

1. Company details

Name of entity:	Ai-Media Technologies Limited
ABN:	12 122 058 708
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	3.3% to	61,769,967
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	up	200.8% to	3,310,552
Loss from ordinary activities after tax attributable to the owners of Ai-Media Technologies Limited	down	18.4% to	(4,017,064)
Loss for the year attributable to the owners of Ai-Media Technologies Limited	down	18.4% to	(4,017,064)

Dividends

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

Comments

Revenue for the period was \$61,769,967, up 3.3% from the prior year (30 June 2022: \$59,784,026). Revenue share of technology sales (including hardware and SaaS) increased to 39% of total revenue, compared to 30% in the prior year.

EBITDA for the Group was profit of \$3,310,552 up 200.8% from the prior period (30 June 2022: profit of \$1,100,574). EBITDA growth was driven by increase in higher margin technology sales.

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 to be one of the key financial measures of the Group.

The loss for the Group after providing for income tax amounted to \$4,017,064, an improvement of 18.4% year on year (30 June 2022: \$4,923,715).

Refer to the attached Directors' report 'Review of Operations' section for further explanation.

The following table summarises key reconciling items between statutory loss after income tax and EBITDA:

	Consolidated 2023 \$	Consolidated 2022 \$
Revenue	61,769,967	59,784,026
Less: Direct employee costs	(20,750,957)	(23,409,456)
Less: Other direct costs including inventory expenses	(4,158,191)	(3,506,507)
Gross profit*	36,860,819	32,868,063
Add: Other revenue**	456,469	313,246
Less: Indirect costs or overheads	(39,623,352)	(37,882,754)
Less: Income tax expense	(1,711,000)	(222,270)
Loss after income tax expense	(4,017,064)	(4,923,715)
Add: Finance costs	761,594	1,366,631
Add: Income tax expense	1,711,000	222,270
Less: Interest income	(50,169)	(17,285)
Loss before interest and taxation (EBIT)	(1,594,639)	(3,352,099)
Depreciation and amortisation expense	4,905,191	4,452,673
EBITDA	3,310,552	1,100,574

* Not all allocation of indirect costs or overheads to direct employee costs and other direct costs.

** This consists of a one off reversal of an over accrual of USA sales tax.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	6.91	6.47

The net tangible assets calculation includes rights-of-use assets of \$318,220 (30 June 2022: \$634,918) and the corresponding lease liabilities of \$345,713 (30 June 2022: \$599,381).

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

11. Attachments

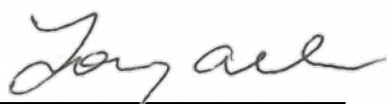
Details of attachments (if any):

The Annual Report of Ai-Media Technologies Limited for the year ended 30 June 2023 is attached.

12. Signed

As authorised by the Board of Directors.

Signed



Anthony Abrahams
Director
Sydney

Date: 29 August 2023

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AI MEDIA

2023 ANNUAL REPORT



World leading AI-powered captioning solutions

AI MEDIA 

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ABOUT AI-MEDIA

AI-Media is the leading captioning, transcription, and translation provider globally, with over 9 million minutes captured on its iCap platform a month. The Company has deployed the latest in artificial intelligence (AI) technology to transform its market offering to better serve the growing demand for high-quality captioning worldwide. The demand for captioning, transcription and translation has grown far beyond its broadcasting origin. AI-Media's best-in-class technology provides the only end-to-end captioning solution in market, from encrypting source data to encoding, captioning and translation.

AI-Media is uniquely positioned as a global leader in the live captioning and translation industry with six offices across three continents servicing live streaming in media, events, corporate, education, government, municipalities and more.

Highlights

TECH GROSS PROFIT

\$20.2m

UP 30% (FY22: \$15.5M)

TOTAL GROSS PROFIT

\$36.9m

UP \$4.0M (FY22: \$32.9M)

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TOTAL REVENUE¹

\$61.8m

UP \$2.0M (FY22: \$59.8M)

LEXI REVENUE

\$7.8m

UP 45% (FY22: \$5.4M)

MONTHLY LEXI MINUTES³

>3.4m

UP 44% (FY22: 2.4M)

TECH REVENUE²

\$24.0m

UP 33% (FY22: \$18.0M)

TOTAL EBITDA

\$3.3m

UP >200% (FY22: \$1.1M)

CASH BALANCE⁴

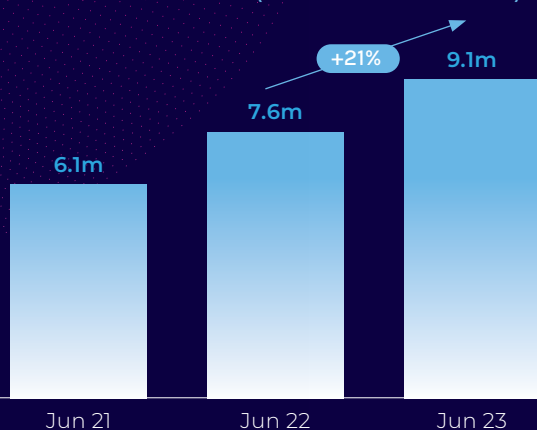
\$17.0m

UP \$1.8M (FY23 OP. CF: \$3.5M)

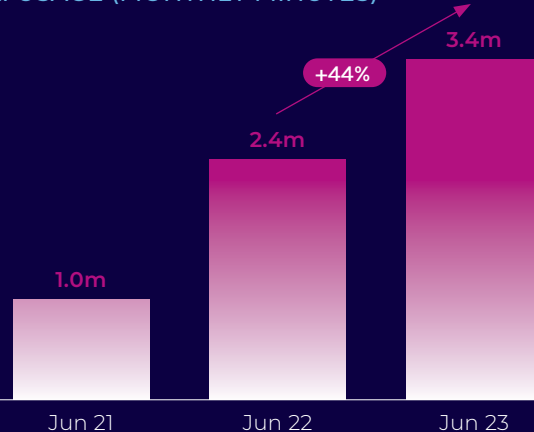
GROWTH IN CAPTIONING MINUTES

Increasing iCap usage (minutes) underpinning conversion opportunity to higher margin LEXI solutions.

ICAP NETWORK USAGE (MONTHLY MINUTES)



LEXI USAGE (MONTHLY MINUTES)



1. FY23 and FY22 revenue from ordinary activities, excludes interest and other income

2. Includes revenue from Hardware, SaaS & Support

3. Based on management information

4. Cash balance as at 30 June 2023

Chair's letter

DEANNE WEIR
CHAIR

Dear fellow Shareholders,

This has been another year of significant transformation for your Company, and I am pleased to present the Annual Report for the financial 2023 year (FY23). We have continued to refine our product solutions and enhance our technology, to ensure we are well positioned for increased growth in an expanding global captioning, transcription and translation market.



Our improved financial performance over the year was underpinned by our high-quality technology and scalable suite of solutions, that are designed to meet the varying quality, security and accuracy needs of our customers. This increased flexibility allowed us to attract new customers and continue to deliver great value to our existing customers. Some customers have changed their service mix, swapping out human delivered services where their needs are better met by our technology led solutions. This change in services impacts our revenue mix, pleasingly we have continued to deliver both topline revenue growth and significant improvement to the bottom line during this ongoing transformation.

Our FY23 financial performance demonstrates the reformation in our business approach towards higher quality revenue streams, which underpinned FY23 revenue of \$61.8 million, a 3.3% increase on FY22, Gross Profit of \$36.9 million, a 12% increase on FY22 with over 54% of Gross Profit now coming from technology revenues. The Company delivered \$3.3 million of earnings before interest, tax depreciation and amortisation (EBITDA), an increase of 201% compared to FY22, further highlighting increased operating leverage in the business.

As we continue our transformation into higher margin, SaaS products, we have observed a growing demand for language services across entertainment, government, and corporate clients. Through our engagement with customers across the globe we have continued to build our reputation for delivering extremely accurate, low-cost captioning and translation services, and have been rewarded with new premium contract signings from customers including Google and SBS, in addition to renewed agreements with Foxtel and Al Jazeera.

We remain committed to driving further growth and profitability via broadening our SaaS offerings and believe our product suite is well-placed to take advantage of mandated spending across captioning and translation services by potential customers including broadcasters.

Social inclusion and equity is in our DNA. Our Company has a long history of advancing social inclusion throughout all business operations and making the world's content accessible to all. Last year we launched the Leonie Jackson Education Grant, and I am pleased to share that the 2022 recipient is Sylvia Ciecchanowski. In the year ahead, Sylvia will put the \$10,000 grant towards completing the Post-Professional Doctor of Audiology Program at A.T. Still University. We continue to nurture a diverse workplace that fosters inclusivity and career development. As at 30 June 2023 40% of AI-Media's leadership team, 54% of our employees and 60% of our board identify as women.

We continue to build upon our purpose to be inclusive to all and continue to be focused on our commitment to achieve growth by investing in our people and products. We believe it is this vision that deepens our appeal to potential customers, making AI-Media an attractive captioning partner of choice.

Throughout the year the transformation strategy was at the forefront of AI-Media's work, with continued investment being made in the business to accelerate growth and deliver significant value to shareholders. As a fellow shareholder I believe the share price has not reflected the inherent value of our Company.

We are seeking to rectify this by continuing to improve our product suite, upselling to our existing customer base and winning new customers. Ending the year with a cash balance of \$17.0 million (from which the final amounts of US\$5.25 million for previous acquisitions will be paid in Q1 FY24) puts us in a good position to capitalise on growth opportunities as they arise.

Despite the mismatch between the share price performance and the inherent value of the business, the current view of the Board is that we are better to preserve available cash for growth opportunities rather than undertake a further share buy-back program.

The growth achieved over the financial year would not have been achieved without the commitment of everyone at AI-Media. I would like to thank the team, including, management and the board, who have worked consistently and efficiently to deliver great results to our customers and to position the business for significant future growth. I am very proud of the entire team for the outstanding job achieved this financial year.

Finally, my sincere thanks to you, our shareholders. We greatly appreciate your continued support, and as we move into FY24 we look forward to updating you on our progress in delivering enhanced shareholder value.

DEANNE WEIR
CHAIR
AI-Media



54%

OF GROSS PROFIT NOW COMING
FROM TECHNOLOGY REVENUES

CEO's letter

TONY ABRAHAMS

CO-FOUNDER, CEO AND MANAGING DIRECTOR

FY23 cemented AI-Media's position as a global leader in the delivery of high-quality live and recorded captioning, transcription, and translation solutions, demonstrating the success of our transformational shift towards higher margin software-as-a-service (SaaS) revenues.



Our results were underpinned by new customer wins, in addition to existing iCap customers who have transferred to our LEXI products and further product developments with the release of LEXI 3.0 in May 2023.

LEXI 3.0 provides a more accurate and advanced automatic captioning solution, delivering results that rival human captions at a fraction of the cost; with 35% fewer recognition, formatting, and punctuation errors than the previous version of LEXI. Our improved product accelerates automatic captioning adoption as it significantly increases quality, reduces latency, and includes new automated features that previously required manual intervention, including speaker changes and placement of captions to not obscure important visuals. We are extremely proud of LEXI 3.0 as it provides a streamlined product offering, enabling product differentiation in the market, whilst providing opportunities to expand our market reach and grow sales. Demand for LEXI continues to grow beyond broadcasting, with new sales wins in enterprise, government and corporate.

Our captioning monthly minutes increased 21%, delivering an average of 9 million minutes every month. Over the year we witnessed many customers increasing the minutes captioned via our suite of solutions, including Major League Baseball (MLB), the United Kingdom Parliament and a five-year contract renewal with major Australian broadcaster the Seven Network (Seven). AI-Media is well-positioned to capitalise on the increasing need by broadcasters to meet accessibility requirements, as more countries continue to adopt and implement accessibility legislation.

The renewal by Seven showcased the strength of our full suite of technology products, as the partnership included the broadcaster pioneering the use of our rebranded LEXI Library product (formerly SubSilo) with captioning powering intuitive search across Seven's extensive media archive. The successful multi-year contract signing with Google in August 2022 demonstrates AI-Media's position as a trusted partner by the corporate market.

Since acquiring EEG in May 2021, we have made strategic investments in our technology products, while transitioning the business away from legacy services towards higher margin SaaS revenues. It is this shift which has successfully underpinned FY23 revenue of \$61.8 million, with 39% delivered via technology revenues, delivering an increase to Gross Profit Margins to 60% in FY23, up 5 percentage points on FY22. Overall, we witnessed strong growth in monthly captioning minutes, with LEXI minutes up 44% and iCap network minutes up 21%, this demonstrates further opportunity for conversion to LEXI product suite.

As the business transitions further towards SaaS revenues, we expect further improvements in operating leverage. FY23 delivered a 201% increase in EBITDA to \$3.3 million in FY23 and an EBITDA margin of 5%, reflecting the scalability of the business model.



GROSS PROFIT MARGINS IN FY23

UP 5% points on FY22

To celebrate AI-Media's 20th anniversary in August 2023 and in recognition of our technology-led strategy, we launched a new brand and logo set. The rebrand champions our market-leading position, to meet the growing demand for accessible content worldwide, across a variety of industries.

As we seek to capture further market share in FY24 and beyond, our competitive moat continues to be strengthened by the transformative advances in Artificial Intelligence (AI). Our full range of encoding solutions (hardware, virtualised and cloud-based) together with access to customer data behind corporate firewalls are the key to unlocking this transformative potential of AI.

As we look to the future, we have strengthened our balance sheet, with a cash position of \$17.0 million as at 30 June 2023. In Q1 FY24 the final amounts of US\$5.25m for previous acquisitions will be paid, leaving the balance available for further product and market development.

The success we have achieved in our transformation to date would not have been possible without the efforts of our customers, dedicated employees and the leadership of the Board and management team.

Thank you to our shareholders for your patience through difficult market conditions. I look forward to updating you further as we build and extend our technology-led growth strategy.

TONY ABRAHAMS
CO-FOUNDER, CEO AND
MANAGING DIRECTOR
AI-Media

Products and technology

LEXI

The launch of LEXI 3.0 delivered a new and improved version of AI-Media's flagship live automatic captioning solution. Launched in May 2023, the new release is strengthened by innovation in AI, affording a more accurate and advanced automatic captioning solution.

LEXI 3.0 delivers results that rival human captions at a fraction of the cost, with 35% fewer recognition, formatting, and punctuation errors than the previous version of LEXI. Average quality results have increased significantly from 98.2% to 98.7% NER.

Across the AI industry fast-emerging improvements in Generative Pre-Trained Transformatives (GPT), Natural Language Processing (NLP) and Acoustic & Pronunciation Modelling (APM) language modelling are delivering enhancements in prediction, text transcripts databases and are improving and enhancing accent and language accuracy. Powered by AI advancements LEXI 3.0 has closed the gap on human captions, improving the value of AI-Media's automatic captioning solution by accelerating adoption of captioning by significantly increasing quality, reducing latency, and delivering new automated features including speaker identification and AI-powered caption placement to avoid on-screen interference.

LEXI 3.0 is an affordable on-demand solution perfect for live captioning a wide range of content types - from linear TV broadcasts, OTT, Live Sports and live streams, to meetings, events, lectures and more. Delivered via any AI-Media encoder (Hardware, Alta and Falcon) connected to AI-Media's iCap Cloud Network, existing AI-Media customers, have access to LEXI 3.0 at no additional cost.

"We are extremely proud of LEXI 3.0 our flagship product it is enabling product differentiation, expanding market opportunities to grow sales by revolutionising automatic captioning to deliver unprecedented accuracy and reliability, without the sizeable per hour costs typical of human captions."

— James Ward- Chief Sales Officer

ECOSYSTEM

AI-Media's unique product suite offers an end-to-end ecosystem of captioning, translation and transcription solutions to a large and growing customer base. The product suite combines the best technology, security, and service, differentiating AI-Media from the competition as it enables the delivery of end-to-end solutions to meet any customers captioning needs.

The world leading captioning network is comprised of an ecosystem of hardware, infrastructure, and software solutions. The network of end-to-end solutions begins with a range of on-premise, virtualised, cloud-captioning encoders that seamlessly integrate via iCap to AI-Media's world-leading proprietary speech recognition solutions. The encoders, Falcon, Alta and Encoder Pro are compatible with multiple resolutions and deliver physical, virtual, and cloud-based encoding technology to our customers, captioning content reliably, flexibly and securely.

AI-Media's encoding solutions make it easy to deliver a high-quality, low-latency broadcast with near real-time captions for any need. The iCap network integrates seamlessly with AI-Media's ASR cloud captioning solutions LEXI and third-party captioners across the globe. iCap's scalable cloud based network separates us from the competition by delivering a secure, encrypted connection with a global standard of service with the highest accuracy at an affordable price to customers anywhere in the globe. Fast, accurate, efficient and scalable LEXI is our proprietary speech recognition solution. Underpinned by AI, LEXI has leading captioning capabilities, delivering coherent captions using advanced algorithms with enterprise grade accuracy of 98.7%.

AI-MEDIA ECOSYSTEM

Leading global captioning platform, providing customers with the only end-to-end solution in market

1

Video Input



Live or recorded video source via broadcasts, events or over-the-top (OTT) content

2

Encrypted Encoding



Encoders and iCap network used by both customers and competitors

Cloud, virtual, or physical encoders convert audio into digital data that is sent to iCap network

3

Real-time Captioning



Matches captions to video sources and provides encrypted remote access to customer data improving contextual accuracy

4

Captioned Video Output



LEXI converts spoken language into written text to present live captions on any screen or platform, in any language

FY24 OUTLOOK

Continued technology transition will drive long-term business model.



LEVERAGE RECENT PRODUCT RELEASES (LEXI 3.0 AND LEXI TOOLKIT) TO DRIVE GROWTH. ACCELERATE CONVERSION OF 3RD PARTY ICAP USERS TO LEXI & UPSELL BASE

PRIORITISE ICAP AND ENCODING TECHNOLOGY DEVELOPMENT TO BROADEN REVENUE OPPORTUNITY AND DRIVE CUSTOMER STICKINESS

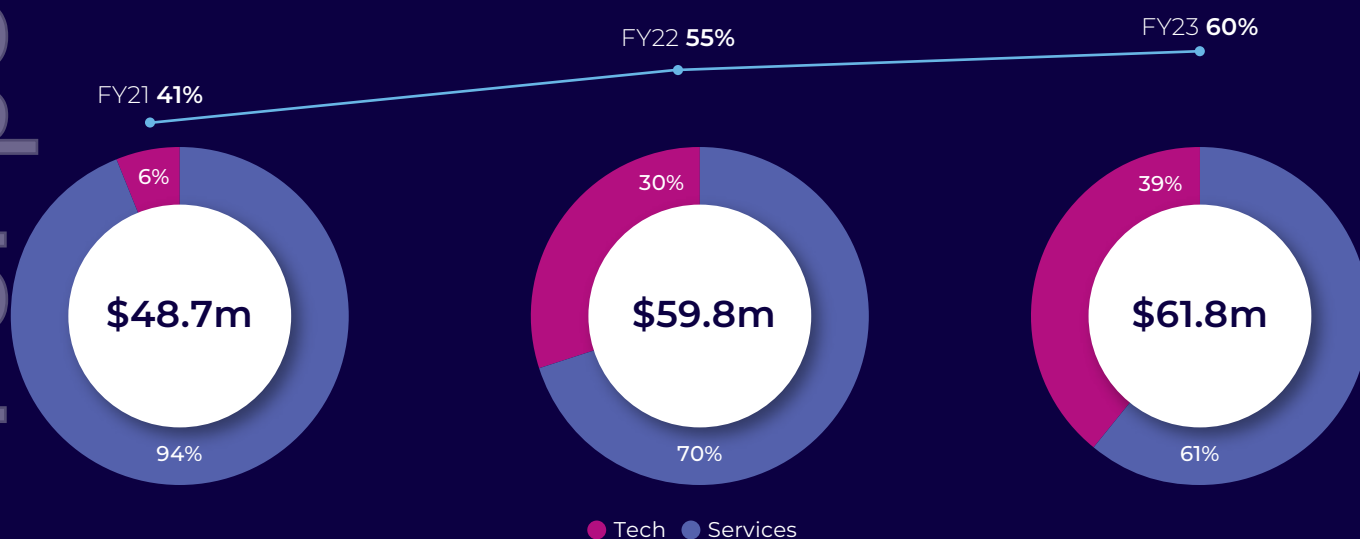


SCALE GLOBAL PRESENCE THROUGH NEW STRATEGIC PARTNERSHIPS, TRACK RECORD AND ENHANCED SOLUTIONS

EXECUTE ON GROWTH OPPORTUNITIES IN NEW TERRITORIES AND ADJACENT MARKETS



REVENUE COMPOSITION & GP MARGIN (%)



Executing on business model transition away from low margin services (>40% GPM) towards technology revenues (>80% GPM)

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 Chair of Seer Data and Analytics, an Australian scale up technology company, and also a Board member at Verve Super.

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.

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EMPLOYEES

220 

PERMANENT STAFF

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**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 received the ICD designation from Canada's Institute of Corporate Directors. She has degrees from Queen's University and the Harvard Kennedy School.

**CHERYL HAYMAN**

Independent, Non-Executive Director
Bachelor of Commerce, FAICD, FGIA

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 Board roles include Beston Global Food Company (ASX: BFC) and Silk Logistics Holdings (ASX:SLH).

Cheryl's corporate experience encompasses a range of senior strategic technology, digital strategy roles and global marketing roles including Head of Marketing and Innovation at Sunrice, George Weston Foods, Unilever Australia, NZ and UK, Yum Restaurants International and Who Weekly magazine.

Cheryl is a Fellow of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia, and serves as Chair of AIM's Remuneration and Nomination Committee and member of the Audit and Risk Committee.



Ai-Media Technologies Limited

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Ai-Media Technologies Limited

Directors' report

30 June 2023

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 2023.

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

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 \$4,017,064 (30 June 2022: \$4,923,715).

Operations

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

	2023 \$	2022 \$	Change \$	Change %
Revenue from operating activities	61,769,967	59,784,026	1,985,941	3.3%
Earnings/(loss) before interest, taxation, depreciation and amortisation (EBITDA)	3,310,552	1,100,574	2,209,978	200.8%
Loss after tax (expense)/benefit from ordinary activities	(4,017,064)	(4,923,715)	906,651	18.4%

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 to be one of the key financial measures of the Group.

The strengths of the technology and products introduced into the Group as part of the EEG acquisition in 2021 has provided the main impetus to the EBITDA growth. The legacy business continues to perform in the broadcast sector where tailored solutions and a high degree of accuracy is required. Comparatively, there has been a decline in legacy Live Enterprise services, especially in the education sector, where free tools have gained market share particularly where tailored solutions and a high degree of accuracy are not required.

As at 30 June 2023, the consolidated statement of financial position reflects a net asset position of \$77,122,909 (30 June 2022: \$78,960,817). The EBITDA 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.

Ai-Media Technologies Limited
Directors' report
30 June 2023

The following table summarises key reconciling items between statutory loss after income tax and EBITDA:

	Consolidated	
	2023	2022
	\$	\$
Revenue	61,769,967	59,784,026
Less: Direct employee costs	(20,750,957)	(23,409,456)
Less: Other direct costs including inventory expenses	(4,158,191)	(3,506,507)
Gross profit*	36,860,819	32,868,063
Add: Other revenue**	456,469	313,246
Less: Indirect costs or overheads	(39,623,352)	(37,882,754)
Less: Income tax expense	(1,711,000)	(222,270)
Loss after income tax expense	(4,017,064)	(4,923,715)
Add: Finance costs	761,594	1,366,631
Add: Income tax expense	1,711,000	222,270
Less: Interest income	(50,169)	(17,285)
Loss before interest and taxation (EBIT)	(1,594,639)	(3,352,099)
Depreciation and amortisation expense	4,905,191	4,452,673
EBITDA	3,310,552	1,100,574

* Not all allocation of indirect costs or overheads to direct employee costs and other direct costs.

** This consists of a one off reversal of an over accrual of USA sales tax.

EBITDA for the Group was \$3,310,552 (2022: \$1,100,574), 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 2023 reflects a net loss after income tax of \$4,017,064 (2022: \$4,923,715) and the consolidated statement of cash flows reflects net cash inflows from operating activities of \$3,477,003 (2022: \$1,893,490). As at 30 June 2023, the consolidated statement of financial position reflects a net asset position of \$77,122,909 (2022: net asset of \$78,960,817) and a net current asset position of \$10,395,527 (2022: net current asset of \$16,444,315). While revenue for the period was up 3.3%, we saw a continuing strong growth in the share of higher margin technology sales (including hardware and SaaS) of total revenue 39%, compared to 30% in the prior year. The Group has successfully returned to a positive EBITDA, and with a robust balance sheet featuring a cash balance of nearly \$17 million, along with improving performance, it is now well-positioned to confidently pursue growth and seize 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 by industry and geography to help manage these risks.

Ai-Media Technologies Limited
Directors' report
30 June 2023

Recruitment and crowd sourcing

It is evident that the labour landscape has displayed a trend of increasing availability within sectors such as technology, sales, operations, and professional services. However, labour market tightness persists as a noteworthy consideration. While inflationary pressures have also shown signs of stabilising, the consequences stemming from these pressures throughout the past year have led to a notable salary escalation of up to 10% beyond the initially budgeted projections for positions demanding professional expertise or high-level skills. In line with our ongoing business technology transformation, demand for crowd recruitment has also experienced a reduction. Tools such as LinkedIn Recruiter, LinkedIn advertising, and internal referrals continue to outperform traditional labour advertising avenues, mostly eliminating the need to engage 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 seeks to mitigate this risk through maintaining experienced product development teams that remain abreast of the latest technological advances and their potential impact on current and future products.

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.

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

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 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 standardised 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
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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 Chair of Seer Data and Analytics, an Australian scale up technology company, and also a Board member at Verve Super.

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: 30,339,898 ordinary shares indirectly held

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 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.

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: 49,150 ordinary shares directly held and 1,276,669 ordinary shares indirectly held
Interests in options: 97,972 restricted share units

Ai-Media Technologies Limited

Directors' report

30 June 2023

Name: Alison Loat
Title: Independent, Non-Executive Director
Qualifications: BAH, Queen's University, Kingston Canada; MPP, Harvard Kennedy School
Experience and expertise: 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 received the ICD designation from Canada's Institute of Corporate Directors. She has degrees from Queen's University and the Harvard Kennedy School.

Other current directorships: No other listed entities
Former directorships (last 3 years): No other listed entities
Special responsibilities: Member of RNC (Remuneration and Nominations Committee); Member of ARC (Audit and Risk Committee)
Interests in shares: 299,150 ordinary shares directly held
Interests in options: 97,972 restricted share units

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 Board roles include Beston Global Food Company (ASX: BFC) and Silk Logistics Holdings (ASX:SLH).

Cheryl's corporate experience encompasses a range of senior strategic technology, digital strategy roles and global marketing roles including Head of Marketing and Innovation at Sunrice, George Weston Foods, Unilever Australia, NZ and UK, Yum Restaurants International and Who Weekly magazine.

Cheryl is a Fellow of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia, and serves as Chair of AIM's Remuneration and Nomination Committee and member of the Audit and Risk Committee.

Other current directorships: Beston Global Food Company (ASX: BFC) and Silk Logistics Holdings Ltd (ASX:SLH)
Former directorships (last 3 years): Shriro Holdings Ltd (ASX:SHM), Clover Corporation (ASX:CLV) and HGL Limited (ASX:HNG)
Special responsibilities: Chair of RNC (Remuneration and Nominations Committee); Member of ARC (Audit and Risk Committee)
Interests in shares: 12,561 ordinary shares directly held and 50,000 ordinary shares indirectly held
Interests in options: 97,972 restricted share units

'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.

Ai-Media Technologies Limited

Directors' report

30 June 2023

Company secretary

Name:	Lisa Jones
Title:	Company Secretary (appointed 1 September 2022)
Experience and expertise:	Lisa is an experienced corporate lawyer and governance professional and a Fellow of the Governance Institute of Australia. She has more than 20 years' experience in commercial and corporate affairs, working with both public listed and private companies in Australia and Europe after starting her career in the corporate practice Allens. She is the principal of Jones Meredith Group which provides governance; corporate advisory and company secretarial services to ASX listed and private companies.
Name:	Suzanne Sanossian
Title:	Company Secretary (resigned 1 September 2022)
Experience and expertise:	Sue joined Ai-Media in 2011 and was responsible for assisting the Board and company in meeting its fiduciary, legal, compliance and corporate governance obligations. Sue was a pivotal point of contact for the Board, investors, senior executives, staff and industry peers, and led AIM's People and Culture team up until her resignation on 1 September 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 2023, 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	9	9	5	5	3	3
Anthony Abrahams	9	9	5	5	3	3
John Martin	8	9	5	5	3	3
Alison Loat	9	9	5	5	3	3
Cheryl Hayman	9	9	5	5	3	3

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

Ai-Media Technologies Limited
Directors' report
30 June 2023

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.

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.

Ai-Media Technologies Limited

Directors' report

30 June 2023

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.

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 2023, 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 2022 Annual General Meeting (AGM)

At the 23 November 2022 AGM, 99.89% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. 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 person:

- John Bird - Chief Financial Officer

Ai-Media Technologies Limited
Directors' report
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2023

Non-Executive Directors:

	Cash salary and fees \$	Cash bonus \$	Annual leave \$	Post- employment benefits Super- annuation \$	Long-term benefits Long service leave \$	Share- based payments Equity- settled \$	Total \$
Deanne Weir	91,324	-	-	9,589	-	-	100,913
John Martin	58,824	-	-	6,176	-	25,000	90,000
Alison Loat	70,028	-	-	3,878	-	25,000	98,906
Cheryl Hayman	59,091	-	-	6,205	-	25,000	90,296

Executive Directors:

Anthony Abrahams	332,920	-	12,272	18,411	4,135	-	367,738
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*Other Key Management
Personnel:*

John Bird	285,029	-	21,234	25,292	-	-	331,555
	897,216	-	33,506	69,551	4,135	75,000	1,079,408

2022

Non-Executive Directors:

	Cash salary and fees \$	Cash bonus \$	Annual leave \$	Post- employment benefits Super- annuation \$	Long-term benefits Long service leave \$	Share- based payments Equity- settled \$	Total \$
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

Executive Directors:

Anthony Abrahams	321,876	-	5,340	15,320	4,135	-	346,671
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*Other Key Management
Personnel:*

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 of 14 March 2022 to 30 June 2022.

** Remuneration disclosed is from 1 July 2021 to the date of cessation of employment/appointment on 31 August 2021.

Ai-Media Technologies Limited
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30 June 2023

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2023	2022	2023	2022	2023	2022
<i>Non-Executive Directors:</i>						
Deanne Weir	100%	100%	-	-	-	-
John Martin	72%	72%	28%	28%	-	-
Alison Loat	75%	74%	25%	26%	-	-
Cheryl Hayman	72%	72%	28%	28%	-	-
Jonathan Pearce	-	72%	-	28%	-	-
<i>Executive Directors:</i>						
Anthony Abrahams	100%	100%	-	-	-	-
<i>Other Key Management Personnel:</i>						
John Bird	100%	100%	-	-	-	-

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

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 \$153,287 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 \$332,000 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 2023 are set out below:

Name	Date	Shares	Issue price	\$
John Martin	7 July 2022	28,915	\$0.86	25,000
Alison Loat	7 July 2022	28,915	\$0.86	25,000
Cheryl Hayman	7 July 2022	12,561	\$0.59	7,397

Ai-Media Technologies Limited

Directors' report

30 June 2023

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 2023 are set out below:

Name	Vesting and exercisable date	RSUs	Price	\$
John Martin	30 June 2023	97,972	\$0.26	25,000
Alison Loat	30 June 2023	97,972	\$0.26	25,000
Cheryl Hayman	30 June 2023	97,972	\$0.26	25,000

Additional information

The earnings of the Group for the five years to 30 June 2023 are summarised below:

	2023 \$	2022 \$	2021 \$	2020 \$	2019 \$
Sales revenue	61,769,967	59,784,026	48,662,420	25,423,090	18,339,127
EBITDA	3,310,552	1,100,574	(8,678,600)	(10,048,332)	(2,506,516)
Loss after income tax	(4,017,064)	(4,923,715)	(10,691,490)	(12,741,152)	(3,882,599)

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Deanne Weir	18,644,995	-	-	-	18,644,995
Anthony Abrahams	27,889,898	-	3,000,000	(550,000)	30,339,898
John Martin	1,296,904	28,915	-	-	1,325,819
Alison Loat	270,235	28,915	-	-	299,150
Cheryl Hayman	50,000	12,561	-	-	62,561
Jonathan Pearce*	512,980	-	-	(512,980)	-
John Bird	-	-	-	-	-
	<u>48,665,012</u>	<u>70,391</u>	<u>3,000,000</u>	<u>(1,062,980)</u>	<u>50,672,423</u>

* Jonathan Pearce's disposals/other represents a member no longer being designated as a key management personnel and does not represent a disposal of holding.

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
RSUs						
John Martin	28,915	97,972	-	(28,915)	-	97,972
Alison Loat	28,915	97,972	-	(28,915)	-	97,972
Cheryl Hayman	12,561	97,972	-	(12,561)	-	97,972
	<u>70,391</u>	<u>293,916</u>	<u>-</u>	<u>(70,391)</u>	<u>-</u>	<u>293,916</u>

This concludes the remuneration report, which has been audited.

Ai-Media Technologies Limited
Directors' report
30 June 2023

Shares under option and restricted share units

The following were unissued ordinary shares of Ai-Media Technologies Limited under restricted share units at the date of this report.

Grant date	Exercise price	Number of units
16 February 2023	\$0.26	293,916

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 2023 on the exercise of RSUs granted:

Date RSU granted	Exercise price	Number of shares issued
7 July 2022	\$0.86	57,830
7 July 2022	\$0.59	12,561
		<u>70,391</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, except to the extent permitted by the law, 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

During the period, Deloitte Touche Tohmatsu Australia, the Company's auditor, has performed certain other services in addition to their statutory duties. The Board is satisfied that the provision of those non-audit services during the period by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 (Cth) or as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks or rewards. Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 26 to the financial statements.

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.

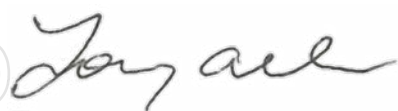
Ai-Media Technologies Limited
Directors' report
30 June 2023

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.

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 2023
Sydney



Deloitte Touche Tohmatsu
ABN 74 490 121 060

Quay Quarter Tower
50 Bridge Street
Sydney, NSW, 2000
Australia

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

29 August 2023

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 2023, 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

A stylized, handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A stylized, handwritten signature in black ink that reads "Harsh Shah".

Harsh Shah
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Ai-Media Technologies Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 2023 \$	Consolidated 2022 \$
Revenue	5	61,769,967	59,784,026
Other income	6	456,469	313,246
Interest revenue calculated using the effective interest method		50,169	17,285
Expenses			
Cost of inventories consumed		(551,108)	(784,110)
Employee benefits expense		(39,483,865)	(38,933,541)
Outsourcing and contractor expenses		(6,536,330)	(8,274,050)
Information technology related expenses		(4,932,213)	(3,702,431)
Depreciation and amortisation expense	7	(4,905,191)	(4,452,673)
Professional and consulting expenses		(4,048,113)	(3,463,723)
Business development expenses		(1,216,015)	(1,107,719)
Occupancy expenses		(637,555)	(502,663)
Recovery/(impairment) of receivables	10	78,923	(176,422)
Other expenses		(1,589,608)	(2,052,039)
Finance costs	7	(761,594)	(1,366,631)
Loss before income tax expense		(2,306,064)	(4,701,445)
Income tax expense	8	(1,711,000)	(222,270)
Loss after income tax expense for the year attributable to the owners of Ai-Media Technologies Limited		(4,017,064)	(4,923,715)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		2,053,353	5,406,060
Other comprehensive income for the year, net of tax		2,053,353	5,406,060
Total comprehensive (loss)/income for the year attributable to the owners of Ai-Media Technologies Limited		(1,963,711)	482,345
		Cents	Cents
Basic loss per share	31	(1.93)	(2.36)
Diluted loss per share	31	(1.93)	(2.36)

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 2023

	Note	Consolidated 2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	9	16,982,857	15,184,270
Trade and other receivables	10	11,951,203	13,605,464
Contract assets	12	504,250	247,403
Inventories	11	892,246	648,029
Term deposits	13	165,623	272,076
Income tax receivable	8	466,091	-
Total current assets		<u>30,962,270</u>	<u>29,957,242</u>
Non-current assets			
Property, plant and equipment	14	4,209,116	4,185,831
Right-of-use assets	15	318,220	634,918
Intangibles	16	59,278,446	60,332,590
Deferred tax assets	8	6,029,335	7,537,506
Total non-current assets		<u>69,835,117</u>	<u>72,690,845</u>
Total assets		<u>100,797,387</u>	<u>102,648,087</u>
Liabilities			
Current liabilities			
Trade and other payables	17	6,207,504	6,157,589
Contract liabilities	18	3,916,839	3,306,407
Borrowings	19	-	145,253
Lease liabilities	20	193,114	267,570
Income tax payable	8	82,500	22,114
Provisions	21	10,166,786	3,613,994
Total current liabilities		<u>20,566,743</u>	<u>13,512,927</u>
Non-current liabilities			
Lease liabilities	20	152,599	331,811
Deferred tax	8	2,564,558	2,361,141
Provisions	21	390,578	7,481,391
Total non-current liabilities		<u>3,107,735</u>	<u>10,174,343</u>
Total liabilities		<u>23,674,478</u>	<u>23,687,270</u>
Net assets		<u>77,122,909</u>	<u>78,960,817</u>
Equity			
Issued capital	22	110,098,328	109,968,446
Reserves	23	9,244,967	7,195,693
Accumulated losses		<u>(42,220,386)</u>	<u>(38,203,322)</u>
Total equity		<u>77,122,909</u>	<u>78,960,817</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 2023

Consolidated	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 (loss)/income 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 35)	-	307,994	-	307,994
Share buy-back (note 22)	(1,164,006)	-	-	(1,164,006)
Transaction costs (note 22)	(30,414)	-	-	(30,414)
Conversion of Restricted Stock/Share Units (note 22, note 23)	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>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Consolidated				
Balance at 1 July 2022	109,968,446	7,195,693	(38,203,322)	78,960,817
Loss after income tax expense for the year	-	-	(4,017,064)	(4,017,064)
Other comprehensive income for the year, net of tax	-	2,053,353	-	2,053,353
Total comprehensive (loss)/income for the year	-	2,053,353	(4,017,064)	(1,963,711)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 35)	-	125,803	-	125,803
Conversion of Restricted Stock/Share Units (note 22, note 23)	129,882	(129,882)	-	-
Balance at 30 June 2023	<u>110,098,328</u>	<u>9,244,967</u>	<u>(42,220,386)</u>	<u>77,122,909</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 2023

	Note	Consolidated 2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		66,974,968	63,580,242
Payments to suppliers and employees (inclusive of GST)		(63,632,282)	(59,815,417)
Non-recurring EEG associated acquisition costs		-	(1,600,718)
Interest received		50,169	17,285
Other revenue		456,469	23,910
Interest and other finance costs paid		(372,321)	(311,812)
Net cash from operating activities	33	3,477,003	1,893,490
Cash flows from investing activities			
Payment for expenses relating to acquisitions		(367,647)	(244,282)
Payments for property, plant and equipment	14	(585,505)	(525,428)
Payments for intangibles	16	(695,426)	(1,970,743)
Net cash used in investing activities		(1,648,578)	(2,740,453)
Cash flows from financing activities			
Share issue transaction costs	22	-	(59,391)
Payments for share buy-backs	22	-	(1,164,006)
Repayments of related party loans	34	-	(303,993)
Repayment of lease liabilities	34	(280,990)	(788,777)
Net cash used in financing activities		(280,990)	(2,316,167)
Net increase/(decrease) in cash and cash equivalents		1,547,435	(3,163,130)
Cash and cash equivalents at the beginning of the financial year		15,184,270	17,864,220
Effects of exchange rate changes on cash and cash equivalents		251,152	483,180
Cash and cash equivalents at the end of the financial year	9	<u>16,982,857</u>	<u>15,184,270</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 2023

Note 1. General information

The financial statements cover Ai-Media Technologies 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 20
15 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.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 August 2023. 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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 2023 reflects a net loss after income tax of \$4,017,064 (30 June 2022: \$4,923,715) and the consolidated statement of cash flows reflects net cash inflows from operating activities of \$3,477,003 (30 June 2022: \$1,893,490). As at 30 June 2023, the consolidated statement of financial position reflects a net asset position of \$77,122,909 (30 June 2022: net asset of \$78,960,817) and a net current asset position of \$10,395,527 (30 June 2022: net current asset of \$16,444,315). While the Group continues to experience losses it is taking the necessary action to grow revenue sustainably and ensure that it will become profitable in the near future.

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.

Change in Presentation of Financial Statements

During the current financial year, the management of the Company has introduced a revision in the presentation of the statement of profit or loss and other comprehensive income, along with the comparative figures from the prior year. This modification involves a transition to a presentation by nature, aiming to enhance the clarity and transparency of financial information for the stakeholders. Importantly, to underscore that this transition in presentation format has been executed with utmost diligence, and it is confirmed that this change has no financial impact on the reported figures or overall financial standing of the Company.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

The summary of reclassifications follow:

	2022 Reported \$	Adjustment \$	2022 Reclassified \$
Cost of sales	26,915,963	(26,915,963)	-
Cost of inventories consumed	-	784,110	784,110
Employee benefits expense	21,150,343	17,783,198	38,933,541
Outsourcing and contractor expense	-	8,274,050	8,274,050
Information Technology expense	-	3,702,431	3,702,431
Impairment of receivables	176,422	-	176,422
Professional and consulting costs	3,293,486	170,237	3,463,723
Business development costs	1,457,846	(350,127)	1,107,719
Networking and information technology costs	3,100,333	(3,100,333)	-
Other employment costs	822,138	(822,138)	-
Office expenses / Occupancy expenses	598,180	(95,517)	502,663
Other expenses	1,481,987	570,052	2,052,039
	<u>58,996,698</u>	<u>-</u>	<u>58,996,698</u>

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.

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 32.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ai-Media Technologies Limited as at 30 June 2023 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.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

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

Operating segments

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

Foreign currency translation

Foreign currency transactions

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

Foreign operations

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

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

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.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

Software as a Service

Software as a service (SaaS) are electronically delivered software that are categorized as single contract for services or multiple deliverable arrangements depending on the terms of the license or subscription. Revenue is recognised either proportionally over the term of the license or subscription agreement, which is when the stand-alone performance obligation(s) are satisfied, or at the point of consumption, when the service is delivered based on usage.

Interest

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

Other revenue

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

Grant income

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

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
Notes to the consolidated financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

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

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

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

Research and development (R&D) grant

The Group has exceeded the \$20 million ATO threshold to claim the refundable R&D tax credit, the non-refundable R&D credits are accounted through 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 banks, 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 weighted average cost basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

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	3 to 5 years

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

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

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

Right-of-use assets

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

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

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

Intangible assets

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

Goodwill

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

Development

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

Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of its expected benefit, being its finite life of 10 years.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

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 10 years.

As a component of the ACS, CaptionAccess, Caption IT acquisition assessment, the management of the company has undertaken a comprehensive review of the customer contracts. Subsequently, there has been a revision in the useful life assigned to these customer contracts. It is now anticipated that the amortization process for these contracts will be completed by the conclusion of FY25. This adjustment reflects our commitment to accurate and prudent accounting practices.

During the financial year, the Group completed an assessment of the useful lives of these customer contracts and revised the estimated useful life from ten years to five years. This change in accounting estimate will be effective 1 July 2022. Based on the carrying amount of these customer contracts included in 'Intangibles' as of 30 June 2023, it is estimated this change will increase loss for the year by \$413,873.

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 7 to 10 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.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

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.

Other long-term employee benefits

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

Defined contribution superannuation expense

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

Share-based payments

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

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

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

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

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

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

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

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

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

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.

Issued capital

Ordinary shares are classified as equity.

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

Business combinations

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

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

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

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

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

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

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Goods and Services Tax (GST) and other similar taxes

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

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group has assessed that there will be no significant impact on adoption of these new or amended Accounting Standards and Interpretations. The new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

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

These amendments are applicable 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.

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.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 3. Critical accounting judgements, estimates and assumptions (continued)

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.

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 when the Group believes it is probable that future taxable amounts will be available for utilizing tax losses and deductible temporary differences. Currently, the group holds notable tax losses and Research and Development credit balances in Australia and its overseas entities. The projected sustained profitability in Australia over the forthcoming years is expected to facilitate the utilisation of these Deferred Tax Assets (DTA), attributed in part to recent modifications in corporate recharge strategies and the inclusion of intercompany loan interest.

Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into 3 operating segments based on geographical locations: Australia and New Zealand (ANZ), North America (which includes Canada and United States of America), 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 2023 and 30 June 2022, there were no customers exceeding 10% of the Group's revenue.

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30 June 2023

Note 4. Operating segments (continued)

Operating segment information

	ANZ \$	North America \$	ROW \$	Corporate \$	Total \$
Consolidated - 2023					
Revenue					
Sales to external customers	20,371,220	35,387,442	6,011,305	-	61,769,967
Other revenue	-	456,469	-	-	456,469
Total revenue	20,371,220	35,843,911	6,011,305	-	62,226,436
EBITDA	8,064,141	10,202,778	(9,708)	(14,946,659)	3,310,552
Depreciation and amortisation					(4,905,191)
Interest revenue					50,169
Finance costs					(761,594)
Loss before income tax expense					(2,306,064)
Income tax expense					(1,711,000)
Loss after income tax expense					(4,017,064)
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)

Note 5. Revenue

	Consolidated	
	2023	2022
	\$	\$
Revenue	<u>61,769,967</u>	<u>59,784,026</u>

Ai-Media Technologies Limited
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Note 5. Revenue (continued)

Disaggregation of revenue

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

	Consolidated 2023 \$	2022 \$
<i>Major product lines</i>		
Broadcast*	33,621,222	28,531,300
Non-broadcast*	28,148,745	31,252,726
	<u>61,769,967</u>	<u>59,784,026</u>
<i>Timing of revenue recognition</i>		
Goods and services transferred at a point in time	18,873,090	17,535,853
Services transferred over time	42,896,877	42,248,173
	<u>61,769,967</u>	<u>59,784,026</u>

* Broadcast revenue encompasses services rendered to broadcasters, encompassing live captioning of sports events and recorded content. Non-broadcast revenue entails services provided to enterprise and convention clients, including corporate, government, and university entities.

Note 6. Other income

	Consolidated 2023 \$	2022 \$
Other revenue	<u>456,469</u>	<u>313,246</u>

In 2023, the other revenue pertains to the provision release for US sales tax (2022: relates to the release of deferred consideration associated with the acquisition of Alternative Communication Services LLC).

Ai-Media Technologies Limited
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Note 7. Expenses

	Consolidated	
	2023	2022
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Buildings	65,574	62,639
Leasehold improvements	120,035	288,302
Plant and equipment	459,901	361,686
Buildings right-of-use assets	243,582	413,214
Plant and equipment right-of-use assets	73,116	80,213
Total depreciation	962,208	1,206,054
<i>Amortisation</i>		
Development	1,679,474	1,912,586
Intellectual property	779,881	720,997
Customer contracts	1,036,524	139,157
Software	447,104	473,879
Total amortisation	3,942,983	3,246,619
Total depreciation and amortisation	4,905,191	4,452,673
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	7,395	30,838
Interest and finance charges paid/payable on lease liabilities	46,088	13,914
Bank fees and charges	296,785	267,060
Interest on other payables from acquisitions*	411,326	1,054,819
Finance costs expensed	761,594	1,366,631
<i>Net foreign exchange loss</i>		
Net foreign exchange (gain)/loss	(149,314)	50,223
<i>Leases</i>		
Short-term lease payments	292,467	190,564
<i>Superannuation expense</i>		
Defined contribution superannuation expense	1,995,893	1,933,720

* The amount recognised in 2023 represents a singular sum associated with the EEG earn-out interest, as outlined in the EEG acquisition agreement, and reflects the accumulated interest as of 30 June 2023. The amount recognised in 2022 is in reference to the unwinding of the deferred consideration associated with the EEG earn-out.

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Note 8. Income tax

	Consolidated 2023 \$	2022 \$
<i>Income tax expense</i>		
Current tax - adjustments recognised for prior periods	-	441,868
Deferred tax - origination and reversal of temporary differences	898,709	(654,932)
Deferred tax - adjustments recognised for prior periods	537,377	(590,363)
Deferred tax write off for carried forward losses of overseas entities*	274,914	1,025,697
	<u>1,711,000</u>	<u>222,270</u>
<i>Aggregate income tax expense</i>		
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(2,306,064)	(4,701,445)
Tax at the statutory tax rate of 30%	(691,819)	(1,410,434)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research and Development	-	(25,500)
Other non-assessable and non-deductible items	437,735	419,332
	(254,084)	(1,016,602)
Difference in overseas tax rates	320,158	361,670
Current tax - adjustments recognised for prior periods	-	441,868
Deferred tax - adjustments recognised for prior periods	537,377	(590,363)
Deferred tax write off for carried forward losses of overseas entities*	274,914	1,025,697
Deferred tax asset not recognised on carried forward losses of overseas entities**	832,635	-
	<u>1,711,000</u>	<u>222,270</u>
<i>Income tax expense</i>		

* Group has reassessed the ability of its foreign subsidiaries to generate taxable income and has derecognised the carried forward tax losses in the current year.

** The Group has not recognised a deferred tax asset on unused tax losses (revenue in nature) as deductible temporary differences in jurisdictions where the group does not expect to have taxable income.

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.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 8. Income tax (continued)

	Consolidated 2023 \$	2022 \$
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Allowance for expected credit losses	8,103	9,839
Property, plant and equipment	211,674	209,975
Employee benefits	536,828	552,204
Provisions	8,268	40,993
Accrued expenses	286,995	267,033
Tax losses	2,116,946	3,529,536
Research and development tax credits	2,086,118	1,966,561
Prepayments	(3,898)	(916)
Capitalised development cost and customer contracts	(30,236)	(416,324)
IPO costs	712,763	1,020,627
Right-of-use assets/lease liabilities	30,605	36,830
Unearned revenue	73,344	45,646
Tax losses from foreign entities	-	275,502
Other receivables	(8,175)	-
Deferred tax asset	<u>6,029,335</u>	<u>7,537,506</u>
Movements:		
Opening balance	7,537,506	7,061,811
(Charged)/credited to profit or loss	(895,522)	933,801
(Charged)/credited to profit or loss in relation to prior year adjustment	(337,147)	567,591
Deferred tax write off for carried forward losses of overseas entity	(275,502)	(1,025,697)
Closing balance	<u>6,029,335</u>	<u>7,537,506</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 \$9,063,127 (2022: \$8,230,642) relating to its foreign subsidiaries.

	Consolidated 2023 \$	2022 \$
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Intangibles	3,947,253	2,588,402
Tax losses - overseas entities	(500,576)	(227,261)
Temporary difference - overseas entities	(882,119)	-
Deferred tax liability	<u>2,564,558</u>	<u>2,361,141</u>
Movements:		
Opening balance	2,361,141	2,105,043
Charged to profit or loss	3,187	278,869
Charged/(credited) to profit or loss in relation to prior year adjustment	200,230	(22,771)
Closing balance	<u>2,564,558</u>	<u>2,361,141</u>

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 8. Income tax (continued)

	Consolidated 2023 \$	Consolidated 2022 \$
<i>Income tax</i>		
Income tax refund due	466,091	-
	Consolidated 2023 \$	Consolidated 2022 \$
<i>Provision for income tax</i>		
Provision for income tax	82,500	22,114

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

Note 9. Cash and cash equivalents

	Consolidated 2023 \$	Consolidated 2022 \$
<i>Current assets</i>		
Cash on hand	733	458
Cash at bank	16,982,124	15,183,812
	16,982,857	15,184,270

Note 10. Trade and other receivables

	Consolidated 2023 \$	Consolidated 2022 \$
<i>Current assets</i>		
Trade receivables	10,610,379	11,599,814
Less: Allowance for expected credit losses	(124,554)	(358,317)
	10,485,825	11,241,497
Other receivables	102,257	988,673
Prepayments	1,206,945	1,289,927
Security deposits	156,176	85,367
	11,951,203	13,605,464

Allowance for expected credit losses

The Group has recognised a loss of \$78,923 (2022: recovery of \$176,422) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023.

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Notes to the consolidated financial statements
30 June 2023

Note 10. Trade and other receivables (continued)

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

	Carrying amount		Allowance for expected credit losses	
	2023	2022	2023	2022
	\$	\$	\$	\$
Consolidated				
Not overdue	6,097,799	6,070,523	18,335	11,083
0 to 3 months overdue	4,327,908	3,790,241	92,637	117,260
Over 3 months overdue	184,672	1,739,050	13,582	229,974
	<u>10,610,379</u>	<u>11,599,814</u>	<u>124,554</u>	<u>358,317</u>

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

	Consolidated 2023	Consolidated 2022
	\$	\$
Opening balance	358,317	192,148
Additional provisions/(reversals) recognised	(78,923)	176,422
Foreign currency translation	16,121	(10,253)
Unused amounts reversed	(170,961)	-
Closing balance	<u>124,554</u>	<u>358,317</u>

Note 11. Inventories

	Consolidated 2023	Consolidated 2022
	\$	\$
<i>Current assets</i>		
Inventories - at cost	<u>892,246</u>	<u>648,029</u>

Note 12. Contract assets

	Consolidated 2023	Consolidated 2022
	\$	\$
<i>Current assets</i>		
Contract assets	<u>504,250</u>	<u>247,403</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	247,403	54,299
Additions	3,015,468	1,320,467
Amounts recognised in profit and loss	(2,758,621)	(1,127,363)
Closing balance	<u>504,250</u>	<u>247,403</u>

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 13. Term deposits

	Consolidated 2023 \$	2022 \$
<i>Current assets</i>		
Term deposit	165,623	272,076

The term deposit bears interest of 3.75% (2022: 0.25%) per annum and has a maturity of more than three months but less than one year.

Note 14. Property, plant and equipment

	Consolidated 2023 \$	2022 \$
<i>Non-current assets</i>		
Land and buildings - at cost	3,016,591	2,903,179
Less: Accumulated depreciation	(143,791)	(74,515)
	<u>2,872,800</u>	<u>2,828,664</u>
Leasehold improvements - at cost	1,162,518	1,580,984
Less: Accumulated depreciation	(1,081,507)	(1,334,255)
	<u>81,011</u>	<u>246,729</u>
Plant and equipment - at cost	5,253,983	6,025,367
Less: Accumulated depreciation	(3,998,678)	(4,914,929)
	<u>1,255,305</u>	<u>1,110,438</u>
	<u><u>4,209,116</u></u>	<u><u>4,185,831</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 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)
Balance at 30 June 2022	2,828,664	246,729	1,110,438	4,185,831
Additions	-	-	585,505	585,505
Reclassifications	-	(58,126)	58,126	-
Exchange differences	109,710	12,443	(38,863)	83,290
Depreciation expense	(65,574)	(120,035)	(459,901)	(645,510)
Balance at 30 June 2023	<u><u>2,872,800</u></u>	<u><u>81,011</u></u>	<u><u>1,255,305</u></u>	<u><u>4,209,116</u></u>

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Note 15. Right-of-use assets

	Consolidated 2023 \$	2022 \$
<i>Non-current assets</i>		
Buildings - right-of-use	2,547,128	2,546,876
Less: Accumulated depreciation	(2,228,908)	(1,985,074)
	<u>318,220</u>	<u>561,802</u>
Plant and equipment - right-of-use	1,203,001	1,203,001
Less: Accumulated depreciation	(1,203,001)	(1,129,885)
	<u>-</u>	<u>73,116</u>
	<u><u>318,220</u></u>	<u><u>634,918</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 2021	414,298	153,329	567,627
Additions	560,718	-	560,718
Depreciation expense	(413,214)	(80,213)	(493,427)
Balance at 30 June 2022	561,802	73,116	634,918
Depreciation expense	(243,582)	(73,116)	(316,698)
Balance at 30 June 2023	<u><u>318,220</u></u>	<u><u>-</u></u>	<u><u>318,220</u></u>

For other lease related disclosures refer to the following:

- note 7 for details of depreciation on right-of-use assets, interest on lease liabilities and other lease payments;
- note 20 for lease liabilities at year end;
- note 25 for maturity analysis of lease liabilities; and
- consolidated statement of cash flow for repayment of lease liabilities.

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Note 16. Intangibles

	Consolidated 2023 \$	2022 \$
<i>Non-current assets</i>		
Goodwill - at cost	45,023,937	43,278,754
Development - at cost	11,393,380	10,695,903
Less: Accumulated amortisation	(8,485,822)	(6,805,647)
	2,907,558	3,890,256
Intellectual property - at cost	8,540,631	8,234,159
Less: Accumulated amortisation	(2,071,237)	(1,247,326)
	6,469,394	6,986,833
Brand name and trademarks - at cost	286,576	275,802
Customer contracts - at cost	4,019,015	4,396,522
Less: Accumulated amortisation	(1,472,387)	(907,093)
	2,546,628	3,489,429
Software - at cost	3,118,037	4,155,433
Less: Accumulated amortisation	(1,073,684)	(1,743,917)
	2,044,353	2,411,516
	<u>59,278,446</u>	<u>60,332,590</u>

Reconciliations

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

	Goodwill \$	Develop- ment \$	Intellectual property \$	Brand name and trademarks \$	Customer contracts \$	Software \$	Total \$
Consolidated							
Balance at 1 July 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	-	(1,912,586)	(720,997)	-	(139,157)	(473,879)	(3,246,619)
Balance at 30 June 2022	43,278,754	3,890,256	6,986,833	275,802	3,489,429	2,411,516	60,332,590
Additions	-	695,426	-	-	-	-	695,426
Exchange differences	1,745,183	1,350	262,442	10,774	93,723	79,941	2,193,413
Amortisation expense	-	(1,679,474)	(779,881)	-	(1,036,524)	(447,104)	(3,942,983)
Balance at 30 June 2023	<u>45,023,937</u>	<u>2,907,558</u>	<u>6,469,394</u>	<u>286,576</u>	<u>2,546,628</u>	<u>2,044,353</u>	<u>59,278,446</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 16. Intangibles (continued)

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

	Consolidated 2023 \$	2022 \$
North America	45,089,767	42,889,320
ROW	447,619	389,434
	<u>45,537,386</u>	<u>43,278,754</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 and impairment test conducted in EMEA, 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. The model used a discount rate of 12% (2022: 8%), an average growth rate of 9% (2022: 27%) for the next 5 years and a terminal growth rate of 3% (2022: 3%).

Despite the absence of goodwill in the Australia CGU, the management proceeded to assess the recoverable amount of the Australia CGU, ensuring that it exceeded the carrying amount of its assets. The model used a discount rate of 12% (2022: 8%), an average growth rate of 3% (2022: 13%) for the next 5 years and a terminal growth rate of 3% (2022: 3%). The evaluation of the recoverable amount, conducted using a discounted cash flow model, revealed a headroom over the carrying amount of the assets.

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.

On management assumptions, sensitivities are applied to the value-in-use calculations with the associated headroom as set out below. Further sensitivities are applied to the value-in-use calculations with the associated headroom as set out below. These are considered to be reasonably possible, but not likely.

- Increase in the discount rate by 1% - 2% on FY24 budgets; and
- Reduction in revenue growth rates on FY24 budgets by 2-4% (US) / 1-2% (AU) / 5-10% (ROW); and
- Terminal value growth rate of 2%.

The directors believe that any reasonably possible change in the key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs.

Note 17. Trade and other payables

	Consolidated 2023 \$	2022 \$
<i>Current liabilities</i>		
Trade payables	948,716	1,750,228
Accrued expenses	5,258,788	4,407,361
	<u>6,207,504</u>	<u>6,157,589</u>

Refer to note 25 for further information on financial instruments.

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Note 18. Contract liabilities

	Consolidated 2023 \$	2022 \$
<i>Current liabilities</i>		
Contract liabilities	3,916,839	3,306,407
<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	3,306,407	1,697,030
Billings during the year	16,134,118	13,363,899
Transfer to revenue	(15,650,070)	(11,806,177)
Foreign exchange	126,384	51,655
Closing balance	3,916,839	3,306,407

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 \$3,916,839 as at 30 June 2023 (\$3,306,407 as at 30 June 2022) and is expected to be recognised as revenue in future periods as follows:

	Consolidated 2023 \$	2022 \$
Within 12 months	3,916,839	3,306,407

Note 19. Borrowings

	Consolidated 2023 \$	2022 \$
<i>Current liabilities</i>		
Insurance premium funding loan	-	145,253

Insurance premium funding loan

The premium funding loan for the year ended 30 June 2022 was structured with a 10-month term, concluding with the last payment made on 30 August 2022. The loan had an interest rate of 3.88%.

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Note 20. Lease liabilities

	Consolidated 2023 \$	2022 \$
<i>Current liabilities</i>		
Lease liability	193,114	267,570
<i>Non-current liabilities</i>		
Lease liability	152,599	331,811
	<u>345,713</u>	<u>599,381</u>

Refer to note 25 for further information on the maturity analysis of lease liabilities.

Note 21. Provisions

	Consolidated 2023 \$	2022 \$
<i>Current liabilities</i>		
Annual leave	1,394,071	1,376,817
Long service leave	405,002	421,912
Other payables from acquisitions	7,776,772	362,897
Lease make good	-	99,300
Other provisions	590,941	1,353,068
	<u>10,166,786</u>	<u>3,613,994</u>
<i>Non-current liabilities</i>		
Long service leave	366,183	373,239
Other payables from acquisitions	-	7,083,757
Lease make good	24,395	24,395
	<u>390,578</u>	<u>7,481,391</u>
	<u>10,557,364</u>	<u>11,095,385</u>

Other payables from acquisitions

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 payables from acquisitions

A USD 4,968,000 (AUD 7,493,213) earn-out payment for the purchase of EEG is due on 29 September 2023 (this includes an additional USD 92,000 not accrued as at 30 June 2023) and a deferred liability of USD 280,000 (AUD 422,323) will be settled in cash instead of the FY23 Restricted Stock Unit plan as part of the ACS acquisition. The other payables from acquisitions is considered as a contractual liability and is measured at amortised cost using the effective interest method.

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 \$40,941.

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Note 21. Provisions (continued)

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.

Movements in provisions

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

	Lease makegood \$	Other payables from acquisitions \$	Other provisions \$	Annual leave	Long service leave
Consolidated - 2022					
Carrying amount at the start of the year	265,352	6,260,593	557,479	1,089,448	620,770
Additional provisions recognised	-	-	803,068	580,505	348,762
Amounts used	-	(363,585)	-	(293,136)	(174,381)
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	123,695	7,446,654	1,353,068	1,376,817	795,151
Consolidated - 2023					
Carrying amount at the start of the year	123,695	7,446,654	1,353,068	1,376,817	795,151
Additional provisions recognised	-	-	69,398	90,943	-
Amounts used	-	(372,578)	(396,988)	(73,689)	23,965
Interest on earn-out	-	411,326	-	-	-
Unused amounts reversed*	(99,300)	-	(456,469)	-	(47,931)
Currency translation difference	-	291,370	21,932	-	-
Carrying amount at the end of the year	24,395	7,776,772	590,941	1,394,071	771,185

* The amount reversed in other provision relates to the unused portion of the sales tax provision relating to sales generated prior to the purchase of EEG.

Note 22. Issued capital

	2023 Shares	Consolidated 2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	208,249,132	207,925,773	110,098,328	109,968,446

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Note 22. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 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)		-	\$0.00	(30,414)
Balance	30 June 2022	207,925,773		109,968,446
Conversion of Restricted Share Units	7 July 2022	57,830	\$0.86	50,000
Conversion of Restricted Share Units	7 July 2022	12,561	\$0.59	7,397
Conversion of Restricted Share Units	9 December 2022	252,968	\$0.29	72,485
Balance	30 June 2023	<u>208,249,132</u>		<u>110,098,328</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

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

Capital risk management

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

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

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

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

The capital risk management policy remains unchanged from the 30 June 2022 Annual Report.

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Note 23. Reserves

	Consolidated 2023 \$	2022 \$
Foreign currency translation reserve	9,094,876	7,041,523
Employee share option reserve	150,091	154,170
	<u>9,244,967</u>	<u>7,195,693</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.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

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 \$	Share-based payment reserve \$	Total \$
Balance at 1 July 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	7,041,523	154,170	7,195,693
Foreign currency translation	2,053,353	-	2,053,353
Share-based payments	-	125,803	125,803
Conversion of RSUs to ordinary shares	-	(129,882)	(129,882)
Balance at 30 June 2023	<u>9,094,876</u>	<u>150,091</u>	<u>9,244,967</u>

Note 24. Dividends

Dividends

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

Franking credits

	Consolidated 2023 \$	2022 \$
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>104,411</u>	<u>104,411</u>

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

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Note 25. 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 before intercompany eliminations at the reporting date were as follows:

	Assets		Liabilities	
	2023	2022	2023	2022
Consolidated	\$	\$	\$	\$
Pound sterling	5,355,708	7,143,152	10,465,055	9,802,482
Canadian dollars	9,653,252	6,411,621	5,643,594	12,848,365
Singapore dollars	1,528,894	1,749,490	2,674,505	2,208,223
US dollars	63,357,546	43,870,696	120,712,524	90,832,727
Malaysian ringgit	729,326	64,926	774,615	482,596
	<u>80,624,726</u>	<u>59,239,885</u>	<u>140,270,293</u>	<u>116,174,393</u>

The Group had net liabilities denominated in foreign currencies of \$59,645,567 (assets of \$80,624,726 less liabilities of \$140,270,293) as at 30 June 2023 (2022: \$56,934,508 (assets of \$59,239,885 less liabilities of \$116,174,393)). Based on this exposure, had the Australian dollars weakened by 5%/strengthened by 5% (2022 : 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 \$306,287 lower/\$306,287 higher (2022: \$286,037 lower/\$286,037 higher) and equity would have been \$214,401 lower/\$214,401 higher (2022: \$200,226 lower/\$200,226 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 gain for the year ended 30 June 2023 was \$149,314 (2022: loss of \$50,223).

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

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 has no short or 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.

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Note 25. Financial instruments (continued)

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) to be able to pay debts as and when they become due and payable.

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

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 - 2023					
<i>Non-interest bearing</i>					
Trade payables	948,716	-	-	-	948,716
<i>Interest-bearing - fixed rate</i>					
Lease liability	197,808	152,599	-	-	350,407
Other payables from acquisitions	7,776,772	-	-	-	7,776,772
Total non-derivatives	8,923,296	152,599	-	-	9,075,895
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
Other payables from acquisitions	362,897	7,650,458	-	-	8,013,355
Total non-derivatives	2,549,789	7,853,581	140,827	-	10,544,197

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 26. 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 2023 \$	2022 \$
<i>Deloitte Touche Tohmatsu Australia</i>		
Audit and review of financial reports	380,000	349,530
Other services	71,811	106,594
Total Deloitte Touche Tohmatsu	<u>451,811</u>	<u>456,124</u>
<i>Deloitte Touche Tohmatsu related practices</i>		
Audit of financial reports	20,031	-
Other services	37,060	-
Total Deloitte Touche Tohmatsu related practices	<u>57,091</u>	<u>-</u>
Total remuneration of auditors	<u><u>508,902</u></u>	<u><u>456,124</u></u>

Note 27. Contingent liabilities

The Group has given bank guarantees as at 30 June 2023 of \$165,663 (2022: \$368,360) to various landlords and a customer.

Note 28. 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 2023 \$	2022 \$
Short-term employee benefits	930,722	865,790
Post-employment benefits	69,551	60,130
Long-term benefits	4,135	4,135
Share-based payments	75,000	61,644
	<u><u>1,079,408</u></u>	<u><u>991,699</u></u>

Note 29. Related party transactions

Parent entity

Ai-Media Technologies Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 30.

Key management personnel

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

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.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 29. Related party transactions (continued)

Loans to/from related parties

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

Note 30. 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	
		2023 %	2022 %
Access Innovation Media Pty Limited	Australia	100%	100%
Access Innovation IP Pty Limited	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%
-Ai-Media Technologies 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%
CaptionAccess LLC ***	United States of America	-	100%
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 2023.

**** Wholly-owned subsidiary of Ai-Media Inc

Note 31. Earnings per share

	Consolidated	
	2023 \$	2022 \$
Loss after income tax attributable to the owners of Ai-Media Technologies Limited	(4,017,064)	(4,923,715)
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	208,136,392	208,985,024
Weighted average number of ordinary shares used in calculating diluted loss per share	208,136,392	208,985,024
	Cents	Cents
Basic loss per share	(1.93)	(2.36)
Diluted loss per share	(1.93)	(2.36)

There are no options outstanding as at 30 June 2023 and 30 June 2022.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 32. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2023 \$	2022 \$
(Loss)/profit after income tax*	(24,868,410)	3,188,391
Total comprehensive (loss)/income	(24,868,410)	3,188,391

Statement of financial position

	Parent 2023 \$	2022 \$
Total current assets	67,866,160	105,017,082
Total assets	86,391,170	110,302,623
Total current liabilities	950,257	2,355,397
Total liabilities	950,257	2,355,397
Equity		
Issued capital	110,098,328	109,968,446
Employee share option reserve	150,554	154,170
Accumulated losses	(24,807,969)	(2,175,390)
Total equity	85,440,913	107,947,226

* Includes a provision for impairment of investments in subsidiaries and loan receivable from subsidiaries amounting to \$25,000,000 (2022: \$nil). There is no impact on group performance due to this provision.

Movement in accumulated losses

	Parent 2023 \$	2022 \$
Accumulated losses at the beginning of the financial year	(2,175,390)	(4,629,548)
Comprehensive income before impairment of assets	131,590	3,188,391
Provision for impairment of investments in and loan receivable from subsidiaries	(25,000,000)	-
Transfer from reserves	-	(734,233)
Adjustments relating to prior period*	2,235,831	-
Retained profits/(accumulated losses)	(24,807,969)	(2,175,390)

* No impact on consolidated financial statements.

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 2023 and 30 June 2022.

Contingent liabilities

Except as disclosed in note 27, the parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 32. Parent entity information (continued)

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

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 33. Reconciliation of loss after income tax to net cash from operating activities

	Consolidated 2023 \$	2022 \$
Loss after income tax expense for the year	(4,017,064)	(4,923,715)
Adjustments for:		
Depreciation and amortisation	4,905,191	4,452,673
Share-based payments	125,803	307,994
Income tax expense	1,711,000	222,270
Foreign exchange differences	(405,117)	(419,753)
Items classified as financing and other non-cash items	-	(37,799)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	1,654,261	(69,925)
Increase in contract assets	(256,847)	(193,104)
Increase in inventories	(244,217)	(220,921)
Increase in term deposit	106,453	-
Decrease in trade and other payables	(95,338)	(747,996)
Increase in contract liabilities	610,432	1,609,377
(Decrease)/increase in provisions	(617,554)	1,914,389
Net cash from operating activities	<u>3,477,003</u>	<u>1,893,490</u>

Note 34. Changes in liabilities arising from financing activities

Consolidated	Related party loans \$	Lease liability \$	Total \$
Balance at 1 July 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	-	599,381	599,381
Net cash used in financing activities	-	(280,990)	(280,990)
Other changes	-	27,322	27,322
Balance at 30 June 2023	<u>-</u>	<u>345,713</u>	<u>345,713</u>

Ai-Media Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 35. 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 of 293,916 RSUs was vested and not yet converted into fully paid ordinary shares of the Company as at 30 June 2023.

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 Company 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 252,968 RSUs vested and converted into fully paid ordinary shares of the company on 20 December 2022 amounted to \$72,485. The third tranche of \$75,091 worth of RSUs were not issued as at 30 June 2023.

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 2023 is \$125,803 (2022: \$307,994).

Set out below are summaries of options granted:

	Number of options	
	2023	2022
Outstanding at the beginning of the financial year	70,391	40,470
Granted	293,916	7,356,999
Exercised	(70,391)	(40,470)
Lapsed	-	(7,286,608)
Outstanding at the end of the financial year	<u>293,916</u>	<u>70,391</u>

Note 36. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 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 2023

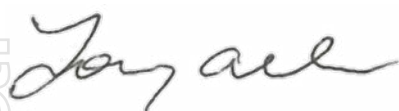
In the directors' opinion:

- 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 2023 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 2023
Sydney



Deloitte Touche Tohmatsu
ABN 74 490 121 060

Quay Quarter Tower
50 Bridge Street
Sydney, NSW, 2000
Australia

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

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

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 2023, 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 material accounting policy information 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 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Key Audit Matters

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

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Recoverability of deferred tax asset As at 30 June 2023, the Australian tax consolidated group has recognised a net deferred tax asset of \$6m (30 June 2022: \$7.26m). The Group has significant carry forward tax losses and unutilised tax credits in Australia and some other jurisdictions incurred in prior years. The Group can only recognise a deferred tax asset arising from unused tax losses or tax credits to the extent that the Group has taxable temporary differences or there is convincing other evidence that sufficient future taxable income will be derived. Significant management judgement is required to determine the amount of the deferred tax asset that can be recognised, based upon the likely timing and the amount of future taxable profits. Accordingly, the recognition and recoverability of the deferred tax asset is a key audit matter for the year ended 30 June 2023.	In consultation with our tax specialists, our procedures included, but were not limited to: • Understood and tested the design and implementation of key controls over the models used to assess the recoverability of the deferred tax asset; • Assessed the accuracy of the deferred tax calculation prepared by management and reviewed applicable tax regulation; • Evaluated the reasonableness of the operating budgets approved by the Directors where applicable, including an assessment of forecasting accuracy and assessed the reasonableness of assumptions used in management's estimate; • Recalculated the accuracy of the deferred tax calculation; and • Assessed the appropriateness of the disclosures included in Note 8 of the financial statements.
Recoverability of goodwill As at 30 June 2023, the Group has goodwill amounting to \$45.54m reflected in the balance sheet. Where a cash generating unit ("CGU") contains goodwill, management conducts annual impairment tests (or more frequently if impairment indicators exist) to assess the recoverable amount of goodwill. This assessment is performed through the preparation of discounted cash flow model. The evaluation of the recoverable amount requires significant judgement by management in determining the key assumptions supporting the forecast cash flows of each CGU including: • Forecast EBITDA; • Long term growth rate; and • Appropriate discount rate.	In consultation with our valuation specialists, our audit procedures included, but were not limited to the following: • Evaluated management's identification of each CGU to which goodwill is allocated; • Reviewed and critically challenged management's assessment of impairment indicators; • Understood and tested the design and implementation of key controls over the determination of recoverable amounts of each CGU and comparing this to the carrying value of the CGU's assets; • Assessed the appropriateness of management's recoverable amount calculations using a discounted cashflow model for each CGU; • Challenged the key assumptions and estimates used by management, including analysing growth rates and performing an independent calculation of the discount rates; • Agreed inputs used in the model to forecasts approved by the Directors, where applicable;

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
	- Assessed the historical accuracy of management's forecasting by comparing actual results to budgeted results; - Performed sensitivity analysis on the key assumptions supporting the forecast cash flows of each CGU (including forecast EBITDA levels, long term growth rates and applicable discount rates); and - Assessed the appropriateness of the disclosures included in Note 16 of the financial statements.

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 2023, 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.

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.

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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.

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 16 to 21 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Ai-Media Technologies Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

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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



Harsh Shah

Partner

Chartered Accountants

Sydney, 29 August 2023

Ai-Media Technologies Limited

Shareholder information

30 June 2023

The shareholder information set out below was applicable as at 25 August 2023.

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 2023 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 Ai-Media Technologies Limited has followed the ASX Corporate Governance Council's Recommendations during the 2023 financial year.

Distribution of equity securities

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

	Number of holders	Ordinary shares % of total shares issued	Number of shares
1 to 1,000	354	0.12	242,384
1,001 to 5,000	619	0.86	1,797,118
5,001 to 10,000	282	1.06	2,206,012
10,001 to 100,000	530	8.18	17,044,142
100,001 and over	118	89.78	186,959,476
	1,903	100.00	208,249,132
Holding less than a marketable parcel	487	0.21	427,594

Ai-Media Technologies Limited
Shareholder information
30 June 2023

Equity security holders

The names of the twenty largest security holders of ordinary shares are listed below:

	Ordinary shares	
	Number held	% of total shares issued
PEARLIROSE PTY LIMITED	30,339,898	14.57
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	20,882,723	10.03
DEANNE WEIR	16,072,336	7.72
EEG VIDEO HOLDINGS LLC	14,630,017	7.03
BOND STREET CUSTODIANS LIMITED	14,000,000	6.72
UBS NOMINEES PTY LTD	8,834,953	4.24
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,587,522	3.64
BNP PARIBAS NOMS PTY LTD	7,209,739	3.46
TYLER LEE PTY LTD	5,700,000	2.74
ONE FUND SERVICES LTD	5,583,571	2.68
ALTOR CAPITAL MANAGEMENT PTY LTD	4,496,127	2.16
ICONIC INVESTMENTS PTY LTD	3,265,994	1.57
HGL INVESTMENTS PTY LTD	3,000,000	1.44
CITICORP NOMINEES PTY LIMITED	2,572,659	1.24
GREG SIRTES	2,493,603	1.20
MRS ANGELA ABRAHAMS + MR GEOFFREY ABRAHAMS	2,467,251	1.18
G & L CAPON SUPER CO PTY LTD	2,144,020	1.03
MRS ANGELA ABRAHAMS + MR GEOFFREY ROBERT ABRAHAMS (G&A ABRAHAMS S/F A/C)	2,069,857	0.99
FRANK MAHLAB PTY LTD	1,976,490	0.95
MRS ANGELA ABRAHAMS + MR GEOFFREY ABRAHAMS	1,784,502	0.86
	157,111,262	75.45

Unquoted equity securities

The company has 293,916 Restricted Share Units (RSUs) issued to three non-executive directors each of whom hold 97,972 RSUs. See the Remuneration Report for further details.

Substantial holders

Name	Shares held	Issued capital %	Notice date
Anthony Abrahams and Pearlirose Pty Ltd	30,339,898	14.59	28/11/2022
Deanne Weir	18,644,995	8.89	02/11/2021
EEG Video Holdings LLC	14,630,017	7.03	02/07/2021
Salter Brothers Emerging Companies Limited	13,100,000	6.29	26/04/2023
Quest Asset Partners Pty Ltd	12,125,910	5.79	05/11/2021
Jencay Capital Pty Limited	10,431,474	5.02	29/09/2022

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 2023

Restricted securities

Class	Expiry date	Number of shares
EMPLOYEE ESCROW (EMP)	9 September 2023	104,877
ESCROWED SHARES (ES6)	12 May 2023	4,876,672
ESCROWED SHARES (ES7)	12 May 2024	4,876,673
ESCROWED SHARES (ES4)	30 August 2023	23,326,736
ESCROWED SHARES (ESC)	4 January 2024	140,631
		<u>33,325,589</u>

On market buy-back

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

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Corporate directory

DIRECTORS

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

COMPANY SECRETARY

Lisa Jones

REGISTERED OFFICE

Level 20
15 William Street
Melbourne VIC 3000
Australia

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.

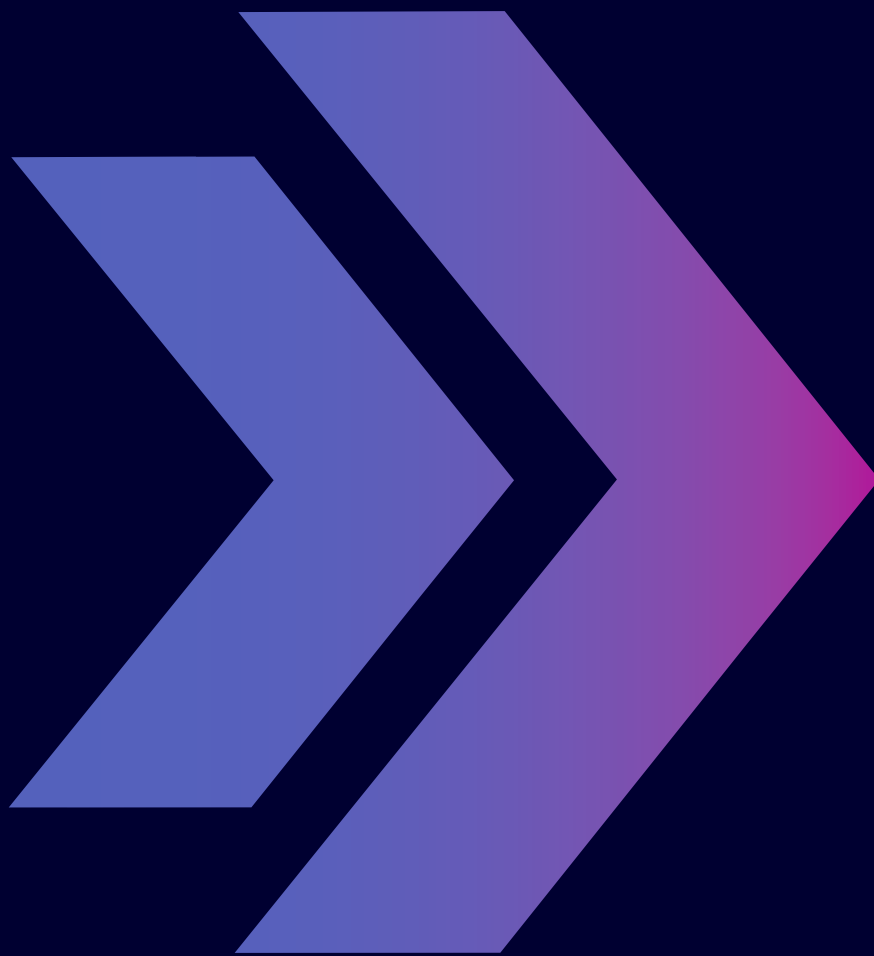
The Company has prepared a Corporate
Governance Statement which sets out the
corporate governance practices that were
in operation since listing, identifies any
Recommendations that have not been
followed, and provides reasons for not
following such Recommendations.

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/](https://www.AI-Media.tv/corporate-governance/)

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