

Appendix 4E

Preliminary final report

1. Company details

Name of entity:	Ai-Media Technologies Limited
ABN:	12 122 058 708
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	7.2% to	66,236,058
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	up	24.2% to	4,111,855
Loss from ordinary activities after tax attributable to the owners of Ai-Media Technologies Limited	down	66.6% to	(1,340,996)
Loss for the year attributable to the owners of Ai-Media Technologies Limited	down	66.6% to	(1,340,996)

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to \$1,340,996 (30 June 2023: \$4,017,064).

Revenue for the period was \$66,236,058, up 7.2% from the prior year (30 June 2023: \$61,769,967). Revenue share of technology sales (including hardware and SaaS) increased to 50% of total revenue, compared to 39% in the prior year.

EBITDA for the Group was \$4,111,855 up 24.2% from the prior period (30 June 2023: \$3,310,552). 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 \$1,340,996, an improvement of 66.6% year on year (30 June 2023: \$4,017,064).

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

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

	Consolidated	
	2024	2023
	\$	\$
Revenue	66,236,058	61,769,967
Less: Direct employee costs	(18,375,556)	(20,750,957)
Less: Other direct costs including inventory expenses	(5,389,045)	(4,158,191)
Gross profit*	42,471,457	36,860,819
Add: Other revenue**	-	456,469
Less: Indirect costs or overheads	(42,767,740)	(39,623,352)
Less: Income tax expense	(1,044,713)	(1,711,000)
Loss after income tax expense	(1,340,996)	(4,017,064)
Add: Finance costs	162,487	761,594
Add: Income tax expense	1,044,713	1,711,000
Less: Interest income	(164,822)	(50,169)
Loss before interest and taxation (EBIT)	(298,618)	(1,594,639)
Depreciation and amortisation expense	4,410,473	4,905,191
EBITDA	4,111,855	3,310,552

* Not all allocations of indirect costs or overheads to direct employee costs and other direct costs are included.
 ** This consists of a 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	8.10	6.91

The net tangible assets calculation includes rights-of-use assets of \$500,675 (30 June 2023: \$318,220) and the corresponding lease liabilities of \$532,486 (30 June 2023: \$345,713).

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.

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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.

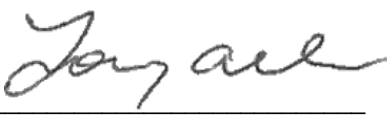
11. Attachments

Details of attachments (if any):

The Annual Report of Ai-Media Technologies Limited for the year ended 30 June 2024 is attached.

12. Signed

As authorised by the Board of Directors.

Signed 

Date: 28 August 2024

Anthony Abrahams
Director
Sydney

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AI MEDIA

Annual Report 2024

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World leading **AI-powered** captioning solutions

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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. 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. We are 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.

AI MEDIA 

Highlights

Continued success in executing on transformation strategy to grow technology revenue at higher margins

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Total revenue¹

\$66.2m

Up 7% FY23 \$61.8m

Total gross margin

64%

Up 4% FY23 60%

Tech gross margin

85%

Up 1% FY23 84%

EBITDA

\$4.1m

Up 24% FY23 \$3.3m

Tech revenue²

\$32.9m

Up 37% FY23 \$24.0m

Tech gross profit

\$28.0m

Up 39% FY23 \$20.2m

Cash balance³

\$10.9m

Down \$6.1m FY23 \$17.0m

Operating cash flow

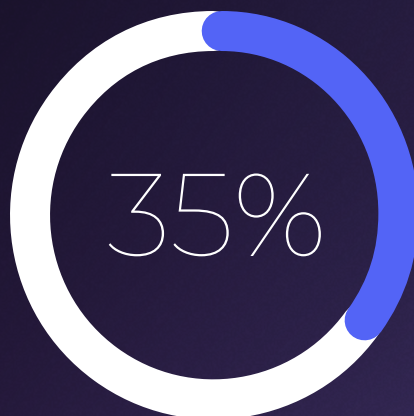
\$3.6m

Up 3% FY23 \$3.5m

1. FY24 and FY23 revenue from ordinary activities, excluding interest and other income.

2. Including revenue from Hardware, SaaS & Support with gross margins >80%.

3. Cash balance as at 30 June 2024 reduced mainly due to \$8.1m final vendor payments from acquisitions paid in H1 FY24.



TECH REVENUE CAGR

Targeting >80%
Technology revenue
by December 2025

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"We remain committed to driving further growth and profitability."

JOHN MARTIN CHAIR



REVENUE COMPOSITION (\$M) AND GROSS PROFIT MARGIN (%)





Chair's letter

Dear fellow Shareholders,

As I reflect on the past three years, I am proud of the accomplishments achieved by our Company. Since we acquired New York-based EEG in May 2021, we have successfully transitioned our legacy human services business to offer a suite of AI-powered technology solutions to a diverse range of customers globally. This shift has enabled us to broaden our customer base, expanding into new segments and territories, and transition to more recurring, higher-margin revenue while increasing service quality and customer satisfaction.

From FY22 to FY24 we increased our technology revenue at a compound annual growth rate (CAGR) of 35%, and we significantly improved our gross profit margins from 55% to 64%. In FY24, approximately 50% of our revenue is derived from technology sales, reflecting our ability to build a scalable business model while delivering sustainable growth. In FY24, total revenue grew 7% to \$66.2 million, and we saw a 24% increase on FY23 to Earnings Before Interest Tax and Depreciation (EBITDA) to \$4.1 million. As we continue to drive adoption of our technology products, we remain committed to growing technology revenues and are targeting this segment to account for greater than 80% of total revenue within the next 18 months.

The growth in technology sales in FY24 was driven by the successful launch of LEXI 3.0 in May 2023. LEXI 3.0 is a new and improved version of our flagship live automatic captioning solution that takes advantage of the latest innovations in AI.

LEXI 3.0 delivers results that rival human captions at a fraction of the cost. It is capable of live captioning a wide range of content types from linear TV broadcasts, Over-the-Top (OTT), live sports, government and court proceedings, meetings, events and more. Captions are delivered through our encoders (hardware or virtual) and connected to our iCap Cloud Network. This integrated end-to-end solution fits into our customers' workflows, providing superior service for them and a competitive moat for us.

During FY24, we were pleased to grow and diversify our revenue mix and customer base to include sports-rights holders, local, state and federal governments and an increasing number of large enterprises and universities. To continue growing our technology sales and our iCap Cloud Network, we enhanced our global presence by expanding our sales team and increasing our attendance at key industry tradeshows, and we established new strategic distribution partnerships. These initiatives resulted in major new contract wins and renewals in FY24 and building out our sales pipeline for FY25.

To drive future growth, we continued to invest in the Company's ongoing Research and Development (R&D) initiatives and leveraged new LEXI product releases, including LEXI Disaster Recovery (DR) and LEXI Recorded, adding to our LEXI solutions suite and leading to additional cross-selling opportunities. By continuously incorporating the latest advancements in AI, we continue to offer market leading solutions, further strengthening and extending our defensive moat.

The triumphs over the course of the year would not have been possible without the dedication of the broader AI-Media team led by CEO and Co-Founder Tony Abrahams. I would like to express my gratitude for being nominated as Chair of the Company and recognise Deanne Weir for her stewardship in the Chair role over the past ten years. I have appreciated working alongside Deanne on the Board and on behalf of all Directors and staff, thank her for her valuable contribution and dedication over the years. Her efforts have been instrumental to our success. I would also like to thank my fellow Board members Cheryl Hayman and Alison Loat for their continuous efforts in driving the Company to success.

As we move into the new financial year, I am pleased to announce the appointment of Brent Cubis as Independent, Non-Executive Director as of 1 July 2024. Brent is a highly experienced Non-Executive Director and CFO with over 30 years of board level experience in senior finance roles for global businesses in health, medical devices, media, property and tourism; we look forward to his contribution as we execute on our growth priorities.

As we look forward into FY25, we are well positioned to continue our growth trajectory. We remain focused on deepening our engagement with existing customers, continuously improving our solutions via our ongoing R&D investment initiatives and investing in sales and marketing activities to acquire new customers across new territories and market segments.

24%

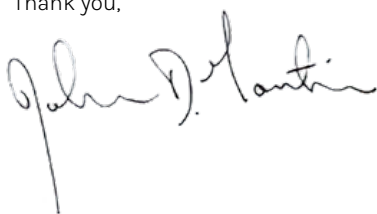
Increase in FY24 EBITDA

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As we continue to deliver sustainable growth, we are confident in our ability to keep increasing our technology revenue, further improving gross profit margins, to deliver a valuation uplift and enhance shareholder value.

On behalf of the Board, I would like to express our gratitude to our dedicated employees for their hard work and our shareholders for their ongoing support. Together, we will continue to execute on our transformation and position AI-Media for substantial growth. I look forward to updating you with recent wins and milestones at our Annual General Meeting to be held in November 2024.

Thank you,



JOHN MARTIN
CHAIR
AI-Media



John Martin Chair

Dear fellow Shareholders,

FY24 was a pivotal year in which AI-Media successfully transitioned the majority of its key customers in our core Live Captioning market from human Services to technology products and began to extend the AI-driven LEXI Toolkit beyond live captioning to the much larger language services market.

Technology revenues accounted for half of the Company's total revenue at a gross margin of 85%, mainly driven by the uptake of LEXI solutions. With over 80% of FY24 revenue derived from Live Captioning products, the transformational performance of LEXI has accelerated the uptake of a technology-only solution by an increasing number of customers, including broadcasters.

CEO's letter

The value proposition for LEXI is clear: LEXI offers superior quality, latency, security and resilience over traditional live human captioning – at a fraction of the cost.

LEXI TOOLKIT UPDATE

AI-Media's value proposition is to embed the best AI language products within our customers' existing workflows. For the first time in FY24, the quality of our AI captioning product LEXI overtook the significantly more expensive legacy 'human-in-the-loop' Live Captioning workflows. This monumental milestone was achieved in Live Captioning first, and over the next few years we anticipate LEXI superseding humans in other products serviced by our LEXI Toolkit.

In Q4 FY24 AI-Media launched innovative product LEXI DR (Disaster Recovery), an on-premise device providing failover for cloud and connectivity issues. During the quarter, the Company sold 13 LEXI DR devices and 66 licenses to four different customers. LEXI DR is the final module required to remove the traditional requirement for humans as a backup or failover workflow, therefore as we continue to sell devices, human services revenue will continue to decline.

LEXI Recorded was also launched in FY24, offering fast and secure AI-driven captioning of media clips. The quality of LEXI Recorded already exceeds that of LEXI Live and has generated great interest from early adopters. With 100 times more recorded content than live content produced, the total addressable market for LEXI Recorded is considerably larger than the market for LEXI Live. Continuing to improve the quality and features of LEXI Recorded is a key product development priority for the Company.

As we step into FY25, AI-Media will continue to invest in our R&D initiatives and several product releases are scheduled throughout the financial year, including an upgrade to LEXI Translate and LEXI Library, and the first launch of AI-Media's LEXI Voice products, LEXI Audio Description, LEXI Voice and LEXI Dub.

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Tony Abrahams CEO and co-founder

OPERATIONAL HIGHLIGHTS

AI-Media earns technology revenue from new encoder sales when a) a new customer is won; b) an existing customer replaces an old encoder; and c) when an existing customer adds additional encoders. In FY24, AI-Media sold over 800 hardware encoders to 50 new customers, and it was the Company's most successful year in terms of up-selling additional encoders to existing customers.

Revenue from encoding hardware grew 40% year-on-year to \$12.8 million in FY24, compared to \$9.1 million in FY23. As we look to extend our market leading position from live closed captioning into other AI-powered language services, our ability to persist with increased encoder penetration will create exciting opportunities for revenue growth.

AI-Media successfully implemented the monetisation of our iCap network for third-party captioning agencies, previously supplied at no cost by EEG. Over the last three years, the iCap network usage grew at a CAGR of 18% and is estimated to contribute to over \$1.6 million per annum. This will fund further improvements in the resilience of the network from 99.80% in 2021 at the date of EEG acquisition to a target of 99.999% in FY25 (Five Nines).

Between FY21 and FY24, the usage of LEXI products grew at a CAGR of 76%. This exceptional growth underscores the increasing effectiveness and demand for our technology solutions, specifically with improved accuracy and automation features.

FINANCIAL PERFORMANCE

In FY24 technology represented 66% of our gross profit, with gross margin expansion reaching 64% in FY24, up from 60% in the prior corresponding year (pcp). EBITDA has also increased by over 24%, reaching \$4.1 million, reflecting improved performance and growing technology revenue, while still allowing for growth investments in sales, product and engineering teams.

Our successful transition away from legacy human Services has seen a reduction in operational expenditure for that product line. A large investment has been made during the year to grow our sales team, up by 13% on FY23. As we aim to penetrate new regions specifically in the Americas and EMEA as well as target growth in the enterprise and government segments, we will continue to invest in additional sales resources, trade show attendance, and product development, permitting us to remain at the forefront of the market in terms of innovation and to further advance our defensive moat.

We achieved operating cash flow of \$3.6 million signalling sustained performance and scalable growth potential within our technology business. Our inventories increased from a very low \$0.9 million in FY23 to \$2.4 million in FY24 as a direct result of a strategic decision to keep additional stock to meet latent customer demand.

During the first half of the financial year, we paid the final instalment of \$8.1 million related to the acquisition of EEG and ACS. While this reduced our cash position, we remain well positioned to execute on future growth objectives with a solid cash balance of \$10.9 million.

STRATEGY & OUTLOOK

Looking ahead, AI-Media will continue to focus on expanding into new segments and territories and growing technology revenues at higher margins to improve the Company's overall profitability. Our future growth plans draw on three key strategic goals:

1. Global expansion: harness our leadership position in North America and Australia to extend to EMEA, APAC and Latin America.
2. Expand beyond broadcast: AI-driven language services have innate demand in Government, Enterprise and Education sectors. AI-Media's focus in coming years is to increase the percentage of revenue generated by sectors outside of broadcast.

3. Drive adoption of new AI-powered LEXI products: Live Captioning represents less than 1% of the total addressable market by our LEXI Toolkit yet currently comprises 80% of FY24 revenues. Continuing to expand the LEXI Toolkit and grow sales outside of Live Captioning is our third growth goal.

Our continued growth in building a vertically integrated ecosystem of customer workflows has been the cornerstone to our success and our accomplishments this year have set a strong foundation for continued growth. We remain committed to innovating and enhancing our technology solutions to capture a greater share of the language services market.

Our success and achievements to date would not have been possible without the dedicated AI-Media team, the wisdom of the Board, and the continued support of our customers. Thank you to our shareholders for your continued support and I look forward to updating you as we advance towards our strategic goals and capitalise on emerging opportunities.



TONY ABRAHAMS
CEO AND CO-FOUNDER
 AI-Media

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Products & technology

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.

Our product suite combines the best technology, security and service, differentiating AI-Media from the competition as we are able to deliver end-to-end solutions to meet any customers captioning needs.

Our world leading captioning network is comprised of an ecosystem of hardware, infrastructure, and software solutions. Our network of end-to-end solutions begins with a range of on-premise, virtualised, cloud-captioning encoders that seamlessly integrate via iCap to our world-leading proprietary speech recognition solutions.

Our encoders, Falcon, Alta and Encoder Core 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' 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

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.



ENCODERS AND ICAP NETWORK USED BY BOTH CUSTOMERS AND COMPETITORS



Operational highlights

ENCODING

- » Hardware revenue grew 40% YoY (FY24 \$12.8m vs FY23 \$9.1m)
- » Continued maturation of IP video support in Alta
- » New SDI encoder for unifying 4K / CCMATCH / AV features and improving manufacturing yield/costs
- » Non-English customization to improve regional technical standards and delivery.

ICAP

- » 100% of iCap traffic now being monetised with third party iCap charging implemented in H1 FY24
- » Stabilization and reliability improvements on iCap leading to a 50% reduction in incidents
- » Enhanced software development kit for 3rd party partners.

LEXI

- » SaaS & support revenue grew 35% YoY (FY24 \$20.1m vs FY23 \$14.9m)
- » LEXI revenue totalled \$11m in FY24 (FY23: \$7.8m)
- » Improved LEXI accuracy and formatting, especially speaker attribution
- » LEXI Disaster Recovery launched in February
- » LEXI Recorded launched in April.

SERVICES TRANSITION

- » Transition away from legacy services successfully continues
- » Resulted in a reduction in direct costs and overheads
- » No new hires since July 2022
- » Over 35% headcount reduction since peak
- » Ongoing changes resulting in a significant reduction in OPEX.

LEXI DR - DISASTER RECOVERY

Dynamic Real-Time Captioning

LEXI DR (Disaster Recovery) offers peace of mind around the clock by delivering live, automatic captions on-premises and off the cloud, providing a seamless failover when access to the cloud has been compromised. When things don't go as planned and you lose connectivity your captions are not at risk.

While you're dealing with disaster recovery, with LEXI DR as your failover solution you can be assured that your content will always be accessible and you're meeting compliance requirements.

Benefits

- » **On-premise Redundant Servers**
Host your own fully redundant iCap and LEXI server, without needing to rely on an external connection for ongoing captioning services.
- » **Continuous Captioning**
If the primary cloud-based captioning service becomes unavailable due to outages or technical issues the system automatically switches to the LEXI DR solution. This seamless transition ensures that captioning services remain operational with minimal interruption.
- » **Security**
LEXI DR prioritizes security, with robust encryption & advanced security measures, your content remains confidential and protected from cyber threats.
- » **Compliance Support**
LEXI DR aids in meeting compliance requirements by providing a reliable backup solution for captions. This is particularly important for industries subject to accessibility regulations and standards.
- » **Seamless Integration**
Designed to seamlessly integrate with your organization's existing captioning workflow, making it easy to switch between the primary cloud-based solution and the disaster recovery solution without major disruptions.

LEXI RECORDED

Caption recorded content with a few clicks

LEXI Recorded makes captioning your recorded content quick and easy. This fully automated solution provides lightning-fast turnaround times for time-sensitive news clips, highlights, and promos.

Benefits

Save time by allowing LEXI Recorded to do all the work for you. Simply upload your content and LEXI Recorded automatically adds captions and delivers your file to your preferred content platform.

- » **Accuracy above 98% NER**
Unmatched accuracy combined with automated broadcast style & formatting.
- » **Secure self service**
Intuitive & secure point-and-click ordering platform.
- » **Multilingual captions**
Captions in over 30 different languages.
- » **Automation & integration**
Configurable no-touch automation and integration for bulk ordering through FTP, S3, or API.
- » **Fast turnaround**
Content returned in as little as the length of the video.
- » **Competitive rate**
Caption your recorded from as little as \$0.20USD/minute!
- » **Global support**
Rest assured with AI-Media's 24/7 global support when you need us.
- » **Multi format file output**
Flexible file formats including, srt, vtt, ttml, dfxp, stl, docx, scc.



37%

increase in FY24 Tech revenue to \$32.9 million



Growth priorities FY25

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Encoders Everywhere

- » Targeting new territories
- » Expansion into new industries
- » Grow channel partnerships
- » Improving scalability & resilience of the network
- » Leverage new LEXI Toolkit releases to broaden market appeal.

Grow iCap Network

- » Increase encoder penetration to grow iCap user base
- » Grow iCap outside of US with 3rd parties.

LEXI Toolkit Growth

New AI-driven media solutions driven by Broadcast customers' priorities:

- » LEXI DR, LEXI Recorded - launched H2FY24
- » LEXI Audio Description (LEXI AD) - launching Sept 2024
- » LEXI Live Voice Dubbing - launching Sept 2024.

Services Transition

- » Continue transition of existing human services customers to LEXI
- » Win new LEXI customers in established broadcast markets
- » Introduce LEXI to enterprise customers in new markets and territories
- » Increase NER¹ analysis to provide quality assurances.

1. NER: Number edition error and recognition error is a global metric for determining quality of live captioning.

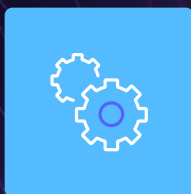
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FY25 outlook

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

Board of directors



JOHN MARTIN
NON-EXECUTIVE CHAIR
(appointed February 2024)

- » John joined the Board in 2010 and served as Chair until 2013, NED until 2024 and has been re-elected as Chair in February 2024.
- » He is an experienced company director and business executive, having served as CEO and director of ASX-listed Babcock & Brown Communities, Primelife and Regeneus. He is a former corporate and commercial partner of law firm Allens. 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.



TONY ABRAHAMS
CO-FOUNDER AND CEO

- » Tony co-founded AI-Media in 2003. He served as a Director of Northcott Disability Services 2010-2018.
- » 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.



ALISON LOAT
NON-EXECUTIVE DIRECTOR

- » Alison joined the Board in 2018.
- » 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
NON-EXECUTIVE DIRECTOR

- » Cheryl joined the Board in March 2022.
- » 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.
- » Cheryl is currently on the board of Silk Logistics Holdings (ASX:SLH) [Chartered Accountants ANZ and Guide Dogs NSW/ACT].
- » 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.



BRENT CUBIS
NON-EXECUTIVE DIRECTOR

- » Brent joined the Board in July 2024 and is Chairman of the Audit and Risk Committee.
- » Brent is a highly experienced Non Executive Director and CFO with over 30 years of board level experience in senior finance roles for global businesses in Health, Medical Devices, Media, Property, Tourism and started his career at Deloitte. Brent has been the Chair of the Audit and Risk Committees for all the public and private companies outlined below. His previous executive roles have included CFO of Cochlear Ltd and Nine Network Australia and for various other private companies.



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Directors' report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Ai-Media Technologies Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

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:

John Martin - Non-Executive Director and Chair (appointed as Chair on 29 February 2024)

Anthony Abrahams - Executive Director and Chief Executive Officer

Alison Loat - Non-Executive Director

Cheryl Hayman - Non-Executive Director

Brent Cubis - Non-Executive Director (appointed on 1 July 2024)

Deanne Weir - Non-Executive Director and Chair (retired on 29 February 2024)

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 \$1,340,996 (30 June 2023: \$4,017,064).

Operations

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

	2024 \$	2023 \$	Change \$	Change %
Revenue from operating activities	66,236,058	61,769,967	4,466,091	7.2%
Earnings/(loss) before interest, taxation, depreciation and amortisation (EBITDA)	4,111,855	3,310,552	801,303	24.2%
Loss after tax (expense)/benefit from ordinary activities	(1,340,996)	(4,017,064)	2,676,068	(66.6%)

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 strong growth in technology sales and the ongoing transition from human based services has led to material EBITDA growth. The improved accuracy of LEXI, the Group's automated captioning solution, has seen the successful transition of existing customers and the acquisition of new customers. This is particularly evident in the Broadcast sector where the adoption of LEXI for live captioning has accelerated. The Group continues to grow its market share in this broadly defined area and anticipates this will continue in current and new markets.

As at 30 June 2024, the consolidated statement of financial position reflects a net asset position of \$75,912,603 (30 June 2023: \$77,122,909). The EBITDA growth along with a strong balance sheet with minimal debt and a solid cash balance provides the Group the flexibility to execute on strategic initiatives.

Directors' report

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

	Consolidated	
	2024	2023
	\$	\$
Revenue	66,236,058	61,769,967
Less: Direct employee costs	(18,375,556)	(20,750,957)
Less: Other direct costs including inventory expenses	(5,389,045)	(4,158,191)
Gross profit*	42,471,457	36,860,819
Add: Other revenue**	-	456,469
Less: Indirect costs or overheads	(42,767,740)	(39,623,352)
Less: Income tax expense	(1,044,713)	(1,711,000)
Loss after income tax expense	(1,340,996)	(4,017,064)
Add: Finance costs	162,487	761,594
Add: Income tax expense	1,044,713	1,711,000
Less: Interest income	(164,822)	(50,169)
Loss before interest and taxation (EBIT)	(298,618)	(1,594,639)
Depreciation and amortisation expense	4,410,473	4,905,191
EBITDA	4,111,855	3,310,552

* Not all allocations of indirect costs or overheads to direct employee costs and other direct costs are included.

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

EBITDA for the Group was \$4,111,855 (2023: \$3,310,552), showing significant progress in the Group's performance compared to the previous year.

Liquidity

The Group continued to improve on all financial metrics over the past 12 months. The consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2024 reflects a net loss after income tax of \$1,340,996 (2023: \$4,017,064) and the consolidated statement of cash flows reflects net cash inflows from operating activities of \$3,566,414 (2023: \$3,477,003). As at 30 June 2024, the consolidated statement of financial position reflects a net asset position of \$75,912,603 (2023: net asset of \$77,122,909) and a net current asset position of \$12,652,780 (2023: net current asset of \$10,395,527). While revenue for the period was up 7.2%, this was primarily driven by growth in technology sales (hardware and SaaS), which provide improved margins over human driven captioning services, and comprised 50% of total revenue for the year (2023: 39%). The Group, with a robust balance sheet featuring a cash balance of nearly \$10.9 million, no debt and improving performance, is now well-positioned to confidently pursue growth 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 and foreign currency fluctuations. The Group stays abreast of these conditions, focuses on its internal debtor controls and diversifies its customer base by industry and geography and the natural currency hedge which all help to manage these risks.

Directors' report

Recruitment

It is evident that the labour landscape has displayed a trend of increasing availability since COVID-19 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.

Competitive market and changes to market trends

The Group operates in a highly competitive market. Innovation is constant and competitive superior products that may be released to the market could result in pricing pressures on our product suite 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, developing leading edge technology, building deep customer relationships and monitoring all potential competitive impacts on the business, and 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, by definition, 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 and reporting back so we can be aware of any changes as they happen (before causing noticeable disruption). This enables us to make certain that we have backups and methods in place to reproduce our data and materials from scratch in case a worst-case scenario does happen.

Data protection and privacy laws

Data protection and privacy laws are regularly 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 and constantly 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

After the reporting period, a new director, Brent Cubis, joined the board. He was appointed on 1 July 2024. This event does not require adjustment to the financial statements for the year ended 30 June 2024, but is significant for the ongoing operations and governance of the Group.

No other matter or circumstance has arisen since 30 June 2024 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

With the success of LEXI Live now outperforming expensive human workflows, the Group's growth strategy is focused on exploiting its strengths as the clear leader in the provision of the highest quality AI-driven live captioning in the North American and Australian markets to further grow in three key directions:

- Geographic expansion: utilise the leadership in North America and Australia to grow aggressively in EMEA, APAC and Latin America;
- Beyond broadcast: AI-driven language services have latent demand in Government, Enterprise and Education sectors. AIM's focus in coming years is to increase the percentage of revenue generated by sectors outside of broadcast; and
- Drive adoption of new AI-powered LEXI products: Continuing to expand the LEXI Toolkit and grow sales outside of Live Captioning into LEXI Recorded, LEXI Translate, LEXI Audio Description, LEXI Voice, LEXI Dub, LEXI DR and LEXI Library.

The Group will continue to drive organic growth, partnership opportunities for new sales channels and consider acquisition opportunities to accelerate sales momentum.

Environmental regulation

The Group is not subject to any significant environmental regulation under federal or state law within all the geographical locations the Group operate in.

Directors' report

Information on directors

Name: John Martin
Title: Independent, Non-Executive Director and Chair (Chair appointed on 29 February 2024)
Qualifications: BA LLB (Hons)
Experience and expertise: John joined the board in 2010 and served as the Company's first Chairman until 2013 and served as Chairman of the Audit and Risk Committee between 2014 and June 2024. He is an experienced company director and business executive, having served as CEO and director of ASX-listed Babcock & Brown Communities, Primelife and Regeneus. He is a former corporate and commercial partner of law firm Allens. 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: Member of Remuneration and Nomination Committee
Interests in shares: 147,122 ordinary shares directly held and 1,276,669 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: 5,000,000 ordinary shares directly held and 30,339,898 ordinary shares indirectly held

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.

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: 397,122 ordinary shares directly held

Directors' report

Name: Cheryl Hayman
Title: Independent Non-Executive Director
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.

Cheryl is currently on the board of Silk Logistics Holdings (ASX:SLH) and Guide Dogs NSW/ACT.

Cheryl's corporate experience encompasses a range of senior strategic marketing roles predominantly in fast moving consumer goods organisations focussed on manufacturing, supply chain and branded customer new product delivery and innovation strategy. Her focus areas are in consumer strategy, branding and digital technology development in global organisations including Head of Marketing and Innovation at George Weston Foods, Unilever Australia, NZ and the UK, Yum Restaurants International and Who Weekly magazine.

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

Other current directorships: 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), Beston Global Food Company (ASX: BFC)
Special responsibilities: Chair of RNC (Remuneration and Nominations Committee); Member of ARC (Audit and Risk Committee)
Interests in shares: 110,533 ordinary shares directly held and 50,000 ordinary shares indirectly held

Name: Brent Cubis
Title: Independent, Non-Executive Director (appointed on 1 July 2024)
Qualifications: BComm (UNSW); Chartered Accountant; GAICD
Experience and expertise: Brent was appointed as a Director on 1 July 2024. He is Chairman of the Audit and Risk Committee. Brent is a highly experienced Non-Executive Director and CFO with over 30 years of board level experience in senior finance roles for global businesses in Health, Medical Devices, Media, Property, Tourism and started his career at Deloitte. Brent has been the Chair of the Audit and Risk Committees for all the public and private companies outlined below. His previous executive roles have included CFO of Cochlear Ltd and Nine Network Australia and for various other private companies.

Other current directorships: ARN Media Ltd (ASX:A1N), non-listed companies: Silverchain Group, Canteen
Former directorships (last 3 years): A2B Australia Limited, Prime Media Group Limited, EML Payments Limited (ASX:EML), Carbon Cybernetics
Special responsibilities: Chair of Audit and Risk Committee; Member of Remuneration and Nomination Committee
Interests in shares: 28,571 ordinary shares indirectly held
Interests in options: None

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Directors' report

Name: Deanne Weir
 Title: Non-Executive Director and Chair (retired on 29 February 2024)
 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

'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.

All information current as per Ms Weir's Final Director's Interest Notice dated 1 March 2024.

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.

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 2024, 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
Anthony Abrahams	8	8	-	-	-	-
John Martin	8	8	3	3	3	3
Alison Loat	8	8	3	3	3	3
Cheryl Hayman	8	8	3	3	3	3
Deanne Weir (retired on 29 February 2024)	3	4	-	-	1	2

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

Directors' report

Remuneration report (audited)

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

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

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

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

Principles used to determine the nature and amount of remuneration

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

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

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

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

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

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

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 his own remuneration.

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.



Directors' report

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 three components:

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

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

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

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

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

The long-term benefits includes long service leave.

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 EBITDA 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 2024, the Group engaged the use of remuneration consultants, Guerdon Associates, to benchmark its existing remuneration policies, including Executive and CEO remuneration practices, to ensure they adhere to the Groups practices noted above. The benchmarking was also used to analyse the peer group market and seek to improve both the Group's Short Term Incentives and Long Term Incentives programs for future financial years.

Voting and comments made at the Company's 30 June 2023 Annual General Meeting (AGM)

At the 27 October 2023 AGM, 99.56% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. 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:

- John Martin - Chair appointed on 29 February 2024
- Anthony Abrahams - Chief Executive Officer
- Alison Loat - Non-Executive Director
- Cheryl Hayman - Non-Executive Director
- Deanne Weir - Chair retired on 29 February 2024

And the following person:

- John Bird - Chief Financial Officer

Directors' report

Changes since the end of the reporting period:

Brent Cubis (appointed 1 July 2024)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Annual leave	Super-annuation	Long service leave	Equity-settled	
	\$	\$	\$	\$	\$	\$	
2024							
<i>Non-Executive Directors:</i>							
John Martin	88,688	45,662	-	13,650	-	-	148,000
Alison Loat	86,252	10,267	-	5,750	-	-	102,269
Cheryl Hayman	85,135	8,900	-	10,465	-	-	104,500
Deanne Weir*	114,761	-	-	12,624	-	-	127,385
<i>Executive Directors:</i>							
Anthony Abrahams	405,227	-	47,151	27,546	5,729	-	485,653
<i>Other Key Management Personnel:</i>							
John Bird	380,881	100,000	29,950	27,303	-	-	538,134
	1,160,944	164,829	77,101	97,338	5,729	-	1,505,941

* Remuneration disclosed is from 1 July 2023 to the date of resignation of 29 February 2024.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Annual leave	Super-annuation	Long service leave	Equity-settled	
	\$	\$	\$	\$	\$	\$	
2023							
<i>Non-Executive Directors:</i>							
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
<i>Executive Directors:</i>							
Anthony Abrahams	332,920	-	12,272	18,411	4,135	-	367,738
<i>Other Key Management Personnel:</i>							
John Bird	285,029	-	21,234	25,292	-	-	331,555
	897,216	-	33,506	69,551	4,135	75,000	1,079,408

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Directors' report

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2024	2023	2024	2023	2024	2023
<i>Non-Executive Directors:</i>						
John Martin	69%	72%	31%	28%	-	-
Alison Loat	90%	75%	10%	25%	-	-
Cheryl Hayman	91%	72%	9%	28%	-	-
Deanne Weir	100%	100%	-	-	-	-
<i>Executive Directors:</i>						
Anthony Abrahams	100%	100%	-	-	-	-
<i>Other Key Management Personnel:</i>						
John Bird	81%	100%	19%	-	-	-

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

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 \$381,353 including superannuation from 1 January 2024 (previously \$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 \$449,550 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 (from the exercise of restricted share units) during the year ended 30 June 2024 are set out below:

Name	Date	Shares	Issue price	\$
John Martin	7 September 2023	97,972	\$0.26	25,000
Alison Loat	7 September 2023	97,972	\$0.26	25,000
Cheryl Hayman	7 September 2023	97,972	\$0.26	25,000

Directors' report

Restricted Share Units (RSUs)

There were no RSUs granted to directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Additional information

The earnings of the Group for the five years to 30 June 2024 are summarised below:

	2024 \$	2023 \$	2022 \$	2021 \$	2020 \$
Sales revenue	66,236,058	61,769,967	59,784,026	48,662,420	25,423,090
EBITDA	4,111,855	3,310,552	1,100,574	(8,678,600)	(10,048,332)
Loss after income tax	(1,340,996)	(4,017,064)	(4,923,715)	(10,691,490)	(12,741,152)

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
John Martin	1,325,819	97,972	-	-	1,423,791
Anthony Abrahams	30,339,898	-	5,000,000	-	35,339,898
Alison Loat	299,150	97,972	-	-	397,122
Cheryl Hayman	62,561	97,972	-	-	160,533
Deanne Weir *	18,644,995	-	-	(18,644,995)	-
John Bird	-	-	-	-	-
	<u>50,672,423</u>	<u>293,916</u>	<u>5,000,000</u>	<u>(18,644,995)</u>	<u>37,321,344</u>

* Deanne Weir'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
<i>RSUs</i>						
John Martin	97,972	-	-	(97,972)	-	-
Alison Loat	97,972	-	-	(97,972)	-	-
Cheryl Hayman	97,972	-	-	(97,972)	-	-
	<u>293,916</u>	<u>-</u>	<u>-</u>	<u>(293,916)</u>	<u>-</u>	<u>-</u>

This concludes the remuneration report, which has been audited.

Shares under option and restricted share units

There were no unissued ordinary shares of Ai-Media Technologies Limited under options and restricted share units outstanding at the date of this report.

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Directors' report

Shares issued on the exercise of options and restricted share units

The following ordinary shares of Ai-Media Technologies Limited were issued on 7 September 2023, covering the year ended 30 June 2024 on the exercise of RSUs granted:

Date RSU granted	Exercise price	Number of shares issued
4 September 2023	\$0.28	270,999

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 financial year, 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 (including Independence Standards) 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 24 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.

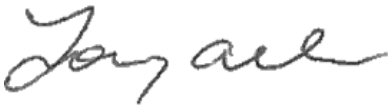
Directors' report

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

28 August 2024
Sydney

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Auditor's independence declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

8 Parramatta Square
Level 37, 10 Darcy Street
Parramatta, NSW, 2150
Australia

Phone: +61 2 9840 7000
www.deloitte.com.au

28 August 2024

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

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 2024, I declare that to the best of my knowledge and belief there have been no contraventions of:

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

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Vincent Snijders
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation

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Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

	Note	Consolidated 2024 \$	Consolidated 2023 \$
Revenue	5	66,236,058	61,769,967
Other income		-	456,469
Interest revenue calculated using the effective interest method		164,822	50,169
Expenses			
Cost of inventories consumed		(1,983,677)	(1,860,305)
Employee benefits expense		(42,570,307)	(39,483,865)
Outsourcing and contractor expenses		(4,271,739)	(5,227,133)
Information technology related expenses		(5,337,395)	(4,932,213)
Depreciation and amortisation expense	6	(4,410,473)	(4,905,191)
Professional and consulting expenses		(4,028,360)	(4,048,113)
Business development expenses		(1,179,765)	(1,216,015)
Occupancy expenses		(476,020)	(637,555)
Recovery/(impairment) of receivables	9	(65,795)	78,923
Other expenses		(2,211,145)	(1,589,608)
Finance costs	6	(162,487)	(761,594)
Loss before income tax expense		(296,283)	(2,306,064)
Income tax expense	7	(1,044,713)	(1,711,000)
Loss after income tax expense for the year attributable to the owners of Ai-Media Technologies Limited		(1,340,996)	(4,017,064)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		131,256	2,053,353
Other comprehensive income for the year, net of tax		131,256	2,053,353
Total comprehensive loss for the year attributable to the owners of Ai-Media Technologies Limited		(1,209,740)	(1,963,711)
		Cents	Cents
Basic loss per share	29	(0.64)	(1.93)
Diluted loss per share	29	(0.64)	(1.93)

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

Consolidated statement of financial position

As at 30 June 2024

	Note	Consolidated 2024 \$	Consolidated 2023 \$
Assets			
Current assets			
Cash and cash equivalents	8	10,927,978	16,982,857
Trade and other receivables	9	12,164,398	11,951,203
Contract assets	11	797,645	504,250
Inventories	10	2,417,646	892,246
Term deposits	12	165,623	165,623
Income tax receivable	7	286,132	466,091
Total current assets		<u>26,759,422</u>	<u>30,962,270</u>
Non-current assets			
Property, plant and equipment	13	4,351,493	4,209,116
Right-of-use assets	14	500,675	318,220
Intangibles	15	56,235,619	59,278,446
Deferred tax assets	7	5,292,291	6,029,335
Total non-current assets		<u>66,380,078</u>	<u>69,835,117</u>
Total assets		<u>93,139,500</u>	<u>100,797,387</u>
Liabilities			
Current liabilities			
Trade and other payables	16	7,371,007	6,207,504
Contract liabilities	17	4,319,139	3,916,839
Lease liabilities	18	241,280	193,114
Income tax payable	7	82,500	82,500
Provisions	19	2,092,716	10,166,786
Total current liabilities		<u>14,106,642</u>	<u>20,566,743</u>
Non-current liabilities			
Lease liabilities	18	291,206	152,599
Deferred tax	7	2,524,903	2,564,558
Provisions	19	304,146	390,578
Total non-current liabilities		<u>3,120,255</u>	<u>3,107,735</u>
Total liabilities		<u>17,226,897</u>	<u>23,674,478</u>
Net assets		<u>75,912,603</u>	<u>77,122,909</u>
Equity			
Issued capital	20	110,247,853	110,098,328
Reserves	21	9,226,132	9,244,967
Accumulated losses		<u>(43,561,382)</u>	<u>(42,220,386)</u>
Total equity		<u>75,912,603</u>	<u>77,122,909</u>

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

Consolidated statement of changes in equity

For the year ended 30 June 2024

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
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 33)	-	125,803	-	125,803
Conversion of Restricted Stock/Share Units (note 20, note 21)	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>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	110,098,328	9,244,967	(42,220,386)	77,122,909
Loss after income tax expense for the year	-	-	(1,340,996)	(1,340,996)
Other comprehensive income for the year, net of tax	-	131,256	-	131,256
Total comprehensive (loss)/income for the year	-	131,256	(1,340,996)	(1,209,740)
<i>Transactions with owners in their capacity as owners:</i>				
Conversion of Restricted Stock/Share Units (note 20, note 21)	149,525	(150,091)	-	(566)
Balance at 30 June 2024	<u>110,247,853</u>	<u>9,226,132</u>	<u>(43,561,382)</u>	<u>75,912,603</u>

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

Consolidated statement of cash flows

For the year ended 30 June 2024

	Note	Consolidated 2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		73,303,004	66,974,968
Payments to suppliers and employees (inclusive of GST)		(69,563,957)	(63,632,282)
Interest received		164,822	50,169
Other revenue		-	456,469
Interest and other finance costs paid		(162,487)	(372,321)
Income taxes paid		(174,968)	-
Net cash from operating activities	31	<u>3,566,414</u>	<u>3,477,003</u>
Cash flows from investing activities			
Payment for expenses relating to acquisitions*		(8,129,670)	(367,647)
Payments for property, plant and equipment	13	(882,382)	(585,505)
Payments for intangibles	15	(285,046)	(695,426)
Net cash used in investing activities		<u>(9,297,098)</u>	<u>(1,648,578)</u>
Cash flows from financing activities			
Repayment of lease liabilities	32	(261,237)	(280,990)
Net cash used in financing activities		<u>(261,237)</u>	<u>(280,990)</u>
Net increase/(decrease) in cash and cash equivalents		(5,991,921)	1,547,435
Cash and cash equivalents at the beginning of the financial year		16,982,857	15,184,270
Effects of exchange rate changes on cash and cash equivalents		(62,958)	251,152
Cash and cash equivalents at the end of the financial year	8	<u><u>10,927,978</u></u>	<u><u>16,982,857</u></u>

* Refer to note 19 for further information.

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

Notes to the consolidated financial statements

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 an ASX 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 28 August 2024. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, 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.

The following Accounting Standards and Interpretations have been adopted from 1 July 2023:

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

AASB 2021-2 was issued in March 2021 and is applicable to annual periods beginning on or after 1 January 2023. This standard amends AASB Standards to improve accounting policy disclosures so that they provide more useful information to investors and users of the financial statements and clarifies the distinction between accounting policies and accounting estimates. Specifically, AASB 2021-2 amends:

- AASB 7 Financial Instruments: Disclosures, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements.
- AASB 101 Presentation of Financial Statements, to require entities to disclose their material accounting policy information rather than their significant accounting policies.
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates.
- AASB 134 Interim Financial Reporting, to identify material accounting policy information as a component of a complete set of financial statements.
- AASB Practice Statement 2 Making Materiality Judgements, to provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures.

Notes to the consolidated financial statements

Note 2. Material accounting policy information (continued)

AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

AASB 2021-5 was issued in June 2021 and is applicable to annual periods beginning on or after 1 January 2023. The standard amends AASB 112 to clarify that the initial recognition exemption from the requirement to recognise deferred tax does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. Such transactions include leases and decommissioning, restoration and similar obligations. For lease accounting, the implication is that where the entity has adopted an accounting policy that attributes the tax deduction as being directly related to the repayment of the lease liability, a deferred tax asset will arise on initial recognition of the lease liability, and a deferred tax liability will be recognised on initial recognition of the related component of the lease asset's cost. Alternatively, where the entity attributes the tax deduction as being related to the consumption of the right-of-use asset, the deferred tax liability and deferred tax asset are both attributable to the recognition of the right-of-use asset and will net off resulting in no deferred tax recognised. The amendments to AASB 1 require deferred tax related to such transactions to be recognised by first-time adopters at the date of transaction to AASBs.

Comparative information

Certain comparatives in the statement of profit or loss and other comprehensive income have been reclassified to conform with the current year disclosure. The reclassification of the comparatives has not changed the net results for the prior year.

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 2024 reflects a net loss after income tax of \$1,340,996 (30 June 2023: \$4,017,064) and the consolidated statement of cash flows reflects net cash inflows from operating activities of \$3,566,414 (30 June 2023: \$3,477,003). As at 30 June 2024, the consolidated statement of financial position reflects a net asset position of \$75,912,603 (30 June 2023: net asset of \$77,122,909) and a net current asset position of \$12,652,780 (30 June 2023: net current asset of \$10,395,527). 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.

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 30.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ai-Media Technologies Limited as at 30 June 2024 and the results of all subsidiaries for the year then ended.

Notes to the consolidated financial statements

Note 2. Material accounting policy information (continued)

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

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

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

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

Operating segments

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

Foreign currency translation

Foreign currency transactions

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

Foreign operations

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

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

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.

Notes to the consolidated financial statements

Note 2. Material accounting policy information (continued)

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 recognised at a point in time based on the Incoterm Ex works which is a shipping arrangement where the seller makes product available for pick up at a specific location and the buyer pays for the transport costs. The goods are picked up for delivery and loaded into the carrier's vehicle which is when the title, risks and rewards pass from the seller to the buyer, and it is when the Company invoices the client.

Software as a Service

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 at a point in time 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.

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.

Notes to the consolidated financial statements

Note 2. Material accounting policy information (continued)

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

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

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

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

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

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.

Notes to the consolidated financial statements

Note 2. Material accounting policy information (continued)

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.

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.

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.

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. This is reassessed every year. Instead, it is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the revised period of their expected benefit, being their finite life of 3 to 10 years (2023: 3 to 10 years).

Notes to the consolidated financial statements

Note 2. Material accounting policy information (continued)

Software

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

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.

Notes to the consolidated financial statements

Note 2. Material accounting policy information (continued)

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.

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.

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.

Notes to the consolidated financial statements

Note 2. Material accounting policy information (continued)

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 2024. The Group has assessed that there will be no significant impact on adoption of these new or amended Accounting Standards and Interpretations, except for AASB 18, as explained below. The new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. The standard replaces AASB 101 'Presentation of Financial Statements', although many of the requirements have been carried forward unchanged and is accompanied by limited amendments to the requirements in AASB 107 'Statement of Cash Flows'. The standard requires income and expenses to be classified into five categories: 'Operating' (residual category if income and expenses are not classified into another category), 'Investing', 'Financing', 'Income taxes' and 'Discontinued operations'. The standard introduces two mandatory sub-totals: 'Operating profit' and 'Profit before finance and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on how to organise and group information (aggregation and disaggregation) in the financial statements and whether to provide it in the primary financial statements or in the notes. The Group will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants

AASB 2020-1 was issued in March 2020 and is applicable to annual periods beginning on or after 1 January 2024, as extended by AASB 2020-6. Early adoption is permitted. AASB 2022-6 was issued in December 2022 and is applicable to annual periods beginning on or after 1 January 2024. Early adoption is permitted where AASB 2020-1 is also early adopted.

These standards amend AASB 101 'Presentation of Financial Statements' to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. If the deferral right is subject to the entity complying with covenants in the loan arrangement based on information up to and including reporting date, the deferral right will exist where the entity is able to comply with the covenant on or before the end of the reporting date even if compliance is assessed after the reporting date. The deferral right will be deemed to exist at reporting date if the entity is required to comply with the covenant only after the reporting date based on post-reporting date information. Additional disclosure is required about loan arrangements classified as non-current liabilities in such circumstances which enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period. Classification of a liability as non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting date or even if the entity settles the liability prior to issue of the financial statements. The meaning of settlement of a liability is also clarified. The Group does not expect these amendments to have a material impact.

Notes to the consolidated financial statements

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.

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 three operating segments based on geographical locations: Australia, New Zealand, Singapore, and Malaysia (APAC); North America (including Canada and the United States of America); and the United Kingdom (EMEA). The Chief Operating Decision Makers (CODM) have reviewed and redefined these segments. Previously, the segments were Australia and New Zealand (ANZ), North America (including Canada and the United States of America), and Rest of the World (ROW) (including the United Kingdom, Singapore, and Malaysia). The Group's operating segments have been updated to reflect the organisation's strategic focus and growth objectives. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the 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 2024 and 30 June 2023, there were no customers exceeding 10% of the Group's revenue.

Notes to the consolidated financial statements

Note 4. Operating segments (continued)

Operating segment information

	APAC \$	North America \$	EMEA \$	Corporate \$	Total \$
Consolidated - 2024					
Revenue					
Sales to external customers	18,159,913	43,317,480	4,758,665	-	66,236,058
Other revenue	-	-	-	-	-
Total revenue	<u>18,159,913</u>	<u>43,317,480</u>	<u>4,758,665</u>	<u>-</u>	<u>66,236,058</u>
EBITDA	<u>5,676,293</u>	<u>13,266,824</u>	<u>(185,252)</u>	<u>(14,646,010)</u>	<u>4,111,855</u>
Depreciation and amortisation					(4,410,473)
Interest revenue					164,822
Finance costs					(162,487)
Loss before income tax expense					<u>(296,283)</u>
Income tax expense					(1,044,713)
Loss after income tax expense					<u>(1,340,996)</u>
	APAC \$	North America \$	EMEA \$	Corporate \$	Total \$
Consolidated - 2023					
Revenue					
Sales to external customers	20,988,485	35,383,998	5,397,484	-	61,769,967
Other revenue	-	456,469	-	-	456,469
Total revenue	<u>20,988,485</u>	<u>35,840,467</u>	<u>5,397,484</u>	<u>-</u>	<u>62,226,436</u>
EBITDA	<u>7,710,265</u>	<u>10,447,940</u>	<u>99,006</u>	<u>(14,946,659)</u>	<u>3,310,552</u>
Depreciation and amortisation					(4,905,191)
Interest revenue					50,169
Finance costs					(761,594)
Loss before income tax expense					<u>(2,306,064)</u>
Income tax expense					(1,711,000)
Loss after income tax expense					<u>(4,017,064)</u>

Note 5. Revenue

	Consolidated	
	2024 \$	2023 \$
Revenue	<u>66,236,058</u>	<u>61,769,967</u>

Notes to the consolidated financial statements

Note 5. Revenue (continued)

Disaggregation of revenue

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

	Consolidated	
	2024	2023
	\$	\$
<i>Major product lines</i>		
Services*	33,314,748	37,799,014
Technology*	32,921,310	23,970,953
	<u>66,236,058</u>	<u>61,769,967</u>
<i>Timing of revenue recognition</i>		
Goods and services transferred at a point in time	27,496,887	22,871,779
Services transferred over time	38,739,171	38,898,188
	<u>66,236,058</u>	<u>61,769,967</u>

Services revenue encompasses revenue delivered by human or hybrid workflows, hybrid includes both human and technology delivery revenue. Technology revenue include revenue from hardware, software and support services.

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Notes to the consolidated financial statements

Note 6. Expenses

Consolidated
2024 2023
\$ \$

Loss before income tax includes the following specific expenses:

Depreciation

Buildings	67,114	65,574
Leasehold improvements	56,195	120,035
Plant and equipment	668,625	459,901
Buildings right-of-use assets	244,072	316,698
	<hr/>	<hr/>
Total depreciation	1,036,006	962,208

Amortisation

Development	1,352,333	1,679,474
Intellectual property	798,200	779,881
Customer contracts	838,349	1,036,524
Software	385,585	447,104
	<hr/>	<hr/>
Total amortisation	3,374,467	3,942,983

Total depreciation and amortisation

4,410,473

4,905,191

Finance costs

Interest and finance charges paid/payable on borrowings	-	7,395
Interest and finance charges paid/payable on lease liabilities	21,740	46,088
Interest on other payables from acquisitions*	140,747	411,326
Bank fees and charges	-	296,785
	<hr/>	<hr/>
Finance costs expensed	162,487	761,594

Net foreign exchange loss

Net foreign exchange (gain)/loss	<hr/> (168,228)	<hr/> (149,314)
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Leases

Short-term lease payments	<hr/> 153,881	<hr/> 292,467
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Superannuation expense

Defined contribution superannuation expense	<hr/> 1,990,858	<hr/> 1,995,893
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* The amounts recognised in 2023 and 2024 represent singular sums associated with the EEG earn-out interest, as outlined in the EEG acquisition agreement, and reflect the accrued interest as of 30 June 2023 and August 2023, respectively.

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Notes to the consolidated financial statements

Note 7. Income tax

	Consolidated	
	2024	2023
	\$	\$
<i>Income tax expense</i>		
Current tax	274,900	-
Current tax - adjustments recognised for prior periods	72,424	-
Deferred tax - origination and reversal of temporary differences	727,370	898,709
Deferred tax - adjustments recognised for prior periods	(29,981)	537,377
Deferred tax write off for carried forward losses of overseas entities*	-	274,914
	<u>1,044,713</u>	<u>1,711,000</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(296,283)	(2,306,064)
Tax at the statutory tax rate of 30%	(88,885)	(691,819)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-assessable and non-deductible items	337,757	437,735
	248,872	(254,084)
Difference in overseas tax rates	(13,580)	320,158
Deferred tax - adjustments recognised for prior periods	42,443	537,377
Deferred tax write off for carried forward losses of overseas entities*	-	274,914
Deferred tax asset not recognised on carried forward losses of overseas entities**	766,978	832,635
	<u>1,044,713</u>	<u>1,711,000</u>
Income tax expense		

* 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.

Notes to the consolidated financial statements

Note 7. Income tax (continued)

	Consolidated	
	2024	2023
	\$	\$
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Allowance for expected credit losses	5,129	8,103
Property, plant and equipment	579,548	211,674
Employee benefits	527,275	536,828
Provisions	8,568	8,268
Accrued expenses	203,418	286,995
Tax losses	1,543,135	2,116,946
Research and development tax credits	2,086,118	2,086,118
Prepayments	(4,809)	(3,898)
Capitalised development cost and customer contracts	-	(30,236)
IPO costs	270,676	712,763
Right-of-use assets/lease liabilities	28,350	30,605
Unearned revenue	44,883	73,344
Other receivables	-	(8,175)
	<u>5,292,291</u>	<u>6,029,335</u>
Deferred tax asset		
Movements:		
Opening balance	6,029,335	7,537,506
(Charged)/credited to profit or loss	(767,025)	(895,522)
(Charged)/credited to profit or loss in relation to prior year adjustment	29,981	(337,147)
Deferred tax write off for carried forward losses of overseas entity	-	(275,502)
	<u>5,292,291</u>	<u>6,029,335</u>
Closing balance		

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 \$11,673,211 (2023: \$9,063,127) relating to its foreign subsidiaries, which may become available in the future.

	Consolidated	
	2024	2023
	\$	\$
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Intangibles	4,345,042	3,947,253
Tax losses - overseas entities	(304,327)	(500,576)
Temporary difference - overseas entities	(1,515,812)	(882,119)
	<u>2,524,903</u>	<u>2,564,558</u>
Deferred tax liability		
Movements:		
Opening balance	2,564,558	2,361,141
Charged/(credited) to profit or loss	(39,655)	3,187
Charged/(credited) to profit or loss in relation to prior year adjustment	-	200,230
	<u>2,524,903</u>	<u>2,564,558</u>
Closing balance		

Notes to the consolidated financial statements

Note 7. Income tax (continued)

	Australia \$	United States of America \$
Income tax losses and credits movement in AUD*		
DTA on tax losses and credits as at 1 July 2023	4,203,064	500,576
Amount utilised	<u>(573,811)</u>	<u>(196,249)</u>
Income tax losses and credits available as at 30 June 2024	<u>3,629,253</u>	<u>304,327</u>

* This income tax losses and credits comprises carried forward losses and research and development tax credits, to offset future income tax expense.

	Consolidated 2024 \$	2023 \$
<i>Income tax</i>		
Income tax refund due	<u>286,132</u>	<u>466,091</u>
	Consolidated 2024 \$	2023 \$
<i>Provision for income tax</i>		
Provision for income tax	<u>82,500</u>	<u>82,500</u>

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 8. Cash and cash equivalents

	Consolidated 2024 \$	2023 \$
<i>Current assets</i>		
Cash on hand	645	733
Cash at bank	<u>10,927,333</u>	<u>16,982,124</u>
	<u>10,927,978</u>	<u>16,982,857</u>

Note 9. Trade and other receivables

	Consolidated 2024 \$	2023 \$
<i>Current assets</i>		
Trade receivables	10,789,407	10,610,379
Less: Allowance for expected credit losses	<u>(125,668)</u>	<u>(124,554)</u>
	<u>10,663,739</u>	<u>10,485,825</u>
Other receivables	95,569	102,257
Prepayments	1,253,135	1,206,945
Security deposits	<u>151,955</u>	<u>156,176</u>
	<u>12,164,398</u>	<u>11,951,203</u>

Notes to the consolidated financial statements

Note 9. Trade and other receivables (continued)

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

Consolidated	Carrying amount		Allowance for expected credit losses	
	2024	2023	2024	2023
	\$	\$	\$	\$
Not overdue	7,125,610	6,097,799	21,799	18,335
0 to 3 months overdue	3,322,933	4,327,908	73,243	92,637
Over 3 months overdue	340,864	184,672	30,626	13,582
	<u>10,789,407</u>	<u>10,610,379</u>	<u>125,668</u>	<u>124,554</u>

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

	Consolidated	
	2024	2023
	\$	\$
Opening balance	124,554	358,317
Additional provisions/(reversals) recognised	65,795	(78,923)
Foreign currency translation	-	16,121
Unused amounts reversed	(64,681)	(170,961)
Closing balance	<u>125,668</u>	<u>124,554</u>

Allowance for expected credit losses

The Group has recognised a loss of \$65,795 (2023: recovery of \$78,923) in profit or loss in respect of the expected credit losses for the year ended 30 June 2024.

Note 10. Inventories

Current assets	Consolidated	
	2024	2023
	\$	\$
Inventories - at cost*	<u>2,417,646</u>	<u>892,246</u>

* The increase in inventory is due to the introduction of improved, higher tech products, requiring more advanced (and therefore more expensive) components and an improved sales pipeline, necessitating an increased stock on hand.

Notes to the consolidated financial statements

Note 11. Contract assets

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Contract assets	797,645	504,250
	<u>797,645</u>	<u>504,250</u>
<i>Reconciliation</i>		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	504,250	247,403
Additions	10,172,087	3,705,297
Amounts recognised in profit and loss	(9,878,692)	(3,448,450)
Closing balance	797,645	504,250
	<u>797,645</u>	<u>504,250</u>

Note 12. Term deposits

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Term deposit	165,623	165,623
	<u>165,623</u>	<u>165,623</u>

The term deposit bears interest of 5% (2023: 3.75%) per annum and has a maturity of more than three months but less than one year.

Note 13. Property, plant and equipment

	Consolidated	
	2024	2023
	\$	\$
<i>Non-current assets</i>		
Land and buildings - at cost	3,019,324	3,016,591
Less: Accumulated depreciation	(210,346)	(143,791)
	<u>2,808,978</u>	<u>2,872,800</u>
Leasehold improvements - at cost	1,154,486	1,162,518
Less: Accumulated depreciation	(1,130,746)	(1,081,507)
	<u>23,740</u>	<u>81,011</u>
Plant and equipment - at cost	6,006,716	5,253,983
Less: Accumulated depreciation	(4,487,941)	(3,998,678)
	<u>1,518,775</u>	<u>1,255,305</u>
	<u>4,351,493</u>	<u>4,209,116</u>

Notes to the consolidated financial statements

Note 13. Property, plant and equipment (continued)

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 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	2,872,800	81,011	1,255,305	4,209,116
Additions	-	-	882,382	882,382
Exchange differences	3,292	(1,076)	49,713	51,929
Depreciation expense	(67,114)	(56,195)	(668,625)	(791,934)
Balance at 30 June 2024	<u>2,808,978</u>	<u>23,740</u>	<u>1,518,775</u>	<u>4,351,493</u>

Note 14. Right-of-use assets

	Consolidated 2024 \$	Consolidated 2023 \$
<i>Non-current assets</i>		
Buildings - right-of-use	2,986,828	2,547,128
Less: Accumulated depreciation	<u>(2,486,153)</u>	<u>(2,228,908)</u>
	<u>500,675</u>	<u>318,220</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.

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 \$
Balance at 1 July 2022	634,918
Depreciation expense	<u>(316,698)</u>
Balance at 30 June 2023	318,220
Additions	425,792
Exchange differences	735
Depreciation expense	<u>(244,072)</u>
Balance at 30 June 2024	<u>500,675</u>

Notes to the consolidated financial statements

Note 14. Right-of-use assets (continued)

For other lease related disclosures refer to the following:

- note 6 for details of depreciation on right-of-use assets, interest on lease liabilities and other lease payments;
- note 18 for lease liabilities at year end;
- note 23 for maturity analysis of lease liabilities; and
- consolidated statement of cash flow for repayment of lease liabilities.

Note 15. Intangibles

	Consolidated 2024 \$	2023 \$
<i>Non-current assets</i>		
Goodwill - at cost	45,039,845	45,023,937
Development - at cost	11,677,333	11,393,380
Less: Accumulated amortisation	(9,837,772)	(8,485,822)
	<u>1,839,561</u>	<u>2,907,558</u>
Intellectual property - at cost	8,548,040	8,540,631
Less: Accumulated amortisation	(2,862,792)	(2,071,237)
	<u>5,685,248</u>	<u>6,469,394</u>
Brand name and trademarks - at cost	286,836	286,576
Customer contracts - at cost	4,022,654	4,019,015
Less: Accumulated amortisation	(2,303,461)	(1,472,387)
	<u>1,719,193</u>	<u>2,546,628</u>
Software - at cost	3,121,893	3,118,037
Less: Accumulated amortisation	(1,456,957)	(1,073,684)
	<u>1,664,936</u>	<u>2,044,353</u>
	<u>56,235,619</u>	<u>59,278,446</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 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)
	<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>
Balance at 30 June 2023	45,023,937	2,907,558	6,469,394	286,576	2,546,628	2,044,353	59,278,446
Additions	-	285,046	-	-	-	-	285,046
Exchange differences	15,908	(710)	14,054	260	10,914	6,168	46,594
Amortisation expense	-	(1,352,333)	(798,200)	-	(838,349)	(385,585)	(3,374,467)
	<u>45,039,845</u>	<u>1,839,561</u>	<u>5,685,248</u>	<u>286,836</u>	<u>1,719,193</u>	<u>1,664,936</u>	<u>56,235,619</u>

Notes to the consolidated financial statements

Note 15. Intangibles (continued)

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.

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

	Consolidated	
	2024	2023
	\$	\$
North America	44,591,714	45,089,767
EMEA	448,131	447,619
	<u>45,039,845</u>	<u>45,537,386</u>

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The goodwill associated with the North America CGU, arose through company 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 recoverable amount of the cash-generating units is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period.

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% (2023: 12%), an average growth rate of 19% (2023: 9%) for the next 5 years and a terminal growth rate of 3% (2023: 3%).

The directors have assessed the recoverable amount of the EMEA CGU, using discount cash flow model, is in excess of the carrying amount. The model used a discount rate of 12% (2023: 12%), an average growth rate of 39% (2023: 20%) for the next 5 years and a terminal growth rate of 3% (2023: 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% (2023: 12%), an average growth rate of 1% (2023: 3%) for the next 5 years and a terminal growth rate of 3% (2023: 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. 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 16. Trade and other payables

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	1,589,325	948,716
Accrued expenses	5,781,682	5,258,788
	<u>7,371,007</u>	<u>6,207,504</u>

Refer to note 23 for further information on financial instruments.

Notes to the consolidated financial statements

Note 17. Contract liabilities

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	<u>4,319,139</u>	<u>3,916,839</u>
<i>Reconciliation</i>		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	3,916,839	3,306,407
Billings during the year	10,000,981	6,926,707
Transfer to revenue	(9,654,384)	(6,393,628)
Foreign exchange	55,703	77,353
Closing balance	<u>4,319,139</u>	<u>3,916,839</u>

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$4,319,139 as at 30 June 2024 (\$3,916,839 as at 30 June 2023) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2024	2023
	\$	\$
Within 12 months	<u>4,319,139</u>	<u>3,916,839</u>

Note 18. Lease liabilities

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Lease liability	<u>241,280</u>	<u>193,114</u>
<i>Non-current liabilities</i>		
Lease liability	<u>291,206</u>	<u>152,599</u>
	<u>532,486</u>	<u>345,713</u>

Refer to note 23 for further information on the maturity analysis of lease liabilities.

Notes to the consolidated financial statements

Note 19. Provisions

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Annual leave	1,329,580	1,394,071
Long service leave	530,668	405,002
Other payables from acquisitions	-	7,776,772
Other provisions	232,468	590,941
	2,092,716	10,166,786
<i>Non-current liabilities</i>		
Long service leave	279,751	366,183
Lease make good	24,395	24,395
	304,146	390,578
	2,396,862	10,557,364

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 7,692,784) earn-out payment for the purchase of EEG was due on 29 September 2023 and a deferred liability of USD 280,000 (AUD 436,886) was paid on 13 September 2023.

Other provisions

Other provisions represents the best estimate of a tax provision associated with the share based payment plan of \$200,000 (2023: \$550,000) and for other indirect taxes in a foreign subsidiary amounting to \$32,468 (2023: \$40,941).

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 Group 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 Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

Notes to the consolidated financial statements

Note 19. Provisions (continued)

Movements in provisions

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

	Lease makegood \$	Other payables from acquisitions \$	Other provisions \$	Annual leave	Long service leave
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	1,356,728	42,285
Amounts paid	-	-	-	(201,717)	(29,525)
Amounts utilised	-	(372,578)	(396,988)	(1,137,757)	(36,726)
Interest on earn-out	-	411,326	-	-	-
Unused amounts reversed*	(99,300)	-	(456,469)	-	-
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
Consolidated - 2024					
Carrying amount at the start of the year	24,395	7,776,772	590,941	1,394,071	771,185
Additional provisions recognised	-	-	-	1,156,344	254,526
Amounts paid	-	(8,129,670)	-	(198,951)	(154,149)
Amounts utilised	-	-	-	(1,021,884)	(61,143)
Interest on earn-out	-	140,747	-	-	-
Unused amounts reversed*	-	-	(358,510)	-	-
Currency translation difference	-	212,151	37	-	-
Carrying amount at the end of the year	24,395	-	232,468	1,329,580	810,419

* The amount reversed in FY2024 relates to the reversal in FBT provision. FY2023 other provision relates to the unused portion of the sales tax provision relating to sales generated prior to the purchase of EEG.

Note 20. Issued capital

	2024 Shares	2023 Shares	Consolidated 2024 \$	2023 \$
Ordinary shares - fully paid	208,814,047	208,249,132	110,247,853	110,098,328

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 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	208,249,132		110,098,328
Conversion of Restricted Share Units	7 September 2023	293,916	\$0.26	75,000
Conversion of Restricted Share Units	7 September 2023	270,999	\$0.27	74,525
Balance	30 June 2024	208,814,047		110,247,853

Notes to the consolidated financial statements

Note 20. Issued capital (continued)

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 2023 Annual Report.

Note 21. Reserves

	Consolidated	
	2024	2023
	\$	\$
Foreign currency translation reserve	9,226,132	9,094,876
Employee share option reserve	-	150,091
	9,226,132	9,244,967

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.

Notes to the consolidated financial statements

Note 21. Reserves (continued)

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 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	9,094,876	150,091	9,244,967
Foreign currency translation	131,256	-	131,256
Conversion of Restricted Share Units	-	(150,091)	(150,091)
Balance at 30 June 2024	<u>9,226,132</u>	<u>-</u>	<u>9,226,132</u>

Note 22. Dividends

Dividends

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

Franking credits

	Consolidated 2024 \$	2023 \$
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

Note 23. 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.

Notes to the consolidated financial statements

Note 23. Financial instruments (continued)

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 Group manages this risk with natural currency hedges in the regions it operates. The risk is measured using sensitivity analysis and cash flow forecasting, example sensitivities are provided in the following analysis.

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

Consolidated	Assets		Liabilities	
	2024 \$	2023 \$	2024 \$	2023 \$
Pound sterling	1,623,941	1,647,475	681,147	499,392
Canadian dollars	492,865	597,207	203,659	175,184
Singapore dollars	444,994	441,278	87,611	53,160
US dollars	13,522,548	11,710,412	3,093,286	9,682,519
Malaysian ringgit	-	-	6,716	12,765
	<u>16,084,348</u>	<u>14,396,372</u>	<u>4,072,419</u>	<u>10,423,020</u>

The Group had net liabilities denominated in foreign currencies of \$12,011,929 (assets of \$16,084,348 less liabilities of \$4,072,419) as at 30 June 2024 (2023: \$3,973,352 (assets of \$14,396,372 less liabilities of \$10,423,020)). Based on this exposure, had the Australian dollars weakened by 5%/strengthened by 5% (2023 : 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 \$571,997 lower/\$632,207 higher (2023: \$188,207 lower/\$209,124 higher) and equity would have been \$400,398 lower/\$442,545 higher (2023: \$132,445 lower/\$146,387 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 2024 was \$168,228 (2023: gain of \$149,314).

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.

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.

Notes to the consolidated financial statements

Note 23. Financial instruments (continued)

The Group manages liquidity risk by maintaining adequate cash reserves by 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 - 2024					
<i>Non-interest bearing</i>					
Trade payables	1,589,325	-	-	-	1,589,325
<i>Interest-bearing - fixed rate</i>					
Lease liability	257,589	120,265	186,724	-	564,578
Total non-derivatives	1,846,914	120,265	186,724	-	2,153,903
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

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.

Notes to the consolidated financial statements

Note 24. 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	
	2024	2023
	\$	\$
<i>Deloitte Touche Tohmatsu Australia</i>		
Audit and review of financial reports	418,000	380,000
Other services	98,498	71,811
Total Deloitte Touche Tohmatsu	<u>516,498</u>	<u>451,811</u>
<i>Deloitte Touche Tohmatsu related practices</i>		
Audit and review of financial reports	25,598	20,031
Other services	19,938	37,060
Total Deloitte Touche Tohmatsu related practices	<u>45,536</u>	<u>57,091</u>
Total remuneration of auditors	<u>562,034</u>	<u>508,902</u>

Note 25. Contingent liabilities

The Group has given fully funded bank guarantees as at 30 June 2024 of \$165,623 (2023: \$165,663) to various landlords and a customer, refer to note 12.

Note 26. 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	
	2024	2023
	\$	\$
Short-term employee benefits	1,402,874	930,722
Post-employment benefits	97,338	69,551
Long-term benefits	5,729	4,135
Share-based payments	-	75,000
	<u>1,505,941</u>	<u>1,079,408</u>

Note 27. Related party transactions

Parent entity

Ai-Media Technologies Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 28.

Key management personnel

Disclosures relating to key management personnel are set out in note 26 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.

Notes to the consolidated financial statements

Note 27. Related party transactions (continued)

Receivable from and payable to related parties

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

Loans to/from related parties

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

Note 28. 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	
		2024 %	2023 %
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%
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%
The Trustee for Ai-Media Employee Incentive Trust	Australia	100%	100%
Ai-Media SaleCo Limited	Australia	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.

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

**** A wholly-owned subsidiary of Ai-Media Inc. that was closed in May 2024

Note 29. Earnings per share

	Consolidated	
	2024 \$	2023 \$
Loss after income tax attributable to the owners of Ai-Media Technologies Limited	(1,340,996)	(4,017,064)
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	208,709,091	208,136,392
Weighted average number of ordinary shares used in calculating diluted loss per share	208,709,091	208,136,392
	Cents	Cents
Basic loss per share	(0.64)	(1.93)
Diluted loss per share	(0.64)	(1.93)

Notes to the consolidated financial statements

Note 29. Earnings per share (continued)

There are no options outstanding as at 30 June 2024. For the prior reporting period, 293,916 options were excluded from the calculation of diluted earnings per share as they were anti-dilutive.

Note 30. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2024	2023
	\$	\$
Loss after income tax*	(22,702,194)	(24,868,410)
Total comprehensive loss	(22,702,194)	(24,868,410)

* Includes a provision for impairment of investments in subsidiaries and loan receivable from subsidiaries amounting to \$24,000,000 (2023: \$25,000,000). There is no impact on group performance due to this provision.

Statement of financial position

	Parent	
	2024	2023
	\$	\$
Total current assets	55,518,575	78,730,922
Total assets	62,896,236	86,391,170
Total current liabilities	530,932	950,257
Total liabilities	530,932	950,257
Equity		
Issued capital	110,247,853	110,098,328
Employee share option reserve	-	150,554
Accumulated losses	(47,882,549)	(24,807,969)
Total equity	62,365,304	85,440,913

Movement in accumulated losses

	Parent	
	2024	2023
	\$	\$
Accumulated losses at the beginning of the financial year	(24,807,969)	(2,175,390)
Comprehensive income before impairment of assets	1,297,806	131,590
Provision for impairment of investments in and loan receivable from subsidiaries	(24,000,000)	(25,000,000)
Transfer of net equity of Ai-Media UK Limited	(372,386)	-
Adjustments relating to prior period*	-	2,235,831
Retained profits/(accumulated losses)	(47,882,549)	(24,807,969)

* No impact on consolidated financial statements.

Notes to the consolidated financial statements

Note 30. Parent entity information (continued)

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 2024 and 30 June 2023.

Contingent liabilities

Except as disclosed in note 25, the parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policy information

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

	Consolidated 2024 \$	2023 \$
Loss after income tax expense for the year	(1,340,996)	(4,017,064)
Adjustments for:		
Depreciation and amortisation	4,410,473	4,905,191
Share-based payments	-	125,803
Income tax expense	1,044,713	1,711,000
Foreign exchange differences	(72,409)	(405,117)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(213,195)	1,654,261
Increase in contract assets	(293,395)	(256,847)
Increase in inventories	(1,525,400)	(244,217)
Increase in term deposit	-	106,453
Increase/(decrease) in trade and other payables	1,162,937	(95,338)
Increase in contract liabilities	402,300	610,432
(Decrease)/increase in provisions	(8,614)	(617,554)
Net cash from operating activities	<u>3,566,414</u>	<u>3,477,003</u>

Note 32. Changes in liabilities arising from financing activities

Consolidated	Lease liability \$
Balance at 1 July 2022	599,381
Repayment of lease liabilities	(280,990)
Other changes	27,322
Balance at 30 June 2023	345,713
Repayment of lease liabilities	(261,237)
Acquisition of leases	425,792
Other changes	8,316
Balance at 30 June 2024	<u>518,584</u>

Notes to the consolidated financial statements

Note 33. Share-based payments

Restricted Share Units (RSUs)

At the time of the IPO in 2020, the Company agreed to grant each Non-Executive Director 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 as at 30 Jun 2023 and converted into fully paid ordinary shares of the Company on 7 September 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 270,999 RSUs were vested and converted into fully paid ordinary shares of the Company on 7 September 2023 amounted to \$75,091.

The share-based payment expense in relation to RSUs for 2024 is \$nil (2023: \$125,803).

Set out below is a summary of RSUs granted:

	Number of options	
	2024	2023
Outstanding at the beginning of the financial year	293,916	70,391
Granted	270,999	293,916
Exercised	(564,915)	(70,391)
Outstanding at the end of the financial year	<u>-</u>	<u>293,916</u>

Note 34. Events after the reporting period

After the reporting period, a new director, Brent Cubis, joined the board. He was appointed on 1 July 2024. This event does not require adjustment to the financial statements for the year ended 30 June 2024, but is significant for the ongoing operations and governance of the Group.

No other matter or circumstance has arisen since 30 June 2024 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.

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Consolidated entity disclosure statement

Entity Name	Entity type	Place formed / incorporated	% of share capital held	Tax residency Australian or foreign	Tax residency Foreign jurisdiction
Ai-Media Technologies Ltd	Body corporate	Australia	100	Australian	n/a
Access Innovation Media Pty Limited	Body corporate	Australia	100	Australian	n/a
Access Innovation IP Pty Limited	Body corporate	Australia	100	Australian	n/a
Access Innovation Media UK Ltd	Body corporate	United Kingdom	100	Foreign	United Kingdom
Ai-Media UK B Ltd	Body corporate	United Kingdom	100	Foreign	United Kingdom
Ai-Media Inc	Body corporate	United States of America	100	Foreign	United States of America
Ai-Media Technologies LLC	Body corporate	United States of America	100	Foreign	United States of America
EEG Enterprises Inc	Body corporate	United States of America	100	Foreign	United States of America
Ai-Media Canada Inc	Body corporate	Canada	49	Foreign	Canada
Ai-Media NZ Limited	Body corporate	New Zealand	100	Foreign	New Zealand
Ai-Media SG Pte. Ltd	Body corporate	Singapore	100	Foreign	Singapore
Access Innovation Media Malaysia SDN BHD	Body corporate	Malaysia	100	Foreign	Malaysia
The Trustee for Ai-Media Employee Incentive Trust	Discretionary Investment Trust	Australia	100	Australian	n/a
Ai-Media SaleCo Limited	Body corporate	Australia	100	Australian	n/a

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Directors' declaration

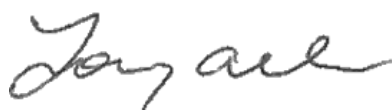
In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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

28 August 2024
Sydney

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Independent auditor's report

Deloitte.

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ai-Media Technologies Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2024, 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, the directors' declaration and the Consolidated Entity Disclosure Statement.

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 2024 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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Independent auditor's report

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Revenue Recognition</p> <p>For the year ended 30 June 2024, the Group reported total revenue of \$66.24 million, of which technology revenue was \$32.92m. Technology revenue included Software-as-a-Service ("SaaS") revenue of \$19.57 million which represents subscription, consumption-based and support revenue. The deferred revenue relating to technology revenue amounted to \$4.05 million as of 30 June 2024.</p> <p>Revenue recognition for the consumption-based and deferred revenue is considered a key audit matter for the following reasons:</p> <ul style="list-style-type: none"> • Significance of technology revenue: A material portion of this revenue is derived from consumption-based services (\$7.97m) and deferred revenue (\$4.05m). They represent one of the fastest-growing sources of revenue of the Group. • Complexity and Automation: Revenue earned in relation to customer usage is determined by hours used and hourly rates, tracked and billed through highly automated systems. Customers are invoiced based on the usage recorded in the automated system. It is critical to understand whether system algorithms are appropriately calculating client usage and hence requires additional audit attention. • Business Model Transformation and Incentives: The rapid growth in technology revenue and the shift to a SaaS business model, combined with significant management incentives to meet expectations creates additional pressure to achieve revenue targets, further elevating the risk of misstatement. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Performed design and implementation tests on the controls related to the preparation and review of the monthly deferred revenue schedule, review of weekly/monthly billings and reconciliations. • Agreed the total deferred revenue schedule to the unearned revenue recorded in the general ledger. Performed data validation checks on the deferred revenue schedule to check for evidence of error and using the deferred revenue schedule, test the accuracy of formulas and the mathematical accuracy of the schedule. • For completeness and valuation of deferred revenue, software revenue invoices (through revenue occurrence testing) were traced back to the deferred revenue schedule to verify that they are appropriately and recorded in that schedule. • Engaged our technology and controls specialists to obtain a comprehensive understanding of the system, focusing on the algorithms used for calculating customer usage and the relevant controls in place. • Obtained direct confirmations at the transaction level with customers. This confirmation served as the primary evidence to test the occurrence and accuracy of software revenue. Subsequent payments were used as additional evidence, as the payment of invoices indicated customer agreement with the charges. • Assessed the completeness of revenue by obtaining a sample of transactions recorded from reciprocal populations and making sure that these were recorded in the general ledger. • Performed analytical review procedures and compared movements in revenue to the prior year. • Performed cut off testing on a sample basis to assess whether the identified revenue transactions were recorded in the correct period. • Tested credit notes raised during the year on a sample basis and obtained the relevant invoice, as well as any subsequent invoices to test validity of the credit notes. • Assessed the appropriateness of the disclosures included in Note 5 of the financial statements.

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Independent auditor's report

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Recoverability of goodwill</p> <p>As at 30 June 2024, the Group carried goodwill in its balance sheet amounting to \$45.04m. As at 30 June 2024, the Group's net assets exceeded the listed market value.</p> <p>Where a cash generating unit ("CGU") contains goodwill, management is required to conduct annual impairment tests (or more frequently if impairment indicators exist) to assess the recoverable amount of the CGU and the associated goodwill amount. This assessment is performed through the preparation of a discounted cash flow model. Evaluating the recoverable amount of each CGU requires significant management judgment in determining the key assumptions that support the forecast cash flows of each CGU, including:</p> <ul style="list-style-type: none"> • Forecast EBITDA • Short and long-term growth rates • Appropriate discount rate • Capital expenditure 	<p>In consultation with our valuation specialists, our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • 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 each CGU ; • Assessed the appropriateness of management's recoverable amount estimates 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; • Assessed the historical accuracy of management's forecasts 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, capital expenditure long term growth rates and applicable discount rates); and • Assessed the appropriateness of the disclosures included in Note 15 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 2024, 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.

Independent auditor's report

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Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible:

- For the preparation of the financial report in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Group in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Group, and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism 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 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 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.



Independent auditor's report

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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 21 to 25 of the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Ai-Media Technologies Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

DELOITTE TOUCHE TOHMATSU

Vincent Snijders

Partner

Chartered Accountants

Sydney, 28 August 2024

Shareholder information

The shareholder information set out below was applicable as at 22 July 2024.

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 2024 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 2024 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	338	0.11	227,234
1,001 to 5,000	672	0.89	1,850,125
5,001 to 10,000	306	1.14	2,387,421
10,001 to 100,000	550	8.64	18,038,136
100,001 and over	117	89.22	186,311,131
	<u>1,983</u>	<u>100.00</u>	<u>208,814,047</u>
Holding less than a marketable parcel	<u>360</u>	<u>-</u>	<u>251,587</u>

Equity security holders

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

	Number held	Ordinary shares % of total shares issued
PEARLIROSE PTY LIMITED	30,339,898	14.53
UBS NOMINEES PTY LTD	20,289,771	9.72
BOND STREET CUSTODIANS LIMITED	18,000,000	8.62
DEANNE WEIR	16,072,336	7.70
EEG VIDEO HOLDINGS LLC	14,630,017	7.01
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	14,048,018	6.73
CITICORP NOMINEES PTY LIMITED	7,507,393	3.60
TYLER LEE PTY LTD	5,700,000	2.73
BNP PARIBAS NOMINEES PTY LTD	5,107,786	2.45
MR ANTHONY ABRAHAMS	5,000,000	2.39
BNP PARIBAS NOMS PTY LTD (IB AU NOMS RETAIL CLIENT)	3,884,319	1.86
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,424,266	1.64
ICONIC INVESTMENTS PTY LTD	3,265,994	1.56
GREG SIRTES	2,493,603	1.19
G & L CAPON SUPER CO PTY LTD	2,144,020	1.03
FRANK MAHLAB PTY LTD	2,023,909	0.97
MRS ANGELA ABRAHAMS + MR GEOFFREY ABRAHAMS	2,000,000	0.96
ALEXANDER WESLEY JONES	1,687,500	0.81
MARKUS LESSING	899,412	0.43
PARAPET INVESTMENTS PTY LTD	782,351	0.37
	<u>159,300,593</u>	<u>76.30</u>

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Shareholder information

Unquoted equity securities

There are no unquoted equity securities on issue.

Substantial holders

Name	Shares held	Issued capital %	Notice date
Anthony Abrahams and Pearlrose Pty Ltd	35,339,898	16.92	18/06/2024
TIGA Trading Pty Ltd	20,589,771	9.86	29/11/2023
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

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.

Restricted securities

There are no restricted securities.

On market buy-back

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

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Corporate directory

DIRECTORS

- » John Martin – Non-Executive Chair
- » Anthony Abrahams
- » Alison Loat
- » Cheryl Hayman
- » Brent Cubis

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
6 Hope Street
Ermington NSW 2115

AUDITOR

Deloitte Touche Tohmatsu

Quay Quarter Tower
Level 46, 50 Bridge 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

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: www.AI-Media.tv/corporate-governance/

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www.AI-Media.tv