

OUR BUSINESS HAS EVOLVED

BEYOND HUMAN
CAPTIONING TO
TECHNOLOGY
SOLUTIONS.

INTRODUCTION

OUR BUSINESS HAS EVOLVED

BEYOND HUMAN
CAPTIONING TO

ABOUT AI-MEDIA

Two of the world’s leading captioning innovators became one when Ai-Media acquired EEG Enterprises in 2021. Since then, Ai-Media has transformed its market offering to better serve the growing demand for high quality captioning worldwide.

This demand has grown far beyond its broadcasting origin. Today, captioning is a priority for producers in live streaming media, events, corporate, education, government, municipalities, and more. Now all these creators have access to an unprecedented one-stop shop for captioning in Ai-Media.

We are 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.

2003	2006	2008	2010
<p>AI-MEDIA ENABLES ACCESS ON PAY TV</p> <p>Ai-Media’s captioning endeavour began with pay TV platform Foxtel. It’s now grown to over 300,000 hours a year of content across hundreds of channels around the world.</p>	<p>MAKING AN IMPACT IN EDUCATION</p> <p>To service the need for captions in the classroom, Ai-Media began researching how to create a scalable solution using respeakers to deliver live captioning at the speed of speech.</p>	<p>FIRST LIVE TEST FOR CLASSROOM CAPTIONS</p> <p>Ai-Media ran the first on-site test of live captioning for Deaf and hard-of-hearing students in mainstream classrooms. The trial was a huge success.</p>	<p>NEW INVENTORS WIN FOR AI-LIVE</p> <p>Ai-Media won its feature episode on the Australian Broadcasting Corporation’s New Inventors program. This win recognised the enormous potential impact of Ai-Live as a practical, affordable, reliable and scalable solution.</p>

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TECHNOLOGY SOLUTIONS.

2017

PARTNERSHIP WITH FACEBOOK

Facebook announced Ai-Media's support for the display of closed captions on Facebook live streams. This marked a milestone in making videos on Facebook accessible to all members of the community.

2020

AI-MEDIA LISTS ON THE ASX

In September 2020, Ai-Media's ASX listing followed a successful \$65.5 million Initial Public Offer (IPO). The IPO gave us capital to continue our rapid growth, particularly in North America with the acquisition of three US-based companies.

2021

LAUNCH OF SMART LEXI AND EEG ACQUISITION

Ai-Media launched its ground-breaking automated captioning solution Smart Lexi in March 2021, beginning with its application in live broadcast. Then in May, Ai-Media acquired leading US technology company EEG Enterprises, commencing our transformation into a future-proofed SaaS company.

TODAY

AI-MEDIA BECOMES A ONE-STOP SHOP

Thanks to the successful integration of EEG, Ai-Media is today a one-stop shop of captioning, translation and transcription solutions, possessing all the products, technology, and talent to meet every customer need.

YEAR IN REVIEW

The financial year 2021-22 was one of transformation for Ai-Media, with the successful integration of EEG Enterprises spurring impressive growth and significantly expanding our range of captioning, translation and transcription solutions.

+22%

YoY revenue growth

+125%

YoY growth in Lexi & Smart Lexi SaaS minutes

\$15.2M

Cash balance at 30 June 2022

>40%

YoY revenue growth for EEG

+63%

YoY gross profit growth

+9.8M

Improvement in EBITDA

55%

Gross margin

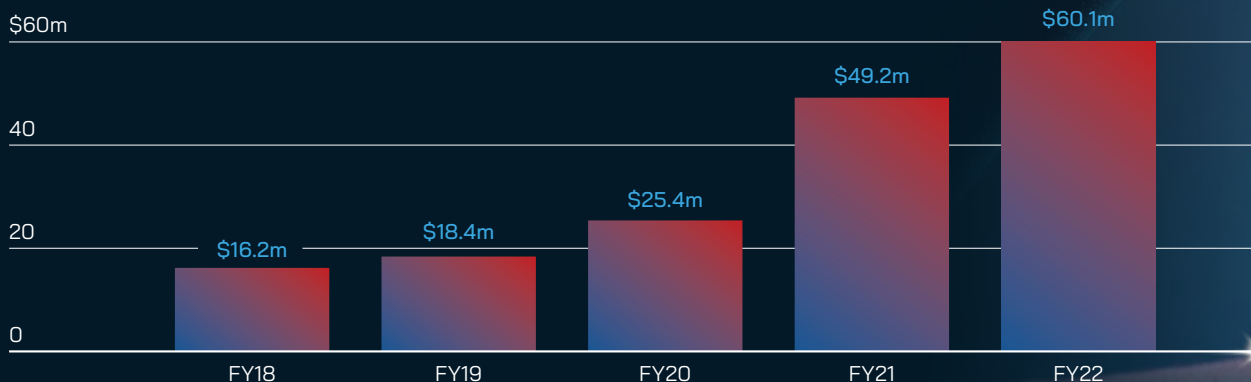
BUY-BACK PROGRAM OF 2M

shares successfully completed

226

Permanent headcount

REVENUE GROWTH



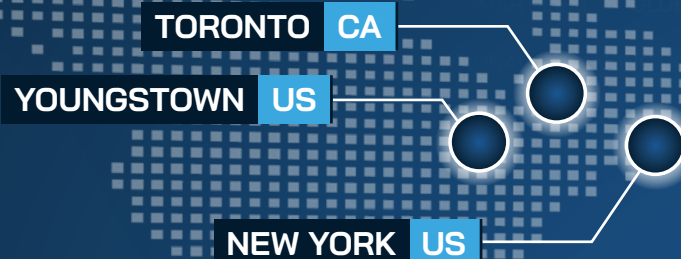


\$21.9M



MINUTES DELIVERED
WITH LEXI OR SMART LEXI

GLOBAL HIGHLIGHTS



ai media

Since our foundation in Sydney almost two decades ago, Ai-Media's presence has spread across the globe. Today, we have 575 employees – including 226 permanent staff – situated across six office locations in the US, UK, Canada and Australia.

THE JOURNEY TO GLOBAL EXPANSION

In the last few years, Ai-Media has made four strategic acquisitions that have significantly expanded our talent, technology and product suite. In May 2020, the opportunity came along to acquire highly regarded US captioning services company Alternative Communications Services (ACS) – an acquisition that saw Ai-Media accelerate growth in the important North American market.

ASX LISTING PROPELS GROWTH

In September 2020, Ai-Media's 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.

AI-MEDIA'S TRANSFORMATION CONTINUES

In December 2020, Ai-Media announced the acquisitions of two further US-based captioning, transcription and translation providers, Caption IT and CaptionAccess. Then in May 2021, we announced the transformational acquisition of market-leading US video and captioning technology company EEG Enterprises.

The acquisition of EEG not only allowed Ai-Media to grow further into North America, but also expand our product suite to include EEG's automated captioning solution Lexi and launch our new automated captioning solution, Smart Lexi. We also added iCap – the largest closed captioning and subtitle delivery network in the world – to our technology offering.

Having successfully integrated these acquisitions, Ai-Media is today a leading global, vertically-integrated, live captioning, transcription and translation technology company – meaning the business touches all points in the live captioning workflow.



LONDON UK

SYDNEY AUS

MELBOURNE AUS

6



OFFICE LOCATIONS

575



EMPLOYEES

226

PERMANENT STAFF

CHAIR'S LETTER

EVOLVING OUR STRATEGY FOR GROWTH

"We have never been better equipped to meet the challenges of an uncertain economy and capitalise on the increasing global demand for captioning."

Deanne Weir, Chair



Dear fellow Shareholders,

Welcome to the second Annual Report of Ai-Media Technologies Limited (ASX:AIM). It has been a year of transformation, challenge and opportunity for Ai-Media, and I can confidently say that we have emerged as a fundamentally stronger company that's poised for accelerated growth.

Since our ASX listing in September 2020, Ai-Media has made four strategic acquisitions that have significantly enhanced our technology, product suite and talent. In particular, our May 2021 acquisition of leading US technology company EEG Enterprises presented Ai-Media with a transformational opportunity to become a future-proofed, SaaS company.

We have successfully combined EEG's vast suite of market-leading technology with our own to become a true one-stop shop of captioning, translation and transcription solutions. This key strategic milestone saw Ai-Media and EEG debut as a combined entity at the 2022 NAB Show, signalling the start of an exciting new era for our company as the world's leading captioning technology vendor.

Ai-Media now has all the fundamentals in place to drive increased growth in an ever-evolving captioning market.

None of our achievements of the past year would have been possible without the highly talented and dedicated Ai-Media team. I offer them my sincere thanks for helping our company achieve impressive growth during a time of increasing uncertainty and change. I would also like to thank my fellow

Directors for their unwavering guidance and support, which has helped steer Ai-Media further toward its vision of making the world's content accessible for everyone.

To our loyal shareholders, I'm truly thankful for your ongoing support during an uncertain and challenging year, and I'm deeply grateful for your loyalty and belief in our company. And finally, I would like to thank our customers – from those who have been with us for years, to our growing number of new clients across the globe, who have placed their trust in Ai-Media in the past year.

WE HAVE SUCCESSFULLY COMBINED EEG'S VAST SUITE OF MARKET-LEADING TECHNOLOGY WITH OUR OWN TO BECOME A TRUE ONE-STOP SHOP OF CAPTIONING, TRANSLATION AND TRANSCRIPTION SOLUTIONS

AI-MEDIA IS A GLOBAL LEADER IN CAPTIONING, TRANSCRIPTION, TRANSLATION AND AUDIO DESCRIPTION SERVICES

THE YEAR IN REVIEW

OVERCOMING MARKET CHALLENGES

As a significant Ai-Media shareholder myself, it has been disheartening to witness our company's underperformance in the stock market during the past year. An increasingly uncertain economic outlook, which has resulted in a broad correction of technology stocks, has certainly played its part. However, Ai-Media's recent integration of four acquisitions, which has dramatically changed our strategy and product suite, has also been cause for uncertainty in the market.

I sincerely believe that there is a fundamental disconnect between Ai-Media's current share price and the inherent value of the business, as well as the immense opportunity that lies before us. The strategic technology investments we have made means Ai-Media is ideally placed to take advantage of an accelerating global demand for high quality, convenient captioning solutions.

SERVICING GROWING DEMAND

Our company's transformation has taken place against the backdrop of increasing global adoption of the free Automatic Speech Recognition (ASR) captioning offered by major virtual platforms like Zoom and Microsoft Teams. While this has posed a challenge to Ai-Media's market share, it also presents a tremendous opportunity for us.

The rapid adoption of free captions since the outbreak of COVID-19 has popularised the benefits of captioning and heightened demand for captioning services. Organisations across the globe – from leading enterprises and government agencies, to educational institutions and broadcasters – are increasingly seeking technology solutions that not only provide higher levels of captioning accuracy, security and scalability, but also the one-touch convenience offered by free captioning services.

With the technology and suite of solutions that Ai-Media possesses today, we have all the fundamentals in place to capitalise on this demand by offering higher quality, more secure and convenient SaaS captioning solutions. We have only just begun harvesting this immense opportunity.

EVOLVING OUR STRATEGY

With our flagship Lexi and Smart Lexi ASR captioning solutions, Ai-Media continues to focus on driving increased SaaS revenue. This shift has seen us pivot from a strategy targeting individual end users, to one focussing on the world's largest organisations.

This transition of our revenue profile and strategy, combined with the rapid adoption of free captions, resulted in an expected decline in our premium revenue in FY22. Understandably, there was a measure of concern among our shareholders that these changing market dynamics would result in a long term decrease in Ai-Media's revenue.

However, thanks to our technology investments of years prior, Ai-Media has a significant opportunity to continue replacing that revenue through our market leading ASR captioning solutions. Our subscription-based SaaS offerings allow us to deliver solutions at a lower price point, while yielding far higher margins than those generated by our legacy Premium human captioning services.

Our SaaS sales strategy targets the world's biggest and best organisations. In FY22, we added several high-profile organisations to our customer base, including Google, Amazon and the UK Parliament. We are committed to scaling our SaaS business model to drive margin growth and further profitability.

AS OF 30 JUNE 2022

36%

OF AI-MEDIA'S LEADERSHIP TEAM



50%

OF OUR EMPLOYEES IDENTIFY AS WOMEN



CORPORATE GOVERNANCE

Since its inception in 2003, Ai-Media has been focussed on making the world a more accessible and inclusive place. We therefore take incredibly seriously our obligation to be good corporate citizens and we are a company with strong ESG credentials.

Ai-Media acknowledges its responsibility to consider the environmental impacts of our activities and strives to operate in ways that minimise climate change. The Board, through its Audit & Risk Committee, works closely with management to monitor environmental risks and reduce our carbon footprint. Internally, Ai-Media has adopted a proactive focus to prioritise online instead of in-person meetings, and we are committed to minimising travel to help reduce CO2 emissions.

Ai-Media embraces diversity in all forms and strives to foster a positive culture for our global workforce, where equity and inclusion, health and wellbeing, as well as human rights and community are celebrated. Our recruitment practices aim to create a truly diverse workplace and address the inequities of broader society. As of 30 June 2022, 36% of Ai-Media's leadership team and more than 50% of our employees identify as women.

We believe that our vision to make the world's content accessible for everyone, and our proud legacy as a purpose-driven organisation, makes Ai-Media an attractive captioning partner of choice for the world's leading organisations. Our range of solutions not only provide accessibility for the Deaf and hard-of-hearing community, but have also changed the way millions across the globe consume content, helping them to work, study, play and communicate more effectively.

We are excited to have you, our shareholders, with us on this journey as we continue to drive positive outcomes across the globe.

Deanne Weir
Chair, Ai-Media Technologies Limited

CEO'S LETTER

TRANSFORMATIONAL TECHNOLOGY DRIVING GROWTH

"Ai-Media has all the elements in place to accelerate growth in an ever-expanding captioning market, with our great products, technology, talent and teamwork."

Tony Abrahams, Co-founder, CEO and Managing Director

The FY22 year was one of transformative growth for Ai-Media, where we made huge gains in realising our global vision – to make the world's content accessible for everyone.

Ai-Media's transition from a managed services business to a technology business delivering scalable SaaS products is at the core of this transformative growth. We are actively displacing our more expensive but lower margin legacy Services revenue with higher margin subscription (SaaS) revenues. Over the course of the year, SaaS revenue increased by over 40% with further significant increases expected in the years ahead.

The past year has seen us further extend Ai-Media's global footprint and market offering, all while successfully integrating our four recent strategic acquisitions. Ai-Media is the only global one-stop shop of captioning, translation and transcription solutions, and an irreplaceable technology partner for the biggest and best global organisations and brands.

AI-MEDIA IS AN IRREPLACEABLE TECHNOLOGY PARTNER FOR THE BIGGEST AND BEST GLOBAL ORGANISATIONS AND BRANDS

AI-MEDIA'S ACQUISITION OF EEG CREATES CAPTIONING ONE-STOP SHOP

Two of the world's leading captioning innovators became one when Ai-Media acquired EEG Enterprises in 2021. Since then, Ai-Media has transformed its market offering to better serve the growing demand for high quality captioning worldwide.

This demand has grown far beyond its broadcasting origin. Today, captioning is a priority for producers in live streaming media, events, corporate, education, government, municipalities, and more. Now all these creators have access to an unprecedented one-stop shop for captioning in Ai-Media.

SAAS REVENUE INCREASED

 **40%**



AI-MEDIA IS NOW THE ONLY VENDOR THAT CAN OFFER AN END-TO-END CAPTIONING AND TRANSLATION SOLUTION TO MEET ANY CUSTOMER REQUIREMENT OR PRICE POINT

AI-MEDIA DELIVERS CAPTIONING SOLUTIONS TO MEET ANY CUSTOMER NEED

By successfully integrating EEG's advanced technology, Ai-Media is now the only vendor that can offer an end-to-end captioning and translation solution to meet any customer requirement or price point. We can provide real-time multilingual captioning of everything from breaking news and movies, to lectures, international conferences and parliamentary proceedings.

Ai-Media offers all the hardware and software customers need in one place, including a range of on-premises, virtualised and cloud captioning encoders. This vast technology stack seamlessly integrates with Ai-Media's range of captioning solutions, including its flagship Lexi Automatic Speech Recognition (ASR) solution, and its Premium human captioning service.

All this is made possible thanks to iCap – the world's largest captioning delivery network – which provides unmatched reliability, security and integration between Ai-Media's solutions and third-party captioners across the globe.

Ai-Media's solutions are future-proofed for any captioning requirement – applicable to any IP or SDI solution; covering all media connection architectures and standards; and supporting your content all the way from source to screen.

AI-MEDIA'S INNOVATIONS MAKE CAPTIONING SIMPLE

Organisations across the globe are increasingly realising that the benefits of captions go far beyond simply providing accessibility. They are also proven to enhance engagement, comprehension and information retention, while multilingual captions can break down language barriers to tap into wider audiences.

Ai-Media is leading the way in delivering these benefits to organisations across the globe. Thanks to the integration of EEG, the company now has the engineering excellence to create breakthrough solutions that make captioning far more simple, cost-effective and efficient.

One example is Ai-Media's innovative Smart Lexi solution, which melds machine learning automation with expert human curation. Smart Lexi vastly simplifies closed captioning for complex projects. It's ideal for networks needing affordable closed captioning that's fully supported by captioning experts. Sky News Australia and home shopping network TVSN have adopted Smart Lexi to provide their audiences with high quality captioning.

Ai-Media will continue leveraging its technology and talent to make high quality captioning and translation easier and more cost-effective. This helps content creators streamline closed captioning, so they can grow their revenue while improving the audience experience.

UNIQUE PRODUCT PROPOSITION

Ai-Media's unique product suite offers end-to-end captioning, translation and transcription solutions to large customers. Whether to provide accessibility for a virtual meeting, a large-screen display at a stadium, or a TV broadcast, we have all the technology to confidently deliver a solution for any customer need – a unique capability among our industry competitors.

Our product suite combines the best technology, security and service. Ai-Media today boasts hundreds of top-shelf US broadcasters as customers, who were loyal to EEG for decades. These customers are now sampling the expanded products and services that we offer – including Premium captioning and translation.

Expanding EEG's market leading captioning technology outside of the US has been a big achievement in FY22. The iCap Network now covers the EMEA and APAC regions, with long-standing Australian customer the Nine Network set to become the latest benefactor in the months to come.

We're also firmly focussed on, and have made significant inroads toward, vastly increasing the amount of Lexi captioning we deliver through the iCap Network. In FY22, Ai-Media delivered 21.9 million minutes of Lexi captioning through the network – a figure more than twice that of FY21. We have successfully transitioned several high-profile clients from our Premium captioning service to Lexi, including the likes of ESPN and Sky News Australia.

 **AI-MEDIA
DELIVERED 21.9M**
MINUTES OF LEXI CAPTIONING
THROUGH THE ICAP NETWORK

All these achievements have taken place while Ai-Media signed and renewed key clients, including Google, Amazon, Microsoft Teams, NBC, TVSN and Parliament of NSW. We're now the largest captioning provider in the Australian market, with a truly global client base. Around three-quarters of Ai-Media's total revenue is generated outside Australia, from our offices in the US, UK, and Canada.

Today, Ai-Media has the technology, team and market-leading reputation to accelerate growth in an ever-expanding market worth over \$20 billion. With our expansive, end-to-end suite of solutions, we are uniquely positioned to meet the growing need for accessible content worldwide, across all industries.

I would like to extend my sincere thanks to the Ai-Media Board for their efforts in guiding the company through what has been a transformative year full of challenge and opportunity. I would also like to thank our talented global team, who are the heartbeat of our organisation, and through their efforts, continue to propel Ai-Media toward our vision of making the world's content accessible for everyone.

CEO'S LETTER

FY22 HIGHLIGHTS

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

21.9M MINUTES

CAPTIONED, THE HIGHEST FIGURE IN AI-MEDIA'S HISTORY

STATUTORY REVENUE OF

\$60.1M

UP 22%

\$9.8M

IMPROVEMENT IN EBITDA, UP FROM (\$8.7M) IN FY21

GROSS PROFIT INCREASED FROM 41% TO

55%

Successfully launched new cloud solution SubSilo, with early adoption by world-leading organisations

SAAS AND DEVICES REVENUE SHARE INCREASED TO

30%

UP FROM 6% IN FY21

Significant increase in Lexi captioning delivered through the iCap Network, and the expansion of the network into APAC and EMEA

Signed or renewed flagship customers including Google, Amazon, Microsoft Teams, NBC, TVSN and Parliament of NSW

Continued to build a company where our people come first, with diversity and inclusion an important part of our culture

ADAPTING TO AN EVOLVING TECHNOLOGY LANDSCAPE

The dramatic increase in demand for captioned content has seen ASR technology advance significantly in recent years, with the world's leading virtual platforms now offering free captions.

This is a technological shift that Ai-Media had anticipated years prior. We took proactive steps to ensure we would remain competitive in the ASR space, and one of those was acquiring EEG. The integration of EEG's technology provides Ai-Media with a unique advantage in the market and a significant growth opportunity, particularly with respect to broadcast and large enterprise customers.

Ai-Media can not only deliver ASR captioning that is far more reliable and accurate than that offered by virtual platforms, but also more secure, flexible and scalable. We have all the technology in house to confidently caption content whenever a customer needs it, and whatever their technical requirements, while providing piece of mind through our dedicated human support. These are capabilities that free captions, and competing captioning vendors, simply can't offer.

The iCap Network and our range of iCap encoders provide Ai-Media with a tech-stack and capabilities unrivalled by competing captioning vendors. It allows us to distribute captioned content from any source, to any screen – whether for a virtual meeting, an in-room display at a corporate event, or an over-the-top content platform with multiple channels.

Combine this with our Lexi, Smart Lexi and human-curated Ai-Live captions, and we can deliver customers an end-to-end, future-proofed solution that delivers the highest accuracy, most secure and reliable captions, easily and affordably.

THE ICAP NETWORK AND OUR RANGE OF ICAP ENCODERS PROVIDE AI-MEDIA WITH A TECH-STACK AND CAPABILITIES UNRIVALLED BY COMPETING CAPTIONING VENDORS

EXPANDING AI-MEDIA'S SAAS OFFERING

Driving increased SaaS revenue remains a core focus for Ai-Media, and we are working tirelessly to expand our suite of cloud solutions. We're particularly excited about SubSilo, which was launched to market in June 2022.

SubSilo is designed to ensure that our customers get the most out of their captions. This powerful archive and search tool allows users to view live captions of an entire session as raw text. Through an intuitive web portal, users can search and scroll through time-stamped captions in real time or post session.

SubSilo presents a significant growth opportunity for Ai-Media, providing the chance to upsell our existing captioning customers and target new ones – especially in the government, corporate and media sectors. The benefits of SubSilo have already been realised by some of the world's most important institutions, including the UK House of Commons and the Parliament of New South Wales, as well as our long-standing customer Sky News Australia.

AI-MEDIA CAN NOT ONLY DELIVER ASR CAPTIONING THAT'S FAR MORE RELIABLE AND ACCURATE THAN THAT OFFERED BY VIRTUAL PLATFORMS, BUT ALSO MORE SECURE, FLEXIBLE AND SCALABLE



GROWTH OUTLOOK

The outsized demand for captioned content is showing no signs of abating. In the first six months of 2021 alone, there were 300 million meetings covering three billion minutes of ASR captioned content on Zoom and Microsoft Teams.

300 MILLION MEETINGS COVERING



300B MINUTES

OF ASR CAPTIONED CONTENT ON ZOOM AND MICROSOFT TEAMS

The increasing accessibility regulations of nations seeking compliance with The United Nations' Convention on the Rights of Persons with Disabilities are no doubt driving this demand. However, there are other forces at play, too. Organisations worldwide are increasingly recognising the many benefits of captions and multilingual translations, including the ability to maximise engagement and global reach for their content.

Ai-Media is uniquely placed in the market to serve this increasing demand for captioned content. Our unmatched ability to deliver an end-to-end captioning, translation and transcription solution for any customer need has seen us achieve record growth in the last year. With our constant product innovation, the expansion of our SaaS offering, and our strategy targeting the biggest and best global organisations, I'm confident that Ai-Media has all the foundations in place to achieve further success in the years to come.

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

PRODUCTS AND TECHNOLOGY

Ai-Media has built a comprehensive product suite to match every customer requirement and price point for captioning, translation and transcription – whether live or recorded.

50%

OF NETFLIX VIEWERS SWITCH THE CAPTIONS ON

85%

OF FACEBOOK VIDEOS ARE VIEWED WITH THE SOUND OFF

80%

OF PEOPLE WHO USE CAPTIONS AREN'T DEAF OR HARD OF HEARING

Over the years, Ai-Media has spent over \$50 million developing our proprietary technology, and with the successful integration of EEG Enterprises, we are now a true one-stop shop of cloud captioning, translation and transcription solutions.

What separates Ai-Media from the competition is our ability to deliver an end-to-end solution to meet any customer requirement. We can provide real-time multilingual captioning of everything from breaking news and movies, to lectures, international conferences and parliamentary proceedings.

Ai-Media offers all the hardware and software customers need in one place, including a range of on-premises, virtualised and cloud captioning encoders that seamlessly integrate with our Automatic Speech Recognition (ASR) and human captioning solutions. All this is made possible thanks to iCap – the world's largest captioning delivery network – which provides unmatched reliability, security and integration between our solutions and captioners across the globe.

Ai-Media's solutions are future-proofed for any captioning requirement – applicable to any IP or SDI solution; covering all media connection architectures and standards; and supporting your content all the way from source to screen.

DELIVERING THE FUTURE OF ENCODING TECHNOLOGY

IP video production is the future of broadcasting, and Ai-Media's iCap Alta virtualised encoder is the answer for any organisation looking to leverage the benefits of captioning in IP video environments.

iCap Alta is designed to help organisations seamlessly transition from hardware-driven SDI workflows to software-controlled IP video environments. The solution helps save time and reduce costs with streamlined, next-generation workflows that are software-driven, fully virtualisable and native IP.

Organisations across the globe – from broadcasters and enterprises, to government agencies and tertiary institutions – use iCap Alta to caption their content reliably, flexibly and securely. The solution makes it easy to broadcast high quality video with captions for any need – whether for a high-end live event, a TV broadcast, an over-the-top content platform, or an in-stadium display.

Global broadcasters like Paramount and Peacock, and sports organisations like Major League Baseball are just a few of the leading brands that maximise accessibility, engagement and global reach with the help of iCap Alta.

Thanks to the iCap Network, iCap Alta integrates seamlessly with Ai-Media's ASR cloud captioning solutions, Lexi and Smart Lexi, our Premium human captioning service, and third-party captioners across the globe.

iCap Alta delivers the following benefits:

- Allows for a seamless transition from hardware-driven captions
- Multiple streaming modes, including MPEG TS, SMPTE 2110 or CDI
- 24/7 connectivity to Lexi, Smart Lexi or human captioning services
- Easy-to-use control through a web browser or API
- SRT support ensures highest quality video over unpredictable networks
- Deployed as a standalone virtual machine on VirtualBox, Cisco or Microsoft Controllers
- Supports all captioning and subtitling standards and can be installed on premises
- Offers maximum security through server-based authentication and encryption

SDI ENCODING MADE SIMPLE

For those not yet making the digital transformation leap to IP video, Ai-Media's iCap Encode Pro allows you to embed captions into a HD-SDI video signal. It's trusted by major TV networks and live venues across the world, offering a low operational cost and low-latency caption display.

iCap Encode Pro provides high-tech capabilities to meet varying broadcast and streaming needs, from local broadcasts, to municipal, educational and corporate meetings. Simple to set up and use, iCap Encode Pro works with most common broadcast video formats and seamlessly connects to Lexi, Smart Lexi and our Premium captioning service.

Ai-Media also offers HD VANC encoding for the openGear® platform with our iCap Encode Pro Card. And for those requiring basic caption insertion features, Ai-Media's iCap Encode Basic provides a highly effective yet affordable solution.

LIVE STREAM CAPTIONING IN THE CLOUD

Falcon, Ai-Media's cloud encoding solution, makes it easy and affordable to add captions to RTMP streams. Quick and seamless to set up, manage and scale, the solution is a budget-friendly alternative to SDI video hardware. Falcon is compatible with all major live streaming platforms, including Facebook Live, YouTube Live Events, Twitch, UStream, and many more.

ENHANCING LIVE EVENTS

Ai-Media's encoder technology continues to service the growing need to provide accessibility for live events and conferences. Our iCap Encode 4K provides event organisers with a native 12G solution to maximise event engagement and audience reach. It provides the flexibility to work with broadcast, live stream and in-room spaces, while having the option to encode in 4K or HD-SDI.

Event displays can be further enhanced with Ai-Media's iCap Viewer encoder, which delivers world-class caption connectivity designed for video conference displays, with easy setup and cost-efficiency in mind. iCap Viewer allows you to add captions while keeping all presentation content fully visible. It scales input video down by 15%, while providing the option to place captions above or below the video area. Font, size, text colour and more are fully customisable.

CAPTIONING SOLUTIONS

Ai-Media combines the latest ASR technology and human curation to deliver highly accurate, reliable and affordable captioning solutions customised to any need.

Organisations across the globe are increasingly realising that the benefits of captions go far beyond simply providing accessibility. Captions are also proven to enhance engagement, comprehension and information retention, and Ai-Media is leading the way in delivering these benefits with our market-leading captioning solutions.

Some of the world's biggest brands choose our captions to enhance their TV broadcasts, live stream videos, events, virtual meetings, and more. Ai-Media's world-leading iCap Network allows us to deliver a full range of tiered captioning products, ranging from automated (Lexi), semi-automated (Smart Lexi) to our flagship Premium human-curated captions. iCap truly separates us from the competition, enabling Ai-Media to deliver our captioning solutions to customers anywhere in the world, at an affordable price.

Customers choose our captions because they're reliable, scalable and ensure the highest accuracy. Quality is front and centre of everything we do at Ai-Media. Our caption quality is based on a robust, measurable and verifiable system consistent with international best practice. We regularly conduct independent quality assessments using the globally recognised NER methodology. Audit reports are made available to our customers and underpin our commitment to drive continuous improvement.



LEXI

Fast, efficient and scalable, Lexi is the world's leading ASR captioning solution. It uses algorithmic machine learning workflows to achieve up to 96% accuracy – far exceeding that of 'out-of-the-box' automated captions. Those who experience Lexi are impressed by its high accuracy, low latency and ease of use, leading to strong upsell opportunities for higher volumes of service and even higher-quality services.

The key to Lexi's high accuracy is its ground-breaking Topic Models feature. By absorbing relevant data unique to each implementation, it allows Lexi to recognise topics and distinctive vocabulary, as well as observe context. Combined with iCap Translate, Lexi can translate content from and into over 100 languages.



SMART LEXI

Smart Lexi is a ground-breaking solution that layers expert human curation onto our Lexi ASR engine to deliver accuracy approaching that of human captions, but at half the typical price.

Ultimately, it's humans that puts the "smart" in Smart Lexi. Our expert captioning team leverage in-depth research to constantly update custom dictionaries to further enhance Lexi's Topic Model feature. Refined and expert-maintained models tailor key names and phrases to each captioning session, reducing error rate for custom terms by over 50%.

Our expert team also provides live support for job scheduling and management, ensuring top priority tech support for any issues. Smart Lexi Coordinators provide 24/7 caption monitoring and are on call to get captions back on air in the event of a dropout.

PREMIUM CAPTIONS

Premium captions are Ai-Media's top-tier captioning offering. Generated by Ai-Media's skilled and experienced human captioners, this service delivers the highest accuracy of all our captioning solutions at over 99%.

PREMIUM CAPTIONS DELIVER ACCURACY OF OVER



Through our Ai-Live service, Premium captions can be delivered remotely to any screen or web-enabled device, including Zoom and Microsoft Teams. They maximise accuracy even with difficult to understand speech thanks to our expert team, who can phonetically spell out difficult words. Our team also provides professional round-the-clock support, coordination services and monitoring.

TIERS

PREMIUM

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



SMART LEXI

Semi-automated
= Smart Lexi



LEXI

Automated = Lexi





AI-MEDIA HELPS SKY NEWS DOUBLE ITS CAPTIONING WHILE HALVING COSTS

An end-to-end captioning solution from Ai-Media has helped Sky News Australia future-proof its captioning infrastructure and enhance accessibility for millions of viewers.

Sky News is a long-standing Ai-Media customer who originally used our Premium human service to caption nine hours of content per day. In 2021, Ai-Media delivered an end-to-end captioning solution that modernised the company's captioning infrastructure. It comprised of four iCap Encode Pro Cards and involved migrating Sky News to our automated Smart Lexi solution.

The company has since more than doubled its captioning to 19 hours per day, while slashing its hourly captioning costs by 50%. Towards the end of FY22, Sky News purchased additional iCap Encode Pro Cards and plans to expand Smart Lexi across two additional channels.



HELPING GROOVY GECKO EXPAND AUDIENCES FOR GLOBAL BRANDS

When global web streaming company Groovy Gecko needed an innovative solution to reach a wider audience for their customers, they chose Ai-Media.

Since 2018, our ground-breaking live multilingual captioning solutions have helped Groovy Gecko transform live events and productions for the likes of Lexus, Tesco, Roche and Cancer Research UK. Our services have enabled these customers to increase viewership and engagement, while ensuring accessibility with a reliable, accurate and easy-to-manage turn-key solution.



GOOGLE ENHANCES ITS CORPORATE MEETINGS AND EVENTS WITH AI-MEDIA

In 2022, Ai-Media signed a three-year deal with Google to be its exclusive live captioning partner.

From August 2022, we will provide live multilingual captions for an average of 60 meetings per month across Google's global corporate locations. Ai-Media will also provide captions for Google events held in the US, Europe and Australia. And thanks to our Online Booking Portal, Googlers will be able to make live caption bookings with just a few clicks.

LIVE MULTILINGUAL CAPTIONS FOR AN AVERAGE OF

60 MEETINGS 

PER MONTH ACROSS GOOGLE'S GLOBAL CORPORATE LOCATIONS



SUBSILO

A powerful cloud archiving and search tool that saves times and maximises the value of live captions.

Launched to market in June 2022, SubSilo is a simple-to-use cloud solution that allows you to view live captions of an entire meeting or session as raw text. Through an intuitive web portal, you can easily search and scroll through time-stamped captions in real time or post session. Thanks to the iCap Network, SubSilo is accessible anywhere, at any time from any web-connected device.

SubSilo expands Ai-Media's cloud offering and presents a huge growth opportunity for us. It gives us the chance to upsell our existing captioning customers and target new ones – especially in the government, corporate and media sectors.

A highly secure solution trusted by the world's leading institutions, SubSilo provides invaluable efficiencies to the UK House of Commons, the Parliament of New South Wales and the Parliament of Western Australia. The solution also helps broadcasters like Sky News Australia save time and get the most out of their live captions.

SUBSILO DELIVERS THE FOLLOWING BENEFITS:



Eliminates the time-consuming manual work required to transcribe sessions



Removes the need to distribute a transcript post session



Journalists can quickly find quotes and Parliamentarians can see what someone just said



Makes it easy to transcribe and manage minutes for Annual General Meetings



Reduces the costs of compiling Hansard-style official records and improves speed of access to same day proceeding information for member offices



Customisable permissions allow access to select staff members or company associates



All captioned sessions are archived, easily searchable and protected by encrypted security



ICAP NETWORK

From SDI to IP Video, 4K, and everything in-between, iCap is the largest captioning and subtitle delivery network in the world.

iCap sits at the core of Ai-Media's ecosystem of solutions. It connects our encoder technology with our captioning solutions, allowing us to deliver captions to any screen in the world. In FY22, 88.9 million minutes of content was carried over iCap, with 21.9 million of these minutes delivered with Lexi or Smart Lexi.

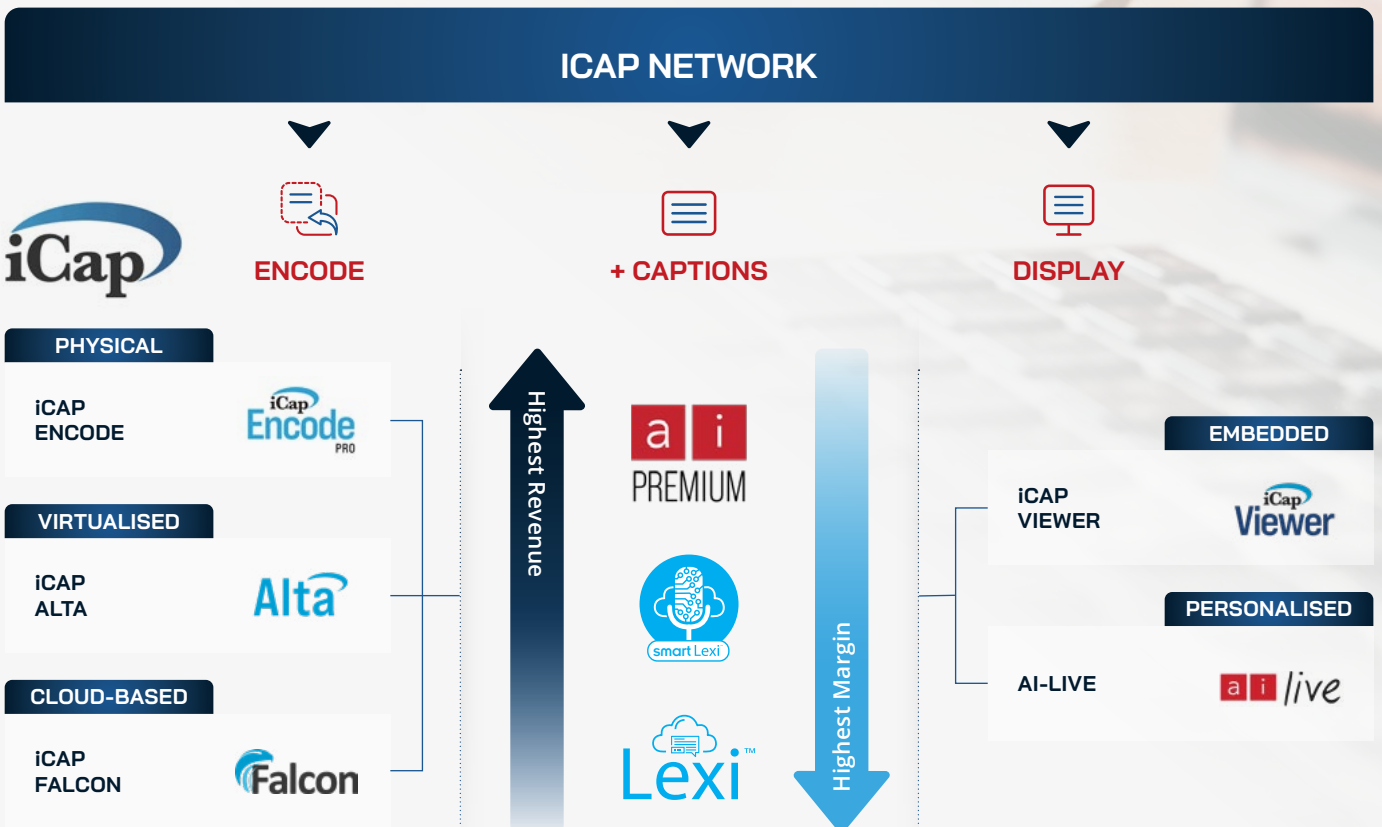
iCap is of immense strategic importance for Ai-Media, allowing us to offer a true end-to-end solution to meet any customer requirement – whether to caption a virtual meeting, an over-the-top content platform with multiple channels, or an in-stadium display.

iCap provides 24/7/365 connectivity to thousands of certified caption partners around the globe and currently supports an ever-growing number of broadcast and cable channels, over-the-top content providers, professional sports stadiums, universities, conference centres, and more.

IN FY22

88.9M MINUTES
OF CONTENT WAS
CARRIED OVER ICAP

21.9M MINUTES
DELIVERED WITH
LEXI OR SMART LEXI



ICAP NETWORK CONTINUED

ICAP NETWORK GROWTH

iCap's continued growth is a testament to the high customer satisfaction it delivers. Ai-Media, and EEG Enterprises before it, have for the past decade spent millions in research and development to enhance iCap. We will continue to heavily invest in the growth and development of the network to solidify its position as the global standard for live captioning delivery.

At its current growth rate, iCap is forecast to deliver 132 million minutes of captioning per year by 2025. With this growth, the network has now reached an inflection point which has driven key decisions to increase its stability, security, privacy and our partners' ability to monetise our market-leading automated solutions.

For security and privacy reasons, Ai-Media's Lexi and Smart Lexi are now the only ASR solutions that are compatible with the iCap Network. A select number of companies are now able to join the iCap Preferred Partner Program, which provides the exclusive opportunity to resell our market-leading automated captioning and translation solutions.

ICAP PREFERRED PARTNER PROGRAM

Launched in FY22, the iCap Preferred Partner Program is a huge step forward for the entire captioning market. It enables third-party human captioning companies to create a bridge to the future without having to take on a large investment, risk and operational complexity.

In essence, this program allows our partners to seamlessly mix in cutting-edge ASR solutions with their core proposition to better serve their customers' needs.

ICAP IS FORECAST TO DELIVER

 **132M**

MINUTES OF CAPTIONING PER YEAR BY 2025

ICAP PREFERRED PARTNER PROGRAM BENEFITS

- Partners become licensed resellers of Lexi at an exclusive discount on market pricing
- 2-year agreement (with potential to extend)
- Unlimited iCap usage
- Exclusive look at R&D and product roadmap
- Free sales team training, onboarding and materials
- Personalised insights report with metrics, data and usage
- Exclusive co-marketing initiatives
- Optionality to resell additional modules (more modules = higher revenue share)
- Partners continue to own the billing relationship with customers
- Flexible billing with 45-day payment terms

VOLUME GROWTH (MINUTES MILLIONS)

30

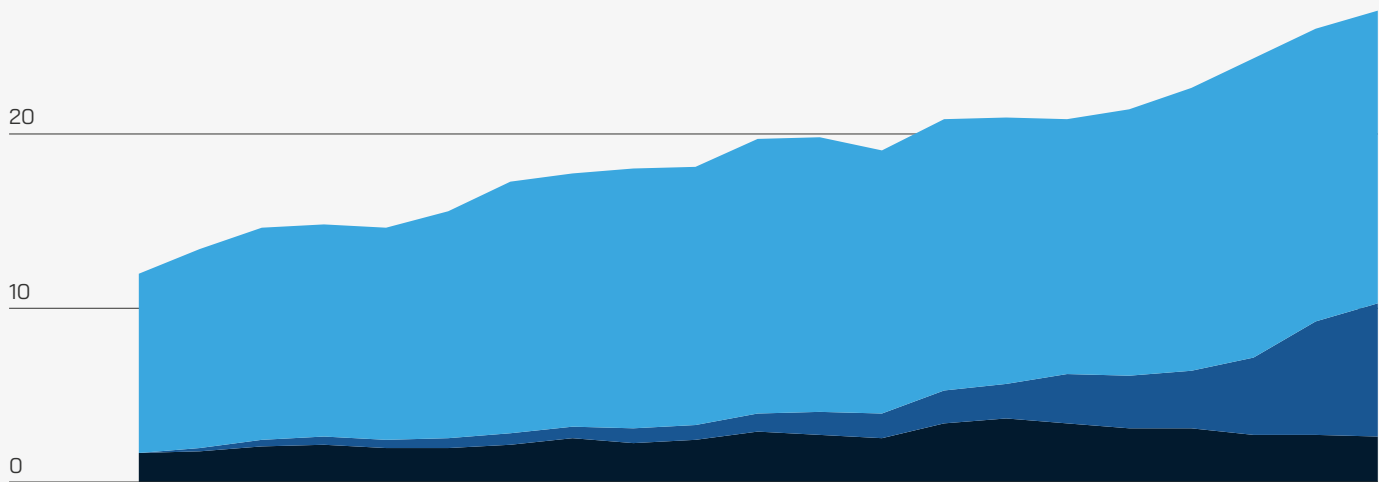
20

10

0

Q4 FY17 | Q1 FY18 | Q2 FY18 | Q3 FY18 | Q4 FY18 | Q1 FY19 | Q2 FY19 | Q3 FY19 | Q4 FY19 | Q1 FY20 | Q2 FY20 | Q3 FY20 | Q4 FY20 | Q1 FY21 | Q2 FY21 | Q3 FY21 | Q4 FY21 | Q1 FY22 | Q2 FY22 | Q3 FY22 | Q4 FY22

■ Services ■ Lexi/Smart Lexi ■ 3rd Party iCap



GLOBAL OPPORTUNITY AT THE COALFACE OF PROGRESS

As a vertically integrated provider of captioning technology, Ai-Media's suite of products can match any customer's requirements, including real-time translation of everything from breaking news and movies to lectures, international conference and parliamentary proceedings.

GLOBAL INDUSTRY TAILWINDS

As the global market for video content continues to grow rapidly, so does the demand for accurate, affordable captioning, translation and transcription services. 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 in broadcasting, but in educational and corporate environments too.
- 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 riding 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 an 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 cost-effective price point.

"Our continuing partnership with Sky News Australia focuses on technology innovation and automation. We're delighted to launch Smart Lexi 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 
575 GLOBALLY
 INCLUDING ACCREDITED CASUALS,
 FREELANCERS AND CONTRACTORS

PIVOT INTO THE FUTURE

For Ai-Media, FY22 has been one of transformation and growth, as the global market for captioning and translation 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As a global technology business with the mission to make the world's content accessible to everyone, Ai-Media's board and management understands the importance of considering the environmental, social and governance (ESG) aspects of our activities. We aim to ensure that material ESG factors are integrated into our strategy, operations, risk frameworks and that we regularly disclose progress to our investors and other stakeholders.

Ai-Media has a long history of advancing social inclusion in the way we do business. With the growing importance of ESG factors to our customers, investors, regulators and other stakeholders, further developing our ESG strategy is an imperative that goes hand in hand with Ai-Media's mission and priorities. We are currently formulating a comprehensive ESG strategy, building on our existing range of initiatives to make a positive contribution and minimise risk.

In addition, we continue to advance existing ESG priorities, outlined below.

ENVIRONMENTAL

With the growing understanding of the need for all companies to minimise their environmental impact, we are:

- Undertaking periodic reviews of our physical space requirements and, where applicable, choosing sites with the highest possible energy efficiency ratings
- Reducing non-essential travel
- Minimising single-use plastics within our offices
- Ensuring responsible recycling of e-waste and paper and use of resources, including water and electricity

SOCIAL

Ai-Media was founded to ensure that all people are provided access to content, and advancing inclusion is core to our business. This includes advocating for inclusive policies and programs for people living with disabilities in the markets in which we operate at both government and community levels. We are also committed to attracting and retaining exceptional people in an inclusive workplace that embraces diversity and equity.

Ai-Media currently provides its people with a range of initiatives which foster safe, diverse and inclusive workplaces, continuous learning and nurture and reward career development. We offer competitive pay and benefits, career development opportunities and learning programmes, including sign language interpretation classes in multiple languages.

The Leonie Jackson Education Grant was launched in 2022, in honour of the late Leonie Jackson (1971 - 2021), a founding member of Ai-Media. Leonie's passion was to make the world accessible for all - a mission we continue every day. Ai-Media offers a grant of up to AU\$10,000 to an eligible employee for the purposes of assisting them fulfil their educational goals.

AI MEDIA OFFERS
A GRANT OF UP TO

AU\$10,000

TO AN ELIGIBLE EMPLOYEE FOR
THE PURPOSES OF ASSISTING THEM
FULFIL THEIR EDUCATIONAL GOALS

60%

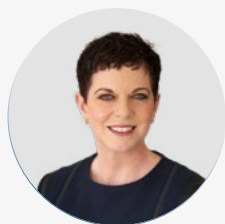
AI-MEDIA'S BOARD
ARE FEMALE

GOVERNANCE

Ai-Media is dedicated to continual improvement in our corporate governance processes, including:

- Ensuring Board oversight of the company's affairs and operating in the best long-term interest of the company and our shareholders
- Recruiting a diverse board experienced in executive and strategic leadership, governance, audit and risk, financial management, people, technology, innovation and with expertise in ESG and sustainability. Ai-Media's board is currently 60% female.
- Taking a transparent, structured approach to risk management including regular reviews across all key business areas
- Ensuring independent, non-executive directors chair all Board committees, including the Audit & Risk Committee ("ARC"), and the Remuneration & Nomination Committee ("RNC").
 - The ARC oversees the integrity of the company's financial statements, accounting policies and reporting, and
 - The RNC reviews key initiatives relating to leadership, talent recruitment, retention, diversity, inclusion and remuneration equity
- Continually improving our cybersecurity and data protection by monitoring threats and taking preventative actions to ensure business continuity, protection of intellectual property, and the safeguarding of business and client data
- Commitments to regular reviews and transparency, including ensuring Board-endorsed policies are available on Ai-Media's website and intranet
- Participating in Workplace Gender Equality Agency (WGEA) reporting since 2015

BOARD OF DIRECTORS

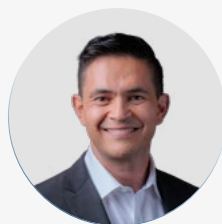


DEANNE WEIR

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

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

Deanne is passionate about community engagement and the power of storytelling to help influence social change. She 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.



ANTHONY ABRAHAMS

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

Tony co-founded Ai-Media in 2003. He 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)

John joined the board in 2010 and served as the company's first Chairman until 2013. He's 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 Non-Executive Director of Australian law firm Sparke Helmore; Sydney biotech company Biopoint; US internet services company Lokket and Melbourne not-for-profit CCRM Australia. He is also a member of the Australian Institute of Company Directors.



ALISON LOAT

Independent, Non-Executive Director
BAH, Queen's University, Kingston Canada; MPP, Harvard Kennedy School

Alison is the Managing Director, Sustainable Investing and Innovation at OPTrust, a Canadian public pension plan. Previously, she was the Senior Managing Director of FCLTGlobal, a long-term investing organization, the CEO of a think tank and a consultant at McKinsey & Company. She's also on the board of two Canadian educational institutions and a privately held media company.

Alison received the Queen's Gold and Diamond Jubilee Medals and was named one of the 100 Most Powerful Women in Canada. She has degrees from Queen's University and the Harvard Kennedy School.



CHERYL HAYMAN

Non-Executive Director (appointed 14 March 2022)
Bachelor of Commerce, FAICD, FGIA

Cheryl Hayman is an experienced Non-Executive Director, currently serving on ASX-listed companies, Hancock and Gore Ltd and Beston Global Foods Ltd. She also serves as director of Chartered Accountants ANZ as well as non-profits Darlinghurst Theatre Company and Peer Support Australia. Cheryl is an appointed member of the Dept. of PM and Cabinet's Digital Experts Advisory Committee, a Fellow of the AICD and a member of Chief Executive Women. She regularly provides mentorship for many individuals.

Prior to entering the Boardroom, Cheryl was a senior marketing leader who led large teams locally and overseas to achieve significant growth and develop innovative new products with global consumer companies, George Weston Foods, Yum! Restaurants and Unilever.



JONATHAN PEARCE

Non-Executive Director (retired 31 August 2021)
Qualifications: B Fin.; Graduate Diploma of App. Fin

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

Ai-Media Technologies Limited
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Ai-Media Technologies Limited
Directors' report
30 June 2022

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 2022.

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
 Cheryl Hayman - Non-Executive Director (appointed on 14 March 2022)
 Jonathan Pearce - Non-Executive Director (retired on 31 August 2021)

Principal activities

Ai-Media Technologies Limited (Ai-Media or Company) (ASX: AIM), is a global provider of technology-driven captioning, transcription and translation products and 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 \$4,923,715 (30 June 2021: \$10,691,490).

Operations

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

	2022	2021	Change	Change
	\$	\$	\$	%
Revenue from operating activities	59,784,026	48,662,420	11,121,606	22.9%
Earnings/(loss) before interest, taxation, depreciation and amortisation ('EBITDA')	1,100,574	(8,678,600)	9,779,174	112.7%
Loss after tax (expense)/benefit from ordinary activities	(4,923,715)	(10,691,490)	5,767,775	(53.9%)

The strengths of the technology and products introduced into the Group as part of the EEG acquisition has provided significant impetus to the revenue growth. The legacy business continues its strong performance in the broadcast sector where tailored solutions and a high degree of accuracy is required. Comparatively, there has been a decline in Live Enterprise services, especially in the education sector, where free tools have gained market share particularly where accuracy is not a major consideration.

COVID-19, initially, encouraged the adoption of teleconferencing as a core communications tool and growth in entry-level revenue. This revenue has now reverted to alternate offerings resulting in a decline in the low-end offering. In contrast, the adoption by Broadcasters of smart Automatic Speech Recognition ('ASR') software, such as Lexi, and its success in parliaments and large corporates has ensured strong growth. Software solutions such as Lexi, Smart Lexi and virtual encoders contributed to over 16% of the Group revenue during the year and the existing pipeline of clients indicates high demand for technology-driven solutions.

Ai-Media Technologies Limited
Directors' report
30 June 2022

EBITDA is a financial measure which is not prescribed by the Australian Accounting Standards ('AASBs') and represents the profit under AASBs adjusted for specific items. The directors consider EBITDA as the key financial measures of the Group. The reconciliation of loss after income tax benefit to EBITDA is as follows.

	Consolidated	
	2022	2021
	\$	\$
Loss after income tax (expense)/benefit	(4,923,715)	(10,691,490)
Finance costs	1,366,631	2,280,079
Income tax expense/(benefit)	222,270	(3,553,057)
Interest income	(17,285)	(22,124)
	<hr/>	<hr/>
Loss before interest and taxation ('EBIT')	(3,352,099)	(11,986,592)
Depreciation and amortisation expense	4,452,673	3,307,992
	<hr/>	<hr/>
EBITDA	<u>1,100,574</u>	<u>(8,678,600)</u>

EBITDA for the Company was a profit of \$1,100,574 (2021: loss of \$8,678,600), showing significant progress in the Group's performance compared to the previous year.

Liquidity

The consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2022 reflects a net loss after income tax of \$4,923,715 (2021: \$10,691,490) and the consolidated statement of cash flows reflects net cash inflows from operating activities of \$1,893,490 (2021: outflows of \$17,954,442). As at 30 June 2022, the consolidated statement of financial position reflects a net asset position of \$78,960,817 (2021: net asset of \$78,997,066) and a net current asset position of \$16,444,315 (2021: net current asset of \$18,811,512). The strong revenue growth along with a strong balance sheet with minimal debt has the Group well positioned to pursue our growth agenda and take advantage of new opportunities as they arise.

The directors have assessed that based on the Group's position it is appropriate to prepare the financial report on a going concern basis. For further information, refer to note 2.

Business risks

The following is a summary of material business risks that could adversely affect the Group's financial performance and growth potential in future years and how the Group propose to mitigate such risks.

Macroeconomic risks

The Group's financial performance can be impacted by current and future economic conditions which it cannot control, such as increases in interest rates and inflation. The Group stays abreast of these conditions, focuses on its internal debtor controls and diversifies its customer base to help manage these risks.

Recruitment and crowd sourcing

Whilst the labour market is showing some signs of loosening, vacancies overall remain hard to fill. Labour market tightness coupled with inflationary pressures has resulted in a ~10% salary uplift on budgeted expectation for professional or highly skilled vacancies. Tools, LinkedIn Recruiter, LinkedIn advertiser continue to outperform traditional labour advertising avenues and further minimise the need to employ recruitment agency services.

Competitive market and changes to market trends

The Group operates in a highly competitive market. Innovation is constant and superior products that may be released to the market could result in pricing pressures upon our product and result in unfavourable product positioning within the market. The Group manages this risk through maintaining product development teams that are highly experienced and remain abreast of the latest technological advances and implications for current and future products.

Ai-Media Technologies Limited
Directors' report
30 June 2022

Disruption to, or failure of, technology systems and software, including cybersecurity breaches

The risk of system disruption, either malicious or accidental is something that can never be completely mitigated against as technology and methods of potential disruption are constantly changing. We manage this risk in diverse ways, including utilising third parties to proactively review our environments and make recommendations for improvement, focusing on monitoring environments so we can spot any changes as they happen (before causing noticeable disruption) and by making sure we have backups and methods in place to reproduce environments from scratch in case the worst case scenario does happen.

COVID 19

The Group continued to respond promptly and strategically to the ongoing and rapidly changing impact of COVID-19 related risks. The Group is equipped to quickly adapt to changing public health regulations and has developed better ways to continue operating in a COVID-safe manner including online sales. The winding back of Government stimulus across the economy may impact future results.

Data protection and privacy laws

Data protection and privacy laws are being implemented and updated across many jurisdictions globally. This could be a risk if we are not aware of the changes or not able to comply and therefore we need to make sure we are actively monitoring changes. We look to minimise this risk by basing our data protection and privacy standards on the most robust jurisdictions in order to aid in global compliance.

Significant changes in the state of affairs

On 4 January 2022, the Board approved the exercise of Ai-Media Inc's call option (pursuant to the Caption Access Share Purchase Agreement) to purchase the remaining 51% of shares in Caption Access LLC from Bill Graham, for the previously agreed price of USD100. (Ai-Media Inc owned 49% of Caption Access LLC shares as at 31 Dec 2021). This purchase was made in conjunction with the agreed retirement of Bill Graham from Ai-Media, which was effective on 4 April 2022.

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

On 11 July 2022, the Company signed an agreement to defer USD\$4,600,000 earn-out in respect to the purchase of EEG. The amount of the earn-out has been agreed at USD\$4,968,000, which is inclusive of additional simple interest of 8% per annum over the 12 month period from 30 September 2022 to 29 September 2023 in respect of the earn-out amount prescribed in the Purchase Agreement of USD\$4,600,000.

No other matter or circumstance has arisen since 30 June 2022 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 exploiting its strengths as a global leader in the provision of high-quality live and recorded captioning, transcription and translation products and services. Its technology platform combines artificial intelligence and human expertise to deliver speech-to-text at the accuracy required in the rapidly evolving broadcast and large enterprise markets. The key pillars of the Group's growth strategy are:

- drive growth of unified product offering in existing and new markets;
- market standardized scalable global product portfolio solution;
- focus on transitional sales of SaaS and Premium ASR in markets previously dominated by human captioning;
- ongoing organic growth of existing markets and customers;
- develop partnership opportunities and new sales channels; and
- consider acquisition opportunities, particularly of technology to enhance products.

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.

Ai-Media Technologies Limited
Directors' report
30 June 2022

Information on directors

Name: Deanne Weir
Title: Non-Executive Director and Chair
Qualifications: 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 Nominations Committee)
Interests in shares: 16,072,336 ordinary shares directly held
 2,572,659 ordinary shares indirectly held

Name: Anthony Abrahams
Title: Co-Founder, Director and Chief Executive Officer
Qualifications: 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
Interests in shares: 27,889,898 ordinary shares indirectly held

Ai-Media Technologies Limited
Directors' report
30 June 2022

Name: John Martin
 Title: Independent, Non-Executive Director
 Qualifications: 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; Sydney biotech company, Biopoint; US internet services company, Lokket and Melbourne not-for-profit company for the commercialisation of regenerative medicines, CCRM Australia.

John is a member of the Australian Institute of Company Directors.

Other current directorships: No other listed entities
 Former directorships (last 3 years): Concentrated Leaders Fund Limited
 Special responsibilities: Chair of Audit and Risk Committee; Member of Remuneration and Nomination Committee
 Interests in shares: 20,235 ordinary shares directly held and 1,276,669 ordinary shares indirectly held
 Interests in options: 28,915 restricted share units

Name: Alison Loat
 Title: Independent, Non-Executive Director
 Qualifications: BAH, Queen's University, Kingston Canada; MPP, Harvard Kennedy School
 Experience and expertise: Alison joined the Board in 2018 and is the Managing Director, Sustainable Investing and Innovation at OPTrust, a \$25 billion Canadian public pension plan, where she leads its ESG program and climate change strategy, and oversees an investment portfolio focused 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 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 a World Economic Forum Young Global Leaders and 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 Nominations Committee); Member of ARC (Audit and Risk Committee)
 Interests in shares: 270,235 ordinary shares directly held
 Interests in options: 28,915 restricted share units

**Ai-Media Technologies Limited
Directors' report
30 June 2022**

Name: Cheryl Hayman
 Title: Independent Non-Executive Director (appointed on 14 March 2022)
 Qualifications: BCom (Mktg), FAICD, FGIA
 Experience and expertise: Cheryl joined the board in March 2022 and has extensive experience working as an independent Director across multiple sectors including ASX-listed companies as well as industry bodies and not-for-profit organisations.

Her corporate experience encompasses a range of senior business leadership roles with a focus on brand building, innovation and new product development, all from a customer centric perspective. Cheryl has technology and digital strategy expertise and her prior local and global marketing roles include Head of Marketing and Innovation at Sunrice, George Weston Foods Ltd, Unilever Australia, NZ and UK, Yum Restaurants Ltd and Who Weekly magazine. Cheryl is a Fellow of the Australian Institute of Company Directors (AICD).

Other current directorships: Beston Global Food Company (ASX: BFC) and HGL Limited (ASX: HGL)
 Former directorships (last 3 years): Shriro Holdings Ltd (ASX:SHM) and Clover Corporation (ASX:CLV)
 Special responsibilities: Member of RNC (Remuneration and Nominations Committee); Member of ARC (Audit and Risk Committee)
 Interests in shares: 50,000 ordinary shares indirectly held
 Interests in options: 12,561 restricted share units

Name: Jonathan Pearce
 Title: Non-Executive Director (retired on 31 August 2021)
 Qualifications: 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): None
 Special responsibilities: Member of ARC (Audit and Risk Committee)
 Interests in shares: 512,980 ordinary shares directly held

'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

Name: Suzanne Sanossian
 Title: Company Secretary
 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.

Ai-Media Technologies Limited
Directors' report
30 June 2022

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 2022, 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	10	10	6	6	5	5
Anthony Abrahams	10	10	6	6	5	5
John Martin	10	10	6	6	5	5
Alison Loat	10	10	6	6	5	5
Cheryl Hayman (appointed on 14 March 2022)	3	3	1	1	2	3
Jonathan Pearce (retired on 31 August 2021)	2	2	2	2	-	-

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.

The Remuneration and Nomination Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

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.

Ai-Media Technologies Limited Directors' report 30 June 2022

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 chair is not present at any discussions relating to the determination of her own remuneration. As part of their remuneration package, eligible non-executive directors are granted up to \$25,000 worth of restricted share units per year, which vest on a quarterly basis and are automatically exercised at the end of the financial year.

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 includes salaries, annual leave and other short term incentive payments and 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 for executives during the financial year.

Under the LTI, eligible key management personnel may be given restricted share units ('RSUs') which may be subject to vesting conditions set by the Board.

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.

Ai-Media Technologies Limited
Directors' report
30 June 2022

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 2022, the Group did not engage 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 future financial years.

Voting and comments made at the Company's 30 June 2021 Annual General Meeting ('AGM')

At the 12 November 2021 AGM, 98.34% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

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
- Cheryl Hayman - Non-Executive Director (appointed on 14 March 2022)
- Jonathan Pearce - Non-Executive Director (retired on 31 August 2021)

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	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
2022	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Deanne Weir	91,324	-	-	9,132	-	-	100,456
John Martin	59,091	-	-	5,909	-	25,000	90,000
Alison Loat	68,801	-	-	3,448	-	25,000	97,249
Cheryl Hayman*	17,727	-	-	1,773	-	7,397	26,897
Jonathan Pearce**	9,795	-	-	980	-	4,247	15,022
<i>Executive Directors:</i>							
Anthony Abrahams	321,876	-	5,340	15,320	4,135	-	346,671
<i>Other Key Management Personnel:</i>							
John Bird	277,802	-	14,034	23,568	-	-	315,404
	846,416	-	19,374	60,130	4,135	61,644	991,699

* Remuneration disclosed is for the period from appointment to 30 June 2022.

** Remuneration disclosed is from 1 July 2021 to the date of cessation of employment/appointment.

Ai-Media Technologies Limited
Directors' report
30 June 2022

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total \$
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	
2021							
<i>Non-Executive Directors:</i>							
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
<i>Executive Directors:</i>							
Anthony Abrahams	331,241	-	-	11,422	4,715	-	347,378
<i>Other Key Management Personnel:</i>							
John Bird*	89,456	-	-	7,678	-	-	97,134
Patrick Fok**	244,076	-	-	7,510	-	73,874	325,460
	<u>948,502</u>	<u>46,910</u>	<u>-</u>	<u>77,834</u>	<u>4,715</u>	<u>171,562</u>	<u>1,249,523</u>

* Remuneration disclosed is for the period from appointment to 30 June 2021.

** Remuneration disclosed is from 1 July 2020 to the date of cessation of employment.

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2022	2021	2022*	2021	2022	2021
<i>Non-Executive Directors:</i>						
Deanne Weir	100%	90%	-	10%	-	-
John Martin	72%	72%	28%	28%	-	-
Alison Loat	74%	46%	26%	54%	-	-
Cheryl Hayman	72%	-	28%	-	-	-
Jonathan Pearce	72%	72%	28%	28%	-	-
<i>Executive Directors:</i>						
Anthony Abrahams	100%	100%	-	-	-	-
<i>Other Key Management Personnel:</i>						
John Bird	100%	100%	-	-	-	-
Patrick Fok	-	77%	-	23%	-	-

* At risk - STI relates to the share based payments, equity settled.

Ai-Media Technologies Limited
Directors' report
30 June 2022

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: Anthony Abrahams
 Title: Chief Executive Officer
 Australia
 Agreement commenced: 1 July 2020
 Term of agreement: Ongoing - no fixed minimum term
 Details: Annual fees of \$130,593 including superannuation

Name: Anthony Abrahams
 Title: Chief Executive Officer
 Canada
 Agreement commenced: 19 April 2018
 Term of agreement: Ongoing - no fixed minimum term
 Details: Annual fees of CAD186,576

Name: John Bird
 Title: Chief Financial Officer
 Agreement commenced: 15 March 2021
 Term of agreement: Ongoing - no fixed minimum term
 Details: Annual fees of \$301,370 including superannuation

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

Share-based compensation

Issue of shares

Details of ordinary issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022 are set out below:

Name	Date	Shares	Issue price	\$
John Martin	30 September 2021*	20,235	\$1.23	25,000
Alison Loat	30 September 2021*	20,235	\$1.23	25,000
Jonathan Pearce	30 September 2021*	20,235	\$1.23	25,000
	26 October 2021	4,912	\$0.86	4,247

* These shares were issued during the year ended 30 June 2022 but were accrued as at 30 June 2021.

Restricted Share Units ('RSUs')

Details of RSUs granted to directors and other key management personnel as part of compensation during the year ended 30 June 2022 are set out below:

Name	Vesting and exercisable date	RSUs	Price	\$
John Martin	30 June 2022	28,915	\$0.86	25,000
Alison Loat	30 June 2022	28,915	\$0.86	25,000
Cheryl Hayman	30 June 2022	12,561	\$0.59	7,397
John Bird*	30 June 2022	520,472	\$0.00	-

The RSUs for John Martin and Alison Loat were granted on 30 Sep 2021 and for Cheryl Hayman on 14 Mar 2022. The underlying shares were issued on 7 July 2022.

* These RSUs did not meet the vesting conditions, performance and RTSR hurdles and have therefore lapsed. No expenses in relation to the RSUs have been recorded in the financial year ended 30 June 2022.

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 2022.

Ai-Media Technologies Limited
Directors' report
30 June 2022

Additional information

The earnings of the Group for the five years to 30 June 2022 are summarised below:

	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Sales revenue	59,784,026	48,662,420	25,423,090	18,339,127	16,078,623
EBITDA	1,100,574	(8,678,600)	(10,048,332)	(2,506,516)	1,758,968
Profit/(loss) after income tax	(4,923,715)	(10,691,490)	(12,741,152)	(3,882,599)	291,476

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
<i>Ordinary shares</i>					
Deanne Weir	18,644,995	-	-	-	18,644,995
Anthony Abrahams	27,889,898	-	-	-	27,889,898
John Martin	1,276,669	20,235	-	-	1,296,904
Alison Loat	250,000	20,235	-	-	270,235
Cheryl Hayman	-	-	50,000	-	50,000
Jonathan Pearce	487,833	25,147	-	-	512,980
John Bird	-	-	-	-	-
	<u>48,549,395</u>	<u>65,617</u>	<u>50,000</u>	<u>-</u>	<u>48,665,012</u>

Option holding

There were no 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.

RSU holding

The number of RSUs 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	Vested	Issued	Expired/ forfeited/ other	Balance at the end of the year
<i>RSUs</i>						
John Martin	20,235	28,915	28,915	(20,235)	-	28,915
Alison Loat	20,235	28,915	28,915	(20,235)	-	28,915
Cheryl Hayman	-	12,561	12,561	-	-	12,561
John Bird	-	520,472	-	-	(520,472)	-
	<u>40,470</u>	<u>590,863</u>	<u>70,391</u>	<u>(40,470)</u>	<u>(520,472)</u>	<u>70,391</u>

This concludes the remuneration report, which has been audited.

Shares under option and restricted share units

There were no unissued ordinary shares of Ai-Media Technologies Limited under option outstanding at the date of this report.

Ai-Media Technologies Limited
Directors' report
30 June 2022

Shares issued on the exercise of options and restricted share units

The following ordinary shares of Ai-Media Technologies Limited were issued during the year ended 30 June 2022 on the exercise of RSUs granted:

Date RSU granted	Exercise price	Number of shares issued
30 June 2021	\$1.23	60,705
31 August 2021	\$0.86	4,912
20 December 2021	\$1.23	<u>420,658</u>
		<u><u>486,275</u></u>

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 28 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 28 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.

Auditor's independence declaration

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.

Ai-Media Technologies Limited
Directors' report
30 June 2022

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

29 August 2022
Sydney



Deloitte Touche Tohmatsu
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Australia

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

29 August 2022

The Board of Directors Ai-
Media Technologies Limited
Level 1, 103 Miller Street
North Sydney
NSW 2060

Dear Board Members

Auditor's Independence Declaration to Ai-Media Technologies Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Board of Directors of Ai-Media Technologies Limited and its subsidiaries.

As lead audit partner for the audit of the financial report of Ai-Media Technologies Limited for the year ended 30 June 2022, 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

Ai-Media Technologies Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 2022 \$	2021 \$
Revenue	6	59,784,026	48,662,420
Other income	7	313,246	516,667
Interest revenue calculated using the effective interest method		17,285	22,124
Expenses			
Cost of sales		(26,915,963)	(28,791,802)
Employee benefits expense		(21,150,343)	(15,105,854)
Depreciation and amortisation expense	8	(4,452,673)	(3,307,992)
Impairment of receivables	11	(176,422)	(83,923)
Professional and consulting costs		(3,293,486)	(5,124,447)
Business development costs		(1,457,846)	(708,866)
Networking and information technology costs		(3,100,333)	(2,290,979)
Other employment costs		(822,138)	(534,663)
Office expenses		(598,180)	(449,637)
Initial public offering ('IPO') listing expense		-	(3,051,255)
Other expenses		(1,481,987)	(1,716,261)
Finance costs	8	(1,366,631)	(2,280,079)
Loss before income tax (expense)/benefit		(4,701,445)	(14,244,547)
Income tax (expense)/benefit	9	(222,270)	3,553,057
Loss after income tax (expense)/benefit for the year attributable to the owners of Ai-Media Technologies Limited		(4,923,715)	(10,691,490)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		5,406,060	1,099,123
Other comprehensive income for the year, net of tax		5,406,060	1,099,123
Total comprehensive income/(loss) for the year attributable to the owners of Ai-Media Technologies Limited		<u>482,345</u>	<u>(9,592,367)</u>
		Cents	Cents
Basic loss per share	34	(2.36)	(7.52)
Diluted loss per share	34	(2.36)	(7.52)

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

Ai-Media Technologies Limited
Consolidated statement of financial position
As at 30 June 2022

	Note	Consolidated 2022 \$	2021 Restated \$
Assets			
Current assets			
Cash and cash equivalents	10	15,184,270	17,864,220
Trade and other receivables	11	13,605,464	13,195,519
Contract assets	13	247,403	54,299
Inventories	12	648,029	427,108
Other current assets	14	272,076	272,076
Total current assets		<u>29,957,242</u>	<u>31,813,222</u>
Non-current assets			
Property, plant and equipment	15	4,185,831	4,125,959
Right-of-use assets	16	634,918	567,627
Intangibles	17	60,332,590	56,214,385
Deferred tax assets	9	7,537,506	7,061,811
Total non-current assets		<u>72,690,845</u>	<u>67,969,782</u>
Total assets		<u>102,648,087</u>	<u>99,783,004</u>
Liabilities			
Current liabilities			
Trade and other payables	18	6,157,589	7,057,586
Contract liabilities	19	3,306,407	1,697,030
Borrowings	20	145,253	263,993
Lease liabilities	21	267,570	609,446
Income tax	9	22,114	-
Provisions	22	3,613,994	3,373,655
Total current liabilities		<u>13,512,927</u>	<u>13,001,710</u>
Non-current liabilities			
Lease liabilities	21	331,811	259,198
Deferred tax	9	2,361,141	2,105,043
Provisions	22	7,481,391	5,419,987
Total non-current liabilities		<u>10,174,343</u>	<u>7,784,228</u>
Total liabilities		<u>23,687,270</u>	<u>20,785,938</u>
Net assets		<u>78,960,817</u>	<u>78,997,066</u>
Equity			
Issued capital	23	109,968,446	110,566,210
Reserves	24	7,195,693	1,151,260
Accumulated losses		<u>(38,203,322)</u>	<u>(32,720,404)</u>
Total equity		<u>78,960,817</u>	<u>78,997,066</u>

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

Ai-Media Technologies Limited
Consolidated statement of changes in equity
For the year ended 30 June 2022

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
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)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 23)	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	<u>110,566,210</u>	<u>1,151,260</u>	<u>(32,720,404)</u>	<u>78,997,066</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	110,566,210	1,151,260	(32,720,404)	78,997,066
Loss after income tax expense for the year	-	-	(4,923,715)	(4,923,715)
Other comprehensive income for the year, net of tax	-	5,406,060	-	5,406,060
Total comprehensive income/(loss) for the year	-	5,406,060	(4,923,715)	482,345
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 38)	-	307,994	-	307,994
Share buy-back (note 23)	(1,164,006)	-	-	(1,164,006)
Transaction costs (note 23)	(30,414)	-	-	(30,414)
Conversion of Restricted Stock/Share Units (note 23, note 24)	596,656	(228,824)	-	367,832
Transfer from reserves to accumulated losses	-	559,203	(559,203)	-
Balance at 30 June 2022	<u>109,968,446</u>	<u>7,195,693</u>	<u>(38,203,322)</u>	<u>78,960,817</u>

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

Ai-Media Technologies Limited
Consolidated statement of cash flows
For the year ended 30 June 2022

	Note	Consolidated 2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		63,580,242	47,968,036
Payments to suppliers and employees (inclusive of GST)		<u>(59,815,417)</u>	<u>(65,975,619)</u>
Net cash from operating activities (inclusive of GST)		3,764,825	(18,007,583)
Non-recurring EEG associated acquisition costs		(1,600,718)	-
Interest received		17,285	22,124
Other revenue		23,910	516,667
Interest and other finance costs paid		<u>(311,812)</u>	<u>(485,650)</u>
Net cash from/(used in) operating activities	36	<u>1,893,490</u>	<u>(17,954,442)</u>
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	32	-	(23,183,595)
Payment for expenses relating to acquisitions		(244,282)	-
Payment of deferred consideration		-	(2,707,940)
Payments for property, plant and equipment	15	(525,428)	(741,536)
Payments for intangibles	17	<u>(1,970,743)</u>	<u>(2,165,314)</u>
Net cash used in investing activities		<u>(2,740,453)</u>	<u>(28,798,385)</u>
Cash flows from financing activities			
Proceeds from issue of shares	23	-	70,202,785
Share issue transaction costs	23	(59,391)	(4,313,705)
Payments for share buy-backs	23	(1,164,006)	-
Proceeds from/(repayments of) bank and other loans	37	-	(787,192)
Proceeds from/(repayments of) shareholder loans	37	-	(2,413,918)
Repayments of related party loans	37	(303,993)	(248,416)
Repayment of lease liabilities	37	<u>(788,777)</u>	<u>(922,014)</u>
Net cash (used in)/from financing activities		<u>(2,316,167)</u>	<u>61,517,540</u>
Net increase/(decrease) in cash and cash equivalents		(3,163,130)	14,764,713
Cash and cash equivalents at the beginning of the financial year		17,864,220	2,994,171
Effects of exchange rate changes on cash and cash equivalents		483,180	105,336
Cash and cash equivalents at the end of the financial year	10	<u>15,184,270</u>	<u>17,864,220</u>

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

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2022

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

Level 6
 277 William Street
 Melbourne VIC 3000

Principal place of business

Level 1
 103 Miller Street
 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 29 August 2022. 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.

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 2022 reflects a net loss after income tax of \$4,923,715 (30 June 2021: \$10,691,490) and the consolidated statement of cash flows reflects net cash inflows from operating activities of \$1,893,490 (30 June 2021: outflows of \$17,954,442). As at 30 June 2022, the consolidated statement of financial position reflects a net asset position of \$78,960,817 (30 June 2021: net asset of \$78,997,066) and a net current asset position of \$16,444,315 (30 June 2021: net current asset of \$18,811,512). The losses are a result of the strategic decision taken by the Company to accelerate its expansion to take advantage of the 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.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2022

Note 2. Significant accounting policies (continued)

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 35.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ai-Media Technologies Limited as at 30 June 2022 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.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2022

Note 2. Significant accounting policies (continued)

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.

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 services

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.

Hardware

Revenue from a contract to provide goods (computer hardware, parts, and hardware rentals) are recognized based on the Incoterm Ex works which is a shipping arrangement where the seller makes product available for pick up at a specific location and the buyer pays for the transport costs. The goods are picked up for delivery and loaded into the carrier's vehicle which is when the title; risks and rewards pass from the seller to the buyer, and it is when the company invoices the client.

Software as a Service & Cloud Services (IaaS & PaaS)

Software as a service ('SaaS') and Cloud services also known as Infrastructure as a Service ('IaaS') and Platform as a Service ('PaaS') are electronically delivered software that are categorized as single contract for services or multiple deliverable arrangements depending on the term of the license or subscription. Revenue is recognised proportionately over the term of the license or subscription agreement which is when the stand-alone performance obligation(s) are satisfied.

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.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2022

Note 2. Significant accounting policies (continued)

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.

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.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2022

Note 2. Significant accounting policies (continued)

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.

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	Over the lease term
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.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2022

Note 2. Significant accounting policies (continued)

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 and trademarks

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

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2022

Note 2. Significant accounting policies (continued)

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.

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

Trade and other payables 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.

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.

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.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
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Note 2. Significant accounting policies (continued)

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.

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.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
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Note 2. Significant accounting policies (continued)

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.

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 2022. 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.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
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Note 2. Significant accounting policies (continued)

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

These amendments are applicable 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 – Definition of Accounting Estimates

These amendments are applicable 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 states 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 for annual reporting periods beginning on or after 1 April 2021. These amendments to AASB 16 *Leases* are 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 result of 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.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
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Note 3. Critical accounting judgements, estimates and assumptions (continued)

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.

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. Restatement of comparatives

Business combination acquisition adjustment

- (a) During the current financial year management have again considered the terms and conditions attached to the Restricted Stock Unit ("RSU") plan that was put in place as part of the acquisition of ACS in May 2020. It has now been determined that that accounting standards required the entity to recognise the USD 1,000,000 (AUD 1,456,876) of RSUs as initially contingent consideration prior to the IPO on 15 September 2020 and then deferred consideration after the IPO date and hence an increase to the goodwill of the acquisition by USD 1,000,000 (AUD 1,456,876). The exchange rate as at the original acquisition date of 0.6864 has been used and retranslated at the 30 June 2021 rate of 0.7518. There was no effect on the net assets at the beginning of the comparative period which is on 1 July 2020. The effect on the statement of financial position as of 30 June 2021 is presented below. There were no adjustments made on the statement of profit or loss and other comprehensive income for the year ended 30 June 2021.
- (b) The Group adjusted the contingent consideration on the purchase of EEG as disclosed in note 32. The change to the Share Purchase Agreement ("SPA") was to provide clarity on the Earn-Out calculation. The Earn-Out calculation was not fully finalised at the acquisition date and subsequently agreed with the vendor on the calculation. The effect on the statement of financial position as of 30 June 2021 is presented below. There were no adjustments made on the statement of profit or loss and other comprehensive income for the year ended 30 June 2021 and on the statement of financial position at the beginning of the comparative period which is on 1 July 2020.

Statement of financial position at the end of the earliest comparative period

Extract	2021 Reported \$	Consolidated Adjustment (a) \$	Adjustment (b) \$	2021 Restated \$
Assets				
Non-current assets				
Intangibles	54,176,500	1,330,141	707,744	56,214,385
Total non-current assets	65,931,897	1,330,141	707,744	67,969,782
Total assets	97,745,119	1,330,141	707,744	99,783,004

Ai-Media Technologies Limited
Notes to the consolidated financial statements
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Note 4. Restatement of comparatives (continued)

Liabilities

Provisions-current	699,479	1,330,141	-	2,029,620
Provisions-non-current	4,346,060	-	707,744	5,053,804
Total liabilities	18,748,053	1,330,141	707,744	20,785,938
Net assets				
Net assets	78,997,066	-	-	78,997,066

Note 5. 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), and Rest of the world ('ROW') (which includes United Kingdom, Singapore and Malaysia). 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 EBITDA (earnings before interest, tax, depreciation and amortisation). 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 2022, there were no customers exceeding 10% of the Group's revenue (2021: one customer contributed approximately 10% of the Group's revenue).

Operating segment information

	ANZ \$	North America \$	ROW \$	Corporate \$	Total \$
Consolidated - 2022					
Revenue					
Sales to external customers	20,050,877	32,559,387	7,173,762	-	59,784,026
Other revenue	23,910	289,336	-	-	313,246
Total revenue	20,074,787	32,848,723	7,173,762	-	60,097,272
EBITDA	7,407,859	9,820,838	733,087	(16,861,210)	1,100,574
Depreciation and amortisation					(4,452,673)
Interest revenue					17,285
Finance costs					(1,366,631)
Loss before income tax expense					(4,701,445)
Income tax expense					(222,270)
Loss after income tax expense					(4,923,715)

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30 June 2022

Note 5. Operating segments (continued)

	ANZ \$	North America \$	ROW \$	Corporate \$	Total \$
Consolidated - 2021					
Revenue					
Sales to external customers	18,684,055	23,001,026	6,977,339	-	48,662,420
Other revenue	425,886	64,334	26,447	-	516,667
Total revenue	<u>19,109,941</u>	<u>23,065,360</u>	<u>7,003,786</u>	<u>-</u>	<u>49,179,087</u>
EBITDA					
Depreciation and amortisation	7,548,546	1,413,067	1,217,693	(18,857,906)	(8,678,600)
Interest revenue					(3,307,992)
Finance costs					22,124
Loss before income tax benefit					<u>(2,280,079)</u>
Income tax benefit					(14,244,547)
Loss after income tax benefit					<u>3,553,057</u>
					<u>(10,691,490)</u>

Note 6. Revenue

	Consolidated	
	2022	2021
	\$	\$
Revenue	<u>59,784,026</u>	<u>48,662,420</u>

Disaggregation of revenue

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

	Consolidated	
	2022	2021
	\$	\$
Major product lines		
Broadcast*	28,531,300	17,922,123
Non-broadcast*	31,252,726	30,740,297
	<u>59,784,026</u>	<u>48,662,420</u>
Timing of revenue recognition		
Goods and services transferred at a point in time	17,535,853	12,090,742
Services transferred over time	42,248,173	36,571,678
	<u>59,784,026</u>	<u>48,662,420</u>

* 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.

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Note 7. Other income

	Consolidated	
	2022	2021
	\$	\$
Other revenue	<u>313,246</u>	<u>516,667</u>

Other revenue relates to IT infrastructure services provided on an ad-hoc and non-recurring basis, clients quality services bonuses, and the release of deferred consideration relating to the acquisition of Alternative Communication Services LLC.

During the year the Group has not received any COVID-19 related payments from governments. In 2021, the Group received payments from various governments amounting to \$100,000 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.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
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Note 8. Expenses

	Consolidated	
	2022	2021
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Buildings	62,639	11,876
Leasehold improvements	288,302	242,683
Plant and equipment	361,686	119,047
Buildings right-of-use assets	413,214	408,076
Plant and equipment right-of-use assets	80,213	147,271
Total depreciation	<u>1,206,054</u>	<u>928,953</u>
<i>Amortisation</i>		
Development	1,912,586	1,777,252
Intellectual property	720,997	112,147
Customer contracts	139,157	187,485
Software	473,879	302,155
Total amortisation	<u>3,246,619</u>	<u>2,379,039</u>
Total depreciation and amortisation	<u>4,452,673</u>	<u>3,307,992</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	30,838	296,026
Interest and finance charges paid/payable on lease liabilities	13,914	31,654
Bank fees and charges	267,060	157,970
Interest on deferred liabilities**	1,054,819	-
Interest on convertible notes (debt host)*	-	453,224
Fair value movement on embedded derivatives*	-	1,341,205
Finance costs expensed	<u>1,366,631</u>	<u>2,280,079</u>
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	<u>50,223</u>	<u>6,212</u>
<i>Leases</i>		
Short-term lease payments	<u>190,564</u>	<u>207,021</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>1,933,720</u>	<u>1,492,415</u>

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

** This is a once off amount in relation to the EEG earn-out interest and is agreed at 30 June 2022.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
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Note 9. Income tax

	Consolidated	
	2022	2021
	\$	\$
<i>Income tax expense/(benefit)</i>		
Current tax - adjustments recognised for prior periods	441,868	(49,645)
Deferred tax - origination and reversal of temporary differences	(654,932)	(3,604,938)
Deferred tax - adjustments recognised for prior periods	(590,363)	101,526
Deferred tax write off for carried forward losses of overseas entity*	1,025,697	-
	<u>222,270</u>	<u>(3,553,057)</u>
Aggregate income tax expense/(benefit)		
Deferred tax included in income tax expense/(benefit) comprises:		
Increase in deferred tax assets	(933,801)	(3,121,579)
Increase/(decrease) in deferred tax liabilities	278,869	(483,359)
	<u>(654,932)</u>	<u>(3,604,938)</u>
Deferred tax - origination and reversal of temporary differences		
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Loss before income tax (expense)/benefit	(4,701,445)	(14,244,547)
Tax at the statutory tax rate of 30% (2021: 26%)	(1,410,434)	(3,703,582)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research and Development	(25,500)	(162,500)
Other non-assessable and non-deductible items	419,332	346,879
Sundry items	-	4,365
	<u>(1,016,602)</u>	<u>(3,514,838)</u>
Difference in overseas tax rates	361,670	(139,745)
Current tax - adjustments recognised for prior periods	441,868	-
Deferred tax - adjustments recognised for prior periods	(590,363)	101,526
Deferred tax write off for carried forward losses of overseas entity	1,025,697	-
	<u>222,270</u>	<u>(3,553,057)</u>

* With the Group's focus on North America, it has reassessed the ability of one of its immaterial foreign subsidiaries to generate taxable income and has derecognised the carried forward tax losses in the current year.

As the Group's aggregated turnover is above \$50 million at the end of the 2021-22 income year, it is no longer a base rate entity. Therefore, the applicable corporate tax rate for the 2021-2022 income year is 30%. 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	
	2022	2021
	\$	\$
<i>Amounts credited directly to equity</i>		
Deferred tax assets	-	(606,272)

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2022

Note 9. Income tax (continued)

	Consolidated	
	2022	2021
	\$	\$
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Allowance for expected credit losses	9,839	14,833
Property, plant and equipment	209,975	(19,072)
Employee benefits	552,204	471,839
Provisions	40,993	177,016
Accrued expenses	267,033	(12,261)
Tax losses	3,529,536	3,942,995
Research and development tax losses	1,966,561	1,834,062
Prepayments	(916)	(219)
Contract assets	-	(21,236)
Capitalised development cost and customer contracts	(416,324)	(721,869)
IPO costs	1,020,627	1,309,016
Right-of-use assets/lease liabilities	36,830	86,707
Unearned revenue	45,646	-
Tax losses from foreign entities	275,502	-
	<u>7,537,506</u>	<u>7,061,811</u>
Deferred tax asset		
	<u>7,537,506</u>	<u>7,061,811</u>
Movements:		
Opening balance	7,061,811	3,333,960
Credited to profit or loss	933,801	3,121,579
Credited to equity	-	606,272
Credited to profit or loss in relation to prior year adjustment	567,591	-
Deferred tax write off for carried forward losses of overseas entity	(1,025,697)	-
	<u>7,537,506</u>	<u>7,061,811</u>
Closing balance		
	<u>7,537,506</u>	<u>7,061,811</u>

The Group has not recognised a deferred tax asset on unused tax losses (revenue in nature) as deductible temporary differences in the above calculations to the extent of \$1,417,728 (2021: \$nil) relating to one of its immaterial foreign subsidiaries.

	Consolidated	
	2022	2021
	\$	\$
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Intangibles	2,588,402	2,588,402
Tax losses - overseas entities	(227,261)	(483,359)
	<u>2,361,141</u>	<u>2,105,043</u>
Deferred tax liability		
	<u>2,361,141</u>	<u>2,105,043</u>
Movements:		
Opening balance	2,105,043	-
Charged/(credited) to profit or loss	278,869	(483,359)
Additions through business combinations (note 32)	-	2,588,402
Credited to profit or loss in relation to prior year adjustment	(22,771)	-
	<u>2,361,141</u>	<u>2,105,043</u>
Closing balance		
	<u>2,361,141</u>	<u>2,105,043</u>

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2022

Note 9. Income tax (continued)

	Consolidated	Consolidated
	2022	2021
	\$	\$
<i>Provision for income tax</i>		
Provision for income tax	22,114	-

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 10. Cash and cash equivalents

	Consolidated	Consolidated
	2022	2021
	\$	\$
<i>Current assets</i>		
Cash on hand	458	278
Cash at bank	15,183,812	17,863,942
	<u>15,184,270</u>	<u>17,864,220</u>

Note 11. Trade and other receivables

	Consolidated	Consolidated
	2022	2021
	\$	\$
<i>Current assets</i>		
Trade receivables	11,599,814	12,388,577
Less: Allowance for expected credit losses	(358,317)	(192,148)
	<u>11,241,497</u>	<u>12,196,429</u>
Other receivables	988,673	322,708
Prepayments	1,289,927	628,113
Security deposits	85,367	48,269
	<u>13,605,464</u>	<u>13,195,519</u>

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

Allowance for expected credit losses

The Group has recognised a loss of \$176,422 (2021: \$83,923) in profit or loss in respect of the expected credit losses for the year ended 30 June 2022.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2022

Note 11. Trade and other receivables (continued)

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

Consolidated	Carrying amount		Allowance for expected credit losses	
	2022	2021	2022	2021
	\$	\$	\$	\$
Not overdue	6,070,523	6,270,425	11,083	11,476
0 to 3 months overdue	3,790,241	4,896,614	117,260	85,024
Over 3 months overdue	1,739,050	1,221,538	229,974	95,648
	<u>11,599,814</u>	<u>12,388,577</u>	<u>358,317</u>	<u>192,148</u>

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

	Consolidated	
	2022	2021
	\$	\$
Opening balance	192,148	139,714
Additional provisions recognised	176,422	83,923
Foreign currency translation	(10,253)	(31,489)
Closing balance	<u>358,317</u>	<u>192,148</u>

Note 12. Inventories

	Consolidated	
	2022	2021
	\$	\$
<i>Current assets</i>		
Inventories - at cost	<u>648,029</u>	<u>427,108</u>

Note 13. Contract assets

	Consolidated	
	2022	2021
	\$	\$
<i>Current assets</i>		
Contract assets	<u>247,403</u>	<u>54,299</u>

Reconciliation

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

Opening balance	54,299	374,578
Additions	1,320,467	6,973,106
Amounts recognised in profit and loss	(1,127,363)	(7,293,385)
Closing balance	<u>247,403</u>	<u>54,299</u>

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Note 14. Other current assets

	Consolidated	Consolidated
	2022	2021
	\$	\$
<i>Current assets</i>		
Term deposit	272,076	272,076

The term deposit bears interest of 0.25% (2021: 0.4%) per annum and has a maturity of more than three months but less than one year.

Note 15. Property, plant and equipment

	Consolidated	Consolidated
	2022	2021
	\$	\$
<i>Non-current assets</i>		
Land and buildings - at cost	2,903,179	2,659,575
Less: Accumulated depreciation	(74,515)	(11,876)
	<u>2,828,664</u>	<u>2,647,699</u>
Leasehold improvements - at cost	1,580,984	1,511,960
Less: Accumulated depreciation	(1,334,255)	(1,070,520)
	<u>246,729</u>	<u>441,440</u>
Plant and equipment - at cost	6,025,367	4,338,429
Less: Accumulated depreciation	(4,914,929)	(3,301,609)
	<u>1,110,438</u>	<u>1,036,820</u>
	<u><u>4,185,831</u></u>	<u><u>4,125,959</u></u>

Reconciliations

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

Consolidated	Land and building	Leasehold improvements	Plant and equipment	Total
	\$	\$	\$	\$
Balance at 1 July 2020	-	714,353	376,968	1,091,321
Additions	-	-	741,536	741,536
Additions through business combinations (note 32)	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)
	<u>2,647,699</u>	<u>441,440</u>	<u>1,036,820</u>	<u>4,125,959</u>
Balance at 30 June 2021	2,647,699	441,440	1,036,820	4,125,959
Additions	-	58,126	467,302	525,428
Exchange differences	243,604	35,465	(31,998)	247,071
Depreciation expense	(62,639)	(288,302)	(361,686)	(712,627)
	<u>2,828,664</u>	<u>246,729</u>	<u>1,110,438</u>	<u>4,185,831</u>
Balance at 30 June 2022	<u><u>2,828,664</u></u>	<u><u>246,729</u></u>	<u><u>1,110,438</u></u>	<u><u>4,185,831</u></u>

Refer to note 27 for further information on fair value measurement.

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Note 16. Right-of-use assets

	Consolidated	
	2022	2021
	\$	\$
<i>Non-current assets</i>		
Buildings - right-of-use	2,546,876	1,985,618
Less: Accumulated depreciation	<u>(1,985,074)</u>	<u>(1,571,320)</u>
	<u>561,802</u>	<u>414,298</u>
Plant and equipment - right-of-use	1,203,001	1,203,001
Less: Accumulated depreciation	<u>(1,129,885)</u>	<u>(1,049,672)</u>
	<u>73,116</u>	<u>153,329</u>
	<u><u>634,918</u></u>	<u><u>567,627</u></u>

The Group leases buildings for its offices under agreements of between one to three 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 2020	822,374	300,600	1,122,974
Depreciation expense	<u>(408,076)</u>	<u>(147,271)</u>	<u>(555,347)</u>
Balance at 30 June 2021	414,298	153,329	567,627
Additions	560,718	-	560,718
Depreciation expense	<u>(413,214)</u>	<u>(80,213)</u>	<u>(493,427)</u>
Balance at 30 June 2022	<u><u>561,802</u></u>	<u><u>73,116</u></u>	<u><u>634,918</u></u>

For other lease related disclosures refer to the following:

- note 8 for details of depreciation on right-of-use assets, interest on lease liabilities and other lease payments;
- note 21 for lease liabilities at year end;
- note 26 for maturity analysis of lease liabilities; and
- consolidated statement of cash flow for repayment of lease liabilities.

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Note 17. Intangibles

	Consolidated	
	2022	2021
	\$	Restated
		\$
<i>Non-current assets</i>		
Goodwill - at cost	43,278,754	39,104,366
Development - at cost	10,695,903	8,725,160
Less: Accumulated amortisation	<u>(6,805,647)</u>	<u>(4,893,061)</u>
	3,890,256	3,832,099
Intellectual property - at cost	8,234,159	7,594,755
Less: Accumulated amortisation	<u>(1,247,326)</u>	<u>(473,253)</u>
	6,986,833	7,121,502
Brand name and trademarks - at cost	<u>275,802</u>	<u>228,607</u>
Customer contracts - at cost	4,396,522	4,009,201
Less: Accumulated amortisation	<u>(907,093)</u>	<u>(697,268)</u>
	3,489,429	3,311,933
Software - at cost	4,155,433	3,867,822
Less: Accumulated amortisation	<u>(1,743,917)</u>	<u>(1,251,944)</u>
	2,411,516	2,615,878
	<u>60,332,590</u>	<u>56,214,385</u>

Reconciliations

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

Consolidated	Goodwill	Develop- ment	Intellectual property	Brand name and trademarks	Customer contracts	Software	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 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 (note 32)	31,456,548	-	6,728,816	244,310	2,362,265	2,137,071	42,929,010
Adjustment on ACS acquisition (note 4)	1,330,141	-	-	-	-	-	1,330,141
Exchange differences	603,152	50,842	227,948	(15,703)	(5,455)	64,122	924,906
Amortisation expense	<u>-</u>	<u>(1,777,252)</u>	<u>(112,147)</u>	<u>-</u>	<u>(187,485)</u>	<u>(302,155)</u>	<u>(2,379,039)</u>
Balance at 30 June 2021	39,104,366	3,832,099	7,121,502	228,607	3,311,933	2,615,878	56,214,385
Additions	-	1,970,743	-	-	-	55,560	2,026,303
Exchange differences	4,174,388	-	586,328	47,195	316,653	213,957	5,338,521
Amortisation expense	<u>-</u>	<u>(1,912,586)</u>	<u>(720,997)</u>	<u>-</u>	<u>(139,157)</u>	<u>(473,879)</u>	<u>(3,246,619)</u>
Balance at 30 June 2022	<u>43,278,754</u>	<u>3,890,256</u>	<u>6,986,833</u>	<u>275,802</u>	<u>3,489,429</u>	<u>2,411,516</u>	<u>60,332,590</u>

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.

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Note 17. Intangibles (continued)

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

	Consolidated	
	2022	2021
	\$	Restated
		\$
North America	42,889,320	38,714,932
ROW	389,434	389,434
	<u>43,278,754</u>	<u>39,104,366</u>

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 of the North America CGU, using discount cash flow model, is in excess of the carrying amount and no reasonable changes to key assumptions would lead to impairment. The model used a discount rate of 8%, an average growth rate of 27% for the next 5 years and a terminal growth rate of 3%.

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.

On management assumptions, sensitivities are applied by using a discount rate of 12.375% and a long term growth rate of 2% on FY23 approved budgets and the headroom is USD 13,436,000. Further sensitivities are applied to the value-in-use calculations with the associated headroom are set out below. These are considered to be reasonably possible, but not likely.

- Increase in the discount rate by 1% - 2% on FY23 budgets; and
- Reduction in revenue growth rates on FY23 budgets by 5-10%.

The following table sets out the goodwill attributable to this CGU, the excess of the recoverable amount over the carrying value:

Goodwill – North America CGU	US\$
Headroom under base case assumption based on FY23 budgets	13,436,000
1% increase in WACC	8,668,000
2% increase in WACC	4,653,000
5% reduction in revenue growth rate	8,332,000
10% reduction in revenue growth rate	3,207,000

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Note 18. Trade and other payables

	Consolidated	
	2022	2021
	\$	\$
<i>Current liabilities</i>		
Trade payables	1,750,228	1,097,680
Accrued expenses	4,407,361	5,715,624
Other payables	-	244,282
	<u>6,157,589</u>	<u>7,057,586</u>

Refer to note 26 for further information on financial instruments.

Note 19. Contract liabilities

	Consolidated	
	2022	2021
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	<u>3,306,407</u>	<u>1,697,030</u>
<i>Reconciliation</i>		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	1,697,030	167,812
Billings during the year	13,363,899	768,557
Additions through business combinations (note 32)	-	975,955
Transfer to revenue	(11,806,177)	(256,674)
Foreign exchange	51,655	41,380
Closing balance	<u>3,306,407</u>	<u>1,697,030</u>

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$3,306,407 as at 30 June 2022 (\$1,697,030 as at 30 June 2021) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2022	2021
	\$	\$
Within 12 months	<u>3,306,407</u>	<u>1,697,030</u>

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Note 20. Borrowings

	Consolidated	
	2022	2021
	\$	\$
<i>Current liabilities</i>		
Insurance premium funding loan	145,253	-
Related party loans	-	263,993
	<u>145,253</u>	<u>263,993</u>

Insurance premium funding loan

The premium funding loan has a term of 10 monthly payments, with the final payment due 30 August 2022 with an interest rate of 3.88%.

Note 21. Lease liabilities

	Consolidated	
	2022	2021
	\$	\$
<i>Current liabilities</i>		
Lease liability	<u>267,570</u>	<u>609,446</u>
<i>Non-current liabilities</i>		
Lease liability	<u>331,811</u>	<u>259,198</u>
	<u><u>599,381</u></u>	<u><u>868,644</u></u>

Refer to note 26 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.

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Note 22. Provisions

	Consolidated	
	2022	2021
	\$	Restated
		\$
<i>Current liabilities</i>		
Annual leave	1,376,817	1,089,448
Long service leave	421,912	254,587
Deferred liability	362,897	1,330,141
Lease make good	99,300	142,000
Other provisions	<u>1,353,068</u>	<u>557,479</u>
	<u>3,613,994</u>	<u>3,373,655</u>
<i>Non-current liabilities</i>		
Long service leave	373,239	366,183
Deferred liability	7,083,757	4,930,452
Lease make good	<u>24,395</u>	<u>123,352</u>
	<u>7,481,391</u>	<u>5,419,987</u>
	<u><u>11,095,385</u></u>	<u><u>8,793,642</u></u>

Deferred liability

The provision represents the obligation to pay deferred consideration following the acquisition of a business or assets. These are known contractual liabilities as at 30 June 2022.

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.

Other provisions

Other provisions represents the best estimate of a tax provision associated with the share based payment plan of \$550,000 and for other indirect taxes in a foreign subsidiary amounting to \$803,068.

Annual leave and long service leave

The current portion of provision for employee benefits includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required year of service. Based on past experience, the company does not expect the full amount of annual leave balances classified as current provisions to be settled within the next 12 months. However, these amounts must be classified as current, since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

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Note 22. Provisions (continued)

Movements in provisions

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

	Lease makegood \$	Deferred liability \$	Other provisions \$
Consolidated - 2021			
Carrying amount at the start of the year	265,352	5,565,085	1,754,780
Additions through business combinations (restated) (note 4)	-	4,930,452	-
Adjustments relating to ACS Restricted Stock Unit plan (restated) (note 4)	-	1,330,141	-
Payments	-	(2,707,940)	-
Conversion to equity	-	(2,857,145)	-
Unused amounts reversed	-	-	(1,197,301)
Carrying amount at the end of the year	<u>265,352</u>	<u>6,260,593</u>	<u>557,479</u>
Consolidated - 2022			
Carrying amount at the start of the year	265,352	6,260,593	557,479
Additional provisions recognised	-	-	803,068
Amounts used	-	(363,585)	-
Currency translation difference	-	784,163	-
Unwinding of discount	-	1,054,819	-
Unused amounts reversed	(141,657)	(289,336)	(7,479)
Carrying amount at the end of the year	<u>123,695</u>	<u>7,446,654</u>	<u>1,353,068</u>

Note 23. Issued capital

	2022 Shares	Consolidated 2021 Shares	2022 \$	2021 \$
Ordinary shares - fully paid	<u>207,925,773</u>	<u>209,439,498</u>	<u>109,968,446</u>	<u>110,566,210</u>

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Note 23. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	96,200,980		8,980,031
Capital raising issuance	9 September 2020	24,390,244	\$1.23	30,000,000
Supplementary capital raising issuance	9 September 2020	158,535	\$1.23	194,998
Employee share scheme	9 September 2020	7,667,250	\$0.53	4,028,387
Employee share option	9 September 2020	960,000	\$0.49	472,856
Conversion of convertible notes	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	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	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
Conversion of Restricted Share Units issued to KMP	30 September 2021	60,705	\$1.23	75,000
Conversion of Restricted Share Units issued to KMP	26 October 2021	4,912	\$0.86	4,247
Share buy-back	November 2021 - June 2022	(2,000,000)	\$0.51	(1,164,006)
Conversion of Restricted Stock Units issued for ACS acquisition	1 February 2022	295,597	\$1.23	363,585
Conversion of Restricted Stock Units issued to ex-ACS employees	1 February 2022	125,061	\$1.23	153,824
Transaction costs (net of tax)				(30,414)
Balance	30 June 2022	<u>207,925,773</u>		<u>109,968,446</u>

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

The Company completed an on market buy-back of 2,000,000 shares on 6 June 2022. 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.

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Note 23. Issued capital (continued)

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 2021 Annual Report.

Note 24. Reserves

	Consolidated	
	2022	2021
	\$	\$
Foreign currency translation reserve	7,041,523	1,076,260
Employee share option reserve	154,170	75,000
	<u>7,195,693</u>	<u>1,151,260</u>

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.

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 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
Foreign currency translation	5,406,060	-	-	5,406,060
Share-based payments	-	-	307,994	307,994
Conversion of RSUs to ordinary shares	-	-	(228,824)	(228,824)
Transfer to accumulated losses	559,203	-	-	559,203
Balance at 30 June 2022	<u>7,041,523</u>	<u>-</u>	<u>154,170</u>	<u>7,195,693</u>

Note 25. Dividends

Dividends

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

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Note 25. Dividends (continued)

Franking credits

	Consolidated	
	2022	2021
	\$	\$
Franking credits available for subsequent financial years based on a tax rate of 30% (2021: 26%)	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 26. 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.

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:

Consolidated	Assets		Liabilities	
	2022	2021	2022	2021
	\$	\$	\$	\$
Pound sterling	7,143,152	6,191,804	9,802,482	8,231,291
Canadian dollars	6,411,621	432,439	12,848,365	5,101,717
Singapore dollars	1,749,490	1,391,888	2,208,223	1,750,316
US dollars	43,870,696	19,185,034	90,832,727	59,470,832
Malaysian ringgit	64,926	-	482,596	53,908
	59,239,885	27,201,165	116,174,393	74,608,064

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Note 26. Financial instruments (continued)

The Group had net liabilities denominated in foreign currencies of \$56,934,508 (assets of \$59,239,885 less liabilities of \$116,174,393) as at 30 June 2022 (2021: \$47,406,899 (assets of \$27,201,165 less liabilities of \$74,608,064)). Based on this exposure, had the Australian dollars weakened by 5%/strengthened by 5% (2021 : 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 \$286,037 lower/\$286,037 higher (2021: \$237,629 lower/\$237,629 higher) and equity would have been \$200,226 lower/\$200,226 higher (2021: \$166,340 lower/\$166,340 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 2022 was \$50,223 (2021: loss of \$6,212).

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.

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.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2022

Note 26. Financial instruments (continued)

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.

	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 2022					
<i>Non-interest bearing</i>					
Trade payables	1,750,228	-	-	-	1,750,228
<i>Interest-bearing - fixed rate</i>					
Insurance premium funding loan	150,889	-	-	-	150,889
Lease liability	285,775	203,123	140,827	-	629,725
Deferred liability	362,897	7,650,458	-	-	8,013,355
Total non-derivatives	2,549,789	7,853,581	140,827	-	10,544,197
Consolidated - 2021					
<i>Non-interest bearing</i>					
Trade payables	1,097,680	-	-	-	1,097,680
Other payables	244,282	-	-	-	244,282
<i>Interest-bearing - fixed rate</i>					
Payable to related parties	263,993	-	-	-	263,993
Lease liability	620,943	259,947	-	-	880,890
Deferred consideration	1,330,141	4,930,452	-	-	6,260,593
Total non-derivatives	3,557,039	5,190,399	-	-	8,747,438

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.

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Note 27. 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 - 2022	Level 1 \$	Level 2 \$	Level 3 \$
<i>Liabilities</i>			
Deferred liability	-	-	7,446,654
Total liabilities	-	-	7,446,654
	Level 1 \$	Level 2 \$	Level 3 \$
<i>Liabilities</i>			
Deferred liability	-	-	6,260,593
Total liabilities	-	-	6,260,593

There were no transfers between levels during the financial year.

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

As at 30 June 22, all deferred ACS and EEG liabilities are now fixed and are known contractual liabilities.

Level 3 assets and liabilities

Refer to note 22 and for the movement in the deferred consideration.

Note 28. 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	
	2022	2021
	\$	\$
<i>Audit services - Deloitte Touche Tohmatsu</i>		
Audit or review of the financial statements	349,530	273,500
<i>Other services - Deloitte Touche Tohmatsu</i>		
Preparation of tax return and other tax compliance	106,594	180,007
IPO and Due diligence costs	-	754,725
Other assurance services	-	12,000
	106,594	946,732
	456,124	1,220,232

Note 29. Contingent liabilities

The Group has given bank guarantees as at 30 June 2022 of \$368,360 (2021: \$368,360) to various landlords and a customer.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2022

Note 30. 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	
	2022	2021
	\$	\$
Short-term employee benefits	865,790	995,412
Post-employment benefits	60,130	77,834
Long-term benefits	4,135	4,715
Share-based payments	61,644	171,562
	<u>991,699</u>	<u>1,249,523</u>

Note 31. Related party transactions

Parent entity

Ai-Media Technologies Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 33.

Key management personnel

Disclosures relating to key management personnel are set out in note 30 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2022	2021
	\$	\$
Payment for other expenses:		
Interest paid on convertible notes	-	453,224
Fair value movement on embedded derivatives to director and related entities	-	1,341,205

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	
	2022	2021
	\$	\$
Current borrowings:		
Related party loans	-	263,993

Terms and conditions

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

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2022

Note 32. Business combinations

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.

On 30 September 2021, the variation to earn out arrangements under the Stock Purchase Agreement ('SPA') on acquisition of EEG was finalised and the contingent consideration of US\$4,000,000 was amended to US\$4,600,000. The changes to the contingent consideration was recorded as of the date of purchase and the comparative statement of financial position as of 30 June 2021 was restated on the change in the goodwill and contingent consideration amount as presented in the table below.

On 30 June 2022, the contingent consideration of US\$4,600,000 is no longer provisional and is now a known contractual liability. The fair value adjustment related to the EEG earn-out arrangement is disclosed below.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2022

Note 32. Business combinations (continued)

Details of the acquisition are as follows:

	EEG	30 June 2021		30 June 2021
	Fair value	Reported	Adjustment	Restated
	\$	Total	Fair value	Total
		Fair value	Fair value	Fair value
		\$	\$	\$
Cash and cash equivalents	3,894,933	4,147,485	-	4,147,485
Trade receivables	2,055,106	2,440,510	-	2,440,510
Other receivables	22,254	22,254	-	22,254
Inventories	450,045	450,045	-	450,045
Buildings	2,571,686	2,571,686	-	2,571,686
Plant and equipment	9,743	26,141	-	26,141
Intellectual property	6,728,816	6,728,816	-	6,728,816
Brand name and trademarks	244,310	244,310	-	244,310
Customer contracts	1,298,701	2,362,265	-	2,362,265
Software	2,137,071	2,137,071	-	2,137,071
Deferred tax liability	(2,588,402)	(2,588,402)	-	(2,588,402)
Trade payables	-	(40,705)	-	(40,705)
Other payables	(3,699,064)	(3,777,809)	-	(3,777,809)
Contract liabilities	(975,955)	(975,955)	-	(975,955)
Net assets acquired	12,149,244	13,747,712	-	13,747,712
Goodwill	29,650,850	30,748,804	707,744	31,456,548
Acquisition-date fair value of the total consideration transferred	<u>41,800,094</u>	<u>44,496,516</u>	<u>707,744</u>	<u>45,204,260</u>
Representing:				
Cash paid or payable to vendor	25,288,171	27,575,362	-	27,575,362
Ai-Media Technologies Limited shares issued to vendor	12,289,215	12,698,446	-	12,698,446
Contingent consideration	4,222,708	4,222,708	707,744	4,930,452
	<u>41,800,094</u>	<u>44,496,516</u>	<u>707,744</u>	<u>45,204,260</u>
Cash used to acquire business, net of cash acquired:				
Acquisition-date fair value of the total consideration transferred	41,800,094	44,496,516	707,744	45,204,260
Less: cash and cash equivalents	(3,894,933)	(4,147,485)	-	(4,147,485)
Less: payments to be made in future periods	-	(244,282)	-	(244,282)
Less: contingent consideration	(4,222,708)	(4,222,708)	(707,744)	(4,930,452)
Less: shares issued by Company as part of consideration	(12,289,215)	(12,698,446)	-	(12,698,446)
Net cash used	<u>21,393,238</u>	<u>23,183,595</u>	<u>-</u>	<u>23,183,595</u>

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2022

Note 33. 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	
		2022 %	2021 %
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 *	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.**	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%	100%
CaptionAccess LLC	United States of America	100%	49%
EEG Enterprise, Inc	United States of America	100%	100%
Access Innovation Media Malaysia Sdn Bhd	Malaysia	100%	100%

* Wholly-owned subsidiary of Access Innovation Media UK Ltd.

** Ai-Media Canada Inc is owned 51% by Anthony Abrahams and 49% by Ai-Media Technologies Limited. Ai Media Canada Inc is 100% consolidated into Ai-Media Technologies Limited as they share in 100% of the variable returns and are able to use their power to affect such returns.

*** Wound up as at 30 June 2022.

Note 34. Earnings per share

	Consolidated	
	2022 \$	2021 \$
Loss after income tax attributable to the owners of Ai-Media Technologies Limited	(4,923,715)	(10,691,490)
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	208,985,024	142,128,762
Weighted average number of ordinary shares used in calculating diluted loss per share	208,985,024	142,128,762
	Cents	Cents
Basic loss per share	(2.36)	(7.52)
Diluted loss per share	(2.36)	(7.52)

There are no options outstanding as at 30 June 2022 and 30 June 2021.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2022

Note 35. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2022	2021
	\$	\$
Profit/(loss) after income tax	3,188,391	(4,345,630)
Total comprehensive income/(loss)	3,188,391	(4,345,630)

Statement of financial position

	Parent	
	2022	2021
	\$	\$
Total current assets	105,017,082	103,611,751
Total assets	110,302,623	108,821,171
Total current liabilities	2,355,397	3,543,742
Total liabilities	2,355,397	3,543,742
Equity		
Issued capital	109,968,446	110,566,210
Foreign currency translation reserve	-	(734,233)
Employee share option reserve	154,170	75,000
Accumulated losses	(2,175,390)	(4,629,548)
Total equity	107,947,226	105,277,429

Movement in accumulated losses

	Parent	
	2022	2021
	\$	\$
Accumulated losses at the beginning of the financial year	(4,629,548)	(4,667,849)
Total comprehensive income/(loss)	3,188,391	(4,345,630)
Transfer from reserves	(734,233)	4,383,931
Accumulated losses	(2,175,390)	(4,629,548)

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 2022 and 30 June 2021.

Contingent liabilities

Except as disclosed in note 29, the parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2022

Note 35. Parent entity information (continued)

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 36. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	Consolidated	
	2022	2021
	\$	\$
Loss after income tax (expense)/benefit for the year	(4,923,715)	(10,691,490)
Adjustments for:		
Depreciation and amortisation	4,452,673	3,307,992
Share-based payments	307,994	1,042,600
Items classified as financing and other non-cash items	(37,799)	1,794,429
Change in operating assets and liabilities:		
Increase in trade and other receivables	(69,925)	(4,586,759)
Decrease/(increase) in contract assets	(193,104)	320,279
Decrease/(increase) in inventories	(220,921)	22,937
Increase in deferred tax assets	(475,695)	(3,069,698)
Decrease in trade and other payables	(747,996)	(4,864,988)
Increase in contract liabilities	1,609,377	553,263
Increase in provision for income tax	22,114	-
Increase/(decrease) in deferred tax liabilities	256,098	(483,359)
Increase in provisions	1,914,389	(1,299,648)
Net cash from/(used in) operating activities	<u>1,893,490</u>	<u>(17,954,442)</u>

Note 37. Changes in liabilities arising from financing activities

Consolidated	Bank loans	Shareholder	Other loans	Related	Convertible	Lease	Total
	\$	\$	\$	party loans	notes	liability	\$
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 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
Net cash used in financing activities	-	-	-	(303,993)	-	(788,777)	(1,092,770)
Acquisition of leases	-	-	-	-	-	560,718	560,718
Other changes	-	-	-	40,000	-	(41,204)	(1,204)
Balance at 30 June 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>599,381</u>	<u>599,381</u>

Ai-Media Technologies Limited
Notes to the consolidated financial statements
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Note 38. Share-based payments

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 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 tranche of 70,391 RSUs was vested as at 30 June 2022 and converted into fully paid ordinary shares of the Company on 7 July 2022. The third tranche 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.

On 20 December 2021, the granted RSUs to Ex-ACS employees as part of the acquisition of ACS. 125,061 RSUs were vested and converted into fully paid ordinary shares of the company on 1 February 2022 based on the offer price under the IPO to the value of \$153,824. The second tranche of RSUs vested and not issued as at 30 June 2022 amounted to \$92,526.

On 17 December 2021, 6,766,136 RSUs were granted. These RSUs did not meet the vesting conditions, performance and RTSR hurdles and have therefore lapsed. No expenses in relation to the RSUs have been recorded in the financial year ended 30 June 2022.

The share-based payment expense in relation to RSUs for 2022 is \$307,994 (2021: \$75,000).

Note 39. Events after the reporting period

On 11 July 2022, the Company signed an agreement to defer USD\$4,600,000 earn-out in respect to the purchase of EEG. The amount of the earn-out has been agreed at USD\$4,968,000, which is inclusive of additional simple interest of 8% per annum over the 12 month period from 30 September 2022 to 29 September 2023 in respect of the earn-out amount prescribed in the Purchase Agreement of USD\$4,600,000.

No other matter or circumstance has arisen since 30 June 2022 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.

Ai-Media Technologies Limited
Directors' declaration
30 June 2022

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 2022 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

29 August 2022
Sydney



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Independent Auditor's Report to the members of Ai-Media Technologies Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ai-Media Technologies Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2022, 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 and 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 2022 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.

Deloitte.

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.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Restatement of prior period financial information</p> <p>Refer to:</p> <ul style="list-style-type: none"> - Note 4 Restatement of comparatives - Note 22 Provisions - Note 32 Business combinations <p>The Group identified an error in its determination of consideration relating to prior period acquisitions as a result of the reconsideration of the terms and conditions attached to the Restricted Stock Unit plan ("RSU") put in place as part of the acquisition of ACS.</p> <p>On 30 September 2021, the variation to earn out arrangements under the Stock Purchase Agreement ('SPA') on acquisition of EEG was finalized and the deferred consideration was restated.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Assessed the design and implementation of key controls within management's financial reporting processes; • Reviewed management's restated financial information for the year ended 30 June 2021 and obtained evidence to support the material adjustments to the previously disclosed financial information of the Group; • With regards to the ACS RSU plan, reviewed key documentation including Letters of Intent, Share Purchase Agreement, Executive service contract, the RSU issue letter, exit agreement and the Company's legal advisor's interpretation of the RSU payment pool; • With regards to EEG, reviewed the variation letter to the earn-out arrangements under the Stock Purchase Agreement; • Engaged our technical accounting specialists to assist in the assessment of the validity, completeness and accuracy of the adjustments; and • Recalculated the impact of the restatement adjustments on the financial statements and notes to the financial statements for the current year and comparative financial information. <p>We also assessed the appropriateness of the disclosures in the notes to the financial statements.</p>

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 30 June 2022, but 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.

Deloitte

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.
- 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.

Deloitte.

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 29-34 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Ai-Media Technologies Limited, for the year ended 30 June 2022, 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, 29 August 2022

Ai-Media Technologies Limited
Shareholder information
30 June 2022

The shareholder information set out below was applicable as at 17 August 2022.

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

In accordance with the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations, the 2022 Corporate Governance Statement, as approved by the Board, is available on the Company's website at: <https://www.ai-media.tv/corporate-governance/>. The Corporate Governance Statement sets out the extent to which Access Innovation Holdings Limited has followed the ASX Corporate Governance Council's Recommendations during the 2022 financial year.

Distribution of equity securities

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

	Ordinary shares		
	% of total		
	Number of holders	shares issued	Number of shares
1 to 1,000	380	0.13	264,334
1,001 to 5,000	676	0.97	2,020,299
5,001 to 10,000	347	1.30	2,710,289
10,001 to 100,000	567	8.26	17,175,592
100,001 and over	106	89.34	185,825,650
	<u>2,076</u>	<u>100.00</u>	<u>207,996,164</u>
Holding less than a marketable parcel*	<u>-</u>	<u>-</u>	<u>-</u>

* Minimum \$ 500.00 parcel cannot be calculated due to multiple prices.

Ai-Media Technologies Limited
Shareholder information
30 June 2022

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	% of total
	Number held	shares
		issued
PEARLIROSE PTY LTD	27,639,898	13.29
DEANNE WEIR	16,072,336	7.73
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	15,902,484	7.65
EEG VIDEO HOLDINGS LLC	14,630,017	7.04
BNP PARIBAS NOMS PTY LTD	12,817,209	6.16
BOND STREET CUSTODIANS LIMITED	11,000,000	5.29
MRS ANGELA ABRAHAMS + MR GEOFFREY ABRAHAMS	9,321,610	4.48
NATIONAL NOMINEES LIMITED	8,518,722	4.10
UBS NOMINEES PTY LTD	7,834,953	3.77
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	7,002,805	3.37
TYLER LEE PTY LTD	5,700,000	2.74
ONE FUND SERVICES LTD	5,583,571	2.69
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,430,901	2.13
ICONIC INVESTMENTS PTY LTD	3,515,994	1.69
CITICORP NOMINEES PTY LIMITED	2,572,659	1.24
GREG SIRTES	2,493,603	1.20
G & L CAPON SUPER CO PTY LTD	2,144,020	1.03
LEONIE JACKSON	1,687,500	0.81
PHILIP A HYSSONG	1,644,185	0.79
FRANK MAHLAB PTY LTD	1,200,000	0.58
	<u>161,712,467</u>	<u>77.78</u>

Unquoted equity securities

There are no unquoted equity securities.

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	% of total
	Number held	shares
		issued
PEARLIROSE PTY LTD	27,639,898	13.29
DEANNE WEIR	16,072,336	7.73
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	15,902,484	7.65
EEG VIDEO HOLDINGS LLC	14,630,017	7.04
BNP PARIBAS NOMS PTY LTD	12,817,209	6.16

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

There are no other classes of equity securities.

Ai-Media Technologies Limited
Shareholder information
30 June 2022

Restricted securities

Class	Expiry date	Number of shares
EMPLOYEE ESCROW (EMP)	9 September 2023	113,820
ESCROWED SHARES (ES6)	12 May 2023	4,876,672
ESCROWED SHARES (ES7)	12 May 2024	4,876,672
ESCROWED SHARES (ES4)	30 August 2023	23,326,736
ESCROWED SHARES (ES3)	30 August 2022	23,326,736
ESCROWED SHARES (ESC)	4 January 2024	281,259
		<u>56,801,895</u>

On market buy-back

The Company completed an on market buy-back on 6 June 2022. The Company is not currently conducting an on-market buy-back.

CORPORATE DIRECTORY

DIRECTORS

Deanne Weir – Chair
Anthony Abrahams
John Martin
Alison Loat
Cheryl Hayman

COMPANY SECRETARY

Suzanne Sanossian

REGISTERED OFFICE

Level 6
277 William Street
Melbourne VIC 3000

PRINCIPAL PLACE OF BUSINESS

Level 1
103 Miller Street
North Sydney NSW 2060

SHARE REGISTER

Computershare Investor
Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000

AUDITOR

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000

SOLICITORS

Becketts 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

<http://www.ai-media.tv/>

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 has adopted and 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 corporate governance practices that were in operation since listing, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations.

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: <https://www.ai-media.tv/corporate-governance/>

