

## 1. Company details

Name of entity:	Ai-Media Technologies Limited
ABN:	12 122 058 708
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	30.2% to	29,581,204
Loss Before Interest, Tax, Depreciation and Amortisation ('EBITDA')	down	99.3%	(46,724)
Loss from ordinary activities after tax attributable to the owners of Ai-Media Technologies Limited	down	68.3% to	(2,376,916)
Loss for the half-year attributable to the owners of Ai-Media Technologies Limited	down	68.3% to	(2,376,916)

### 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 \$2,376,916 (31 December 2020: \$7,488,018).

EBITDA for the Group was a loss of \$46,724 (31 December 2020: loss of \$7,016,873).

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.

There was strong revenue growth driven by ongoing demand for the Group's services, particularly in Live Enterprises across all regions, with COVID-19 resulting in the sustained adoption of video as a core communications tool for business and education enterprises.

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

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

	Consolidated 31 Dec 2021 \$	31 Dec 2020 \$
Loss after income tax benefit	(2,376,916)	(7,488,018)
Add: Finance costs	683,506	2,380,593
Less: Income tax expense/(benefit)	(566,178)	(3,412,357)
Less: Interest income	(5,232)	(20,028)
Earnings Before Interest and Tax, ('EBIT')	(2,264,820)	(8,539,810)
Add: depreciation and amortisation	2,218,096	1,522,937
EBITDA	<u>(46,724)</u>	<u>(7,016,873)</u>

### 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	10.29	12.70

The net tangible assets calculation includes rights-of-use assets of \$320,839 (31 Dec 2020: \$914,518) and the corresponding lease liabilities of \$450,075 (31 Dec 2020: \$1,304,314).

### 4. Control gained over entities

Not applicable.

### 5. Loss of control over entities

Not applicable.

### 6. Dividends

#### *Current period*

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

#### *Previous period*

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

### 7. Dividend reinvestment plans

Not applicable.

### 8. Details of associates and joint venture entities

Not applicable.

### 9. Foreign entities

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

Not applicable.

### 10. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

## **11. Attachments**

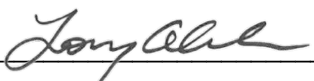
*Details of attachments (if any):*

The Interim Report of Ai-Media Technologies Limited for the half-year ended 31 December 2021 is attached.

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## **12. Signed**

As authorised by the Board of Directors.

Signed \_\_\_\_\_

Anthony Abrahams  
Director

Date: 23 February 2022



# **Ai-Media Technologies Limited**

**ABN 12 122 058 708**

**Interim Report - 31 December 2021**

**Ai-Media Technologies Limited**  
**Contents**  
**31 December 2021**



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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 half-year ended 31 December 2021.

### Directors

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

Deanne Weir  
 Anthony Abrahams  
 John Martin  
 Alison Loat  
 Jonathan Pearce (retired on 31 August 2021)

### Principal activities

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

### Review of operations

The loss for the Group after providing for income tax amounted to \$2,376,916 (31 December 2020: \$7,488,018).

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

	31 Dec 2021 \$	31 Dec 2020 \$	Change \$	Change %
Revenue from operating activities	29,581,204	22,728,469	6,852,735	30.2%
Loss before interest, taxation, depreciation and amortisation ('EBITDA')	(46,724)	(7,016,873)	6,970,149	(99.3%)
Loss after tax from ordinary activities	(2,376,916)	(7,488,018)	5,111,102	(68.3%)

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

COVID-19, initially, encouraged the adoption of teleconferencing as a core communications tool and growth in entry-level revenue. This revenue has now reverted to alternate offerings resulting in a decline in the low-end offering. In contrast, the adoption by Broadcasters of smart Automatic Speech Recognition ('ASR') software, such as Lexi, and its success in parliaments and large corporates has ensured strong future growth. Software solutions such as Lexi, Smart Lexi and virtual encoders contributed to over 12% of the Group revenue during the current 6 months and the existing pipeline of clients indicates high demand for technology-driven solutions.

As at 31 December 2021, the consolidated statement of financial position reflects a net asset position of \$78,648,723 (30 June 2021: \$78,997,066). The strong revenue growth along with a strong balance sheet with minimal debt has the Group well positioned to pursue our growth agenda and take advantage of new opportunities as they arise.

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

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

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$</b>	<b>\$</b>
<b>Loss after income tax benefit</b>	<b>(2,376,916)</b>	<b>(7,488,018)</b>
Add: Finance costs	683,506	2,380,593
Less: Income tax expense/(benefit)	(566,178)	(3,412,357)
Less: Interest income	(5,232)	(20,028)
<b>Earnings Before Interest and Tax, ('EBIT')</b>	<b>(2,264,820)</b>	<b>(8,539,810)</b>
Add: depreciation and amortisation	2,218,096	1,522,937
<b>EBITDA</b>	<b>(46,724)</b>	<b>(7,016,873)</b>

Normalised EBITDA was a loss of \$46,724 (31 December 2020: loss \$3,817,598), showing significant progress in Group's performance compared to 6 month period to 31 December 2020, as set out below:

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$</b>	<b>\$</b>
<b>EBITDA</b>	<b>(46,724)</b>	<b>(7,016,873)</b>
IPO costs	-	3,026,715
Restructuring costs	-	172,560
<b>Normalised EBITDA</b>	<b>(46,724)</b>	<b>(3,817,598)</b>

### **Significant changes in the state of affairs**

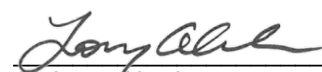
There were no significant changes in the state of affairs of the Group during the financial half-year.

### **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

23 February 2022

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

23 February 2022

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 directors of Ai-Media Technologies Limited and its subsidiaries.

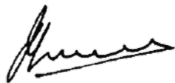
As lead audit partner for the review of the financial statements of Ai-Media Technologies Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Joshua Tanchel  
Partner  
Chartered Accountants

**Ai-Media Technologies Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2021**



		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	5	29,581,204	22,728,469
Other income	6	-	189,560
Interest revenue calculated using the effective interest method		5,232	20,028
<b>Expenses</b>			
Cost of sales		(13,893,783)	(14,112,481)
Employee benefits expense		(10,246,876)	(8,123,039)
Depreciation and amortisation expense	7	(2,218,096)	(1,522,937)
Impairment of receivables		(149,965)	(7,532)
Professional and consulting costs		(1,868,858)	(1,956,100)
Business development costs		(487,808)	(337,598)
Networking and information technology costs		(1,559,769)	(1,137,505)
Other employment costs		(438,903)	(306,855)
Office expenses		(269,188)	(273,762)
Initial public offering ('IPO') listing expense		-	(3,026,715)
Other expenses		(712,778)	(653,315)
Finance costs	7	(683,506)	(2,380,593)
<b>Loss before income tax benefit</b>		(2,943,094)	(10,900,375)
Income tax benefit		566,178	3,412,357
<b>Loss after income tax benefit for the half-year attributable to the owners of Ai-Media Technologies Limited</b>		(2,376,916)	(7,488,018)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		2,565,071	(484,759)
Other comprehensive income for the half-year, net of tax		2,565,071	(484,759)
<b>Total comprehensive income for the half-year attributable to the owners of Ai-Media Technologies Limited</b>		<u>188,155</u>	<u>(7,972,777)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	17	(1.14)	(5.94)
Diluted earnings per share	17	(1.14)	(5.94)

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

		<b>Consolidated</b>	
		<b>30 Jun 2021</b>	
	<b>Note</b>	<b>31 Dec 2021</b>	<b>Restated</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		15,875,466	17,864,220
Trade and other receivables		13,718,442	13,195,519
Contract assets		222,747	54,299
Inventories		628,367	427,108
Secured deposits		272,076	272,076
Total current assets		<u>30,717,098</u>	<u>31,813,222</u>
<b>Non-current assets</b>			
Property, plant and equipment		3,764,351	4,125,959
Right-of-use assets		320,839	567,627
Intangibles	8	57,164,371	54,884,244
Deferred tax		7,182,937	7,061,811
Total non-current assets		<u>68,432,498</u>	<u>66,639,641</u>
<b>Total assets</b>		<u>99,149,596</u>	<u>98,452,863</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		6,223,420	7,057,586
Contract liabilities		3,207,167	1,697,030
Borrowings	9	581,011	263,993
Lease liabilities		263,287	609,446
Income tax		21,855	-
Employee benefits		1,428,665	1,344,035
Provisions	10	6,633,334	699,479
Total current liabilities		<u>18,358,739</u>	<u>11,671,569</u>
<b>Non-current liabilities</b>			
Lease liabilities		186,788	259,198
Deferred tax		1,589,163	2,105,043
Employee benefits		366,183	366,183
Provisions	10	-	5,053,804
Total non-current liabilities		<u>2,142,134</u>	<u>7,784,228</u>
<b>Total liabilities</b>		<u>20,500,873</u>	<u>19,455,797</u>
<b>Net assets</b>		<u>78,648,723</u>	<u>78,997,066</u>
<b>Equity</b>			
Issued capital	11	110,104,712	110,566,210
Reserves	12	3,641,331	1,151,260
Accumulated losses		<u>(35,097,320)</u>	<u>(32,720,404)</u>
<b>Total equity</b>		<u>78,648,723</u>	<u>78,997,066</u>

Refer to note 3 for detailed information on Restatement of comparatives.

**Ai-Media Technologies Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2021**



<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2020	8,980,031	8,671,609	(26,448,241)	(8,796,601)
Loss after income tax benefit for the half-year	-	-	(7,488,018)	(7,488,018)
Other comprehensive income for the half-year, net of tax	-	(484,759)	-	(484,759)
Total comprehensive income for the half-year	-	(484,759)	(7,488,018)	(7,972,777)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	28,477,989	-	-	28,477,989
Exercise/cancellation of share options	4,501,243	(8,694,472)	4,419,327	226,098
Conversion of convertible notes	15,033,993	-	-	15,033,993
Contingent consideration	2,857,145	-	-	2,857,145
Balance at 31 December 2020	<u>59,850,401</u>	<u>(507,622)</u>	<u>(29,516,932)</u>	<u>29,825,847</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2021	110,566,210	1,151,260	(32,720,404)	78,997,066
Loss after income tax benefit for the half-year	-	-	(2,376,916)	(2,376,916)
Other comprehensive income for the half-year, net of tax	-	2,565,071	-	2,565,071
Total comprehensive income for the half-year	-	2,565,071	(2,376,916)	188,155
<i>Transactions with owners in their capacity as owners:</i>				
Share buy-back (note 11)	(517,403)	-	-	(517,403)
Transaction costs (note 11)	(23,342)	-	-	(23,342)
Conversion of Restricted Share Units	79,247	(75,000)	-	4,247
Balance at 31 December 2021	<u>110,104,712</u>	<u>3,641,331</u>	<u>(35,097,320)</u>	<u>78,648,723</u>

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

**Ai-Media Technologies Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2021**



	<b>Consolidated</b>	
<b>Note</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	33,340,230	20,662,963
Payments to suppliers and employees (inclusive of GST)	(31,163,478)	(34,138,032)
	2,176,752	(13,475,069)
Interest received	5,232	20,028
Other revenue	-	189,560
Interest and other finance costs paid	(156,578)	(488,431)
Income taxes (paid)/refunded	(48,973)	(27,792)
Net cash from/(used in) operating activities	1,976,433	(13,781,704)
<b>Cash flows from investing activities</b>		
Payment of contingent consideration	-	(2,707,940)
Payment for expenses relating to acquisitions	(1,594,000)	-
Payments for property, plant and equipment	(285,525)	(403,434)
Payments for intangibles	(981,491)	(1,339,314)
Net cash used in investing activities	(2,861,016)	(4,450,688)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	30,194,998
Share issue transaction costs	(23,342)	(2,323,281)
Payments for share buy-backs	(456,645)	-
Repayment of bank and other loans	-	(757,686)
Repayment of shareholder loans	9	(2,413,918)
Repayment of related party loans	(349,237)	(208,343)
Repayment of lease liabilities	(447,310)	(486,344)
Net cash (used in)/from financing activities	(1,276,534)	24,005,426
Net (decrease)/increase in cash and cash equivalents	(2,161,117)	5,773,034
Cash and cash equivalents at the beginning of the financial half-year	17,864,220	2,994,171
Effects of exchange rate changes on cash and cash equivalents	172,363	-
Cash and cash equivalents at the end of the financial half-year	15,875,466	8,767,205

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

## **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 half-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 is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

### **Registered office**

Level 6  
277 William Street  
Melbourne VIC 3000

### **Principal place of business**

Level 1  
103 Miller Street  
North Sydney NSW 2060

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 February 2022. The directors have the power to amend and reissue the financial statements.

## **Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements arising under Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

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

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

### **Going concern**

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

The statement of profit or loss and other comprehensive income for the half-year ended 31 December 2021 reflects a net loss after income tax of \$2,376,916 (31 December 2020: \$7,488,018) and the statement of cash flows reflects net cash inflows from operating activities of \$1,976,433 (31 December 2020: outflows of \$13,781,704). As at 31 December 2021, the statement of financial position reflects a net asset position of \$78,648,723 (30 June 2021: \$78,997,066) and a net current asset position of \$12,358,359 (30 June 2021: \$20,141,653). The losses are a result of the strategic decision taken by the Company to accelerate its expansion to take advantage of the growth opportunity.

Based upon the growth of the business achieved to date, positive operating cash inflows, sufficient cash reserves at the 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.

### Note 3. Restatement of comparatives

#### *Business combination acquisition adjustment*

The Group adjusted the contingent consideration on the purchase of EEG as disclosed in note 16. The change to the SPA was to provide clarity on the Earn-Out calculation. The Earn-Out calculation was not fully finalised at the acquisition date and subsequently agreed with the vendor on the calculation. The effect on the statement of financial position as of 30 June 2021 is presented below. There were no adjustments made on the statement of profit or loss and other comprehensive income for the half-year ended 31 December 2020 and on the statement of financial position at the beginning of the comparative period which is on 1 July 2020.

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

	30 Jun 2021 \$ Reissued	Consolidated \$ Adjustment	30 Jun 2021 \$ Restated
<b>Extract</b>			
<b>Assets</b>			
<b>Non-current assets</b>			
Intangibles	54,176,500	707,744	54,884,244
Total non-current assets	65,931,897	707,744	66,639,641
<b>Total assets</b>	97,745,119	707,744	98,452,863
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	4,346,060	707,744	5,053,804
Total non-current liabilities	7,076,484	707,744	7,784,228
<b>Total liabilities</b>	18,748,053	707,744	19,455,797
<b>Net assets</b>	78,997,066	-	78,997,066

### Note 4. Operating segments

#### *Identification of reportable operating segments*

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

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

**Note 4. Operating segments (continued)**

*Operating segment information*

	ANZ \$	North America \$	ROW \$	Corporate \$	Total \$
<b>Consolidated - 31 Dec 2021</b>					
<b>Revenue</b>					
Sales to external customers	10,130,569	16,004,287	3,446,348	-	29,581,204
<b>Total revenue</b>	<u>10,130,569</u>	<u>16,004,287</u>	<u>3,446,348</u>	<u>-</u>	<u>29,581,204</u>
<b>EBITDA</b>	<u>3,285,098</u>	<u>4,752,110</u>	<u>395,866</u>	<u>(8,479,798)</u>	<u>(46,724)</u>
Depreciation and amortisation					(2,218,096)
Interest revenue					5,232
Finance costs					(683,506)
<b>Loss before income tax benefit</b>					<u>(2,943,094)</u>
Income tax benefit					566,178
<b>Loss after income tax benefit</b>					<u>(2,376,916)</u>
<b>Consolidated - 31 Dec 2020</b>					
<b>Revenue</b>					
Sales to external customers	8,896,628	10,290,996	3,540,845	-	22,728,469
Other revenue	189,560	-	-	-	189,560
<b>Total revenue</b>	<u>9,086,188</u>	<u>10,290,996</u>	<u>3,540,845</u>	<u>-</u>	<u>22,918,029</u>
<b>EBITDA</b>	<u>3,509,200</u>	<u>319,435</u>	<u>317,291</u>	<u>(11,162,799)</u>	<u>(7,016,873)</u>
Depreciation and amortisation					(1,522,937)
Interest revenue					20,028
Finance costs					(2,380,593)
<b>Loss before income tax benefit</b>					<u>(10,900,375)</u>
Income tax benefit					3,412,357
<b>Loss after income tax benefit</b>					<u>(7,488,018)</u>

**Note 5. Revenue**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$</b>	<b>\$</b>
Revenue	<u>29,581,204</u>	<u>22,728,469</u>

*Disaggregation of revenue*

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

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$</b>	<b>\$</b>
<i>Major product lines</i>		
Broadcast*	12,941,901	7,623,253
Non-broadcast*	<u>16,639,303</u>	<u>15,105,216</u>
	<u>29,581,204</u>	<u>22,728,469</u>
<i>Timing of revenue recognition</i>		
Goods and services transferred at a point in time	8,762,827	5,521,217
Services transferred over time	<u>20,818,377</u>	<u>17,207,252</u>
	<u>29,581,204</u>	<u>22,728,469</u>

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

**Note 6. Other income**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$</b>	<b>\$</b>
Other revenue	<u>-</u>	<u>189,560</u>

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

**Note 7. Expenses**

**Consolidated**  
**31 Dec 2021    31 Dec 2020**  
**\$                    \$**

Loss before income tax includes the following specific expenses:

*Depreciation*

Buildings	41,925	-
Leasehold improvements	158,472	132,348
Plant and equipment	274,461	9,506
Buildings - right-of-use	199,110	207,749
Plant and equipment - right-of-use	47,893	82,558
	<hr/>	<hr/>
Total depreciation	721,861	432,161

*Amortisation*

Development	815,203	802,880
Intellectual property	357,525	-
Customer contracts	69,005	93,635
Software	254,502	194,261
	<hr/>	<hr/>
Total amortisation	1,496,235	1,090,776

Total depreciation and amortisation	<hr/>	<hr/>
	2,218,096	1,522,937

*Finance costs*

Interest and finance charges paid/payable on borrowings	128,049	357,306
Interest and finance charges paid/payable on lease liabilities	28,529	37,549
Convertible notes interest	-	453,224
Embedded derivative fair value through profit or loss	-	1,532,514
Changes in fair value of contingent consideration	526,928	-
	<hr/>	<hr/>
Finance costs expensed	683,506	2,380,593

*Leases*

Short-term lease payments included in office expenses	<hr/>	<hr/>
	108,200	115,372

*Superannuation expense*

Defined contribution superannuation expense	<hr/>	<hr/>
	894,033	682,654

**Note 8. Intangibles**

	<b>Consolidated</b>	<b>30 Jun 2021</b>
	<b>31 Dec 2021</b>	<b>Restated</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Goodwill - at cost	40,000,629	37,774,225
Development - at cost	9,700,887	8,725,160
Less: Accumulated amortisation	(5,708,264)	(4,893,061)
	<u>3,992,623</u>	<u>3,832,099</u>
Intellectual property - at cost	7,849,954	7,594,755
Less: Accumulated amortisation	(841,903)	(473,253)
	<u>7,008,051</u>	<u>7,121,502</u>
Brand name and trademarks - at cost	261,852	228,607
Customer contracts - at cost	4,217,926	4,009,201
Less: Accumulated amortisation	(792,832)	(697,268)
	<u>3,425,094</u>	<u>3,311,933</u>
Software - at cost	3,965,399	3,867,822
Less: Accumulated amortisation	(1,489,277)	(1,251,944)
	<u>2,476,122</u>	<u>2,615,878</u>
	<u><u>57,164,371</u></u>	<u><u>54,884,244</u></u>

**Reconciliations**

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

<b>Consolidated</b>	<b>Goodwill</b>	<b>Development</b>	<b>Intellectual</b>	<b>Brands and</b>	<b>Customer</b>	<b>Software</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>property</b>	<b>trademarks</b>	<b>contracts</b>	<b>\$</b>	<b>\$</b>
			<b>\$</b>	<b>\$</b>	<b>\$</b>		
Balance at 1 July 2021 (restated)	37,774,225	3,832,099	7,121,502	228,607	3,311,933	2,615,878	54,884,244
Additions	-	973,991	-	-	-	7,500	981,491
Exchange differences	2,226,404	1,736	244,074	33,245	182,166	107,246	2,794,871
Amortisation expense	-	(815,203)	(357,525)	-	(69,005)	(254,502)	(1,496,235)
Balance at 31 December 2021	<u><u>40,000,629</u></u>	<u><u>3,992,623</u></u>	<u><u>7,008,051</u></u>	<u><u>261,852</u></u>	<u><u>3,425,094</u></u>	<u><u>2,476,122</u></u>	<u><u>57,164,371</u></u>

## Note 9. Borrowings

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Insurance premium funding loan	581,011	-
Payable to related parties	-	263,993
	<u>581,011</u>	<u>263,993</u>

### *Insurance premium funding loan*

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

## Note 10. Provisions

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>\$</b>	<b>Restated</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Contingent consideration*	5,815,975	-
Lease make good	265,352	142,000
Other provisions	552,007	557,479
	<u>6,633,334</u>	<u>699,479</u>
<i>Non-current liabilities</i>		
Contingent consideration	-	4,930,452
Lease make good	-	123,352
	<u>-</u>	<u>5,053,804</u>
	<u>6,633,334</u>	<u>5,753,283</u>

\* payable after the release of the financial year 2022 financial result.

### *Movements in provisions*

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

	<b>Lease make good</b>	<b>Other provisions</b>	<b>Contingent consideration</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Consolidated - 31 Dec 2021</b>			
Carrying amount at the start of the half-year (restated)	265,352	557,479	4,930,452
Changes in fair value	-	-	526,928
Exchange differences	-	-	358,595
Unused amounts reversed	-	(5,472)	-
	<u>265,352</u>	<u>552,007</u>	<u>5,815,975</u>

## Note 11. Issued capital

	31 Dec 2021 Shares	Consolidated 30 Jun 2021 Shares	31 Dec 2021 \$	30 Jun 2021 \$
Ordinary shares - fully paid	<u>208,786,777</u>	<u>209,439,498</u>	<u>110,104,712</u>	<u>110,566,210</u>

### Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	209,439,498		110,566,210
Conversion of Restricted Share Units	30 September 2021	60,705	\$1.24	75,000
Conversion of Restricted Share Units	26 October 2021	4,912	\$0.86	4,247
Share buy-back	November 2021	(25,000)	\$0.73	(18,314)
Share buy-back	December 2021	(693,338)	\$0.72	(499,089)
Transaction costs				(23,342)
Balance	31 December 2021	<u>208,786,777</u>		<u>110,104,712</u>

## Note 12. Reserves

	Consolidated 31 Dec 2021 \$	30 Jun 2021 \$
Foreign currency translation reserve	3,641,331	1,076,260
Employee share option reserve	-	75,000
	<u>3,641,331</u>	<u>1,151,260</u>

### Movements in reserves

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

Consolidated	Foreign currency translation reserve \$	Employee share option reserve \$	Total \$
Balance at 1 July 2021	1,076,260	75,000	1,151,260
Foreign currency translation	2,565,071	-	2,565,071
Conversion of Restricted Share Units	-	(75,000)	(75,000)
Balance at 31 December 2021	<u>3,641,331</u>	<u>-</u>	<u>3,641,331</u>

## Note 13. Dividends

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

## **Note 14. Fair value measurement**

### *Fair value hierarchy*

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

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

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

Level 3: Unobservable inputs for the asset or liability

<b>Consolidated - 31 Dec 2021</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>
<i>Liabilities</i>			
Contingent consideration	-	-	5,815,975
Total liabilities	-	-	5,815,975

<b>Consolidated - 30 Jun 2021</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>
<i>Liabilities</i>			
Contingent consideration (restated)	-	-	4,930,452
Total liabilities	-	-	4,930,452

There were no transfers between levels during the financial half-year.

### *Level 3 assets and liabilities*

Refer to note 10 for the movements in contingent consideration during the current financial half-year.

## **Note 15. Contingent liabilities**

The Group has given bank guarantees as at 31 December 2021 of \$389,439 (30 June 2021: \$368,360) to various landlords.

## **Note 16. Business combinations**

### *Acquisition of Caption IT and CaptionAccess*

On 4 January 2021, the Group completed the acquisition of 100% of the two US-based companies, Caption IT LLC ('Caption IT') and CaptionAccess LLC ('Caption Access'), for a cash consideration of \$1,853,866, and the issue of 421,887 shares at \$0.97 per share.

### *Acquisition of EEG*

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

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

**Note 16. Business combinations (continued)**

Details of the acquisition are as follows:

	Caption IT and Caption Access	EEG	Adjustment on EEG contingent consideration	Total
	Fair value \$	Fair value \$	Fair value \$	\$
Cash and cash equivalents	252,552	3,894,933	-	4,147,485
Trade receivables	385,404	2,055,106	-	2,440,510
Other receivables	-	22,254	-	22,254
Inventories	-	450,045	-	450,045
Buildings	-	2,571,686	-	2,571,686
Plant and equipment	16,398	9,743	-	26,141
Intellectual property	-	6,728,816	-	6,728,816
Brand name and trademarks	-	244,310	-	244,310
Customer contracts	1,063,564	1,298,701	-	2,362,265
Software	-	2,137,071	-	2,137,071
Deferred tax liability	-	(2,588,402)	-	(2,588,402)
Trade payables	(40,705)	-	-	(40,705)
Other payables	(78,745)	(3,699,064)	-	(3,777,809)
Contract liabilities	-	(975,955)	-	(975,955)
Net assets acquired	1,598,468	12,149,244	-	13,747,712
Goodwill	1,097,954	29,650,850	707,744	31,456,548
Acquisition-date fair value of the total consideration transferred	<u>2,696,422</u>	<u>41,800,094</u>	<u>707,744</u>	<u>45,204,260</u>
Representing:				
Cash paid or payable to vendor	2,287,191	25,288,171	-	27,575,362
Ai-Media Technologies Limited shares issued to vendor	409,231	12,289,215	-	12,698,446
Contingent consideration	-	4,222,708	707,744	4,930,452
	<u>2,696,422</u>	<u>41,800,094</u>	<u>707,744</u>	<u>45,204,260</u>
Cash used to acquire business, net of cash acquired:				
Acquisition-date fair value of the total consideration transferred	2,696,422	41,800,094	707,744	45,204,260
Less: cash and cash equivalents	(252,552)	(3,894,933)	-	(4,147,485)
Less: payments to be made in future periods	(244,282)	-	-	(244,282)
Less: contingent consideration	-	(4,222,708)	(707,744)	(4,930,452)
Less: shares issued by Company as part of consideration	(409,231)	(12,289,215)	-	(12,698,446)
Net cash used	<u>1,790,357</u>	<u>21,393,238</u>	<u>-</u>	<u>23,183,595</u>

**Note 17. Earnings per share**

	Consolidated 31 Dec 2021 \$	31 Dec 2020 \$
Loss after income tax attributable to the owners of Ai-Media Technologies Limited	<u>(2,376,916)</u>	<u>(7,488,018)</u>

**Note 17. Earnings per share (continued)**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	209,414,282	126,049,700
Weighted average number of ordinary shares used in calculating diluted earnings per share	209,414,282	126,049,700
	Cents	Cents
Basic earnings per share	(1.14)	(5.94)
Diluted earnings per share	(1.14)	(5.94)

Options and Convertible Notes have been excluded from the 31 December 2021 and 31 December 2020 calculations as their inclusion would be anti-dilutive.

**Note 18. Events after the reporting period**

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

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

On 1 February 2022, the Board approved the issue of 420,658 Restricted Share Units ('RSU') at \$0.7151 per share with a value of \$300,813. This issue of shares was made pursuant to the terms of the Share Purchase Agreement in respect of Ai-Media Inc's purchase of Alternative Communication Services LLC (SPA). Consideration in respect of that purchase included the issuance of RSUs in respect of shares in Ai-Media Technologies Limited, where such shares were to be distributed to key ACS personnel (at the direction of Mr Phil Hyssong, previously, owner of ACS). In accordance with the SPA, the RSUs were issued on the same terms as the RSU Plan offered Ai-Media Technologies Limited to its executive management.

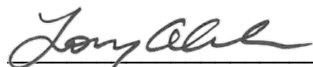
No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read 'Tony Abrahams', written over a horizontal line.

Anthony Abrahams  
Director

23 February 2022

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

### *Conclusion*

We have reviewed the half-year financial report of Ai-Media Technologies Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 5 to 20.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### *Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and 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 annual 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 review report.

### *Directors' Responsibilities for the Half-year Financial Report*

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

### *Auditor's Responsibilities for the Review of the Half-year Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Joshua Tanchel  
Partner  
Chartered Accountants  
Sydney, 23 February 2022