition. I thank our shareholders, both new and existing, who supported us in these activities, which have been so important in providing us a springboard for growth.

I would like to thank the entire Ai-Media team including our full-time staff and cloud-based captioners from around the globe. I would also like to thank my fellow Directors for their wisdom and support. Without everyone's continued efforts and their high level of professionalism amid a global pandemic, none of the significant successes in FY21 would have been possible.

I'd also like to thank our customers – from our longstanding broadcast and education clients who have been with us from the beginning, and the increasing number of new clients in all categories who have placed their trust in Ai-Media in the past year.

The year in review

The Initial Public Offering

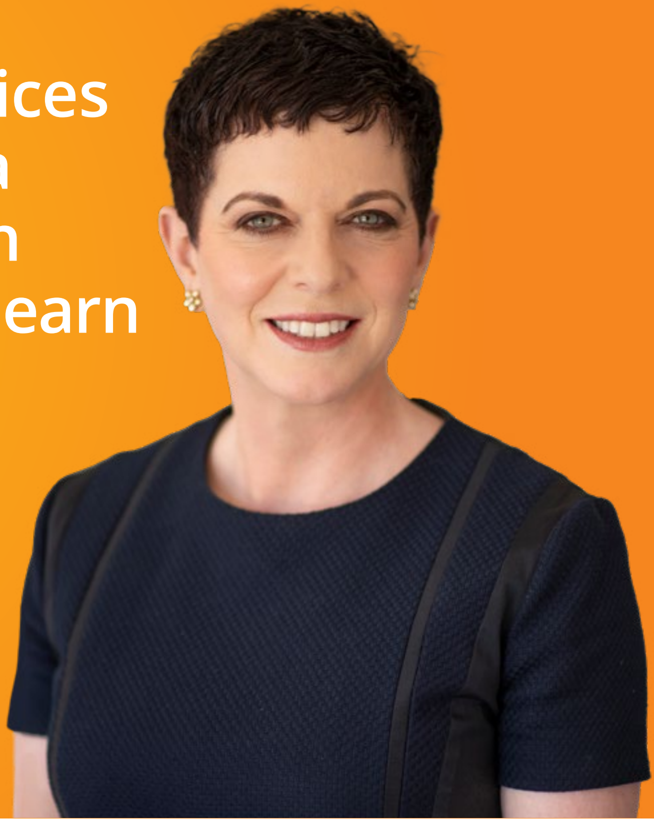
Planning for our IPO began at the end of 2019 when we saw the opportunity to scale our business to meet the growing demand for video as a core communication tool for business and education. As we knew from our broadcast experience, applying captions to video, whether live or recorded, ensures everyone has the opportunity to understand what is said. Live translation into multiple languages only enhances this.

Of course, what we didn't contemplate in 2019 was a global pandemic that would massively accelerate the trend for using video in these ways, which we believe is still in its early stages.

Conducting a successful IPO process in the middle of the pandemic showed us all just how powerful a business tool video communication can be.

Our products and services will be at the heart of a great transformation in how we live, work and learn in a post-COVID world.

Deanne Weir
Chair



The IPO raised gross proceeds of $65.5 million at a price of $1.23 per share and attracted strong demand from domestic and international institutions, retail investors, along with the ongoing support of existing Ai-Media shareholders and employees.

I thank all those who were involved behind the scenes in helping us achieve this defining milestone for our Company.

Our technology

Since our creation in 2003, Ai-Media has used technology to dramatically improve the delivery of captioning, transcription and translation services to diverse audiences. By 2019 we had invested more than $50 million in the development of proprietary technologies.

More recently, we have complemented this in-house development with strategic acquisitions and investments.

In April, we launched our Smart ASR product, which bridges fully automated automatic speech recognition (ASR) and our premium service. Smart ASR combines artificial intelligence and machine learning automation with a final layer of human-curated, custom ASR dictionaries.

Pursuing expansion

Ai-Media operates in a highly fragmented but fast-consolidating sector. We are fortunate to have the appetite, capability and balance sheet to be able to take advantage of consolidation opportunities as they present themselves.

In the past year, we have completed four acquisitions, dramatically expanding our global presence, particularly in the North American market, and adding to our proprietary technology suite.

In early 2020, the opportunity came along to acquire a US captioning services company called Alternative Communications Services (ACS), with the transaction closing in the middle of our IPO process.

In December 2020, we announced the acquisitions of two further US-based captioning, transcription and translation providers, Caption IT and CaptionAccess, and in May 2021, we announced the transformational acquisition of EEG Enterprises, Inc.

This strategic purchase provides us with a ready-made customer base of US broadcasters as well as a valuable – and highly valued – workforce. Not only does EEG add revenue and a premium customer base in the US, it adds to our technology suite and our ability to meet customer requirements around the globe, including the rapidly growing EMEA region.

With the acquisition of EEG, we added EEG's flagship Lexi product to our technology suite, marrying the capability of Smart ASR to Lexi to create Smart Lexi™. As a result, Ai-Media's tiered captioning services now range from fully automated automatic speech recognition (ASR) services to our premium human-curated live captions, ensuring we can meet any customer requirement and price point.

Importantly, EEG is a profitable business, and we acquired it just as the underlying Ai-Media business itself turned profitable, consolidating an EBITDA positive business with strong foundations for global growth.

Chair's Letter continued

Name change to Ai-Media Technologies Limited

The launch of Smart ASR and our live multilingual service plus the acquisition of EEG, represented a major turning point for our company.

Our former name, Access Innovation Holdings reflected the company's origins – using innovation to make content accessible for all, particularly the deaf community.

Our new name, Ai-Media Technologies Limited, approved at the June 29 Extraordinary General Meeting, reflects how our technology platform and services now allow us to service broadcast, government and enterprise customers and audiences far beyond the deaf community we have served for two decades.

The name change is a critical signal that while we shall always respect and honour our history, and our loyal customer base, we also recognise the exciting opportunities ahead that will allow us to make content accessible and understandable by broad audiences all around the globe.

Corporate governance

As one of the newest companies on the ASX, we take incredibly seriously our obligation to be good corporate citizens and we are a company with strong ESG credentials.

From our inception, our goal has been – and remains – inclusiveness and breaking down barriers to ensure everyone can participate fully in society at all levels.

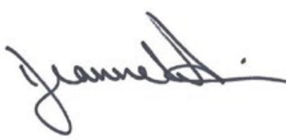
In Australia, our captioning services are offered under the National Disability Insurance Scheme (NDIS), and we work with universities and colleges around the globe to provide captioning for all students in multiple languages.

As our services enhance online education, business, entertainment and communications, there are significant environmental benefits as well. A single Zoom meeting can take taxis and rideshare vehicles off our roads, and an international video conference can obviate the need for air travel for dozens or even hundreds of people.

We have done our utmost during the global pandemic to protect our workforce and customers, observing local lockdowns and urging our full-time staff to work from home where possible. Our cloud-based workers, of course, already work remotely, logging on to our secure platforms, and were early adopters of the new workplace model.

We believe that our services will be at the heart of a great transformation in how we live, work and learn in a post-COVID world, just as we have been at the centre of helping people to study, work and play in safety and comfort during the pandemic.

We are excited to have you, our shareholders, with us on this journey.



Deanne Weir
Chair
Ai-Media Technologies Limited

CEO's Letter

An accelerating growth trajectory

When I started this company with co-founder Alex Jones 18 years ago to provide captions for Foxtel and Austar, only a wide-eyed optimist could have predicted where we would be today. Joined shortly afterwards by Leonie Jackson, the incredible journey began, and what giant strides we have taken.

Ai-Media is now a global company, with six offices across three continents, and our technology delivers over 7 million minutes of captioning, transcription and translation for live and recorded media content, online events and web streams every month.

This transformation would not have been possible without the exceptional leadership and dedication of the Ai-Media Board, which met 21 times in FY21.

More than 60 per cent of revenue is now generated outside of Australia and New Zealand, following strong growth in recent years in North America, EMEA and Asia.

From our foundation Australian broadcast customers, who are still with us, we now work with organisations including the United Nations, the World Economic Forum, global broadcasters, Fortune 500 companies, major government agencies, top-tier universities and parliaments. Ai-Media delivers access to the world's most important content – including providing high quality live captions for the Tokyo Olympics – both for Channel 7 in Australia and NBC in the United States, using a mix of our premium and semi-automated Smart Lexi technology.

Our growth trajectory continues to accelerate, with our actions in the past year demonstrating our commitment to expanding organically, as well as through strategic acquisitions.

In addition to our successful A$65.5 million IPO, we have made four key US-based acquisitions in 12 months, positioning us with US-market leadership in live captioning technology and service delivery.

Most significant was our May 2021 transformational acquisition of EEG Enterprises, a market-leading US-based video technology and captioning company with over 25 years of proven and trusted technology leadership.

These acquisitions, combined with more than A$50 million of R&D and product investment by Ai-Media since 2009, put us in a compelling position for the years ahead.

Ai-Media now offers a true one-stop shop.

Our product suite, available globally, includes key hardware and infrastructure that streams and protects customers' video content in any required format, to any platform. We then layer our captioning, transcription and translation products over this installed infrastructure.

With the EEG acquisition we are now able to offer a full suite of quality and pricing tiers on these products ranging from automated (Lexi), semi-automated (Smart Lexi) to our flagship premium (Ai-Live®).

That acquisition was funded by a successful $40 million capital raising, which was well supported by existing and new investors. I would like to especially thank Deanne Weir, Board Chair, for investing a further A$2 million. I would also like to thank Phil McLaughlin, CEO EEG, for his trust in me and the Ai-Media team investing US$10 million of the US$34 million purchase price in AIM shares, representing approximately 14.6 million shares.

At its core, Ai-Media remains a purpose-driven organisation. I would like to thank our cohesive and talented global team that work together across continents, time-zones and pandemics to strive to achieve our vision of making the world's content accessible for everyone.

Today, Ai-Media has all the ingredients for continued success in a dynamic, ever-growing and fast-consolidating market of over US$20 billion. We have a global presence, loyal customers, a robust balance sheet and our tiered, market-leading technology suite is massively flexible – and scalable.

FY21 highlights

The past year has delivered significant highlights for the business that set us up for future growth, including:

- Listed on the ASX following a successful A$65.5 million initial public offering Exceeded our prospectus financial forecasts
- Statutory revenue of $49.2 million, up 87%
- EBITDA positive achieved in Q4 FY21
- Gross profit increased from 38% to 42%
- Raised $40 million through a successful institutional placement and entitlement offer, introducing new investors to the register
- Successfully completed four US-based acquisitions – ACS, CaptionAccess, Caption IT and EEG Enterprises
- Broadened our technology suite to meet every customer requirement, from fully automated ASR, through to our Smart Lexi product to our Premium human-curated service

Ai-Media is ideally placed to continue our expansion and fulfil our mission of making content accessible for all.

Tony Abrahams
Co-founder, Director and CEO

- Finalised, launched and commercialised our live multilingual product, delivering breakout growth, particularly in EMEA
- Signed or renewed flagship customers including Sky News Australia, Al Jazeera and the UK parliament
- Continued to build a company where our people come first, with diversity and inclusion an important part of our culture.

Meeting an international challenge

Global demand for captioned content has grown rapidly in the past five years, driven by regulatory requirements to make content accessible for all, the increasing use of video content on devices such as smartphones, video conferencing and over-the-top broadcasting, and web streaming.

These tailwinds show no sign of abating. In fact, the global pandemic has super-charged demand for many of our products and services, with permanent changes to the way the world lives, works and learns.

Ai-Media is experiencing strong demand for its products and services across all customer segments but particularly in Live Enterprise, where we provide captioning for government, corporate and education customers. Live Enterprise now represents over half of total revenue.

Market-leading technology

We are particularly excited by the launch of Smart Lexi, which combines artificial intelligence and machine learning automation with a final layer of human-curated, custom ASR dictionaries.

Smart Lexi provides broadcast-quality captioning at a significantly lower cost than our premium service, opening up many new market opportunities. Smart Lexi was hailed by NBC for providing captions across its Peacock platform during the recent Tokyo Olympics.

In Australia, Smart Lexi's benefits were quickly realised by Sky News Australia, which in May signed a three-year contract extension, and by using Smart Lexi, enabling 24/7 captioning for the first time.

Our fully automated ASR technology (Lexi) is best-in-class, utilising proprietary self-learning algorithms to provide captioning with significantly greater accuracy than any out-of-the-box ASR product.

Lexi has already gained 18 percent market share across US broadcasters in less than three years, delivering over 1 million minutes a month of automated captioning. Lexi's growth is accelerating, especially when offered in combination with Smart Lexi and premium options.

The last year also saw significant growth in our live multilingual product – as launched at Davos – which translates content in real time into and from dozens of languages.

Outlook

Accessibility is defined as being "easy to obtain or use". With the world's workers, students, educators and leaders physically remote from each other, accessibility has never been more important.

Post-pandemic, people will continue to use video as part of their everyday toolkit for communication, for education and for corporate life.

This has been cemented in the way people work and study – and to have captioning for video available in multiple languages is transformational.

Ai-Media is committed to helping its customers make this content more accessible for more people.

Despite the challenging year, Ai-Media has achieved 12 months of stellar growth, turned profitable, built a technology platform for future success, and a world class team to execute on our strategy.

My greatest regret is that Leonie Jackson is no longer here to share our journey. January 2021 saw the tragic passing of one of Ai-Media's co-founders, and a dear friend and colleague to so many. Leonie's passionate commitment to inclusion for everyone, everywhere continues to inspire us every single day.

Tony Abrahams
Co-founder, Director and CEO
Ai-Media Technologies Limited

The year in review

The financial year 2020-21 was without a doubt the most significant year in Ai-Media's history.

Launch of
Smart ASR

Addition of
Smart Lexi
to suite

Our first ever
Parliament

EBITDA
Positive
at end of FY21

184%
Growth in rest of world (incl EMEA)

372%
Growth in North America

Extensive
Hardware
and software IP portfolio

capital raised
$105.5
million

FY21 Highlights

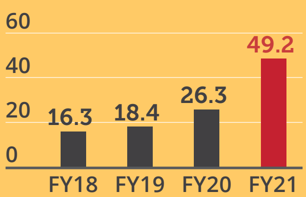
Changed our name to
Ai-Media
Technologies Limited

225
permanent
headcount

offices
x7

Re-signing of
Sky News

Revenue growth



Enjoying strong
organic revenue growth of
25 Percent

25% growth constant currency

A capital raise of
$40 million
that enabled us to acquire EEG Enterprises for US$34 million in a deal completed in May this year.

Invested
$50
million
in R&D since 2009

US
$20
billion
market size

Added our first
Middle East
broadcaster in
Al Jazeera

Our crowd captioners also allow us to
"follow the sun"
for our clients, providing a 24/7 global service

Acquired
Three
additional US businesses

Products and Innovation

Ai-Media was built on using technology to deliver the highest quality services for customers – and that culture of innovation continues to influence everything we do. Today, Ai-Media has a comprehensive product suite to match every customer requirement and price point.

In other words:

we will continue to disrupt ourselves, lest we become disrupted.

Over the years, Ai-Media has spent more than $50 million developing its proprietary technology, ensuring it remains the clear market leader in the delivery of high quality captioning, translation and transcription services for our customers.

In that time, the company has transformed from a niche captioning company into a global provider of AI-leveraged technology on the frontline of innovation and progress in the $30 billion video content sector.

In the past year, through organic product development and the step-change acquisition of EEG Enterprises, Ai-Media has become a fully vertically integrated provider of captioning technology, with a suite of products to match any customer's requirements, including real-time translation of everything from breaking news and movies to lectures, international conferences and parliamentary proceedings.

This platform gives us the opportunity to consolidate and scale to become the world's leading provider of captioning and translation services – a true one-stop shop.

Game changer

In April 2021, 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 a more competitive price point for customers that do not require our premium service.

In May 2021, Ai-Media completed the acquisition of EEG. The acquisition brought with it a large, established 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 semiautomated Smart ASR product as Smart Lexi, which delivers a step change improvement on out-of-the-box automatic speech recogni-tion (ASR) tools.

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. Under the terms of the new contract agreement, Ai-Media will provide Sky News Australia with both its human-curated Live Premium captioning service and its Smart Lexi technology.

smart Lexi™

Tiers

Premium
Live human curation
= Ai-Live Premium + bundles, including recorded

Smart Lexi
Semi-automated
= Smart Lexi

Lexi
Automated = Lexi

More than
50%
of Netflix users
do so with the captions switched on.

Excellence in user experience

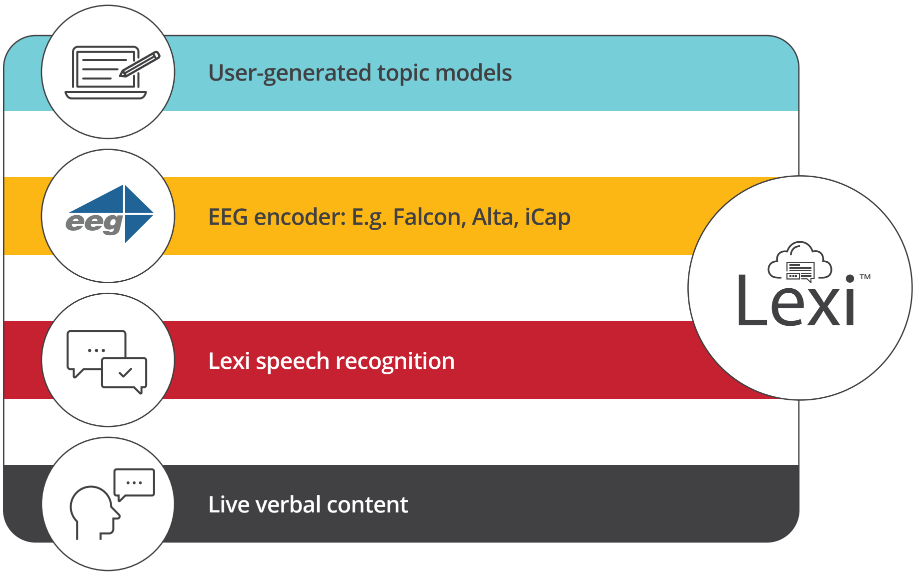
Users who experience Lexi are impressed by the high accuracy, low latency and ease of use, leading to strong upsell opportunities for higher volumes of service and even higher-quality services.

For EEG's existing customers, a key benefit of the Ai-Media transaction is that they can now access Smart Lexi and Ai-Live as well.

Ultimately, it is humans who provide the "smart" in the Smart Lexi.

Context is the one thing that computers need to be taught. And what Smart Lexi shows us is that a little bit of context goes a long way.

Lexi layers



Products and Innovation continued

One of the near-term opportunities that we are seeing in terms of revenue synergies with EEG – and a key reason for this acquisition – is the opportunity to upsell Lexi customers to Smart Lexi.

Ongoing product development

Ai-Media understands the need to continue to evolve and progress in this highly competitive and rapidly evolving sector.

Our product development focus for the next couple of years, as we continue to integrate these great businesses together, will be twofold:

1. We will continue to refine and improve the customer experience through improved automation across Ai-Media platforms; and
2. We will continue to integrate seamlessly with whatever platform people choose to view captions and content.

As more and more platforms proliferate, we will ensure that we're constantly staying ahead of the curve.

To that end, we are focusing on how to continually improve both the accuracy of our machine translation products, and also Smart Lexi, and to make that service available more widely, in more languages and at greater scale.

Opportunities for growth

It is a very competitive market and we are seeing a lot of consolidation taking place.

This sector-wide consolidation thematic was one that we identified early and is one of the key reasons why Ai-Media decided to list on the Australian Securities Exchange – to give us access to growth capital.

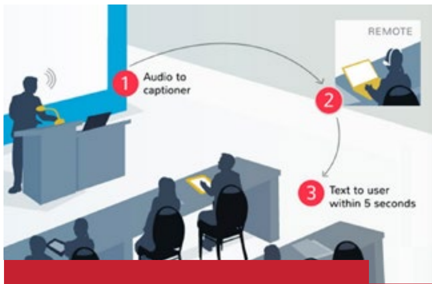
We are only at the very early stages of that curve and are focused on opportunities for the next stages of our growth.

Streaming-led opportunities

More than 50% of people who watch Netflix do so with the captions switched on.

This is a vast change from a few years ago, and this phenomenon has led to a lot of companies seeking to provide accessibility right around the world as a core feature.

This is one of our strategic drivers of global sales growth opportunities.



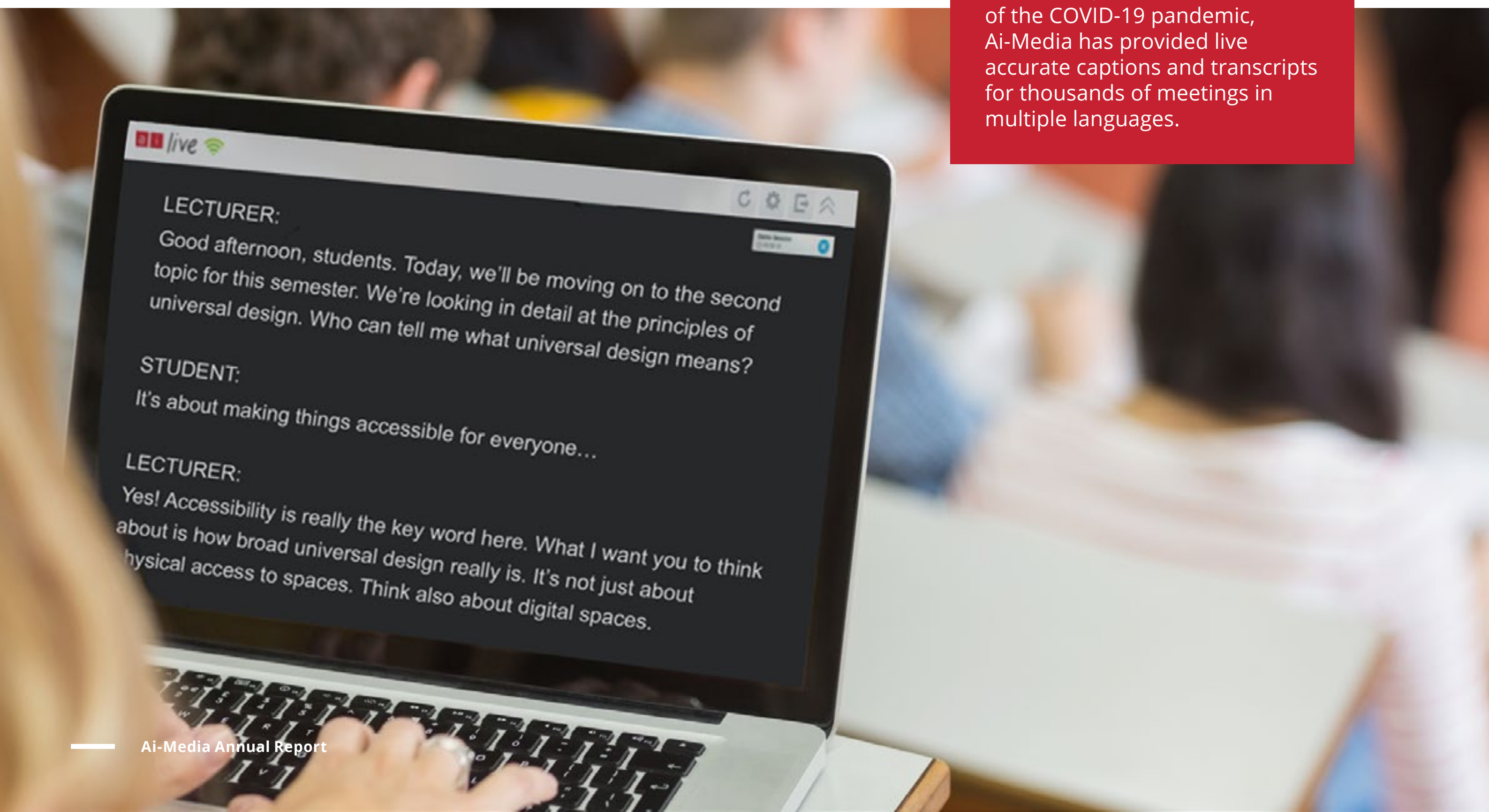
Davos – where the rubber hit the road

Our Live Translation Service is in demand now more than ever.

While significant advancements have been made in machine translation in recent years, human curation of the text going into the machine translation algorithms remains critical to ensure quality output across multiple languages simultaneously.

A great example to illustrate the customer benefit is the World Economic Forum at Davos, where we had six pairs of human language interpreters who provided 153 hours of live simultaneous translations and captioning.

In addition, since the outbreak of the COVID-19 pandemic, Ai-Media has provided live accurate captions and transcripts for thousands of meetings in multiple languages.



Live Captions

From any language, to any language

Streamed in any format to any device

Recorded

Available in
120
languages

Finalised, launched and commercialised
our live multilingual product
which has seen breakout growth, particularly in the EMEA region.

Strengthened
and extended
our technology suite which has further improved the productivity and results we receive from our crowd captioners

Global opportunity
At the coalface of progress

The Company is now a fully vertically integrated provider of captioning technology, with a suite of products to match any customer's requirements, including real-time translation of everything from breaking news and movies to lectures, international conferences and parliamentary proceedings.

Global industry tailwinds

The global market for video content continues to grow rapidly – and with it the demand for accurate, affordable captioning, translation and transcription services. The response to the COVID-19 pandemic has only accelerated this growth, with permanent changes to the way the world lives, works and learns.

Ai-Media is on the frontline of this growth, standing by customers as meetings, lectures and even national parliaments go fully online.

Aside from the impact of COVID-19, there are other strong tailwinds driving growth in demand for our services:

Increasing regulatory requirements to make content accessible for all – not just broadcasting but in educational and corporate environments.

Increasing penetration of video streaming and video content on devices, such as smartphones. With its comprehensive, market-leading product suite, committed customer base, global presence and strong financial position, Ai-Media is ideally placed to continue to ride these tailwinds.

Pathway to a global operation

Ai-Media began providing captioning to Australian broadcasters, and with the development of its Ai-Live product moved into the education and corporate sector. Our first overseas expansion was into the UK and we then set our sights on the North American market.

Now a global operation successfully bringing Australian entrepreneurship to the world, the company provides captioning and translation services for businesses, workplaces, events, education, government and broadcast media.

We make our leading captioning and translation technologies available to everyone around the world – across purposes, industries, platforms and languages.

Breaking down barriers

Globally, we are increasing understanding and breaking down barriers.

One great example of that is a recent event for Unilever, which brought together 14-year-old Instagram influencers from 18 different countries.

We translated the event into and out of 11 different languages, allowing someone from Romania to participate with others from Poland, Bulgaria and Turkey.

We have discovered one important thing: teenagers from across Europe have vastly more in common with each other than they do with grown-ups in their own country who speak the same language.

In this way we are beginning to draw geographically disparate communities together at a price point that is cost-effective.

"Our continuing partnership with Sky News Australia focuses on technology innovation and automation. We're delighted to launch Smart Lex on Sky News Australia, providing 24/7 access to captioning for the very first time at a quality level that can be relied upon by viewers," Abrahams says.

Workforce

3,000+

globally

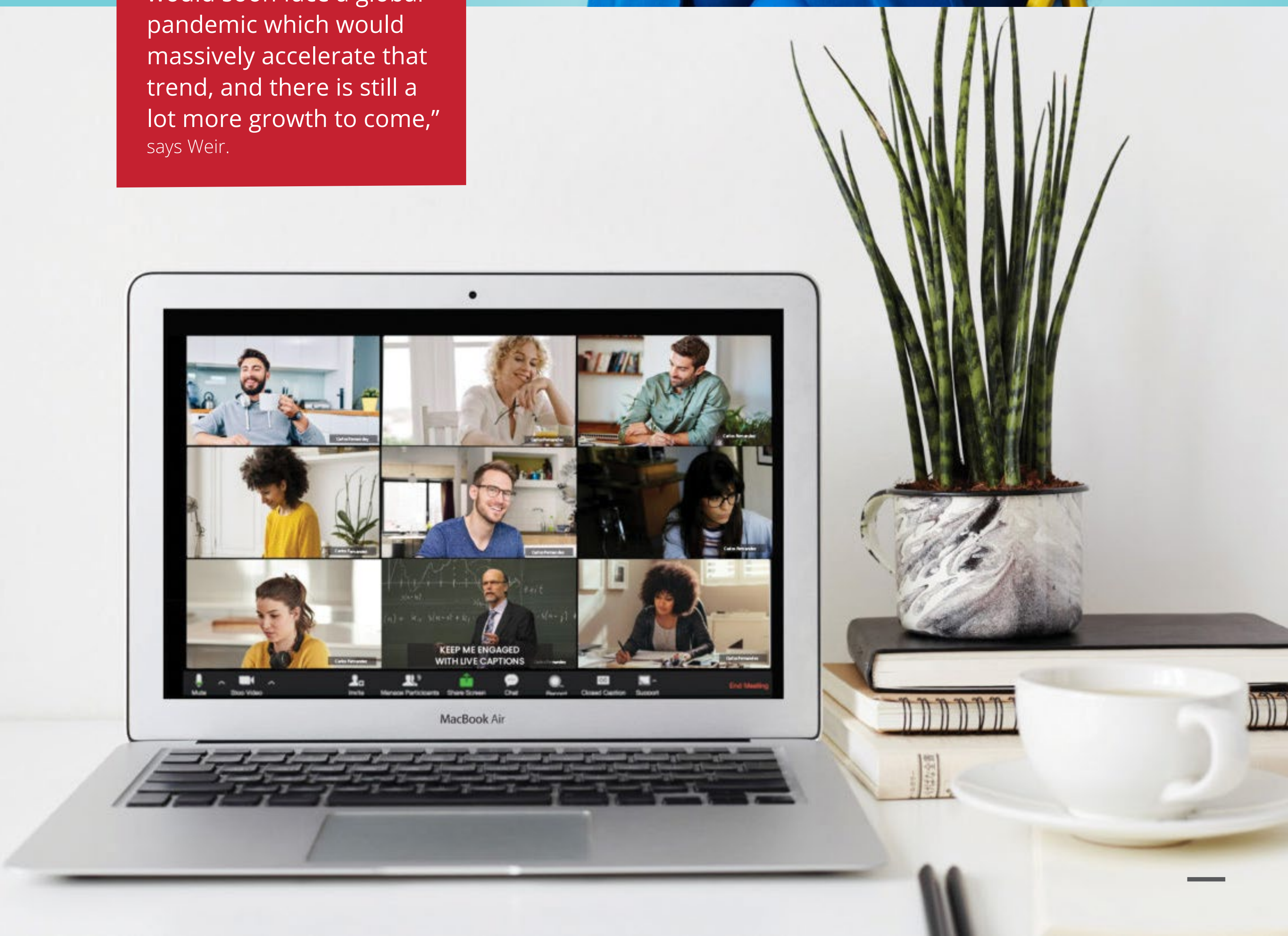
including accredited casuals, freelancers and contractors

Pivot into the future

For Ai-Media the year has been one of consolidation and growth, as the market for captioning and translation around the world increases.

In the coming year, and in the medium-to-long term, we will continue to transform – taking you, our valued shareholders, on the journey with us.

> "We could see video being adopted more across education and business and we knew we could help make that content accessible. Of course, we didn't anticipate the world would soon face a global pandemic which would massively accelerate that trend, and there is still a lot more growth to come," says Weir.



Board of Directors

Deanne Weir

Non-Executive Director and Chair

BA(Hons) LLB(Hons) LLM

Experience and expertise:
Deanne has served as a director of Ai Media since 2010, and became Chair in August 2013. An entrepreneur, company director and philanthropist, Deanne previously spent 10 years at ASX listed company Austar United Communications as a senior executive, including as General Counsel and Company Secretary. Deanne is also Chair of Seer Data and Analytics, an Australian technology start-up.

Deanne is passionate about community engagement and the power of story-telling to help influence social change. Deanne was a long-term Board member and Deputy Chair at Screen Australia and in 2017 was appointed Chair of the Sydney Film Festival. Deanne is a Graduate of the Australian Institute of Company Directors.

In addition to her role as Board Chair, Deanne is a member of RNC (Remuneration and Nomination Committee).

Anthony Abrahams

Co-Founder, Director and Chief Executive Officer

BCom (Hons). LLB (UNSW), MPhil. MBA (Oxford)

Experience and expertise:
Tony co-founded Ai-Media in 2003. Tony served as a Director of Northcott Disability Services from 2010 to 2018, and was recognised by the World Economic Forum as a Young Global Leader in 2013.

In previous roles, Tony worked to establish the Oxford Internet Institute in 2001, while attending the University of Oxford as a Rhodes Scholar. Tony has been a member of the Australian Institute of Company Directors since 2006.

John Martin

Independent, Non-Executive Director

BA LLB (Hons)

Experience and expertise:
John joined the board in 2010 and served as the company's first Chairman until 2013. He is an experienced company director and business executive having served as CEO and director of ASX-listed Babcock & Brown Communities, Primelife and Regeneus.

John is a former corporate and executive partner of the law firm Allens where he specialised in M&A, fundraising and corporate advisory. He is a Non-Executive Director of Australian national law firm, Sparke Helmore; biotech company, Biopoint; and US internet services and infrastructure company, Lokket.

John is a member of the Australian Institute of Company Directors, Chair of AIM's ARC (Audit and Risk Committee), and a member of AIM's RNC (Remuneration and Nomination Committee).

Alison Loat

Independent, Non-Executive Director

BAH, Queen's University, Kingston Canada; MPP, Harvard Kennedy School

Experience and expertise:
Alison joined the Board in 2018 and is the Chair of Ai-Media's Canadian entity. Alison is the Managing Director, Sustainable Investing and Innovation at OPTrust, a Canadian public pension plan, where she is responsible for environmental, social and governance related aspects of $23 billion CAD in globally diversified investments and for building and managing an investment portfolio that deploys capital at the intersection of sustainability and innovation. Previously, Alison was the Senior Managing Director of FCLTGlobal where she worked with asset owners, managers and companies to advance long-term investing. She's also worked at McKinsey & Company, a healthcare technology company and was on the founding team of the MaRS Discovery District, a medical commercialization facility in Toronto.

She has a deep commitment to public service. She co-founded and was the CEO of the Samara Centre for Democracy and was a Senior Fellow and instructor at the University of Toronto and the president of the Canadian Club of Toronto. Alison is a World Economic Forum Young Global Leader, an Advisory Board member at the Max Bell School at McGill University, a board director at the Centre for International Governance Innovation (CIGI) and a governor of Ridley College. In addition to Ai-Media, she is also a board director at The Logic, a privately held media company.

She received both the Queen's Gold and Diamond Jubilee Medals for her service to Canada and was named one of the WXN 100 Most Powerful Women in Canada. She holds a BA (Honours) from Queen's University and a Master of Public Policy (MPP) from the Harvard Kennedy School. Alison is Chair of AIM's RNC (Remuneration and Nomination Committee) and a member of the ARC (Audit and Risk Committee).

Jonathan Pearce

Non-Executive Director

(appointed on 21 January 2020)

B Fin.; Graduate Diploma of App. Fin

Experience and expertise:
Jonathan was appointed to the AIM Board in January 2020. He has significant experience in the finance industry and is a Portfolio Manager of the CVC Emerging Companies Fund.

Prior to this, Jonathan was an Investment Manager at CVC Limited and has held senior roles in a number of boutique investment and advisory houses. He currently serves as a Director of ASX-listed Swoop Holdings Limited.

Jonathan is a member of AIM's ARC (Audit and Risk Committee).

Suzanne Sanossian

Company Secretary

CertGovPrac (GIA)

Experience and expertise:
Sue joined Ai-Media in 2011 and is responsible for assisting the Board and company in meeting its fiduciary, legal, compliance and corporate governance obligations. She has held roles within former ASX-listed companies including Austar United Communications Limited where she was part of the corporate development and legal affairs team, and at Lake Technology Limited and Excel Coal Limited where she held senior administrative roles. Sue is a pivotal point of contact for the Board, investors, senior executives, staff and industry peers, and has led AIM's People and Culture team during her tenure.

She is a Member of the Australian Institute of Company Directors and holds a Certificate in Governance Practice from the Governance Institute of Australia. Sue served as a Director on the inaugural Board of the Global Alliance of Speech to Text Captioning, a US-based non-profit corporation which is dedicated to universal accessibility to the spoken word via all forms of captioning.

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the **Group**) consisting of Ai-Media Technologies Limited (referred to hereafter as the **Company** or **parent entity**) and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

The following persons were directors of Ai-Media Technologies Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Deanne Weir	Non-Executive Director and Chair
Anthony Abrahams	Executive Director and Chief Executive Officer
John Martin	Non-Executive Director
Alison Loat	Non-Executive Director
Jonathan Pearce	Non-Executive Director

Principal activities

Ai-Media Technologies Limited (**Ai-Media** or **Company**) (ASX: **AIM**), is a global provider of technology-driven captioning, transcription and translation services.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the Group after providing for income tax amounted to $10,691,490 (30 June 2020: $12,741,152).

Operations

A summary of the results for the year is as follows:

	2021 $	2020 $	Change $	Change %
Revenue from operating activities	**48,662,420**	25,423,090	23,239,330	91.4
Loss before interest, taxation, depreciation and amortisation (**EBITDA**)	**(8,678,600)**	(10,048,332)	1,369,732	(13.6)
Loss after tax benefit from ordinary activities	**(10,691,490)**	(12,741,152)	2,049,662	(16.1)

The 2021 year was one of change and growth, several strategic acquisitions including EEG have laid the foundations for significant growth over the next several years.

Highlights of the year in review include the following:

- Successful listing on the ASX;
- Acquisition of Caption IT, CaptionAccess and EEG;
- Capital raising in fourth quarter of the financial year of $40,000,000 (before costs);
- Change of company name to Ai-Media Technologies Limited reflecting the use of technology throughout the business; and
- Launch of the transformational Smart ASR products.

The consolidated operating results highlighted strong organic revenue growth with the acquisitions contributing $4,576,428 highlighting growth in the underlying business of in excess of 80%, driven in part by the full year contribution of ACS.

Reconciliation of loss after income tax benefit to EBITDA is as follows:

	Consolidated	
	2021 $	2020 $
Loss after income tax benefit	**(10,691,490)**	(12,741,152)
Finance costs	**2,280,079**	3,847,136
Income tax benefit	**(3,553,057)**	(3,412,886)
Interest income	**(22,124)**	(57,837)
Loss before interest and taxation (EBIT)	**(11,986,592)**	(12,364,739)
Depreciation and amortisation expense	**3,307,992**	2,316,407
EBITDA	**(8,678,600)**	(10,048,332)

EBITDA, EBIT and normalised EBITDA are financial measures which are not prescribed by Australian Accounting Standards (**AAS**) and represents the profit or loss under AAS adjusted for non-specific non-cash and significant items. The directors consider EBITDA, EBIT and normalised EBITDA to reflect the core earnings of the Group. These financial measures have not been subject to specific audit or review procedures by the Company's auditor, but has been extracted from the accompanying financial statements.

EBITDA for the Company was a loss of $8,678,600 (2020: $10,048,332). Normalised EBITDA was a loss of $3,126,335 (2020: $8,649,614), which was impacted by the costs associated with the IPO (which was completed on 15 September 2020), acquisition costs and restructuring costs, as set out below:

	Consolidated	
	2021 $	2020 $
EBITDA	**(8,678,600)**	(10,048,332)
IPO costs	**3,051,255**	416,140
Acquisition costs	**2,142,990**	808,031
Restructuring costs	**358,020**	174,547
Normalised EBITDA	**(3,126,335)**	(8,649,614)

FY21 Normalised EBITDA was a loss of $4,403,838 after excluding the impact of the acquisitions which was ahead of the pro forma prospectus EBITDA forecast loss of $4,831,394.

Liquidity

The consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2021 reflects a net loss after income tax of $10,691,490 (2020: $12,741,152) and the consolidated statement of cash flows reflects net cash outflows from operating activities of $17,954,442 (2020: $5,774,105). As at 30 June 2021, the consolidated statement of financial position reflects a net asset position of $78,997,066 (2020: net deficit of $8,796,601) and a net current asset position of $20,141,653 (2020: net current liability of $23,342,126).

The directors have assessed that based on the successful IPO and further capital raised during the year, it is appropriate to prepare the financial report on the going concern basis. For further information, refer to note 2.

Significant changes in the state of affairs

On 15 September 2020 the Company successfully completed its Initial Public Offering (**IPO**) on the Australian Securities Exchange raising a total of $30,194,998 from a primary issue of 24,548,779 shares at an issue price of $1.23 per share to new shareholders and a secondary transfer of $35,285,527 through 28,687,420 shares at an issue price of $1.23 per share to new shareholders. The capital proceeds raised was used to pursue the Group's strategic global growth objectives, repay all shareholder loans and fund IPO related costs.

On 15 September 2020, all the convertible notes that were on issue were converted into ordinary shares.

On 4 January 2021, the Group completed the acquisition of two US-based companies, Caption IT LLC and CaptionAccess LLC, paying cash consideration of $1,900,000 on completion and the issue of 421,887 shares at $0.97 per share.

On 10 May 2021, the Company completed the $40,000,000 (before costs) capital raising announced on 28 April 2021 with the issuance of a total of 50,009,733 shares for an issue price of $0.80 per share.

The Group completed the acquisition of 100% of the share capital of EEG Enterprise, Inc. (**EEG**) with the effective date of 7 May 2021, for a total consideration of up to US$34,000,000. This was funded by cash consideration of US$20,000,000 the issuance of 14,630,017 shares of the company on the 30 June 2021, after an extraordinary shareholders general meeting on 29 June 2021, for an effective issue price of AU$0.84 per share and a contingent consideration of up to US$4,000,000 subject to revenue and growth rate hurdles payable after the release of the financial year 2022 financial result. EEG is a US-based video and technology caption company.

On 29 June 2021, shareholders approved the change of the Company's name from Access Innovation Holdings Limited to Ai-Media Technologies Limited. The change of name was registered by Australian Investments Commission on 1 July 2021.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

The consequences of the Coronavirus (COVID-19) pandemic are continuing to be felt around the world, and its impact on Group, if any, has been reflected in its published results to date. Whilst it would appear that control measures and related government policies have started to mitigate the risks caused by COVID-19, it is not possible at this time to state that the pandemic will not subsequently impact the Group's operations going forward. The Group now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation both locally and internationally.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

The Group's growth strategy is focused on continuing its current growth trajectory, particularly in its offshore regions and to ongoing development of its technology to provide a wider range of services for its customers. The key pillars of the Group's growth strategy are:

- growth markets;
- platform automation and scalability;
- product innovation;
- organic growth;
- integrating EEG product offerings; and
- acquisition opportunities.

Environmental regulation

The Group is not subject to any significant environmental regulation under a law of Commonwealth or State law within all the geographical locations the Group operate in.

Directors' Report continued

Information on directors

Deanne Weir
Non-Executive Director and Chair
BA(Hons) LLB(Hons) LLM

Experience and expertise:
Deanne has served as a director of Ai-Media since 2010, and became Chair in August 2013. An entrepreneur, company director and philanthropist, Deanne previously spent 10 years at ASX listed company Austar United Communications as a senior executive, including as General Counsel and Company Secretary. Deanne is also Chair of Seer Data and Analytics, an Australian technology start-up.

Deanne is passionate about community engagement and the power of story-telling to help influence social change. Deanne was a long-term Board member and Deputy Chair at Screen Australia and in 2017 was appointed Chair of the Sydney Film Festival. Deanne is a Graduate of the Australian Institute of Company Directors.

Other current directorships:	No other listed entities
Former directorships (last 3 years):	No other listed entities
Special responsibilities:	Board Chair, Member of RNC (Remuneration and Nomination Committee)
Relevant interest in securities:	18,644,995 ordinary shares

Anthony Abrahams
Co-Founder, Director and Chief Executive Officer
BCom (Hons). LLB (UNSW), MPhil. MBA (Oxford)

Experience and expertise:
Tony co-founded Ai-Media in 2003. Tony served as a Director of Northcott Disability Services from 2010 to 2018, and was recognised by the World Economic Forum as a Young Global Leader in 2013.

In previous roles, Tony worked to establish the Oxford Internet Institute in 2001, while attending the University of Oxford as a Rhodes Scholar. Tony has been a member of the Australian Institute of Company Directors since 2006.

Other current directorships:	No other listed entities
Former directorships (last 3 years):	No other listed entities
Special responsibilities:	Chief Executive Officer
Relevant interest in securities:	27,889,898 ordinary shares

John Martin
Independent, Non-Executive Director
BA LLB (Hons)

Experience and expertise:
John joined the board in 2010 and served as the company's first Chairman until 2013. He is an experienced company director and business executive having served as CEO and director of ASX-listed Babcock & Brown Communities, Primelife and Regeneus.

John is a former corporate and executive partner of the law firm Allens where he specialised in M&A, fundraising and corporate advisory. He is a Non-Executive Director of Australian national law firm, Sparke Helmore; biotech company, Biopoint; and US internet services and infrastructure company, Lokket. John is a member of the Australian Institute of Company Directors.

Other current directorships:	No other listed entities
Former directorships (last 3 years):	Regeneus Ltd, Concentrated Leaders Fund Ltd
Special responsibilities:	Chair of ARC (Audit and Risk Committee), Member of RNC (Remuneration and Nomination Committee)
Relevant interest in securities:	1,276,669 ordinary shares; 25,000 RSUs (see page 25)

Alison Loat

Independent,
Non-Executive Director

BAH, Queen's University, Kingston Canada; MPP, Harvard Kennedy School

Experience and expertise:

Alison joined the Board in 2018 and is the Chair of Ai-Media's Canadian entity. Alison is the Managing Director, Sustainable Investing and Innovation at OPTrust, a Canadian public pension plan, where she is responsible for environmental, social and governance related aspects of $23 billion CAD in globally diversified investments and for building and managing an investment portfolio that deploys capital at the intersection of sustainability and innovation. Previously, Alison was the Senior Managing Director of FCLTGlobal where she worked with asset owners, managers and companies to advance long-term investing. She's also worked at McKinsey & Company, a healthcare technology company and was on the founding team of the MaRS Discovery District, a medical commercialization facility in Toronto.

She has a deep commitment to public service. She co-founded and was the CEO of the Samara Centre for Democracy and was a Senior Fellow and instructor at the University of Toronto and the president of the Canadian Club of Toronto.

Alison is a World Economic Forum Young Global Leader, an Advisory Board member at the Max Bell School at McGill University, a board director at the Centre for International Governance Innovation (CIGI) and a governor of Ridley College. In addition to Ai-Media, she is also a board director at *The Logic*, a privately held media company.

She received both the Queen's Gold and Diamond Jubilee Medals for her service to Canada and was named one of the WXN 100 Most Powerful Women in Canada. She holds a BA (Honours) from Queen's University and a Master of Public Policy (**MPP**) from the Harvard Kennedy School.

Other current directorships:	No other listed entities
Former directorships (last 3 years):	No other listed entities
Special responsibilities:	Chair of RNC (Remuneration and Nomination Committee); Member of ARC (Audit and Risk Committee)
Relevant interest in securities:	250,000 ordinary shares; 25,000 RSUs (see page 25)

Jonathan Pearce

Non-Executive Director

B Fin.; Graduate Diploma of App. Fin

Experience and expertise:

Jonathan was appointed to the Board in January 2020. He has significant experience in the finance industry and is a Portfolio Manager of the CVC Emerging Companies Fund.

Prior to this, Jonathan was an Investment Manager at CVC Limited and has held senior roles in a number of boutique investment and advisory houses.

Other current directorships:	Swoop Holdings Limited
Former directorships (last 3 years):	No other listed entities
Special responsibilities:	Member of ARC (Audit and Risk Committee)
Relevant interest in securities:	487,833 ordinary shares; 25,000 RSUs (see page 25)

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Suzanne Sanossian

Company Secretary

CertGovPrac (GIA)

Experience and expertise:

Sue joined Ai-Media in 2011 and is responsible for assisting the Board and company in meeting its fiduciary, legal compliance and corporate governance obligations. She has held roles within former ASX-listed companies including Austar United Communications Limited where she was part of the corporate development and legal affairs team, and at Lake Technology Limited and Excel Coal Limited where she held senior administrative roles. Sue is a pivotal point of contact for the Board, investors, senior executives, staff and industry peers, and has led AIM's People and Culture team during her tenure.

She is a Member of the Australian Institute of Company Directors and holds a Certificate in Governance Practice from the Governance Institute of Australia. Sue served as a Director on the inaugural Board of the Global Alliance of Speech to Text Captioning, a US-based non-profit corporation which is dedicated to universal accessibility to the spoken word via all forms of captioning.

Directors' Report continued

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee		Remuneration and Nomination Committee	
	Attended	Held	Attended	Held	Attended	Held
Deanne Weir	21	21	8	9	5	5
Anthony Abrahams	21	21	9	9	5	5
John Martin	21	21	9	9	5	5
Alison Loat	20	21	9	9	5	5
Jonathan Pearce	18	21	8	9	4	5

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants (refer to the section 'Use of remuneration consultants' below), the Remuneration and Nomination Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group for FY22.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chair's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of her own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 9 August 2020, where the shareholders approved a maximum annual aggregate remuneration of $500,000.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives (**STI**) program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators (**KPI's**) being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives (**LTI**) include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders' value relative to the entire market and the increase compared to the Group's direct competitors. The Remuneration and Nomination Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2021 and for FY22.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Remuneration and Nomination Committee. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

The Remuneration and Nomination Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants

During the financial year ended 30 June 2021, the Group engaged the use of remuneration consultants, to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs for FY22.

Directors' Report continued

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following directors of Ai-Media Technologies Limited:

- **Deanne Weir** – Chair
- **Anthony Abrahams** – Chief Executive Officer
- **John Martin** – Non-Executive Director
- **Alison Loat** – Non-Executive Director
- **Jonathan Pearce** – Non-Executive Director

And the following persons:

- **John Bird** – Chief Financial Officer (appointed on 15 March 2021)
- **Patrick Fok** – Chief Financial Officer (resigned on 31 December 2020)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2021	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Deanne Weir	91,324	—	—	28,945	—	13,333	133,602
John Martin	65,000	—	—	21,694	—	34,355	121,049
Alison Loat	62,405	46,910	—	585	—	25,000	134,900
Jonathan Pearce	65,000	—	—	—	—	25,000	90,000
Executive Directors:							
Anthony Abrahams	331,241	—	—	11,422	4,715	—	347,378
Other Key Management Personnel:							
John Bird	89,456	—	—	7,678	—	—	97,134
Patrick Fok	244,076	—	—	7,510	—	73,874	325,460
	948,502	**46,910**	**—**	**77,834**	**4,715**	**171,562**	**1,249,523**

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2021	At risk – STI 2021	At risk – LTI 2021
Non-Executive Directors:			
Deanne Weir	90%	—	10%
John Martin	72%	—	28%
Alison Loat	46%	35%	19%
Jonathan Pearce	72%	—	28%
Executive Directors:			
Anthony Abrahams	100%	—	—
Other Key Management Personnel:			
John Bird	100%	—	—
Patrick Fok	77%	—	23%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name	Title	Agreement commenced	Term of agreement	Details
Anthony Abrahams	Chief Executive Officer, Australia	1 July 2020	Ongoing – no fixed minimum term	Annual fees of $130,000 including superannuation
Anthony Abrahams	Chief Executive Officer, Canada	19 April 2018	Ongoing – no fixed minimum term	Annual fees of CAD182,918
John Bird	Chief Financial Officer	15 March 2021	Ongoing – no fixed minimum term	Annual fees of $300,000 including superannuation

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of RSUs and shares

The Company agreed to grant each Non-Executive Director Restricted Share Units ('RSUs') to the value of $25,000 per annum for each of the first 3 financial years following the proposed IPO. The first tranche of the RSUs was agreed to be vested and convertible into fully paid ordinary shares of the Company at 30 June 2021 based on the Offer Price under the IPO.

Details of RSUs issued (or to be issued) to directors and other key management personnel as part of compensation during the year ended 30 June 2021 are set out below:

Name	Date	Shares	Issue price	$
John Martin	30 June 2021	20,235	$1.23	25,000
Alison Loat	30 June 2021	20,235	$1.23	25,000
Jonathan Pearce	30 June 2021	20,235	$1.23	25,000

The RSUs and actual shares were not issued as at 30 June 2021. The RSUs and underlying shares are expected to be issued in September 2021.

Options

Other than the conversion of existing options to shares as part of the IPO, no options over ordinary shares were issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2021.

There were no options over ordinary shares granted to directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Additional information

The earnings of the Group for the five years to 30 June 2021 are summarised below:

	2021 $	2020 $	2019 $	2018 $	2017 $
Sales revenue	**48,662,420**	25,423,090	18,339,127	16,078,623	15,871,517
EBITDA [1]	**(8,678,600)**	(10,048,332)	(2,506,516)	1,758,968	4,312,459
Profit/(loss) after income tax	**(10,691,490)**	(12,741,152)	(3,882,599)	291,476	(1,330,512)

1. EBITDA prior to 2019 financial year does not include the impact of AASB 16.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Deanne Weir [1]	21,430,282	—	2,572,659	(5,357,946)	18,644,995
Anthony Abrahams	27,919,089	—	250,000	(279,191)	27,889,898
John Martin [1]	2,401,146	—	188,023	(1,312,500)	1,276,669
Alison Loat	—	—	250,000	—	250,000
Jonathan Pearce	—	—	487,833	—	487,833
John Bird	—	—	—	—	—
Patrick Fok [1,2]	1,000,000	—	—	(449,187)	550,813
	52,750,517	**—**	**3,748,515**	**(7,398,824)**	**49,100,208**

1. Exercised options during the year were included above.
2. Patrick resigned on 31 December 2020.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/other	Balance at the end of the year
Options over ordinary shares					
Deanne Weir	1,262,500	—	(1,262,500)	—	—
Anthony Abrahams	—	—	—	—	—
John Martin	1,122,500	—	(1,122,500)	—	—
Alison Loat	—	—	—	—	—
Jonathan Pearce	—	—	—	—	—
John Bird	—	—	—	—	—
Patrick Fok	1,000,000	—	(1,000,000)	—	—
	3,385,000	**—**	**(3,385,000)**	**—**	**—**

60,705 number of RSUs were granted during the year and existed at end of the year.

This concludes the remuneration report, which has been audited.

Shares under option

There were 60,705 unissued ordinary shares of Ai-Media Technologies Limited under RSU's outstanding at the date of this report.

Shares issued on the exercise of options

7,667,250 shares at an exercise price of $0.53 and 960,000 shares at an exercise price of $0.49 of Ai-Media Technologies Limited were issued during the year ended 30 June 2021 and up to the date of this report on the exercise of options granted.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 31 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 31 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Deloitte Touche Tohmatsu

There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

Directors' Report continued

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

Anthony Abrahams
Director and Chief Executive Officer

25 August 2021
Sydney

Financial Report

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Auditor's independence declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

25 August 2021

The Board of Directors
Ai-Media Technologies Limited (Formerly known as Access Innovation Holdings Limited)
Level 1, 103 Miller Street
North Sydney
NSW 2060

Dear Board Members,

Auditor's Independence Declaration to Ai-Media Technologies Limited (Formerly known as Access Innovation Holdings Limited)

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Ai-Media Technologies Limited (Formerly known as Access Innovation Holdings Limited) and its subsidiaries.

As lead audit partner for the audit of the financial report of Ai-Media Technologies Limited (Formerly known as Access Innovation Holdings Limited) and its subsidiaries for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Joshua Tanchel
Partner
Chartered Accountants

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

	Note	Consolidated 2021 $	2020 $
Revenue	5	**48,662,420**	25,423,090
Other income	6	**516,667**	925,991
Interest revenue calculated using the effective interest method		**22,124**	57,837
Expenses			
Cost of sales		**(28,791,802)**	(14,569,774)
Employee benefits expense		**(15,105,854)**	(12,896,794)
Depreciation and amortisation expense	7	**(3,307,992)**	(2,316,407)
Impairment of receivables	10	**(83,923)**	(141,688)
Professional and consulting costs		**(5,124,447)**	(2,747,734)
Business development costs		**(708,866)**	(2,064,983)
Networking and information technology costs		**(2,290,979)**	(1,219,371)
Other employment costs		**(534,663)**	(641,962)
Office expenses		**(449,637)**	(376,851)
Initial public offering (**IPO**) listing expense		**(3,051,255)**	(416,140)
Other expenses		**(1,716,261)**	(1,322,116)
Finance costs	7	**(2,280,079)**	(3,847,136)
Loss before income tax benefit		**(14,244,547)**	(16,154,038)
Income tax benefit	8	**3,553,057**	3,412,886
Loss after income tax benefit for the year attributable to the owners of Ai-Media Technologies Limited		**(10,691,490)**	(12,741,152)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**1,099,123**	(37,463)
Other comprehensive income/(loss) for the year, net of tax		**1,099,123**	(37,463)
Total comprehensive loss for the year attributable to the owners of Ai-Media Technologies Limited		**(9,592,367)**	(12,778,615)

		Cents	Cents
Basic loss per share	37	**(7.52)**	(13.24)
Diluted loss per share	37	**(7.52)**	(13.24)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2021

	Note	Consolidated 2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	9	**17,864,220**	2,994,171
Trade and other receivables	10	**13,195,519**	6,145,996
Contract assets	12	**54,299**	374,578
Inventories	11	**427,108**	—
Investments	13	**272,076**	272,076
Total current assets		**31,813,222**	9,786,821
Non-current assets			
Property, plant and equipment	14	**4,125,959**	1,091,321
Right-of-use assets	15	**567,627**	1,122,974
Intangibles	16	**54,176,500**	11,244,053
Deferred tax assets	8	**7,061,811**	3,333,960
Total non-current assets		**65,931,897**	16,792,308
Total assets		**97,745,119**	26,579,129
Liabilities			
Current liabilities			
Trade and other payables	17	**7,057,586**	7,613,706
Contract liabilities	18	**1,697,030**	167,812
Borrowings	19	**263,993**	13,248,427
Lease liabilities	21	**609,446**	660,762
Derivative financial instruments	20	**—**	3,017,593
Employee benefits		**1,344,035**	1,100,782
Provisions	22	**699,479**	7,319,865
Total current liabilities		**11,671,569**	33,128,947
Non-current liabilities			
Borrowings	23	**—**	384,034
Lease liabilities	24	**259,198**	1,129,896
Deferred tax	8	**2,105,043**	—
Employee benefits		**366,183**	467,501
Provisions	25	**4,346,060**	265,352
Total non-current liabilities		**7,076,484**	2,246,783
Total liabilities		**18,748,053**	35,375,730
Net (liabilities)/assets		**78,997,066**	(8,796,601)
Equity			
Issued capital	26	**110,566,210**	8,980,031
Reserves	27	**1,151,260**	8,671,609
Accumulated losses		**(32,720,404)**	(26,448,241)
Total equity		**78,997,066**	(8,796,601)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2021

Consolidated	Note	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2019		8,980,031	7,432,641	(13,707,089)	2,705,583
Loss after income tax benefit for the year		—	—	(12,741,152)	(12,741,152)
Other comprehensive loss for the year, net of tax		—	(37,463)	—	(37,463)
Total comprehensive loss for the year		—	(37,463)	(12,741,152)	(12,778,615)
Transactions with owners in their capacity as owners:					
Share-based payments	41	—	1,276,431	—	1,276,431
Balance at 30 June 2020		8,980,031	8,671,609	(26,448,241)	(8,796,601)
Balance at 1 July 2020		**8,980,031**	**8,671,609**	**(26,448,241)**	**(8,796,601)**
Loss after income tax benefit for the year		**—**	**—**	**(10,691,490)**	**(10,691,490)**
Other comprehensive income for the year, net of tax		**—**	**1,099,123**	**—**	**1,099,123**
Total comprehensive income/(loss) for the year		**—**	**1,099,123**	**(10,691,490)**	**(9,592,367)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	26	**79,193,798**	**—**	**—**	**79,193,798**
Exercise/cancellation of share options		**4,501,243**	**(8,694,472)**	**4,419,327**	**226,098**
Conversion of convertible notes		**15,033,993**	**—**	**—**	**15,033,993**
Deferred consideration		**2,857,145**	**—**	**—**	**2,857,145**
Share-based payments		**—**	**75,000**	**—**	**75,000**
Balance at 30 June 2021		**110,566,210**	**1,151,260**	**(32,720,404)**	**78,997,066**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**47,968,036**	26,479,701
Payments to suppliers and employees (inclusive of GST)		**(65,975,619)**	(32,880,722)
		(18,007,583)	(6,401,021)
Interest received		**22,124**	57,837
Other revenue		**516,667**	925,991
Interest and other finance costs paid		**(485,650)**	(832,127)
Income taxes refunded/(paid)		**—**	475,215
Net cash used in operating activities	39	**(17,954,442)**	(5,774,105)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	35	**(23,183,595)**	(464,853)
Payment of deferred consideration		**(2,707,940)**	—
Payments for property, plant and equipment	14	**(741,536)**	(518,998)
Payments for intangibles	16	**(2,165,314)**	(2,568,997)
Net cash used in investing activities		**(28,798,385)**	(3,552,848)
Cash flows from financing activities			
Proceeds from issue of shares	26	**70,202,785**	—
Share issue transaction costs		**(4,313,705)**	—
Proceeds from/(repayments of) bank and other loans		**(787,192)**	424,817
Proceeds from/(repayments of) shareholder loans		**(2,413,918)**	1,613,918
Proceeds from convertible notes		**—**	10,330,000
Repayments of related party loans		**(248,416)**	—
Repayment of lease liabilities		**(922,014)**	(779,000)
Net cash from financing activities		**61,517,540**	11,589,735
Net increase in cash and cash equivalents		**14,764,713**	2,262,782
Cash and cash equivalents at the beginning of the financial year		**2,994,171**	672,171
Effects of exchange rate changes on cash and cash equivalents		**105,336**	59,218
Cash and cash equivalents at the end of the financial year	9	**17,864,220**	2,994,171

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

For the year ended 30 June 2021

Note 1. General information

On 29 June 2021, shareholders approved the change of the Company's name from Access Innovation Holdings Limited to Ai-Media Technologies Limited. The change of name was registered by Australian Securities and Investments Commission on 1 July 2021.

The financial statements cover Ai-Media Technologies Limited (formerly known as Access Innovation Holdings Limited) as a Group consisting of Ai-Media Technologies Limited (**Company** or **parent entity**) and the entities it controlled at the end of, or during, the year (referred to in these financial statements as the **Group**). The financial statements are presented in Australian dollars, which is Ai-Media Technologies Limited's functional and presentation currency.

Ai-Media Technologies Limited (formerly known as Access Innovation Holdings Limited) is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
Level 6	Level 1
277 William Street	103 Miller Street
Melbourne VIC 3000	North Sydney NSW 2060

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

On 15 September 2020, the Company was listed on the Australian Securities Exchange (**ASX**) with the code '**AIM**'.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2021. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

Software-as-a-Service (SaaS) arrangements

The IFRS Interpretations Committee (**IFRIC**) has issued two agenda decisions related to accounting SaaS arrangements:

- In March 2019, the IFRIC considered the accounting for SaaS arrangements (the first agenda decision) and concluded that for many such arrangements the substance is that the entity has contracted to receive services rather than the acquisition (or lease) of software assets. This is because, in a cloud-based environment, the SaaS contract generally only gives the customer the right to receive access to the cloud provider's application software, rather than a license over the IP i.e. control over the software code itself.
- In April 2021, the IFRIC specifically considered how an entity should account for configuration and customisation costs incurred in implementing these (**SaaS**) service arrangements. The IFRIC concluded (the second agenda decision) that these costs should be expensed, unless the criteria for recognising a separate asset are met.

Based on the above, the Group completed detailed assessments of software assets and determined there was no impact on the group from the IFRIC Agenda Decisions.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The Group has adopted the revised Conceptual Framework from 1 January 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Group's financial statements.

Note 2. Significant accounting policies continued

Going concern

The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and assumes the Group will have sufficient cash resources to pay their debts as and when they become due and payable for at least 12 months from the date of signing the financial report.

The consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2021 reflects a net loss after income tax of $10,691,490 (2020: $12,741,152) and the consolidated statement of cash flows reflects net cash outflows from operating activities of $17,954,442 (2020: $5,774,105). As at 30 June 2021, the consolidated statement of financial position reflects a net asset position of $78,997,066 (2020: net deficit of $8,796,601) and a net current asset position of $20,141,653 (2020: net current liability of $23,342,126). The losses and net cash outflows from operating activities are a result of the strategic decision taken by the Company to accelerate its expansion to take advantage of the global market growth opportunity.

Based upon the growth of the business achieved to date, sufficient cash reserves at reporting date and after reviewing forecasts and projections prepared for the business, the directors are confident that it is appropriate to prepare the financial statements on the going concern basis.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (**IASB**).

Historical cost convention

The financial statements have been prepared under the historical cost convention except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 38.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ai-Media Technologies Limited as at 30 June 2021 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (**CODM**). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

Foreign currency transactions

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Note 2. Significant accounting policies continued

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability. During the year, variable consideration comprised of immaterial discounts to certain customers.

Revenue from a contract to provide services is recognised over time for all live captioning, as customers simultaneously receive and consume captioning services as live captioned events occur. All recorded captioning is recognised at a point in time, at such time that the customers gains control of and derives the benefits from the completed captioned medium(s) produced and incurs the obligation to pay for completed captioning. Revenue from services primarily have payment terms of 30-60 days.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established. Other income is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer.

Grant income

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and that the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss as other income over the periods necessary to match them with the costs that they are intended to compensate.

Cost of sales

Cost of sales includes both direct and indirect labour costs and other costs directly attributable to the generation of revenue.

Contract assets and liabilities

AASB 15 '*Revenue from Contracts with Customers*' uses the terms 'contract asset' and 'contract liability' to describe what is commonly known as 'accrued revenue' and 'deferred revenue'. Contract assets represent the Group's right to consideration for services provided to customers for which the Group's right remains conditional on something other than the passage of time. Contract liabilities arise where payment is received prior to work being performed. Contract assets and contract liabilities are recognised and measured in accordance with this accounting policy.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 2. Significant accounting policies continued

Ai-Media Technologies Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Research and development ('R&D') grant

The Group has exceeded the $20 million ATO threshold to claim the refundable R&D tax credit and accounts for the concession as part of its calculation of income tax expense/benefit for the financial year.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Contract receivables represent receivables in respect of which the Group's right to consideration is unconditional subject only to the passage of time. Contract receivables are non-derivative financial assets accounted for in accordance with the Group's accounting policy for non-derivative financial assets for expected credit losses. Trade receivables are generally due for settlement within 30-60 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Note 2. Significant accounting policies continued

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	30 years
Leasehold improvements	3 to 5 years
Plant and equipment	5 to 10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Development

Development costs are capitalised when: it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 years.

Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of its expected benefit, being its finite life, which varies from 3 to 5 years.

Brand name

Brand name arises on the acquisition of a business and is carried at cost less accumulated impairment losses. Brand name is assessed to have indefinite life as there is no indication that the useful life of the asset will end in reasonably foreseeable future and there is no way to reliably determine when the asset will cease having economic value.

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 – 10 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of its expected benefit, being its finite life, which varies from 3 to 7 years.

Notes to the consolidated financial statements Continued

Note 2. Significant accounting policies continued

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the debt host contract component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a current liability on an amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds at initial recognition are allocated to the embedded conversion option that is recognised at fair value as a financial liability. This is subsequently remeasured at fair value at each reporting date and differences in fair value are recognised in profit and loss. On conversion of the convertible note into ordinary shares, the carrying amount of the debt host contract and derivative is converted into ordinary shares.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 2. Significant accounting policies continued

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, they are treated as if they had vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 2. Significant accounting policies continued

Derivative financial instruments

Embedded derivative

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not classified as fair value through profit or loss with such gains or losses presented in finance costs. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial instrument out of the fair value through profit or loss category.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques used to measure fair value are those that are appropriate in the circumstances and which maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Note 2. Significant accounting policies continued

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Ai-Media Technologies Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The Group has assessed that there will be no significant impact on adoption of these new or amended Accounting Standards and Interpretations. The new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 2020 -1 Amendments to AASs – Classification of Liabilities as Current or Non-current

These amendments are applicable are for annual reporting periods beginning on or after 1 January 2023. These amendments to AASB 101 Presentation of Financial Statements clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. These amendments are applied retrospectively. Earlier application is permitted.

AASB 2021-2 Amendments to AASB 108 – Disclosure of Accounting Policies and Definition of Accounting Estimates

These amendments are applicable are for annual reporting periods beginning on or after 1 January 2023. These amendments to AASB 108 clarify the definition of an accounting estimate, making it easier to differentiate it from an accounting policy. The distinction is necessary as their treatment and disclosure requirements are different. Critically, a change in an accounting estimate is applied prospectively whereas a change in an accounting policy is generally applied retrospectively. The new definition provides that 'Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. The amendments are applied prospectively. Earlier application is permitted.

AASB 2021-3 Amendments to AASs – Covid-19-Related Rent Concessions beyond 30 June 2021

These amendments are applicable are for annual reporting periods beginning on or after 1 April 2021. These amendments to AASB 16 Leases is made to extend the availability of the practical expedient to not account for covid-19-related rent concessions as lease modifications by one year. Provided all other conditions are met, this expedient can be applied to rent concessions that reduce only lease payments originally due on or before 30 June 2022. The amendment to AASB 16 is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the beginning of the annual reporting period in which the lessee first applies the amendment. Earlier application of the amendments is permitted.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a resultof the COVID-19 pandemic.

The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Best estimate judgements on present obligations

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Management take into account the probability weighting of the most likely outcome when recognising provisions which involves key judgements.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment in accordance with the accounting policy stated in note 2.

Recovery of deferred tax assets

Deferred tax assets are recognised for tax losses and deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Deferred consideration

The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The Group applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the deferred consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Business combinations

The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement. Allocation of the purchase price affects the results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into 3 operating segments based on geographical locations: Australia and New Zealand (**ANZ**), North America (which includes Canada and United States of America), Rest of the world (**ROW**) (which includes United Kingdom and Singapore). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (**CODM**)) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews earnings before interest, tax, depreciation and amortisation (**EBITDA**). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

The CODM does not regularly review segment assets and segment liabilities. Refer to statement of financial position for assets and liabilities.

Major customers

During the year 30 June 2021, the Group has only one customer which contributes approximately 10% of the Group's revenue (2020: 3 customers contribute to approximately 45% of the Group's revenue).

Operating segment information

Consolidated – 2021	ANZ $	North America $	ROW $	Corporate $	Total $
Revenue					
Sales to external customers	17,550,825	23,001,026	8,110,569	—	48,662,420
Other revenue	239,447	64,334	212,886	—	516,667
Total revenue	17,790,272	23,065,360	8,323,455	—	49,179,087
EBITDA	7,237,273	1,413,067	1,528,966	(18,857,906)	(8,678,600)
Depreciation and amortisation					(3,307,992)
Interest revenue					22,124
Finance costs					(2,280,079)
Loss before income tax benefit					(14,244,547)
Income tax benefit					3,553,057
Loss after income tax benefit					(10,691,490)

Consolidated – 2020	ANZ $	North America $	ROW $	Corporate $	Total $
Revenue					
Sales to external customers	17,616,542	4,879,374	2,927,174	—	25,423,090
Other revenue	919,169	6,822	—	—	925,991
Total revenue	18,535,711	4,886,196	2,927,174	—	26,349,081
EBITDA	6,698,101	(905,549)	(311,170)	(15,529,714)	(10,048,332)
Depreciation and amortisation					(2,316,407)
Interest revenue					57,837
Finance costs					(3,847,136)
Loss before income tax benefit					(16,154,038)
Income tax benefit					3,412,886
Loss after income tax benefit					(12,741,152)

Notes to the consolidated financial statements Continued

Note 5. Revenue

	Consolidated 2021 $	Consolidated 2020 $
Revenue	**48,662,420**	25,423,090

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2021 $	Consolidated 2020 $
Major product lines		
Broadcast [1]	**17,922,123**	15,280,613
Non-broadcast [1]	**30,740,297**	10,142,477
	48,662,420	25,423,090
Timing of revenue recognition		
Goods and services transferred at a point in time	**12,090,742**	11,942,592
Services transferred over time	**36,571,678**	13,480,498
	48,662,420	25,423,090

1. Broadcast revenue includes services provided to broadcasters, including captioning live, sporting events and recorded content. Non-broadcast revenue includes services provided to enterprise and convention (corporate, governments and universities) customers.

Note 6. Other income

	Consolidated 2021 $	Consolidated 2020 $
Other revenue	**516,667**	925,991

Other revenue relates to IT infrastructure services provided on an ad-hoc and non-recurring basis.

During the year the Group received payments from various governments amounting to $100,000 (2020: $280,715) as part of their boosting cash flow for small medium businesses and employers due to the impacts of the COVID-19 pandemic. These amounts have been recognised as government grants and recognised as income once there is reasonable assurance the Group will comply with any conditions attached.

Note 7. Expenses

	Consolidated 2021 $	2020 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Buildings	**11,876**	—
Leasehold improvements	**242,683**	252,080
Plant and equipment	**119,047**	105,266
Buildings right-of-use assets	**408,076**	411,015
Plant and equipment right-of-use assets	**147,271**	291,217
Total depreciation	**928,953**	1,059,578
Amortisation		
Development	**1,777,252**	1,167,752
Intellectual property	**112,147**	—
Customer contracts	**187,485**	24,043
Software	**302,155**	65,034
Total amortisation	**2,379,039**	1,256,829
Total depreciation and amortisation	**3,307,992**	2,316,407
Finance costs		
Interest and finance charges paid/payable on borrowings	**453,996**	481,292
Interest and finance charges paid/payable on lease liabilities	**31,654**	47,172
Interest on convertible notes (debt host) [1]	**453,224**	949,469
Fair value movement on embedded derivatives [1]	**1,341,205**	2,369,203
Finance costs expensed	**2,280,079**	3,847,136
Leases		
Short-term lease payments	**207,021**	166,521
Superannuation expense		
Defined contribution superannuation expense	**1,492,415**	1,295,910

1. Interest on convertible notes and FV movements relate to Convertible notes that converted to equity on the IPO and are non-recurring in nature.

Note 8. Income tax

	Consolidated 2021 $	Consolidated 2020 $
Income tax benefit		
Current tax	**(49,645)**	(132,532)
Deferred tax – origination and reversal of temporary differences	**(3,604,938)**	(3,433,280)
Adjustment recognised for prior periods	**147,875**	(3,592)
Under/over opening deferred tax assets	**(46,349)**	156,518
Aggregate income tax benefit	**(3,553,057)**	(3,412,886)
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets	**(3,121,579)**	(3,433,280)
Decrease in deferred tax liabilities	**(483,359)**	—
Deferred tax – origination and reversal of temporary differences	**(3,604,938)**	(3,433,280)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	**(14,244,547)**	(16,154,038)
Tax at the statutory tax rate of 26% (2020: 27.5%)	**(3,703,582)**	(4,442,360)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
– Research and Development	**(162,500)**	(403,000)
– Other non-assessable and non-deductible items	**346,879**	1,312,247
– Sundry items	**4,365**	243,972
	(3,514,838)	(3,289,141)
Adjustment recognised for prior periods	**147,875**	(3,592)
Current year tax losses not recognised	**—**	(454,203)
Difference in overseas tax rates	**(139,745)**	177,532
Under/over opening deferred tax assets	**(46,349)**	156,518
Income tax benefit	**(3,553,057)**	(3,412,886)

The corporate tax rate applicable to base rate entities reduces from 27.5% to 26% for the 2020-21 income year and further reduces to 25% prospectively from the 2021-22 income year. The Company qualifies as a base rate entity as it has a turnover of less than $50 million and less than 80% of its assessable income is derived from base rate entity passive income. The Company has remeasured its deferred tax balances, and any unrecognised potential tax benefits arising from carried forward tax losses, based on the effective tax rate that is expected to apply in the year the temporary differences are expected to reverse or benefits from tax losses realised. The impact of the change in tax rate on deferred tax balances has been recognised as tax expense in profit or loss or as an adjustment to equity to the extent to which the deferred tax relates to items previously recognised outside profit or loss.

	Consolidated 2021 $	Consolidated 2020 $
Amounts credited directly to equity		
Deferred tax assets	**(606,272)**	—

Note 8. Income tax continued

	Notes	Consolidated 2021 $	Consolidated 2020 $
Deferred tax asset			
Deferred tax asset comprises temporary differences attributable to:			
Allowance for expected credit losses		**14,833**	17,625
Property, plant and equipment		**(19,072)**	(1,589)
Employee benefits		**471,839**	417,582
Provisions		**177,016**	1,373,179
Accrued expenses		**(12,261)**	59,868
Tax losses		**3,942,995**	1,226,397
Research and development tax losses		**1,834,062**	1,410,498
Prepayments		**(219)**	(1,190)
Contract assets		**(21,236)**	(28,448)
Capitalised development cost and customer contracts		**(721,869)**	(1,358,218)
IPO costs		**1,309,016**	—
Right-of-use assets/lease liabilities		**86,707**	91,710
Other		**—**	126,546
Deferred tax asset		**7,061,811**	3,333,960
Movements:			
Opening balance		**3,333,960**	278,156
Credited to profit or loss		**3,121,579**	3,433,280
Credited to equity		**606,272**	—
Additions through business combinations	35	**—**	(377,476)
Closing balance		**7,061,811**	3,333,960

	Notes	Consolidated 2021 $	Consolidated 2020 $
Deferred tax liability			
Deferred tax liability comprises temporary differences attributable to:			
Amounts recognised in profit or loss:			
Intangibles		**2,588,402**	—
Tax losses – overseas entities		**(483,359)**	—
Deferred tax liability		**2,105,043**	—
Movements:			
Opening balance		**—**	—
Credited to profit or loss		**(483,359)**	—
Additions through business combinations	35	**2,588,402**	—
Closing balance		**2,105,043**	—

The Group has recognised a deferred tax asset in respect of the tax losses as it is considered probable that there will be future taxable profits available in excess of the profits arising from the reversal of existing taxable temporary differences.

Note 9. Current assets – cash and cash equivalents

	Consolidated 2021 $	Consolidated 2020 $
Cash on hand	278	196
Cash at bank	17,863,942	2,993,975
	17,864,220	2,994,171

Note 10. Current assets – trade and other receivables

	Consolidated 2021 $	Consolidated 2020 $
Trade receivables	12,388,577	5,539,586
Less: Allowance for expected credit losses	(192,148)	(139,714)
	12,196,429	5,399,872
Other receivables	322,708	139,353
Prepayments	628,113	558,753
Security deposits	48,269	48,018
	13,195,519	6,145,996

Allowance for expected credit loses acquired through business combinations amounting to $277,937 of of 30 June 2021 are netted with gross receivables.

Allowance for expected credit losses

The Group has recognised a loss of $83,923 (2020: $141,688) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Carrying amount		Allowance for expected credit losses	
Consolidated	2021 $	2020 $	2021 $	2020 $
Not overdue	6,270,425	2,992,960	11,476	—
0 to 3 months overdue	4,896,614	2,146,007	85,024	30,043
Over 3 months overdue	1,221,538	400,619	95,648	109,671
	12,388,577	5,539,586	192,148	139,714

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2021 $	Consolidated 2020 $
Opening balance	139,714	—
Additional provisions recognised	83,923	141,688
Foreign currency translation	(31,489)	(1,974)
Closing balance	192,148	139,714

Note 11. Current assets – inventories

	Consolidated	
	2021 $	2020 $
Finished goods – at cost	427,108	—

Note 12. Current assets – contract assets

	Consolidated	
	2021 $	2020 $
Contract assets	54,299	374,578
Reconciliation		
Movement in the contract assets during the financial year are as follows:		
Opening balance	374,578	201,797
Additions	6,973,106	1,090,502
Amounts recognised in profit and loss	(7,293,385)	(917,721)
Closing balance	54,299	374,578

Note 13. Current assets – investments

	Consolidated	
	2021 $	2020 $
Term deposit	272,076	272,076

The term deposit bears interest of 0.4% (2020: 2%) per annum and has a maturity of more than three months but less than one year.

Note 14. Non-current assets – property, plant and equipment

	Consolidated 2021 $	Consolidated 2020 $
Land and buildings – at cost	2,659,575	—
Less: Accumulated depreciation	(11,876)	—
	2,647,699	—
Leasehold improvements – at cost	1,511,960	1,556,804
Less: Accumulated depreciation	(1,070,520)	(842,451)
	441,440	714,353
Plant and equipment – at cost	4,338,429	3,338,137
Less: Accumulated depreciation	(3,301,609)	(2,961,169)
	1,036,820	376,968
	4,125,959	1,091,321

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Notes	Land and Building $	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2019		—	770,536	159,133	929,669
Additions		—	195,897	323,101	518,998
Depreciation expense		—	(252,080)	(105,266)	(357,346)
Balance at 30 June 2020		—	714,353	376,968	1,091,321
Additions		—	—	741,536	741,536
Additions through business combinations	35	2,571,686	—	26,141	2,597,827
Exchange differences		87,889	(30,230)	11,222	68,881
Depreciation expense		(11,876)	(242,683)	(119,047)	(373,606)
Balance at 30 June 2021		2,647,699	441,440	1,036,820	4,125,959

Refer to note 30 for further information on fair value measurement.

Note 15. Non-current assets – right-of-use assets

	Consolidated 2021 $	Consolidated 2020 $
Buildings – right-of-use	**1,985,618**	1,986,183
Less: Accumulated depreciation	**(1,571,320)**	(1,163,809)
	414,298	822,374
Plant and equipment – right-of-use	**1,203,001**	1,203,001
Less: Accumulated depreciation	**(1,049,672)**	(902,401)
	153,329	300,600
	567,627	1,122,974

The Group leases buildings for its offices under agreements of between two to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases plant and equipment under agreements of three years.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Buildings – right-of-use $	Plant and equipment right-of-use $	Total $
Balance at 1 July 2019	892,727	379,508	1,272,235
Additions	340,662	212,309	552,971
Depreciation expense	(411,015)	(291,217)	(702,232)
Balance at 30 June 2020	**822,374**	**300,600**	**1,122,974**
Depreciation expense	**(408,076)**	**(147,271)**	**(555,347)**
Balance at 30 June 2021	**414,298**	**153,329**	**567,627**

For other lease related disclosures refer to the following:

- note 7 for details of depreciation on right-of-use assets, interest on lease liabilities and other lease payments;
- note 21 and note 24 for lease liabilities at year end;
- note 29 for maturity analysis of lease liabilities; and
- consolidated statement of cash flow for repayment of lease liabilities.

Note 16. Non-current assets – intangibles

	Consolidated 2021 $	Consolidated 2020 $
Goodwill – at cost	**37,066,481**	5,714,525
Development – at cost	**8,725,160**	7,065,982
Less: Accumulated amortisation	**(4,893,061)**	(3,114,704)
	3,832,099	3,951,278
Intellectual property – at cost	**7,594,755**	602,789
Less: Accumulated amortisation	**(473,253)**	(325,904)
	7,121,502	276,885
Brand name and trademarks – at cost	**228,607**	—
Customer contracts – at cost	**4,009,201**	1,166,649
Less: Accumulated amortisation	**(697,268)**	(24,041)
	3,311,933	1,142,608
Software – at cost	**3,867,822**	1,293,731
Less: Accumulated amortisation	**(1,251,944)**	(1,134,974)
	2,615,878	158,757
	54,176,500	11,244,053

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Note	Goodwill $	Develop-ment $	Intellectual property $	Brand name and trademarks $	Customer contracts $	Software $	Total $
Balance at 1 July 2019		389,434	2,585,850	38	—	—	92,756	3,068,078
Additions		—	2,533,180	—	—	—	35,817	2,568,997
Additions through business combinations	35	5,658,165	—	294,163	—	1,254,064	102,183	7,308,575
Exchange differences		(333,074)	—	(17,316)	—	(87,413)	(6,965)	(444,768)
Amortisation expense		—	(1,167,752)	—	—	(24,043)	(65,034)	(1,256,829)
Balance at 30 June 2020		**5,714,525**	**3,951,278**	**276,885**	**—**	**1,142,608**	**158,757**	**11,244,053**
Additions		**—**	**1,607,231**	**—**	**—**	**—**	**558,083**	**2,165,314**
Additions through business combinations	35	**30,748,804**	**—**	**6,728,816**	**244,310**	**2,362,265**	**2,137,071**	**42,221,266**
Exchange differences		**603,152**	**50,842**	**227,948**	**(15,703)**	**(5,455)**	**64,122**	**924,906**
Amortisation expense		**—**	**(1,777,252)**	**(112,147)**	**—**	**(187,485)**	**(302,155)**	**(2,379,039)**
Balance at 30 June 2021		**37,066,481**	**3,832,099**	**7,121,502**	**228,607**	**3,311,933**	**2,615,878**	**54,176,500**

Impairment test for goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (CGU), or groups of CGUs, that are expected to benefit from the synergies of the combinations. Each unit or groups of units to which goodwill is allocated represents the lowest level at which assets are monitored for internal management purposes.

Note 16. Non-current assets – intangibles continued

The carrying amount of goodwill has been allocated to the CGUs as follows:

	Consolidated 2021 $	Consolidated 2020 $
North America	**36,677,047**	5,325,091
ROW	**389,434**	389,434
	37,066,481	5,714,525

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. Based on the growth experienced in the ROW CGU, no impairment of goodwill has been identified. The goodwill associated with the North America CGU, arose through the ACS, CaptionAccess, Caption IT and EEG acquisitions. Subsequent to the acquisition, the subsidiaries continued to operate ahead of expectations and the Group is benefiting from the synergies of the combination in the North America CGU. The Directors have assessed the recoverable amount based on the fair value less costs to sell of the North America CGU using comparative market multiples is in excess of the carrying amount and no reasonable changes to key assumptions would lead to impairment. Management have cross checked this against a value in use model using a discount rate of 15%, growth rate of 20% for the next 5 years and using a terminal growth rate of 2.5% noting no impairment indicators.

Sensitivity analysis

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill is allocated. The directors believe that any reasonably possible change in the key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs.

Note 17. Current liabilities – trade and other payables

	Consolidated 2021 $	Consolidated 2020 $
Trade payables	**1,097,680**	1,619,908
Accrued expenses	**5,715,624**	3,020,597
Other payables	**244,282**	—
Cash-settled share-based payments	**—**	2,973,201
	7,057,586	7,613,706

Refer to note 29 for further information on financial instruments.

For terms and conditions relating to cash-settled share-based payments, please refer to note 32.

Note 18. Current liabilities – contract liabilities

	Note	Consolidated 2021 $	Consolidated 2020 $
Contract liabilities		**1,697,030**	167,812
Reconciliation			
Movement in the contract liabilities during the financial year are as follows:			
Opening balance		**167,812**	153,853
Payments received in advance		**768,557**	86,834
Additions through business combinations	35	**975,955**	—
Transfer to revenue		**(256,674)**	(72,875)
Foreign exchange		**41,380**	—
Closing balance		**1,697,030**	167,812

Contract liabilities will be recognised in the statement of profit or loss over the financial year 2022 reporting period.

Note 19. Current liabilities – borrowings

	Consolidated	
	2021 $	**2020 $**
Bank loans	—	757,686
Shareholder loans	—	2,413,918
Other loans	—	29,506
Convertible notes payable	—	9,918,942
Related party loans	**263,993**	128,375
	263,993	13,248,427

Refer to note 29 for further information on financial instruments.

Bank loans

The bank loans are interest bearing and matured on 21 September 2020. Interest is payable at the rate of 5% per annum. The bank loans were paid on 21 September 2020.

Shareholder loans

The Company successfully completed its Initial Public Offering ('IPO') on the Australian Securities Exchange on 15 September 2020, and in accordance with the agreement the Shareholder Loans were cash settled 45 days post the date of a successful IPO.

Convertible notes

The Group raised $4,500,000 on 13 December 2019 through the issuance of 4,500,000 convertible notes and an additional $5,830,000 from entering into various convertible note subscription agreements ('debt notes') between 1 January 2020 and 25 June 2020. The convertible notes had a face value of $1.00 per note. The note had a fixed 8.00% coupon interest rate (accrued daily) and was converted into ordinary shares during the year, based on a 25% discount to the price per Ordinary share (as determined by the Company acting reasonably) paid under the liquidity event.

The above scenario was subject to a pre-money valuation cap of $110,000,000 in aggregate for all equity securities. This was the valuation of all equity securities on which the appropriate conversion discounts shall apply if the valuation was in excess of the $110,000,000.

The contractual right to repay cash to the note holders matured during the year. The debt host contract (convertible note payable) had been measured at amortised cost and the derivative component had been measured at fair value through profit or loss with such gains or losses presented in finance cost (see note 20). As the number of shares issued in the event of a liquidity event was variable and contingent upon the liquidity event itself, the derivative component had been classified as a financial liability.

The convertible notes, including the derivative component recognised as derivative financial instruments as disclosed in note 7, were settled as a result of a trigger event being the IPO, through conversion and issuance of ordinary shares. The value of shares issued was $15,033,993 (refer note 2).

Note 20. Current liabilities – derivative financial instruments

	Consolidated	
	2021 $	**2020 $**
Derivative financial instrument	—	3,017,593

Refer to note 29 for further information on financial instruments.

In 30 June 2020, on initial recognition of the convertible notes payable, a derivative financial instrument of $648,390 was recognised. The derivative financial instrument was subsequently remeasured at the reporting period date and the derecognition date, with changes in fair value of $1,341,205 (2020: $2,369,203) being recognised in profit or loss and such losses were presented as finance costs.

Refer to note 30 for further information on fair value measurement.

Derivative financial instruments refers to the derivative component of the convertible notes as disclosed in note 19.

Note 21. Current liabilities – lease liabilities

	Consolidated 2021 $	Consolidated 2020 $
Lease liability	**609,446**	660,762

Refer to note 29 for further information on the maturity analysis of lease liabilities.

Assets pledged as security

Hire purchase lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, and would revert to the lessor in the event of default.

Note 22. Current liabilities – provisions

	Consolidated 2021 $	Consolidated 2020 $
Deferred consideration	**—**	5,565,085
Lease make good	**142,000**	—
Other provisions	**557,479**	1,754,780
	699,479	7,319,865

Deferred consideration

The provision represents the obligation to pay deferred consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability. The amount outstanding as of 30 June 2020 became payable on or around 45 days from the IPO liquidity event which occurred on the 15 September 2020. The deferred equity consideration has been settled partly in cash and partly settled in ordinary shares. Cash paid amounted to $2,707,940 and the value of shares issued was $2,857,145 (refer note 26).

Other provisions

The provision represents the best estimate of other provisions associated with the share based payment plan.

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated – 2021	Lease make good $	Deferred consideration $	Other provisions $
Carrying amount at the start of the year	—	5,565,085	1,754,780
Payments	—	(2,707,940)	—
Conversion to equity	—	(2,857,145)	—
Reclassifications from non-current	142,000	—	—
Unused amounts reversed	—	—	(1,197,301)
Carrying amount at the end of the year	**142,000**	**—**	**557,479**

Note 23. Non-current liabilities – borrowings

	Consolidated	
	2021 $	2020 $
Related party loans	—	384,034

Refer to note 29 for further information on financial instruments.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2021 $	2020 $
Bank loans	—	757,686

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2021 $	2020 $
Total facilities		
– Bank overdraft	—	1,000,000
– Line of credit	—	919,513
	—	1,919,513
Used at the reporting date		
– Bank overdraft	—	—
– Line of credit	—	757,686
	—	757,686
Unused at the reporting date		
– Bank overdraft	—	1,000,000
– Line of credit	—	161,827
	—	1,161,827

There are currently no financing arrangements and all balances were settled post the IPO.

Note 24. Non-current liabilities – lease liabilities

	Consolidated	
	2021 $	2020 $
Lease liability	**259,198**	1,129,896

Refer to note 29 for information on the maturity analysis of lease liabilities.

Assets pledged as security

Hire purchase lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, and would revert to the lessor in the event of default.

Note 25. Non-current liabilities – provisions

	Consolidated	
	2021 $	2020 $
Deferred consideration	**4,222,708**	—
Lease make good	**123,352**	265,352
	4,346,060	265,352

Deferred consideration

The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability.

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated – 2021	Note	Deferred consideration $	Lease make good $
Carrying amount at the start of the year		—	265,352
Additions through business combinations	35	4,222,708	—
Reclassifications to current		—	(142,000)
Carrying amount at the end of the year		**4,222,708**	**123,352**

Note 26. Equity – issued capital

	Consolidated 2021 Shares	2020 Shares	2021 $	2020 $
Ordinary shares – fully paid	209,439,498	96,200,980	110,566,210	8,980,031

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	**1 July 2019**	**96,200,980**		**8,980,031**
Balance	30 June 2020	96,200,980		8,980,031
Capital raising issuance	9 September 2020	24,390,244	$1.23	30,000,000
Employee Gift Offer on IPO	9 September 2020	158,535	$1.23	194,998
Employee share scheme [1]	9 September 2020	7,667,250	$0.53	4,028,387
Employee share option [1]	9 September 2020	960,000	$0.49	472,856
Conversion of convertible notes [2]	9 September 2020	12,677,970	$1.19	15,033,993
Deferred consideration	9 September 2020	2,322,882	$1.23	2,857,145
Issuance of shares on business combination [3]	4 April 2021	421,887	$0.97	409,231
Issuance of shares on capital raising	10 May 2021	43,709,631	$0.80	34,967,705
Issuance of shares on capital raising	26 May 2021	6,300,102	$0.80	5,040,082
Issuance of shares on business combination [3]	30 June 2021	14,630,017	$0.84	12,289,215
Transaction costs (net of tax)		—	$0.00	(3,707,433)
Balance	**30 June 2021**	**209,439,498**		**110,566,210**

1. The employee share options and share scheme relate to equity-settled share-based payment transactions which are measured at the exercise price of the options, rather than the fair value of when the shares were issued.
2. Upon conversion of the convertible notes, the shares issued are measured by reference to the sum of the carrying amount of the financial liability (host debt contract) plus the carrying amount (fair value) of the embedded conversion option at the date of conversion.
3. The issued share is valued at the share price at the date of acquisitions.

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

Note 27. Equity – reserves

	Consolidated 2021 $	Consolidated 2020 $
Foreign currency translation reserve	1,076,260	(22,863)
Employee share scheme reserve	—	8,308,142
Employee share option reserve	75,000	386,330
	1,151,260	8,671,609

Foreign currency translation reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Employee share scheme (ESS) reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration.

Employee share option reserve

The reserve is used to recognise the value of share options benefits provided to employees and directors as part of their remuneration.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency translation reserve $	Employee share scheme reserve $	Employee share option reserve $	Total $
Balance at 1 July 2019	14,600	7,382,745	35,296	7,432,641
Foreign currency translation	(37,463)	—	—	(37,463)
Share-based payments	—	925,397	351,034	1,276,431
Balance at 30 June 2020	(22,863)	8,308,142	386,330	8,671,609
Foreign currency translation	1,099,123	—	—	1,099,123
Share-based payments	—	—	75,000	75,000
Exercise/cancellation of share options	—	(8,308,142)	(386,330)	(8,694,472)
Balance at 30 June 2021	1,076,260	—	75,000	1,151,260

Note 28. Equity – dividends

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits

	Consolidated 2021 $	Consolidated 2020 $
Franking credits available for subsequent financial years based on a tax rate of 26% (2020: 27.5%)	104,411	104,411

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 29. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by senior finance executives ('Finance') under frameworks approved by the Board of Directors ('the Board'). These frameworks include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	2021 $	2020 $	2021 $	2020 $
Pound sterling	**6,191,804**	1,002,290	**8,231,291**	3,159,403
Canadian dollars	**432,439**	462,041	**5,101,717**	2,732,641
Singapore dollars	**1,391,888**	202,462	**1,750,316**	751,192
US dollars	**19,185,034**	3,513,445	**59,470,832**	5,010,804
Malaysian ringgit	**—**	—	**53,908**	—
	27,201,165	5,180,238	**74,608,064**	11,654,040

The Group had net liabilities denominated in foreign currencies of $47,406,899 (assets of $27,201,165 less liabilities of $74,608,064) as at 30 June 2021 (2020: $6,473,802 (assets of $5,180,238 less liabilities of $11,654,040)). Based on this exposure, had the Australian dollars weakened by 5%/strengthened by 5% (2020: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been $237,629 lower/$237,629 higher (2020: $32,450 lower/$32,450 higher) and equity would have been $166,340 lower/$166,340 higher (2020: $22,715 lower/$22,715 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2021 was $2,212 (2020: gain of $625).

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

Interest rate risk arises from long-term borrowings. The Group has no long-term borrowings thus, the Group is not exposed to any significant interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Note 29. Financial instruments continued

Liquidity risk

Liquidity risk requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Refer to disclosure of unused borrowing facilities at the reporting date in note 23.

Subject to the continuance of satisfactory credit ratings, the bank overdraft facilities may be drawn at any time but may also be terminated by the bank without notice. The outstanding amount is payable on demand.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities (except as noted below) and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated – 2021	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-interest bearing					
Trade payables	1,097,680	—	—	—	1,097,680
Other payables	244,282	—	—	—	244,282
Interest-bearing – fixed rate					
Payable to related parties	263,993	—	—	—	263,993
Lease liability	609,446	259,198	—	—	868,644
Deferred consideration		4,222,708			4,222,708
Total non-derivatives	2,215,401	4,481,906	—	—	6,697,307

Consolidated – 2020	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-interest bearing					
Trade payables	1,619,908	—	—	—	1,619,908
Cash-settled share-based payments	2,973,201	—	—	—	2,973,201
Interest-bearing – fixed rate					
Bank loans	757,686	—	—	—	757,686
Other loans	29,506	—	—	—	29,506
Shareholder loans [1]	2,450,068	—	—	—	2,450,068
Payable to related parties	249,734	249,734	170,298	—	669,766
Convertible notes payable [2]	13,503,820	—	—	—	13,503,820
Lease liability	931,134	795,681	102,042	—	1,828,857
Deferred consideration	5,565,085	—	—	—	5,565,085
Total non-derivatives	28,080,142	1,045,415	272,340	—	29,397,897

1. The loans from shareholders were due to mature on the earlier of 45 days post IPO ASX Listing Date or within 5 business days after 31 December 2021 ($1,613,918) and 31 December 2022 ($800,000). On 15 September 2020 the Company successfully completed its IPO on the Australian Securities Exchange, as such the shareholder loans were settled out of the cash proceeds from the IPO.
2. The convertible notes payable represents both the embedded derivative and the debt host contract. On 15 September 2020 the Company successfully completed its IPO on the Australian Securities Exchange, with all convertible notes converting into ordinary shares.

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 30. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated – 2021	Level 1 $	Level 2 $	Level 3 $
Liabilities			
Deferred consideration	—	—	4,222,708
Total liabilities	—	—	4,222,708

Consolidated – 2020	Level 1 $	Level 2 $	Level 3 $
Liabilities			
Derivative financial instruments	—	—	3,017,593
Deferred consideration	—	—	5,565,085
Total liabilities	—	—	8,582,678

There were no transfers between levels during the financial year.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Unquoted investments have been valued using a discounted cash flow model.

As of 30 June 2021, the deferred consideration is payable based on the achievement of revenue and margin targets for the FY22 period and is discounted the amount to present value. The deferred consideration held at 30 June 2021 would only reduce given the amount relates to the maximum earn out available which is the current assumption.

As of 30 June 2020, the derivative financial instrument and the deferred consideration was based on the timing of liquidity event (the IPO). The significant unobservable input related to the probability of the liquidity event (the IPO) had been assessed and discounted them to a present value.

Level 3 assets and liabilities

Refer to note 22 and note 25 for the movement in the deferred consideration. Movements in derivative financial instruments during the current and previous financial year are set out below:

Consolidated	Derivative financial instruments $
Balance at 1 July 2019	—
Amounts recognised at initial recognition	648,390
Amounts recognised in profit or loss	2,369,203
Balance at 30 June 2020	3,017,593
Amounts recognised in profit or loss	1,341,205
Conversion to equity	(4,358,798)
Balance at 30 June 2021	—

Note 31. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company:

	Consolidated	
	2021 $	2020 $
Audit services – Deloitte Touche Tohmatsu		
Audit or review of the financial statements	**273,500**	160,250
Other services – Deloitte Touche Tohmatsu		
Preparation of tax return and other tax compliance	**180,007**	24,250
IPO and Due diligence costs	**754,725**	365,858
Other assurance services	**12,000**	100,500
Other services provided to overseas entities	**—**	17,427
	946,732	508,035
	1,220,232	668,285

Note 32. Contingent liabilities

The Group has given bank guarantees as at 30 June 2021 of $368,360 (2020: $264,962) to various landlords and a customer.

Note 33. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2021 $	2020 $
Short-term employee benefits	**995,412**	689,379
Post-employment benefits	**77,834**	60,853
Long-term benefits	**4,715**	8,212
Share-based payments	**171,562**	781,836
	1,249,523	1,540,280

Note 34. Related party transactions

Parent entity

Ai-Media Technologies Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 36.

Key management personnel

Disclosures relating to key management personnel are set out in note 33 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2021 $	**2020 $**
Payment for other expenses:		
Interest paid on shareholder loans	—	287,086
Interest paid on convertible notes	**453,224**	481,794
Fair value movement on embedded derivatives to director and related entities	**1,341,205**	2,369,203

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2021 $	**2020 $**
Current borrowings:		
Shareholder loan	—	2,413,918
Related party loans	**116,112**	73,515
Convertible notes to director and related entities	—	5,180,000
Non-current borrowings:		
Related party loans	**147,881**	223,961

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 35. Business combinations

Acquisition of Caption IT and CaptionAccess

On 4 January 2021, the Group completed the acquisition of 100% of the two US-based companies, Caption IT LLC (**Caption IT**) and CaptionAccess LLC (**Caption Access**), for a cash consideration of $1,853,866, and the issue of 421,887 shares at $0.97 per share. The acquired business contributed revenues of $1,854,617 and profit after tax of $313,122 to the Group for the period from 5 January 2021 to 30 June 2021. The values identified in relation to the acquisition are provisional as at 30 June 2021.

Acquisition of EEG

On 7 May 2021, the Group completed the acquisition of 100% of the share capital of EEG Enterprise, Inc. (**EEG**) with the effective date of 7 May 2021, for a total consideration of up to US$34,000,000. This is funded by an upfront cash consideration of US$20,000,000, the issuance of 14,630,017 shares of the company on the 30 June 2021, after an extraordinary shareholders general meeting on 29 June 2021, for an effective issue price of AU$0.84 per share and contingent consideration of up to US$4,000,000 subject to revenue and growth rate hurdles payable after the release of the financial year 2022 financial result. EEG is a US-based video and technology caption company. The acquired business contributed revenues of $2,207,082 and profit after tax of $717,012 to the Group for the period from 8 May 2021 to 30 June 2021. The values identified in relation to the acquisition are provisional as at 30 June 2021.

Details of the acquisition are as follows:

	Caption IT and Caption Access	EEG	
	Fair value $	Fair value $	Total $
Cash and cash equivalents	252,552	3,894,933	4,147,485
Trade receivables	385,404	2,055,106	2,440,510
Other receivables	—	22,254	22,254
Inventories	—	450,045	450,045
Buildings	—	2,571,686	2,571,686
Plant and equipment	16,398	9,743	26,141
Intellectual property	—	6,728,816	6,728,816
Brand name and trademarks	—	244,310	244,310
Customer contracts	1,063,564	1,298,701	2,362,265
Software	—	2,137,071	2,137,071
Deferred tax liability	—	(2,588,402)	(2,588,402)
Trade payables	(40,705)	—	(40,705)
Other payables	(78,745)	(3,699,064)	(3,777,809)
Contract liabilities	—	(975,955)	(975,955)
Net assets acquired	1,598,468	12,149,244	13,747,712
Goodwill	1,097,954	29,650,850	30,748,804
Acquisition-date fair value of the total consideration transferred	**2,696,422**	**41,800,094**	**44,496,516**
Representing:			
Cash paid or payable to vendor	2,287,191	25,288,171	27,575,362
Ai-Media Technologies Limited shares issued to vendor	409,231	12,289,215	12,698,446
Contingent consideration	—	4,222,708	4,222,708
	2,696,422	**41,800,094**	**44,496,516**
Cash used to acquire business, net of cash acquired:			
Acquisition-date fair value of the total consideration transferred	2,696,422	41,800,094	44,496,516
Less: cash and cash equivalents	(252,552)	(3,894,933)	(4,147,485)
Less: payments to be made in future periods	(244,282)	—	(244,282)
Less: contingent consideration	—	(4,222,708)	(4,222,708)
Less: shares issued by Company as part of consideration	(409,231)	(12,289,215)	(12,698,446)
Net cash used	**1,790,357**	**21,393,238**	**23,183,595**

Note 36. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business/Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Access Innovation Media Pty Limited	Australia	**100%**	100%
Access Innovation IP Pty Limited	Australia	**100%**	100%
Ai-Media Employee Incentive Trust	Australia	**100%**	100%
Access Innovation Media UK Ltd	United Kingdom	**100%**	100%
– Ai-Media UK B Ltd [1]	United Kingdom	**100%**	100%
Ai Media Inc.	United States of America	**100%**	100%
– Alternative Communication Services LLC	United States of America	**100%**	100%
– PostCAP LLC	United States of America	**100%**	100%
Ai-Media Canada Inc. [2]	Canada	**49%**	49%
Ai-Media NZ Limited	New Zealand	**100%**	100%
Ai-Media SG Pte. Ltd	Singapore	**100%**	100%
Caption IT LLC	United States of America	**100%**	—
CaptionAccess LLC	United States of America	**100%**	—
EEG Enterprise, Inc	United States of America	**100%**	—
Access Innovation Media Malaysia Sdn Bhd	Malaysia	**100%**	—

1. Wholly-owned subsidiary of Access Innovation Media UK Ltd.
2. Ai Media Canada Inc is 100% consolidated into Access Innovation Holdings Limited as they share in 100% of the variable returns and are able to use their power to affect such returns.

Note 37. Earnings per share

	Consolidated 2021 $	Consolidated 2020 $
Loss after income tax attributable to the owners of Ai-Media Technologies Limited	**(10,691,490)**	(12,741,152)

	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	**142,128,762**	96,200,980
Weighted average number of ordinary shares used in calculating diluted loss per share	**142,128,762**	96,200,980

	Cents	Cents
Basic loss per share	**(7.52)**	(13.24)
Diluted loss per share	**(7.52)**	(13.24)

Options have been excluded in the 30 June 2020 calculations as their inclusion would be anti-dilutive and there are no options outstanding as at 30 June 2021.

Note 38. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2021 $	2020 $
Loss after income tax	**(4,345,630)**	(7,554,590)
Total comprehensive loss	**(4,345,630)**	(7,554,590)

Statement of financial position

	Parent	
	2021 $	2020 $
Total current assets	**113,528,632**	29,272,638
Total assets	**118,738,052**	30,754,782
Total current liabilities	**13,460,623**	17,773,240
Total liabilities	**13,460,623**	17,773,240
Equity		
Issued capital	**110,566,210**	8,980,033
Foreign currency translation reserve	**(734,233)**	10,282
Employee share scheme reserve	**(35,396)**	8,272,746
Employee share option reserve	**75,000**	386,330
Accumulated losses	**(4,594,152)**	(4,667,849)
Total equity	**105,277,429**	12,981,542

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 39. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2021 $	Consolidated 2020 $
Loss after income tax benefit for the year	**(10,691,490)**	(12,741,152)
Adjustments for:		
Depreciation and amortisation	**3,307,992**	2,316,407
Share-based payments	**1,042,600**	1,276,431
Finance costs – non-cash	**1,794,429**	—
Non-cash items	**—**	(158,227)
Change in operating assets and liabilities:		
– Increase in trade and other receivables	**(4,586,759)**	(1,152,241)
– Decrease/(increase) in contract assets	**320,279**	(172,781)
– Decrease in inventories	**22,937**	—
– Decrease in income tax refund due	**—**	495,609
– Increase in deferred tax assets	**(3,069,698)**	(3,055,804)
– Increase/(decrease) in trade and other payables	**(4,864,988)**	4,328,158
– Increase in contract liabilities	**553,263**	13,956
– Increase/(decrease) in derivative liabilities	**—**	3,017,593
– Increase/(decrease) in deferred tax liabilities	**(483,359)**	(377,476)
– Increase in employee benefits	**141,935**	398,637
– Increase in provisions	**(1,441,583)**	36,785
Net cash used in operating activities	**(17,954,442)**	(5,774,105)

Note 40. Changes in liabilities arising from financing activities

Consolidated	Bank loans $	Shareholder loans $	Other loans $	Related party loans $	Convertible notes $	Lease liability $	Total $
Balance at 1 July 2019	—	800,000	—	—	—	2,016,687	2,816,687
Net cash from/(used in) financing activities	424,817	1,613,918	—	—	10,330,000	(779,000)	11,589,735
Acquisition of leases	—	—	—	—	—	552,971	552,971
Changes through business combinations (note 35)	332,869	—	31,352	593,235	—	—	957,456
Exchange differences	—	—	(1,846)	(80,826)	—	—	(82,672)
Net unamortised issue costs'	—	—	—	—	(411,058)	—	(411,058)
Balance at 30 June 2020	757,686	2,413,918	29,506	512,409	9,918,942	1,790,658	15,423,119
Payments in relation to financing activities	(757,686)	(2,413,918)	(29,506)	(248,416)	—	(922,014)	(4,371,540)
Conversion of convertible notes to equity	—	—	—	—	(15,033,993)	—	(15,033,993)
Other changes	—	—	—	—	5,115,051	—	5,115,051
Balance at 30 June 2021	**—**	**—**	**—**	**263,993**	**—**	**868,644**	**1,132,637**

Note 41. Share-based payments

The Company's incentive program has been in place since 2013 and underpins a broader strategy of rewarding performance and retaining key talent.

The program is designed to assist in motivating and rewarding long term performance and teamwork towards the realisation of shared goals: growth in Ai-Media's social impact and business success, and growth of the value of the business and share price towards realisation of a Liquidity Event.

Participation is by invitation from the Board and those invited can make an application under the terms of the invitation materials and plan rules.

Each grant is subject to satisfaction of the relevant vesting conditions – including performance, service and occurrence of a Liquidity Event (such as an IPO). Prior to a Vesting Notice being given to a Participant, the Board must have determined that a Liquidity Event as defined in the plan rules has occurred.

No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights.

The share-based payment expense in relation to options and rights for 2021 is $967,600 (2020: $1,276,431). Restricted Share Units (**RSUs**) described below are separate to these options and rights.

There were no options outstanding as of 30 June 2021.

*Restricted Share Units (**RSUs**)*

The Company agreed to grant each Non-Executive Directors RSUs to the value of $25,000 per annum for each of the first 3 financial years following the proposed IPO. The first tranche of the 60,705 RSUs was vested and convertible into fully paid ordinary shares of the Company at 30 June 2021 based on the Offer Price under the IPO. The second and third tranches will vest, and be convertible into fully paid ordinary shares of the Company, based on a 10-day VWAP to the vesting date of the RSUs unless otherwise determined by the Board.

In determining the fair value at grant date of restricted share units, reference was made to the value of the share-based payment entitlement of $25,000. A valuation model was not required and no further inputs were considered necessary since the entitlement at grant date has been fixed at $25,000.

The share-based payment expense in relation to RSUs for 2021 is $75,000 (2020: $nil).

Equity-settled share option plan

Set out below are summaries of options granted:

	Number of options 2021	Weighted average exercise price 2021	Number of options 2020	Weighted average exercise price 2020
Outstanding at the beginning of the financial year	**8,577,250**	**$0.48**	9,892,250	$0.51
Granted	**—**	**$0.00**	1,095,000	$0.62
Forfeited	**—**	**$0.00**	(2,410,000)	$0.86
Exercised	**(8,577,250)**	**$0.48**	—	$0.00
Outstanding at the end of the financial year	**—**	**$0.00**	8,577,250	$0.48

No options outstanding as at 30 June 2021. The options outstanding at 30 June 2020 had a weighted average exercise price of $0.48, and a weighted average remaining contractual life of 0.18 years. No options were granted in 2021. In 2020, options were granted in July, August, September and October 2019 and the aggregate of the estimated fair values of the options granted on those dates is $933,296.

Cash-settled share-based payments

The Group issues to certain employees share appreciation rights (**SARs**) that require the Group to pay the intrinsic value of the SAR to the employee at the date of exercise. The Group has recorded liabilities of $nil and $2,973,201 in 2021 and 2020.

Note 42. Events after the reporting period

The consequences of the Coronavirus (COVID-19) pandemic are continuing to be felt around the world, and its impact on Group, if any, has been reflected in its published results to date. Whilst it would appear that control measures and related government policies have started to mitigate the risks caused by COVID-19, it is not possible at this time to state that the pandemic will not subsequently impact the Group's operations going forward. The Group now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation both locally and internationally.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Anthony Abrahams
Director and Chief Executive Officer

25 August 2021
Sydney

Independent auditor's report

to the members of Ai-Media Technologies Limited

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

Independent Auditor's Report to the members of Ai-Media Technologies Limited (Formerly known as Access Innovation Holdings Limited)

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ai-Media Technologies Limited (Formerly known as Access Innovation Holdings Limited) (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, other explanatory information and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Acquisition of EEG With an effective date of 7th May 2021, the Group completed the acquisition of 100% of the share capital of EEG Enterprise, Inc. ('EEG), for a total consideration of up to US$34m. Accounting for acquisitions is complex and involves a number of significant judgements and estimates as disclosed in Note 35, including: • The identification of and fair value attributed to the separately identifiable assets and liabilities acquired, including intangible assets; and • The fair value attributed to contingent consideration.	In conjunction with our valuation specialists our audit procedures included, but were not limited to: • Assessing the independent valuations obtained by management for the EEG acquisition; • Evaluating the independence, competence and objectivity of the valuer engaged by management to value the assets acquired; • Involving our valuation experts to assess the appropriateness of the assumptions used by management in evaluating the purchase price allocation performed by management including assessing their methodology in determining the identifiable assets and liabilities assumed, the fair value of the consideration transferred and fair valuation of assets and liabilities acquired; • Assessing management's estimation and valuation of contingent consideration included in the acquisition accounting; • Understanding the sales and purchase agreement terms and conditions of the acquisition and evaluating management's application in accordance with the relevant accounting standards; • Performing sensitivity analysis on the key assumptions driving asset valuation in the purchase price allocation; and We also assessed the appropriateness of the disclosures in Note 35 to the financial statements.
Recoverability of Deferred Tax assets As at 30 June 2021 the Group has recognised deferred tax assets of $7.06 million as disclosed in Note 8. The deferred tax assets include timing differences and carried forward tax losses. The recoverability of the deferred tax asset is dependent on the generation of sufficient future taxable profit to utilise the asset. Taxable profits must be generated in the same jurisdiction as the losses or timing differences were generated. Significant judgement is required in forecasting future taxable profit.	In conjunction with our tax specialists, our audit procedures included, but were not limited to: • Assessing the accuracy of the deferred tax calculation prepared by management and reviewing against relevant accounting standards and applicable tax regulation; • Assessing the availability of carried forward losses used in the recoverability assessment; • Evaluating the reasonableness of management's board approved operating budgets, including an assessment of forecasting accuracy achieved in FY21 and assessed the reasonableness of forecast assumptions used in managements determination of recognising deferred tax assets; • Reviewing the initial Transfer Pricing study and overlaying this to the taxable income calculation, in consultation with our Transfer Pricing specialists; • Confirming with management that the Transfer Pricing policy will be effective from 1 July 2021; • Recalculating the accuracy of the deferred tax calculation. We also assessed the appropriateness of the disclosures in Note 8 to the financial statements.

Deloitte.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended, but 30 June 2021 does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Deloitte.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 26 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Ai-Media Technologies Limited (Formerly known as Access Innovation Holdings Limited), for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Joshua Tanchel
Partner
Chartered Accountants

Sydney, 25 August 2021

Shareholder information

For the year ended 30 June 2021

The shareholder information set out below was applicable as at 19 August 2021.

Shareholder Information required by the Australian Securities Exchange Limited (**ASX**) Listing Rules and not disclosed elsewhere in the Report is set out below.

Business objectives

Ai-Media Technologies Limited has used cash and cash equivalents held at the time of listing, in a way consistent with its stated business objectives.

Corporate Governance Statement

The Company's directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company substantially complies with the ASX Corporate Governance Principles and Recommendations (4th Edition) (**Recommendations**) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a Corporate Governance Statement which sets out the extent to which the Company has followed the Recommendations during the FY21 financial year. The Company's Corporate Governance Statement and policies, which is approved at the same time as the Annual Report, can be found on its website: www.ai-media.tv/corporate-governance

Distribution of equity securities

Analysis of number of equity security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	368	0.12	—	—
1,001 to 5,000	781	1.13	—	—
5,001 to 10,000	338	1.25	—	—
10,001 to 100,000	544	7.43	—	—
100,001 and over	80	90.07	—	—
	2,111	**100.00**	**—**	**—**
Holding less than a marketable parcel	**520**	**—**	**—**	**—**

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
PEARLIROSE PTY LTD	27,639,898	13.20
DEANNE WEIR	16,072,336	7.67
NATIONAL NOMINEES LIMITED	15,753,655	7.52
BNP PARIBAS NOMS PTY LTD	15,235,363	7.27
EEG VIDEO HOLDINGS LLC	14,630,017	6.99
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,443,482	5.46
UBS NOMINEES PTY LTD	10,303,787	4.92
ANGELA ABRAHAMS + GEOFFREY ABRAHAMS	7,401,753	3.53
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	7,127,805	3.40
TYLER LEE PTY LTD	6,000,000	2.86
E&P INVESTMENTS LIMITED	5,583,571	2.67
CS THIRD NOMINEES PTY LIMITED	5,449,245	2.60
CITICORP NOMINEES PTY LIMITED	5,346,890	2.55
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,018,395	2.40
ICONIC INVESTMENTS PTY LTD	3,765,994	1.80
ANGELA ABRAHAMS + GEOFFREY ABRAHAMS	2,669,857	1.27
JADW NOMINEES PTY LTD	2,500,750	1.19
GREG SIRTES	2,493,603	1.19
PHILIP A HYSSONG	2,322,880	1.11
LEONIE JACKSON	1,687,500	0.81
	168,446,781	**80.41**

Shareholder information Continued

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
PEARLIROSE PTY LTD	27,639,898	13.20
DEANNE WEIR	16,072,336	7.67
NATIONAL NOMINEES LIMITED	15,753,655	7.52
BNP PARIBAS NOMS PTY LTD	15,235,363	7.27
EEG VIDEO HOLDINGS LLC	14,630,017	6.99

Restricted Securities

The Company has on issue shares that are subject to voluntary escrow, in the amounts and for the durations set out in the table below:

Escrow period	Number of shares subject to escrow
Release of results for 2021 Financial Year	33,494,278
Release of results for 2022 Financial Year	23,481,006
Release of results for 2023 Financial Year	23,481,014
Escrowed to 12 May 2022	4,876,672
Escrowed to 12 May 2023	4,876,672
Escrowed to 12 May 2024	4,876,673
Escrowed [1]	421,887
Employee Gift [2]	151,218

1. Issued as part of the consideration for the acquisition of the Caption IT and CaptionAccess businesses. Escrowed in equal tranches on the first, second and third anniversaries of the share issuance date.
2. IPO Employee Gift Offer subject to three year trading lock.

Voting rights

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each ordinary share shall have one vote. A member may vote in person or by proxy or attorney.

No voting rights will attach to the RSUs to be issued by the Company (see page 25).

On market buy-back

The Company is not currently conducting an on-market buy-back.

Corporate directory

Directors

Deanne Weir – Chair
Anthony Abrahams
John Martin
Alison Loat
Jonathan Pearce

Company secretary

Suzanne Sanossian

Registered office

Level 6
277 William Street
Melbourne VIC 3000

(T) +61 2 8870 7700

Principal place of business

Level 1
103 Miller Street
North Sydney NSW 2060

(T) +61 2 8870 7700

Share register

Computershare Investor Services Pty Limited

GPO Box 2975
Melbourne VIC 3001

(T) +61 3 9415 5000

Auditor

Deloitte Touche Tohmatsu

Grosvenor Place
225 George Street
Sydney NSW 2000

Australia Legal Adviser

Beckett Lawyers

Level 21
90 Collins Street
Melbourne VIC 3000

Stock exchange listing

Ai-Media Technologies Limited shares are listed on the Australian Securities Exchange (ASX code: **AIM**)

Website

www.ai-media.tv