Infomedia Ltd and controlled entities

Appendix 4E (rule 4.3A)

Preliminary final report for the year ended 30 June 2020

Results for announcement to the market

(All comparisons to year ended 30 June 2019)

	2020 $'000	Up $'000	Movement
Revenue from ordinary activities	**94,618**	10,020	12%
Earnings before interest, tax, depreciation and amortisation ('EBITDA') (Note 1)	**46,049**	8,008	21%
Cash EBITDA (Note 1)	**21,251**	2,140	11%
Profit from ordinary activities after income tax attributable to shareholders ('NPAT')	**18,556**	2,434	15%
Net profit for the period attributable to shareholders	**18,556**	2,434	15%

During the period, the Company conducted a capital raising via an Institutional Placement followed by a Share Purchase Plan for retail shareholders. A total of $83.9 million was raised with the proceeds of the capital raising to be directed toward the execution of the Company's growth strategy.

The impact of the Coronavirus (COVID-19) pandemic is ongoing. Whilst the effect of COVID-19 has not had a significant detrimental effect on the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly changing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Note 1:	2020 $'000	2019 $'000
EBITDA[(a)]	**46,049**	38,041
Development costs capitalised	**(21,910)**	(18,969)
AASB 16 rent adjustment[(b)]	**(2,069)**	-
Unrealised foreign currency exchange (gains)/losses	**(819)**	39
Cash EBITDA	**21,251**	19,111

(a) Refer to page 14 of the 2020 Annual Report for a reconciliation of EBITDA to NPAT.

(b) AASB 16 Leases was adopted for the year ended 30 June 2020 using the modified retrospective approach and as such comparatives have not been restated.

Dividend information

	Amount per share cents	Franked amount per share cents	Franking credit
2020 Final dividend per share	2.15	1.505	70%
2020 Interim dividend per share	2.15	1.505	70%

Final dividend dates

Record date	31 August 2020
Payment date	17 September 2020

The Company's Dividend Reinvestment Plan ('DRP') was suspended on 31 October 2019.

Net tangible assets

	2020 cents	2019 cents
Net tangible assets per ordinary share[(a)]	26.15	2.40

(a) The net tangible assets ('NTA') per ordinary share as at 30 June 2020 is calculated as net assets (including contingent consideration liabilities associated with acquisitions) adjusted for intangible assets including goodwill, right-of-use assets, lease liabilities and net deferred tax liabilities. The Group adopted AASB 16 Leases on 1 July 2019 using the modified retrospective approach and, hence, the comparative NTA has not been restated. The significant increase is attributable to the capital raising during the current financial year.

Other information

During the year ended 30 June 2020, the Group did not gain or lose control over any entities, nor did it acquire any joint ventures or associates.

Additional Appendix 4E disclosure requirements (including explanation of the figures reported above) can be found in the 2020 Annual Report which contains the Directors' report and the 30 June 2020 financial statements and accompanying notes.

This report is based on the consolidated financial statements which have been audited by Deloitte Touche Tohmatsu. An unqualified opinion has been issued.

INFOMEDIA™

ANNUAL REPORT 2020

Reimagining Aftersales

Our appreciation

This year's 2020 Annual Report is an opportunity to say thank you to our shareholders for your support during the year. We would also like to thank our employees and our customers who have shown tremendous commitment, flexibility, willingness and solidarity to ensure the best outcomes for all our stakeholders during a remarkably challenging time.

Thank you!

ABOUT INFOMEDIA LTD

Infomedia Ltd is an Australian-based technology solutions company that develops and supplies electronic parts catalogues, service quoting software, data analytics and business insights for the aftersales parts and service sector of the global automotive industry. The company was founded in 1987 and is headquartered in Sydney, Australia.

As a team and a business, we are committed to and governed by our core values:

- **Accelerate performance** – we are action orientated and always accountable to our customers
- **Drive innovation & service** – our technology leadership and data analytics insights empower our customers to meet their key objectives
- **Navigate global & steer local** – our customers benefit from a unified approach with local execution
- **Have fun in the fast lane** – we balance hard work with a fun and vibrant workplace. While we missed being together during much of this year, we have very much enjoyed getting to know each other's children, pets, home lives and hometowns with our team of 400 (including 100 outsourced) spanning the globe

We continue our aspirational journey knowing that the success of our customers, our employees and our shareholders will drive Infomedia's success. We aspire:

- To be recognised as the market leading software solutions and data analytics provider to global automotive manufacturer aftersales
- To be admired by industry
- To be a great place to work
- To deliver consistent, superior shareholder returns

ANNUAL GENERAL MEETING

The Annual General Meeting of Infomedia will be held on Wednesday, 11 November 2020. The meeting will take place virtually, owing to the ongoing COVID-19 pandemic. A formal Notice of Meeting will be released in October 2020.

GOVERNANCE REPORTING AND POLICY DISCLOSURE

Infomedia's Financial Report for the 2020 financial year and previous years, including half-year reports, can be accessed and viewed on our website at *https://www.infomedia.com.au/investors/annual-and-half-year-reports*.

Additional reporting, including Infomedia's Corporate Governance Statement, Code of Conduct and key governance policies can be a viewed on Infomedia's website at: *https://www.infomedia.com.au/investors/governance*

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PLEASE CHOOSE ELECTRONIC & DIGITAL COMMUNICATIONS

Infomedia is a technology solutions company with a commitment to sustainability and the environment. We encourage all stakeholders to download an electronic version of our publications instead of requesting printed copies. Reports are available at *https://www.infomedia.com.au/investors/annual-and-half-year-reports/*.
If you have received a printed hard copy of Infomedia's 2020 Annual Report, please contact Link Market Services at *www.linkmarketservices.com.au* and elect to receive all future Annual Reports and registry communications in electronic form. Thank you!

ABOUT THIS REPORT

Throughout Infomedia's 2020 Annual Report, terms including 'the Company', 'your Company', 'the Group', and 'Infomedia' all refer to Infomedia Ltd ABN: 63 003 326 243. In addition, terms referring 'the year', 'the financial year' and 'FY20' all refer to the 12 months to 30 June 2020. All references to dollars are in Australian dollars (AUD) unless stated otherwise.

Infomedia's 2020 Annual Report was authorised for issue by the Board of Directors on 24 August 2020.

This 2020 Annual Report may contain forward looking statements. Please refer to page 88 for an explanation of forward looking statements and the risks, uncertainties and assumptions to which they are subject.

Dear Shareholder,

On behalf of the Board of Infomedia Ltd we would like to first express our gratitude to our shareholders for your support in what has been a year of change, growth, challenge, and opportunity. We acknowledge your backing during this most remarkable 2020 financial year (FY20).

We would also like to acknowledge the difficulty and uncertainty faced by our customers over the year. Navigating the tightening and easing of COVID-19 related restrictions at a time when the automotive industry was already confronted by significant disruption, has been extraordinary. We have appreciated the opportunity to work with each of our customers to ensure both they and Infomedia emerge in a stronger position.

Finally, we would also like to acknowledge the commitment of our employees around the world. As a global team, we have worked day and night together (and virtually), to prioritise the immediate needs of our customers and ensure the safety and security of each other.

To all of you, collectively our stakeholders, we remain committed to delivering sustainable growth in our business, providing solutions that drive success for our customers and building a great place to work.

This year, even more so than in previous years, Infomedia's Board worked very closely together and that is again reflected in a combined Chairman & CEO Report for the 2020 financial year.

The 2020 financial year will be remembered in Infomedia's history as a time of sustained performance and continued investment in the future by building the next generation of our core parts and service technology solutions, investing in data and completing a successful $83.9 million capital raise.

The strategic decisions we have made in FY20 have been intentionally bold to ensure Infomedia is well placed to sustain growth into the future.

Although the future is uncertain in a macro economic sense, Infomedia's strategic direction and objectives to be the leading software provider to the global automotive aftersales market are clear. The disruptive trends facing our industry and decline in new car sales are resulting in an increased focus on leveraging technology in automotive aftersales.

ACCELERATING PERFORMANCE

The 2020 financial year has been humbling. We were pleased to deliver a result that was in line with expectations. We welcomed the opportunity to support our customers during a difficult time.

We refer to accelerating performance because it is a key value that underpins our culture and informs our decisions. We continue to drive our business for the long term, despite the challenges and uncertainty we may face in the near term.

In the period July 2019 to January 2020, we completed the Nissan global EPC roll-out and were negotiating several opportunities across APAC and EMEA. Sales across the Americas were also on the rise, under a reinvigorated sales team.

In February, the world began to change with the spread of COVID-19. Initially our EMEA office was reporting difficulty engaging some customers due to increasing travel restrictions. Border closures quickly followed across the Americas and by the end of March, Infomedia had all 400 (including 100 outsourced) employees around the world working from home around the clock to ensure our customers were supported.

The strategic decisions we have made in FY20 have been intentionally bold to ensure Infomedia is well placed to sustain growth into the future

The strong start to the year underpinned a good result despite delayed revenue opportunities in the second half of the year.

Infomedia's earnings per share (EPS) increased 10% to 5.69 cents per share (cps) up from 5.19 cps in the previous corresponding period (pcp).

Infomedia reported revenue of $94.6 million for the year, an increase of 12% pcp.

Net profit after tax for the year was $18.6 million, an increase of 15% pcp. EBITDA margins increased from 45% to 49% pcp.

JONATHAN RUBINSZTEIN
CEO & Managing Director

BART VOGEL
Chairman

Cash EBITDA, a key internal metric to identify the cash impact of capitalised development costs in reported NPAT, increased 11% to $21.3 million.

Infomedia declared a final dividend of 2.15 cps; a total dividend of 4.30 cps for the 2020 financial year, an increase of 10% pcp.

Infomedia is in a solid financial position with net current assets of $98.0 million for the year. Cash and cash equivalents of $103.9 million includes $83.9 million raised from an institutional placement and share purchase plan completed in May 2020.

We also took quick action to actively engage our global customer base and identify opportunities to support both auto manufacturers and dealers through the most immediate difficulties between April and June 2020.

Across the business we increased our cadence of communication and worked diligently to manage costs and minimise cash impacts. In May 2020, we completed a capital raise of $83.9 million from an institutional placement and share purchase plan; a key initiative in Infomedia's protect and attack strategy.

PROTECT AND ATTACK: PRE-EMPTIVE FIVE PILLAR COVID-19 PANDEMIC RESPONSE

Protect Our Staff & Customers
Global workforce working remotely with 60% on 80/20 flex schedules

Defend the Topline
Sales team engagement intensified to identify challenges and provide solutions

Manage BAU
Increased cadence of virtual communication and collaboration

Manage Costs & Cash
Focus on collections and reduction in discretionary spend

Attack Not Only Protect
Position to fast-track acquisitions, customer growth and upsell

The additional capital raised to fund future growth, remains intact and will allow the company to fast-track our growth strategy towards acquiring quality assets that leverage our core solutions with enhanced technology, access to new customers and entry into new geographies.

NAVIGATING GLOBAL & STEERING LOCAL

By late March, the management team with the full support of the Board implemented a 'protect and attack' strategy to ensure that we could protect the business and our employees, provide support to our customers and also position the business to take advantage of opportunities as they emerged.

Our immediate concern was ensuring our employees were safe and had the essential equipment necessary to work from home. Approximately 60 per cent of the workforce participated in 80/20 flex schedule work arrangements, reducing work hours by roughly one day per week. The remainder, largely our development team, worked on building the next generation of our parts and service product suites.

It became apparent the rapid pace of change impacting our customers provided further endorsement of our strategy as automakers and dealers moved to protect the most profitable area of their businesses, aftersales.

The decline in new car sales from COVID-19 related restrictions provides a catalyst for further adoption by auto manufacturers and dealers of technology that improves productivity and enhances customer relationships in aftersales.

As one of very few global technology companies, specialising in both auto manufacturer parts and service solutions, Infomedia is uniquely placed to capitalise on the disruptive trends and significant challenges facing the automotive industry.


We are reimagining aftersales with a focus on parts, service and data insights
solutions that proactively respond to the emerging trends
of a complex, fragmented industry

DRIVING INNOVATION AND SERVICE

We take an agile approach to strategy. Whether it is innovation, investment, acquisition, or partnership we are pursuing multiple opportunities within each of our core products. Pandemic related restrictions and uncertainty may delay our ability to fully execute in the near term, but our strategy and commitment to innovation in aftersales has not wavered.

Over the past few years, the level of investment in the business has increased to underpin sustainable growth into the future. To remain competitive and position ourselves to take market share, we have continued to invest in developing customer focussed, market leading aftersales technology solutions capitalising on emerging trends. The current environment of rapid change requires all industries to reconsider planning and has presented an opportunity for our customers to think differently about their current aftersales processes.

We understand how declining new car sales, ever-changing customer expectations and rapid technology advancements are impacting our auto manufacturer customers and their dealers. Disruption is changing the customer experience, the operations of a dealership, ownership structures and the interaction with the car itself as a connected, autonomous, or electric vehicle.

These emerging trends, are resulting in an increased focus by auto manufacturers and dealers on leveraging technology in automotive aftersales. Infomedia's global parts, service and data insights solutions can increase aftersales productivity and profitability, improve service levels, and capture and retain deeper customer insight.

BUILDING THE NEXT GENERATION OF AFTERSALES TECHNOLOGY

During FY20, Infomedia embarked one of the largest development projects in the company's history to build the next generation (Next Gen) of our core Microcat electronic parts catalogue (EPC) and Superservice solutions.

We have completely reimagined aftersales based on feedback from our global auto manufacturer and dealer customers to help make parts departments more productive and more profitable with leading-edge innovation and design.

Infomedia's Next Gen technology complements the automotive sales process, enabling a more personalised customer experience and allowing the dealership to capture data insights that are actionable, improve productivity and increase aftersales.

The Next Gen EPC surpasses the functionality of our competitors with innovation that moves beyond a siloed, technical reference tool to an integrated parts selling platform.

We have also been investing in data analytics. As one of very few global software providers in both parts and service, we are in a distinctive and enviable position to leverage information and transaction data that is often trapped in disparate, operational manufacturing and dealership systems.

We believe connecting data silos remains an under-exploited strategy for automakers. We have the technology solutions to create opportunities to drive better customer experiences, define success metrics and grow aftersales profits by connecting information to create additional, actionable insights.

CAPITALISING ON EMERGING TRENDS

- Build the next generation of integrated parts and service platform
- Drive global account strategy to extend brand position
- Partner to expand market coverage and leverage assets into the wider automotive ecosystem
- Acquire assets that give access to new customers, new geographies and increase technology footprint
- Leverage VIN specific data assets to provide actionable insights to our global customers

The Next Gen EPC surpasses the functionality of our competitors with innovation that moves beyond a siloed, technical reference tool to an integrated parts selling platform

SUCCESSFUL CAPITAL RAISE UNDERPINS FUTURE GROWTH

Growth through acquisition is a key initiative in Infomedia's 'protect and attack' strategy. In May 2020, Infomedia completed an $83.9 million capital raise via an institutional placement and share purchase plan (SPP).

We took proactive steps to ensure that both the institutional placement and SPP were structured to balance the best interests of Infomedia's shareholders and the long-term growth of the company.

Approximately 98% of Infomedia's nearly five thousand shareholders were eligible to take up at least their pro rata entitlement at the same price as the institutional placement.

The proceeds from the capital raise will expedite the execution of Infomedia's growth strategy, focussed on enhancing core technology capabilities globally, accessing new customers and increasing Infomedia's breadth and depth in key geographic markets. However, COVID-19 related restrictions are slowing efforts to bring international acquisitions to fruition.

GOVERNANCE

Infomedia's Board is committed to achieving high standards of professional conduct across all of Infomedia's operations. Our Corporate Code of Conduct is a guide for our employees and sets expectations for performance and managing responsibilities. Details of Infomedia's corporate governance framework and policies can be found on the corporate governance section of Infomedia's website: *https://www.infomedia.com.au/governance*

OUTLOOK

The Board remains confident about Infomedia's strategic direction. Infomedia is well placed to emerge from the challenges of FY20 in a much stronger position.

Customer engagement returned through June and July and a backlog of dealer based and large manufacturer contracted deals are expected to rollout and revenue late in 2021. COVID-19 related restrictions are expected to delay sales converting to revenue. Softer revenue growth than experienced in recent periods is anticipated in the first half of the 2021 financial year (1H21). Similarly, protracted travel constraints are slowing efforts to bring international acquisitions to fruition. Subject to restrictions easing, growth in calendar 2021 should re-emerge at a faster pace.

As a result, Infomedia is not providing guidance but is well positioned to sustain growth in the medium term. The focus over the coming months will be pursuing acquisitions, investment in core products, implementing delayed rollouts, training and installations and continuing contract negotiations delayed in the last quarter of the 2020 financial year.

ACKNOWLEDGEMENTS

The Board was delighted to welcome Kim Anderson as a Non-Executive Director in June. Kim brings extensive experience to the role and an excellent knowledge of both the auto industry and technology. Kim will undoubtedly make a positive and substantial contribution to Infomedia into the future.

On behalf of the Board, we again say thank you to all our stakeholders for your support, engagement, and commitment during this extraordinary time. We are committed to emerging from these changing events in a stronger position together.

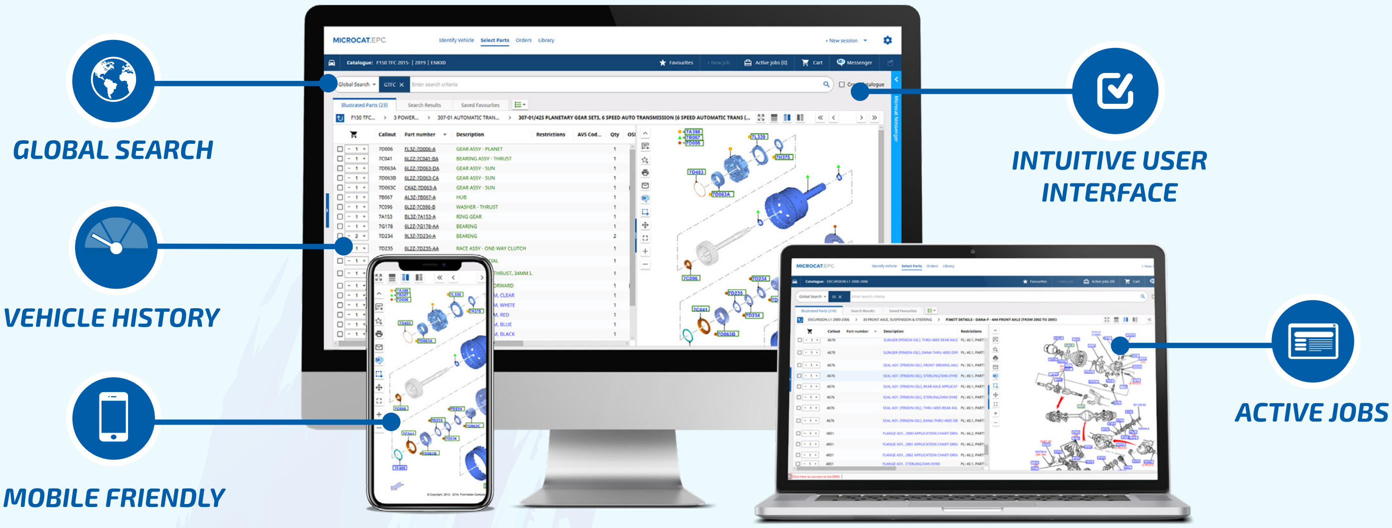
Bart Vogel
Chairman

Jonathan Rubinsztein
CEO & Managing Director

NEXT GEN

MICROCAT EPC™

PARTS SELLING REIMAGINED



In re-imagining the Next Gen EPC to help dealerships grow parts business, we've delivered three new and exciting innovations:

1. ***Upgrade to core Microcat:*** improve the core EPC with very latest technology and features to simplify OEM parts look up and parts ordering.
2. ***Solution Add-ons:*** to improve sales performance with Service data integration, EPC Analytics and purpose built EPC Messaging App.
3. ***Microcat Platform:*** a platform approach that allows the OEM catalogue data to integrate with Collision and Mechanical e-commerce solutions.

"I would definitely recommend the new Microcat EPC. I believe it sets a new standard for Parts Catalogues. It's cutting-edge and an essential tool for my team to be more efficient and profitable. It's a real game changer."

Chris Earle
Parts Manager,
Patterson Cheney Group

SUPERSERVICE™ LEXUS

Bell Lexus North Scottsdale Improves Efficiency with Superservice

Bell Lexus North Scottsdale, a premier dealership in Arizona and the #1 Lexus dealer in the USA for overall service satisfaction, are reporting significant benefits from implementing Superservice multipoint inspection and quoting system in their Service Department.

Productivity and Accountability

Braxton Johnson, the General Manager, saw huge improvements in productivity and performance. Before Superservice, they were held back by the inefficiencies of paper repair orders.

“There was no accountability, no tracking – the only person with the info was the person holding the RO. Superservice shattered all of the inefficiencies and provides excellent accountability,” said Johnson.

Collaboration between Departments

His team uses Superservice primarily as a shop management tool. “It gives us the ability to easily visualise a vehicle throughout the entire service process using the dashboard,” said Johnson. He believes this improves productivity between the workshop and parts department, by communicating and collaborating more efficiently.

Professional and Transparent

They also use Superservice as a customer-facing tool. “It provides a very professional, consistent and transparent customer experience. Customers really appreciate when our staff add photos to support additional repair quotes,” Mr Johnson said.

Outstanding Support from the Infomedia Team

One of the main reasons Johnson selected Superservice, is the “ease of use” and the ability to customise and tailor it to their specific needs. “Infomedia provides ease of access to important people in the organisation that can listen to their customers. The customisation of the system to suit our process was really important, it made the adoption of the system easy for our staff,” added Johnson.

“The onboarding experience was outstanding. The Infomedia team supplied a sufficient number of trainers for our large staff (12 advisors, 5 parts people and 30 technicians). They were very knowledgeable trainers and stayed until we were ready to fly – which is very important,” he concluded.

BART VOGEL BCom (Hons), FCA, FAICD
Independent Non-Executive Chairman

Mr Vogel was appointed to the Infomedia Board of Directors on 31 August 2015 and was appointed as Chairman on 1 October 2016. He serves on the Remuneration, People & Culture Committee and the Technology & Innovation Committee.

Mr Vogel also serves as Chairman of Invocare Limited (ASX:IVC) and is a Non-Executive Director of Macquarie Telecom Group Limited, (ASX:MAQ) Communications Pty Ltd and the Children's Cancer Institute of Australia. His executive career included CEO roles with Asurion Australia, Lucent Technologies (Australia and Asia Pacific) and Computer Power Group. Mr Vogel has more than 20 years' experience in the management consulting industry as a partner with Bain & Company, A.T. Kearney and Deloitte.

JONATHAN RUBINSZTEIN BCom (Hons), MBA, FAICD
Chief Executive Officer (CEO) & Managing Director

Mr Rubinsztein commenced as CEO & Managing Director on the Board of Infomedia in March 2016. He has a proven track record of leading high-performance teams in the technology sector.

Mr Rubinsztein was a founding partner, CEO and shareholder of UXC Red Rock Consulting. He also served as a founding Director of RockSolid SQL, a private technology company specialising in automated data management solutions. He has been involved in a number of Private Equity Investments in the global technology sector. Mr Rubinsztein is also on the Advisory board of the Missionvale charity based in Port Elizabeth, South Africa, and a Director of Australian based, not-for-profit ticketing platform, Humanitix.

KIM ANDERSON BA, PGDip LISc., MAICD
Independent Non-Executive Director

Ms Anderson was appointed to the Infomedia Board of Directors on 15 June 2020. She currently serves as Chair of the Remuneration, People & Culture Committee, with effect from 1 July 2020. She also serves as a member of the Audit & Risk Committee. Ms Anderson has more than 30 years' experience as a CEO and senior executive in a range of media companies including Southern Star Entertainment, PBL and Ninemsn and Reading Room Inc (bookstr.com) of which she was CEO and founder. Ms Anderson holds a Bachelor of Arts from the University of Sydney and a Graduate Diploma in Library Information Science from UTS.

Ms Anderson is currently a Non-Executive Director of Carsales (ASX:CAR), WPP AUNZ (ASX:WPP), Marley Spoon AG (ASX:MMM), and the Sax Institute, a national leader in promoting the use of research evidence in health policy. She is a former Fellow of the University of Sydney Senate.

PAUL BRANDLING, BSc (Hons), MAICD
Independent Non-Executive Director

Mr Brandling was appointed to the Infomedia Board of Directors on 1 October 2016. He serves as Chair of the Technology & Innovation Committee and is a member of the Audit & Risk Committee.

Mr Brandling has over 30 years' experience in the local and international technology sector. He previously held the position of Vice President and Managing Director of Hewlett-Packard South Pacific from 2002 to 2012. Prior to that time, Mr Brandling was Vice President and Managing Director of Compaq South Pacific between 2000 and 2002. Mr Brandling was also a member of the International CEO Forum (Australia) from 2001 to 2012 and served as a Director of the Australian Information Industry Association (AIIA) from 2002 to 2011.

Mr Brandling began his career as an engineer in the motor industry working for major automotive manufacturers in both Europe and Australia. Mr Brandling currently serves as Chairman of Integrated Research Ltd (ASX:IRI).

CLYDE McCONAGHY BBus, MBA, FAICD
Independent Non-Executive Director

Mr McConaghy was appointed to the Infomedia Board of Directors on 1 November 2013. Mr McConaghy currently serves as member of the of the Remuneration & Nominations Committee and as a member of the Audit & Risk Committee.

Mr McConaghy has over 20 years' experience in the automotive and related industries, as an executive and board director of private and public listed companies encompassing automotive, technology, publishing and media companies.

Mr McConaghy was a Director of The Economist Intelligence Unit and LSX-listed World Markets Research Centre's Automotive Divisions. He also held several senior positions in BMW Australia, including Dealer Network Marketing Manager and National Advertising Manager. He was also Account Director for Nissan and Mobil at Mojo MDA/ InTouch Marketing.

He is currently a Director of Serko Ltd (ASX:SKO) and MindGardens Neuroscience Network.

ANNE O'DRISCOLL FCA, GAICD, ANZIIF (Fellow)
Independent Non-Executive Director

Ms O'Driscoll was appointed to the Infomedia Board of Directors on 15 December 2014. She serves as Chair of the Audit & Risk Committee and is a member of the Remuneration & Nominations Committee.

Ms O'Driscoll has over 35 years of business experience, having qualified as a chartered accountant in Ireland in 1984. She was CFO of Genworth Australia from 2009 to 2012 and spent over 13 years with Insurance Australia Group in a range of roles following her chartered accounting experience at PwC and Deloitte.

Ms O'Driscoll also serves as Chairman of FINEOS Corporation Holdings plc (ASX:FCL), and as a Non-Executive Director of Steadfast Group Limited (ASX:SDF), Commonwealth Insurance Limited and MDA National Insurance Pty Ltd.

The Directors present their report, together with the consolidated financial report of Infomedia Ltd (the 'Company') and its subsidiaries (together referred to as 'Infomedia' or the 'Group') for the financial year ended 30 June 2020, along with the independent auditor report.

Information is only being included in the 2020 Annual Report to the extent it has been considered material and relevant to the understanding of the financial performance and financial position of the Group.

A disclosure is considered material and relevant if, for example:

- the dollar amount is significant in size (quantitative factor);
- the dollar amount is significant by nature (qualitative factor);
- the Group's results cannot be understood without the specific disclosure (qualitative factor);
- it is critical to allow a user to understand the impact of significant changes in the group's business during the period such as business acquisitions (qualitative factor);
- it relates to an aspect of the Group's operations that is important to its future performance.

COMPANY OVERVIEW

Infomedia Ltd is a global technology solutions company incorporated in New South Wales, Australia. The Company is headquartered in Sydney (NSW Australia) with regional offices in Melbourne (VIC Australia), Cambridge (ENG United Kingdom) and Detroit (MI USA), serving the company's global automotive manufacturing and dealership customers all around the world.

PRINCIPAL ACTIVITIES

During the 2020 financial year, the principal activities of Infomedia Ltd consisted of:

- the development and supply of Software as a Service (SaaS) offerings, including electronic parts catalogues and service quoting software systems, for the parts and service sectors of the global automotive industry; and
- information management and provision of data analytics to assist automakers and dealers optimise operations, grow sales and improve customer retention.

FINANCIAL AND OPERATING OVERVIEW

Infomedia reported revenue growth of 12% to $94.618 million for the year ended 30 June 2020 (FY20), compared with revenue of $84.598 million in the prior financial year. Cash EBITDA, a key internal measure for the business, increased 11% to $21.251 from $19.111 million in the prior year. Net profit after tax (NPAT) was $18.556 million, up 15% from $16.122 million.

Business engagement slowed from February 2020 as COVID-19 related restrictions were implemented around the world. Strong revenue growth was reported in APAC from contract wins in core parts and service products and the completion of the global Nissan EPC rollout. The EMEA region started the year with several advanced contract negotiations. The Americas had a strong start to the second half of the financial year benefitting from changes implemented under a reinvigorated sales team. COVID-19 related restrictions across the Americas impacted training and installations and delayed new revenue in the second half of the financial year.

Infomedia responded quickly to the pandemic by implementing a 'protect and attack' strategy in March 2020 to protect the business and employees, and support customers. Payment concessions and extensions were granted to some customers on a case by case basis in each region.

A rapid and effective shift to work from home arrangements meant that the build, pilot and launch of Infomedia's Next Gen products were not delayed.

	2020 $'000	2019 $'000	Movement
Revenue (a)	**94,618**	84,598	12%
EBITDA (b)	**46,049**	38,041	21%
Development costs capitalised	**(21,910)**	(18,969)	16%
AASB 16 rent adjustment	**(2,069)**	-	
Unrealised foreign currency exchange (gains)/losses	**(819)**	39	
Cash EBITDA	**21,251**	19,111	11%
NPAT	**18,556**	16,122	15%
Earnings per share (cents)	**5.69**	5.19	10%
Final dividend (cents)	**2.15**	2.15	
Total annual dividend per share (cents)	**4.30**	3.90	10%

(a) Revenue details

By geographical location (local currency)	2020 '000	2019 '000	Movement
Worldwide revenue (AUD)	**94,618**	84,598	12%
Asia Pacific (AUD)	**29,029**	22,797	27%
EMEA (EUR)	**22,071**	21,650	2%
Americas (USD)	**19,693**	20,003	(2%)

(b) Reconciliation of EBITDA to NPAT

	2020 $'000	2019 $'000	Movement
EBITDA	**46,049**	38,041	21%
Add /(Less)			
Changes in contingent consideration	**521**	4,262	
Net finance costs	**(733)**	(1,098)	
Depreciation, amortisation and impairment	**(20,858)**	(20,148)	4%
Income tax expense	**(6,423)**	(4,935)	
NPAT	**18,556**	16,122	15%

BUSINESS OBJECTIVES AND STRATEGIES

Infomedia is an Australian-based, global technology solutions company that develops business critical, VIN-specific, aftersales electronic parts catalogues, service software, data analytics and business insights for the global automotive industry. Infomedia is one of very few global providers of integrated parts and service software (SaaS) products to global automotive manufacturers and their dealers.

The Company's core parts and service, data analytics and business insights products support both the manufacturer and dealer meet their key objectives to sell more automaker branded parts and retain customers to their brands through competitive pricing and service. As a result of declining new car sales in recent years, auto manufacturers and dealers are increasingly focussed on the most profitable segments of the value chain; growing genuine parts and service aftersales and retaining customers to their brands from one purchase to the next.

Infomedia's software is developed to specific requirements with original manufacturer genuine parts and service data that is accurately priced and specific to each vehicle identification number (VIN). Our products are available in 29 languages and 186 countries and licensed direct to the manufacturer, the national sales company and the dealer.

Infomedia is governed by a set of core values and will continue to pursue its financial and strategic objectives to deliver sustainable, long-term performance for Infomedia's shareholders by leveraging our key assets. The challenges of the last year have firmed our conviction and commitment to the strategic objectives outlined below and discussed in detail in the Chairman & CEO Report.

Infomedia aims to be the leading software provider to the automotive aftersales market

Infomedia's Core Values

Together we create success by:

Accelerating Performance
Action orientated and accountable

Driving Innovation & Service
Technology leadership to empower customers

Navigating Global, Steering Local
A global approach with local execution

Having Fun in the Fast Lane
Balance hard work with a positive attitude

Our purpose is create sustainable success and opportunity for our customers, our shareholders and our employees

Customers
We drive to make our customers successful and meet their key objectives

Shareholders
We deliver superior and sustainable market returns

IFM Team
We create an inspiring and innovative culture to attract the best people and deliver products that add value

We will deliver on our purpose by executing a strategy focussed in these core areas

Strengthen the Core
- Global sales focus & sustained investment in our core parts, service and data insights products
- Scale core to build Automaker VIN specific market leadership

Expand our Core
- Continue to leverage geographic reach and invest in data insights assets
- Build on global sales and marketing excellence to target new customers in the automotive ecosystem

Acquire
- Scale new functionality, customer relationship or market depth to be first to market with compelling product

OUTLOOK

The Board remains confident about Infomedia's strategic direction. Infomedia is well placed to emerge from the challenges of FY20 in a much stronger position.

Customer engagement returned through June and July and a backlog of dealer based and large manufacturer contracted deals are expected to rollout and revenue late in 2021. COVID-19 related restrictions are expected to delay sales converting to revenue. Softer revenue growth than experienced in recent periods is anticipated in the first half of the 2021 financial year (1H21). Similarly, protracted travel constraints are slowing efforts to bring international acquisitions to fruition. Subject to restrictions easing, growth in calendar 2021 should re-emerge at a faster pace.

As a result, Infomedia is not providing guidance but is well positioned to sustain growth in the medium term. The focus over the coming months will be pursuing acquisitions, investment in core products, implementing delayed rollouts, training and installations and continuing contract negotiations delayed in the last quarter of the 2020 financial year.

RISKS

Infomedia is subject to risks which may have a material adverse effect on operating and financial performance. The Group adopts a risk management process which is an integral part of the Group's corporate governance structure, and applies risk mitigation strategies where feasible. Despite best efforts, some risks remain outside Infomedia's control. Some of the key risks (in no particular order and non-exhaustively) include:

Risk	Description	Risk management strategies
COVID-19	• The COVID-19 'Coronavirus' pandemic has led governments, authorities and communities to take actions to suppress infection and provide financial support that are unprecedented in recent history • COVID-19 has, and continues to have, broad scale macro-economic impacts. The scale and extent of these impacts, and the knock-on effects for Infomedia's business continue to emerge and remain uncertain • New car sales have remained volatile since the global spread of the virus which may lead to financial distress and/or consolidation within the automotive industry • Lower mileage on vehicles when economic activity is restricted may cause a temporary lower demand for vehicle servicing and repairs • Credit risk in the form of delayed or non-payment by customers	• Infomedia has supported loyal customers with various initiatives to foster deeper, long-term, relationships • Continued focus on Infomedia's core solutions aimed at the aftersales parts and servicing space. The after sales space has potential to become a key revenue driver for OEM's as new car sales remain volatile for the foreseeable future
Loss of key licence agreements	• Continued access to Original Equipment Manufacturer ('OEM') parts information is integral to several of the Group's product lines	• Management of key account relationships • Continued investment to sustain market leading products • Customer centric design to identify and adapt solutions to meet evolving customer requirements

Loss of key customers	• The relatively concentrated automotive industry leads to a degree of revenue concentration	• Global account management strategy • Continuing focus on diversifying Infomedia's customer base to reduce concentration • Participation in industry forums and other marketing opportunities to ensure prominent industry positioning • Adding value to the customer solutions in order to remain as a technology of choice
Competitive risk	• Risk from existing and new market entrants	• Focus on client satisfaction via continuous improvements in delivery of high-speed, high uptime solutions with evolving feature sets and intrinsic value propositions • Leveraging accrued experience and capability in the sector with a global reputation as a leading solutions provider in the parts and service space • Regional leaders charged with maintaining key relationships with OEM clientele and maintaining detailed account management plans
Product obsolescence or substitution	• Products do not keep pace with developments in market needs or technological advancements • Competitors or OEMs may develop superior products	• Close monitoring of market developments and direction and OEM strategies • Continued investment in research and development to sustain market leading position • Continuous upgrading of product platforms to meet technological advancements
Product outages caused by software or hardware errors	• Customer dissatisfaction with the Company's software products which fail to facilitate their critical business operations • Customers cancel subscriptions or switch to competitive solutions	• Real time monitoring of the Company's software products and online hosting environments to identify and correct errors quickly • Robust product design and quality assurance testing
Intellectual property risk	• Protecting integrity of Infomedia's data assets	• Network and product security measures • Monitoring to identify and limit unauthorised access • Legal restraints
Cyber risk, privacy & data sovereignty	• Risk of targeted cyber-attack against Company assets • Unauthorised access to or loss of customer data including personally identifiable data • Increasingly onerous regulatory environments governing use and cross border transfer of data (e.g. European General Data Protection Regulation)	• Information security management system certification aligned to ISO27001 • Dedicated internal resources to monitor and address cyber and information risks as and when they arise • Measures and tools to detect and prevent unauthorised access to Company IT assets • Robust redundancy measures allowing compromised environments to be seamlessly severed and replaced • Re-architecture of hosting environments to support regulatory requirements relevant to customers • Internal compliance program including training for all employees on relevant data security and privacy laws
People risk	• Loss of key executives • Loss of key customer relationships	• Multiple touch points with key customers as part of relationship management • Appropriate incentives and career development opportunities for key executives and senior management • Identification and management of high potential employees
Disputes and Litigation	• Litigation and disputes arising in the ordinary course of business resulting in economic and internal resource allocation cost and damage to key relationships with customers, suppliers or other stakeholders	• Engagement of appropriately skilled executives to identify and mitigate legal and commercial risk • Maintenance of an appropriate insurance program

Foreign exchange risk	• A significant proportion of Infomedia's revenue is derived in foreign currencies (primarily Euros and USD). Adverse exchange rates movements may have an adverse impact on Infomedia's future reported financial performance. • Use of hedging instruments to limit downside risk may also limit upside risk where a favourable exchange rate movement occurs. This may dampen economic performance which might otherwise be anticipated	• Keeping minimal net holdings of, and exposure to, currencies other than the main operating currency (the Australian dollar). This involves monitoring both revenues and expenses being transacted in each currency • Use of instruments to hedge or limit extreme movement in exchange rates
General market risk	• Market conditions may affect the value of Infomedia's quoted securities, regardless of its operating performance	• Whilst no Company specific mitigations are available for a general market downturn led by macro-economic circumstances, the Company adheres to continuous disclosure obligations to keep shareholders informed of business impacts and strategies to limit impact
Adverse changes to, or interpretations of taxation laws	• Future changes in taxation laws in jurisdictions in which Infomedia operates, including changes in interpretation or application of the law by the courts or taxation authorities, may impact the future tax liabilities of Infomedia • Interpretation and the application of certain aspects of tax legislation are judgmental and authorities may disagree with Infomedia's self-assessment	• Utilising external advisory services to review tax risks and advise on tax related issues • Improvements in internal capacity and capability to assess and respond to taxation matters

The Directors present Infomedia's Remuneration Report for the financial year ended 30 June 2020 ('FY20').

The Remuneration Report ('Report') is structured as follows:

Table 1 – Structure of Remuneration Report

Section	Details
1	KEY MANAGEMENT PERSONNEL (KMP)
2	REMUNERATION GOVERNANCE
3	INFOMEDIA'S PURPOSE AND STRATEGIC PRIORITIES
4	EXECUTIVE KMP REMUNERATION STRUCTURE AND PHILOSOPHY
5	EXECUTIVE KMP REMUNERATION DETAILS
6	NON-EXECUTIVE DIRECTOR REMUNERATION
7	NON-EXECUTIVE DIRECTORS' REMUNERATION DETAILS
8	ADDITIONAL INFORMATION
9	LOOKING FORWARD TO FY21

1. KEY MANAGEMENT PERSONNEL (KMP)

This Report outlines Infomedia's remuneration philosophy, framework and FY20 outcomes for all key management personnel ('KMP'), including all Non-Executive Directors and the Executive KMP (being the Chief Executive Officer & Managing Director ('CEO & Managing Director') and the Chief Financial Officer ('CFO'). KMP are those persons having authority and responsibility for planning, directing and controlling the activities of Infomedia.

The following persons were KMP during FY20:

Table 2 – Independent Non-Executive Directors

Current Directors	Date of appointment
Bart Vogel	31 August 2015
Kim Anderson	15 June 2020
Paul Brandling	1 October 2016
Clyde McConaghy	1 November 2013
Anne O'Driscoll	15 December 2014

Table 3 – Executive KMP

Current Executives	Role	Date of appointment
Jonathan Rubinsztein	CEO & Managing Director	14 March 2016
Richard Leon	CFO	29 March 2016

2. REMUNERATION GOVERNANCE

The Report has been prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 124 Related Party Disclosures. The term 'remuneration' as used in this Report has the same meaning as 'compensation' as defined in AASB 124.

Remuneration is a technical subject in the current regulatory and reporting environment. In writing this Report, the aim is to present information in a way that is easily understood and aligned to legal reporting obligations.

Who is responsible for presenting this Remuneration Report?	The Remuneration, People & Culture Committee (the 'RPC Committee' or the 'Committee') of the Board presents this Remuneration Report on behalf of Infomedia Ltd (the 'Company').
Who are the members of the Committee?	The RPC Committee consists of three independent Non-Executive Directors. During the period to 30 June 2020 the Committee membership was comprised of Clyde McConaghy (Committee Chairman), Anne O'Driscoll and Bart Vogel.
Committee membership in FY21	The RPC Committee has been restructured with effect from 1 July 2020, with Kim Anderson assuming the role of Chair of the Remuneration People & Culture Committee. Mr McConaghy remains a member of the Committee.
What role does the Committee play?	The Committee is responsible for providing advice and making recommendations to the Board on a range of matters, including: • **Remuneration:** o remuneration policy and practices relevant to employees, including Executive KMP and the Non-Executive Directors; o the composition and quantum of remuneration, bonuses, incentives and any remuneration outcomes relating to Executive KMP and other senior management personnel; and o the Remuneration Report and processes supporting its preparation. • **People:** o formulation and review of policies and practices referable to Company employees; o succession planning for the Company's future leaders, talent pipeline and people development processes to ensure growth and sustainability; o executive leadership team appointments and development; and o the health and wellbeing of employees. • **Culture:** o expansion and assessment of a culture of inclusion and diversity; o people programs to develop and support a high-performing culture aligned with the Company's purpose and core values; and o corporate governance processes relating to people. The Committee operates in accordance with its charter, a copy of which is available on the Company's website at: https://www.infomedia.com.au/investors/corporate-governance/remuneration-committee-charter/

a. External remuneration advisory services

The RPC Committee, subject to Board approval, directly engages with and considers market remuneration data from external remuneration consultants as required. During the period the Committee engaged with Guerdon Associates to review the Company's long-term incentive structure for Executive KMP and Infomedia senior management personnel. Effective in FY20 the Company has implemented a series of refinements to the Executive KMP remuneration framework based on the results of the Guerdon review.

No remuneration recommendations as defined by the Corporations Act 2001 were provided by Guerdon Associates.

b. Prior year Remuneration Report – AGM outcome

The Company's FY19 Remuneration Report was approved at the 2019 Annual General Meeting ('AGM') with 98.77% of votes cast in favour of the resolution. No comments were made on the Remuneration Report at the meeting.

3. INFOMEDIA'S PURPOSE AND STRATEGIC PRIORITIES

The Company's core values, key strategies and purpose, articulated in the graph set out on page 15, are key considerations when designing and implementing the executive remuneration framework.

4. EXECUTIVE KMP REMUNERATION STRUCTURE AND PHILOSOPHY

Infomedia's remuneration framework aligns executive reward with the achievement of strategic objectives and shareholder returns. The performance of the Company relies upon the quality of its Directors and executives to lead the organisation. The Company must attract, motivate and retain skilled Directors and executives to deliver on key strategic goals. Compensation must be competitive and appropriate for the results delivered. During the reporting period the Company applied the following philosophy when setting its remuneration framework.

Table 4 – Executive KMP remuneration structure

	Total potential remuneration		
	Fixed remuneration	At risk remuneration	
Element	**Fixed annual remuneration**	**Short term incentive ('STI')**	**Long term incentive ('LTI')**
Indicative total potential Executive KMP remuneration mix[(a)]	40% of Total remuneration package	30% of Total remuneration package	30% of Total remuneration package
Performance conditions	Base level of reward set around the Australian market median using external benchmark data. Set in the context of the relative skills, experience and responsibility assigned.	At risk remuneration linked to a combination of Infomedia's overall financial performance gateways and individual performance goals. Financial measures include Cash EBITDA and Group Revenue growth. Non-financial measures include specific strategic objectives relating to regional operations, merger and acquisitions and enhancing the depth, strength and cohesion of the executive team.	***Share Appreciation Rights options ('SARs') and Performance rights ('Rights'):*** Vesting after three years, subject to achievement of performance hurdles aligned to compound annual growth rate ('CAGR') in earnings per share ('EPS') targets determined by the Board. At the time each LTI offer is made, executives can elect to accept either SARs, Rights or a combination of both.
Link to strategy	Fixed remuneration is set at market levels to attract and retain individuals with the necessary skills, experience and talent to pursue strategic goals.	Executive KMP rewarded subject to delivery of Company financial performance in the form of 'STI Gateways' which in FY20 were linked to Cash EBITDA performance and Group Revenue growth. Executive KMP are set appropriate key performance indicators ('KPI') and objectives which are both financial and non-financial in nature, including appropriate stretch goals. KPIs are aligned to strategic goals and creation of shareholder value. STIs are useful to reward in year performance and achievement of goals linked to short and medium-term strategic objectives.	The LTI ensures alignment between the long-term performance of the Company and creation of shareholder value. LTI acts as a valuable part of the remuneration mix to retain key talent and to reward executives for performance over an extended period. The SARs encourage delivery of capital appreciation over the period, whilst the Rights encourage greater focus on total shareholder returns. The intrinsic value of the SARs and the Rights granted to Executive KMP increases or decreases depending on the Company's trading share price.
More information	See section 4.a below	See section 4.c below	See section 4.d below

Footnote to Table 4

(a) The remuneration mix applies in respect of maximum potential remuneration or the 'total remuneration package'. The remuneration mix is indicative of the overall philosophy and varies slightly between remuneration elements for the Executive KMP. Where this is so, it has been noted in Table 5 and Table 6 below summarising the terms of engagement for each Executive KMP, including the monetary amounts attaching to each element.

a. Employment terms

Table 5 – Employment terms of CEO & Managing Director

Term	Conditions
Service commence date	14 March 2016
Contract duration	Ongoing with no specified end date
Remuneration package	Jonathan Rubinsztein's FY20 total potential remuneration package was $1,500,000 made up of the following components: ***Fixed remuneration*** $535,000 per annum inclusive of superannuation, representing 36% of total potential remuneration. ***STI*** $0 to $395,000 based on performance and payable in cash, representing 26% of total potential remuneration. ***LTI*** LTI opportunity of $570,000 per annum, representing 38% of total potential remuneration. The LTI is conferred in the form of Share Appreciation Rights ('SARs') and/or Performance Rights ('Rights'), as elected by the Executive. 826,086 SARs were issued to Mr Rubinsztein in FY20, such grant being approved by shareholders at the Company's 2019 Annual General Meeting. The SARs vest following release of the Company's FY22 results, subject to attainment of performance hurdles linked to compound annual growth in earnings per share over the performance period. Further details about the LTI, including LTI vesting outcomes for FY20 are described below in section 4.d.ii and 4.d.iii.
Termination by executive	Six months written notice; or One month if the Company materially diminishes the executive's duties without consent or directs the executive not to perform work for a period greater than six months. In this circumstance the executive is entitled to redundancy entitlements as outlined below.
Termination by Company for cause	The Company may immediately terminate the service agreement without notice, or any payment in lieu of notice in certain circumstances including material breach, conduct having a material adverse effect on the Company's reputation, or if the executive commits an act justifying termination at common law, becomes bankrupt or is absent from work for more than three months in any 12-month period without approval. Entitlements will be paid until the date of termination only.
Termination by Company (other)	Six months written notice or six months payment in lieu of notice (or a combination of notice and payment in lieu of notice).
Redundancy entitlements	In addition to notice, the executive is entitled to 12 months fixed annual remuneration inclusive of any statutory redundancy payments plus any accrued but unpaid STI and LTI or other incentive to which the executive would have been entitled, had the executive remained employed to the end of the relevant notice period.
Post-employment restraints	12 months non-compete and non-solicitation.
External directorships	Not permitted without written consent of the Board.

Table 6 – Employment terms of CFO

Term	Conditions
Service commence date	29 March 2016
Contract duration	Ongoing with no specified end date
Remuneration package	Richard Leon's FY20 total potential remuneration was $835,502 made up of the following components: ***Fixed remuneration*** $329,702 per annum inclusive of superannuation, representing 39% of total potential remuneration. ***STI*** $0 to $205,800 based on performance and payable in cash, representing 25% of total potential remuneration. ***LTI*** LTI opportunity of $300,000 per annum, representing 36% of total potential remuneration. The LTI is conferred in the form of Share Appreciation Rights ('SARs') and/or Performance Rights ('Rights'), as elected by the Executive. 434,782 Share Appreciation Rights were issued to Mr Leon in FY20, such grant being approved by shareholders at the Company's 2019 Annual General Meeting. The SARs vest following release of the Company's FY22 results, subject to attainment of performance hurdles linked to compound annual growth in earnings per share over the performance period. Further details about the LTI, including LTI vesting outcomes for the FY20 are described below in section 4.d.ii and 4.d.iii.
Termination by executive	Three months written notice.
Termination by Company for cause	The Company may immediately terminate the service agreement without notice, or any payment in lieu of notice in certain circumstances including material breach, conduct having a material adverse effect on the Company's reputation, or if the executive commits an act justifying termination at common law, becomes bankrupt or is absent from work for more than three months in any 12-month period without approval. Entitlements will be paid until the date of termination only.
Termination by Company (other)	Three months written notice or three months payment in lieu of notice (or a combination of notice and payment in lieu of notice).
Redundancy entitlements	In addition to notice, the executive is entitled to 12 months fixed annual remuneration inclusive of any statutory redundancy payments.
Post-employment restraints	12 months non-compete and non-solicitation.
External directorships	Not permitted without written consent of the CEO.

b. Company performance

Table 7 outlines Infomedia's performance delivered over the past five years.

Table 7 – Key financial performance indicators

	2020	2019	2018	2017	2016
Revenue ($'000)	**94,618**	84,598	72,935	70,474	68,087
Net profit after tax ($'000)	**18,556**	16,122	12,897	11,953	10,323
EBITDA ($'000)	**46,049**	38,041	29,050	25,219	20,897
Cash EBITDA ($'000)	**21,251**	19,111	10,477	11,652	n/a
Earnings per share ('EPS') (cents)	**5.69**	5.19	4.16	3.85	3.33
Dividends per share, excluding special dividend (cents)	**4.30**	3.90	3.10	2.90	2.65
Share price at 30 June ($)	**$1.72**	1.70	0.96	0.73	0.69

Infomedia has adopted adjusted earnings before interest, tax, depreciation and amortisation ('Cash EBITDA') as a key measure for the FY20 STI Gateway for Executive KMP and also as a core KPI for the Executive KMP.

Cash EBITDA acknowledges the cash impact of investing in development costs that are capitalised.

The Company believes Cash EBITDA offers a more transparent view of the underlying level of activity and investment in products. By stripping out the financial impact of capitalised development costs, Cash EBITDA gives a clearer indication of the actual cash operating costs incurred during the financial year. Accordingly, management are directly measured and accountable for their management of costs which translates into improved bottom line results for shareholders in current (improved EBITDA) or future periods (via reduced future amortisation expenses), depending on the actual timing and accounting treatment of capitalised development costs actually incurred during the financial year.

The reconciliation of NPAT to Cash EBITDA is provided in Table 8 below. As Cash EBITDA was introduced as a new financial measure from 2017 onwards, no comparatives are provided for FY16.

Table 8 – Reconciliation of NPAT to Cash EBITDA

	2020 $'000	2019 $'000	2018 $'000	2017 $'000
NPAT[a]	**18,556**	16,122	12,897	11,953
Add/(less): Changes in contingent consideration[a]	**(521)**	(4,262)	-	-
Net finance costs/(income)[a]	**733**	1,098	564	(36)
Depreciation, amortisation and impairment[a]	**20,858**	20,148	12,824	9,717
Income tax expense	**6,423**	4,935	2,765	3,585
EBITDA[a]	**46,049**	38,041	29,050	
Development expenses capitalised	**(21,910)**	(18,969)	(18,463)	(13,715)
AASB 16 rent adjustment	**(2,069)**	-	-	-
Unrealised foreign currency translation gains/(losses)	**(819)**	39	(110)	148
Cash EBITDA[a]	**21,251**	19,111	10,477	11,652

Footnote to Table 8

(a) In accordance with remuneration governance principles, and where applicable, the Company applies underlying performance measures which exclude non-trading income and expenses in determining the vesting outcomes for variable remuneration components. During the period, the Company reassessed the contingent consideration referable to the Microcat CRM acquisition, resulting in a net change to NPAT of $0.521 million via a reduction in contingent consideration previously provided for.

c. Short term incentive outcomes

Table 9 – KPIs and FY20 performance outcomes for the CEO & Managing Director and the CFO

Performance metrics	Weighting	Payout ratios	FY20 performance outcome/payout ratio[b]
CEO & Managing Director KPIs and FY20 performance outcome			
Financial Cash EBITDA targets Group Revenue growth	60%	**Where targets are met or exceeded:** Sliding scale payment between 75%-125%[a] Sliding scale payment between 80%-120%[a] **Where targets are not met:** 0%	Partially met 75% 100%
Non-financial[c] Strategic growth projects Regional development projects Operational projects to strengthen the management team	40%	**Where targets are met or exceeded:** Sliding scale payment between 60%-120%[a] **Where targets are not met:** 0%	Partially met 81%
Total	100%		85%
Financial Cash EBITDA targets Group Revenue growth	60%	**Where targets are met or exceeded:** Sliding scale payment between 75%-125%[a] Sliding scale payment between 80%-120%[a] **Targets not met:** 0%	Partially met 75% 100%
Non-financial[c] Strategic growth projects Operational projects	40%	**Where targets are met or exceeded:** Sliding scale payment between 60%-120%[a] **Where targets are not met:** 0%	Partially met 68%
Total	**100%**		**80%**

Footnote to Table 9

(a) Stretch targets apply to financial objectives only. Despite the stretch targets, the total maximum potential STI achievement is capped at 100% of the CEO & Managing Director's and the CFO's STI opportunity of $395,000 and $205,800 per annum respectively.

(b) Group Revenue growth targets were achieved at 101% and Cash EBITDA targets were achieved at 90%, the latter falling below the gateway qualification of 92% of targeted Cash EBITDA. After consideration of the relative performance of the Company during the period, the Board elected to apply positive discretion in determining STI outcomes, lifting achievement of Group Revenue to 102% of target and Cash EBITDA to 92% of target. However, noting the application of accelerator payments in respect of Group Revenue outcomes above 100% achievement, the Board also exercised negative discretion to scale back accelerator payments to 0%.

More specifically, the adjustments applied in determining STI outcomes took the following matters into account:

(i) inclusion of foregone revenue attributable to temporary COVID-19 related discount relief extended to some customers. This discretion was applied on the basis that management have secured the relevant recurring revenue streams which will benefit shareholders in future periods, and which would have otherwise been realised in FY20, but for the unforeseen impact of COVID-19. This adjustment resulted in Group Revenue achievement of 102% which would ordinarily result in an STI payout of 110% of target, however as noted above, the Board elected to wind the accelerator payment back to 0%; and

(ii) reversal of cost savings realised from implementation of the Company's '80/20 flex schedule', applicable to a limited cohort of Infomedia employees during the relevant period of April, May and June 2020. The '80/20 flex schedule' arrangements involved a 20% reduction in working hours for a portion of Infomedia staff in response to business disruption and uncertainty arising from the COVID-19 pandemic.

(c) The scope of disclosure made regarding Executive KMP performance targets is limited as the Board has formed the view that disclosure of further detail would result in unreasonable prejudice to the entity by signalling key strategies to competitors, suppliers and/or customers, thereby strengthening those parties' position relative to the Company.

Table 10 – Executive KMP FY20 STI outcome

Executive KMP	Maximum STI potential $	Actual STI Awarded $	Actual STI awarded as % of maximum STI potential %	STI forfeited as % of maximum STI potential %
Jonathan Rubinsztein	395,000	335,750	85%	15%
Richard Leon	205,800	163,611	80%	20%

d. Long term incentive

i. Long term incentive framework FY20

Key purpose	The purpose of the LTI program is to link Executive KMP performance with long term shareholder wealth creation. The details of the FY20 Executive
Who participates?	Executive KMP participate in the scheme described in this Remuneration Report. Other senior management in the Company are also eligible to participate in the scheme.
How was the current Executive KMP LTI program devised?	The Executive KMP LTI program was devised in consultation with external remuneration consultants in 2019 to replace the Company's former LTI framework which was implemented in 2016.
How does the revised LTI scheme differ from the former scheme?	The former LTI model utilised a combination of Performance Options and Performance Rights, issued in advance for a three-year period. The revised program has reverted to a series of rolling annual grants with a three-year performance period in line with broadly accepted market practice. The revised program also has the added advantages of (i) providing greater optionality to Executives by allowing them to elect the form in which their LTI Award Opportunity is allocated; and (ii) replacing traditional Performance Options with Share Appreciation Rights ('SARs'). SARs provide similar leverage to a traditional Performance Option, however eliminating the requirement for the Executive to pay a 'strike' price at exercise.
Why was EPS chosen as the relevant performance hurdle for the LTI scheme?	Earnings per share ('EPS') is directly linked to shareholder value creation. It encourages management to grow top line revenue while maintaining adequate cost controls to deliver strong net profit after tax results. The compounding nature of the metric year on year provides a rigorous metric and a sound growth proposition for shareholders.
What governance mechanisms does the Company have in place regarding LTI and trading in shares generally?	***Share Trading Policy:*** The Company maintains a formal Share Trading Policy. The policy prohibits trading based on insider information and limits the ability of Restricted Persons to trade in Infomedia shares to several short trading windows following the release of half year and full year financial results and following the Annual General Meeting. The policy also prohibits short term or speculative trading. ***Prohibition against hedging:*** Additionally, the Company's Equity Plan Rules prohibit Plan participants from entering into hedging arrangements to limit the risk of their unvested LTI component.
Does the Company impose a minimum shareholding requirement?	The Company encourages its senior management to hold shares in the Company, however it does not impose any requirement on Executive KMP to hold a minimum quantity of Infomedia shares at any time. Refer Table 18 showing the shareholdings of Executive KMP during FY20.

Key term summary of the FY20 LTI scheme	Performance rights ('Rights')	Share appreciation rights ('SARs')
Election of LTI vehicle	Executives were provided an opportunity to select the apportionment of their 'LTI Award Opportunity' between Rights and SARs by taking 100% Rights, 50% in Rights and 50% in SARs, or 100% in SARs	
Terms of issue	Rights are granted to the Executive KMP for nil consideration. The number of Rights to be granted in FY20 was determined using a ten-day Volume Weighted Average Price (VWAP) calculation on the Company's share price following release of the FY19 results to determine a 'Reference Price'. The 'LTI Award Opportunity' referable to the Rights is divided by the Reference Price to determine the number of Rights to be granted to the Executive KMP. The Rights are granted pursuant to the terms of the Company's ongoing Equity Plan Rules (as amended from time to time). Vesting of the Rights is subject to the performance measures as described below. The Board retains a discretion to cash settle any vested LTI instead of using shares. The Executive KMP did not elect to receive any of their LTI Award Opportunity in the form of Rights in FY20.	SARs are granted to the Executive KMP for nil consideration. The number of SARs to be allocated was determined using a Cox-Ross Rubinstein lattice valuation model, applying the estimated value of the SARs, as determined by an independent qualified valuer. The number of SARs allocated was calculated by dividing the 'LTI Award Opportunity' referable to the SARs by their estimated fair value. The SARs are issued pursuant to the terms of the Company's ongoing Equity Plan Rules (as amended from time to time). Vesting of the SARs is subject to the performance measures as described below. The Board retains a discretion to cash settle any vested LTI instead of using shares. Both the Executive KMP elected to receive 100% of their LTI Award Opportunity in the form of SARs in FY20.
Performance period, vesting and expiry dates	The Rights and SARs granted for FY20 will be tested over a performance period spanning 1 July 2019 to 30 June 2022. Vesting is subject to the attainment of the performance measures and the continued employment of the Executive KMP until the vesting date. The Rights and SARs will be tested for vesting following release of the Company's audited accounts for the year ending 30 June 2022 ('FY22'). Unvested Rights and SARs will lapse and be forfeited if the performance measures are not met. Executive KMP may exercise vested Rights and SARs up to 6 years after the date of grant. After that time, unexercised Rights and SARs will lapse and be forfeited.	
Performance measures	Rights and SARs will vest subject to the performance measure: compound annual growth ('CAGR') on earnings per share ('EPS') based on FY19 EPS of 5.14 cents, representing statutory EPS adjusted for the purposes of determining LTI outcomes in 2019 to exclude various non-trading items. The plan provides for Board discretion to adjust statutory results for non-trading items.	
	CAGR above FY19 Adjusted EPS of 5.14 cents	**% of Rights or SARs that vest**
	Below 10% CAGR	0%
	At 10% CAGR	25%
	Between 10% and 15% CAGR	Straight line pro-rata vesting between 25% and 100%
	At or above 15% CAGR	100%

Rights on vesting and exercise	Each vested Right entitles the Executive KMP upon exercise to receive the following: • One Infomedia fully paid ordinary share ('Share'); and • Additional Shares equal in value to dividends received on Shares between the date of grant and exercise. The additional Shares are calculated as the number of Shares that would have been acquired if dividends as announced to the ASX between the date of grant and exercise had been paid and reinvested in Shares, based on the closing price of the Share at the ex-div date during the period from grant to exercise. Fractions of Shares will be rounded down to the nearest whole number and no residual positive balance carried forward.	Each vested SAR entitles the Executive KMP to receive the benefit of share price growth over the period between grant and exercise. Upon exercise Executive KMP receive such number of Shares as determined by the following calculation: *((SAR End Price-Reference Price) × Number of SARs)* / *(SAR End Price)* = *Number of Shares vested* Where: • **SAR End Price** means the 5-day Volume Weighted Average Price (VWAP) of the Company's shares up to the day of exercise; and • **Reference Price** means the 10-day VWAP calculation on the Company's share price following release of the FY19 results. The Reference Price in relation to SARs issued in 2019 was $2.1415.
Price payable by upon grant	Nil	
Exercise price	Nil	
Post vesting disposal restrictions	Shares received by KMP under the LTI scheme are not subject to specific post vesting disposal restrictions other than those set out in the Company's Securities Trading Policy.	
Malus & Clawback	The LTI scheme is subject to malus provisions entitling the Board, at its discretion, to pursue remedies where the participant has engaged in (among other things) fraud, dishonesty or gross misconduct. Remedies include the ability to suspend, reduce or extinguish outstanding entitlements in appropriate circumstances.	
Dividend and voting rights	No dividend or voting entitlements are attached to the Rights. Upon vesting the recipient becomes entitled to receive accrued dividends between the time of grant and the time of vesting as additional Shares, as described above in this table. Following vesting and exercise, the recipient receives Shares with ordinary voting right and dividend entitlements.	

ii. Summary of outstanding KMP LTI

The following KMP LTI are outstanding at the end of the period. They key terms of the LTI are summarised at 4.d.i above.

Performance period & LTI Vehicle	Testing events	Financial Performance hurdle	Strike price	Performance outcome	Vesting %	Holding Lock
2019 SARs						
2019-2022	After release of FY22 accounts	25% vesting at 10% CAGR above FY19 EPS with straight line pro rata vesting up to 100% vesting at 15% CAGR above FY19 EPS 0% vesting if less than 10% CAGR achieved	n/a	n/a	n/a	n/a

iii. LTI outcomes by Executive KMP

Table 11 – Movement in Rights and Options

Executive KMP	Number held at 1 July 2019	Number granted during FY20	Number vested and exercised during FY20(b)(r)	Number lapsed during FY20	Number held at 30 June 2020
2016 Rights					
Jonathan Rubinsztein	706,671	-	(706,671)	-	-
Richard Leon	376,891	-	(376,891)	-	-
	1,083,562	-	(1,083,562)	-	-
2016 Options					
Jonathan Rubinsztein	3,750,000	-	(3,750,000)	-	-
Richard Leon	2,000,000	-	(2,000,000)	-	-
	5,750,000	-	(5,750,000)	-	-
2019 Share Appreciation Rights					
Jonathan Rubinsztein	-	826,086	-	-	826,086
Richard Leon	-	434,782	-	-	434,782
		1,260,868			1,260,868

iv. LTI outcomes – fair value and maximum value to be recognised from grant date

Executive KMP	Grant date	Fair value per Rights/ Options ($)	Number of Rights/Options granted	Performance Period	Maximum value to be recognised from grant date ($)
2016 Rights					
Jonathan Rubinsztein	29 January 2016	0.53-0.57	1,418,067	30 June 2017 to 30 June 2019	774,600
Richard Leon	17 February 2016	0.53-0.57	756,302	30 June 2017 to 30 June 2019	413,600
2016 Options					
Jonathan Rubinsztein	29 January 2016	0.07	3,750,000	30 June 2019	279,000
Richard Leon	17 February 2016	0.07	2,000,000	30 June 2019	149,000
2019 Share Appreciation Rights					
Jonathan Rubinsztein	15 November 2019	0.65(b)	826,086	1 July 2019 to 30 June 2022	570,000
Richard Leon	15 November 2019	0.65(b)	434,782	1 July 2019 to 30 June 2022	300,000

i. Footnote to Table 11

(a) Long Term Incentives in the form of Performance Rights and Performance Options, granted to the Executive KMP in 2016, were tested for vesting following release of the Company's FY19 results. The applicable performance hurdles required attainment of 15% compound annual growth rate in earnings per share (EPS) when comparing FY16 EPS (3.33 cents) to FY19 EPS.

(b) During FY19, the Company reassessed the Microcat CRM acquisition which resulted in a net increase in NPAT of $0.165 million, represented by a $4.262 million reduction in the quantum of future contingent acquisition consideration previously provided for; offset by a $3.367 million impairment against the Microcat CRM goodwill and a $0.730 million adjustment to finance costs on the contingent consideration. In line with remuneration governance principles, and as noted on page 22 of the 2019 Annual Report, the Company adjusted the final FY19 EPS outcome to exclude the non-trading items associated with the reassessment of the Microcat CRM acquisition in determining LTI vesting outcomes. This resulted in an adjusted EPS of 5.14 cents per share compared to a reported 5.19 cents per share. Despite the adjustment, the vesting hurdles were met in full.

(c) 50% of shares realised from the vested Performance Options, and 100% of shares realised from vested Performance Rights, remain subject to holding locks as described in section 8.a below.

(d) The Fair Value of the Share Appreciation Rights granted during the period is determined as at the grant date in accordance with the applicable accounting standard (AASB 2 Share-Based Payments). The Fair Value noted in this table differs to the 'Estimated Fair Value' of 69 cents which was used to determine the award allocation numbers prior to the grant date. The discrepancy is attributable to the timing difference between the award calculation and the date of actual grant of the awards to the recipients.

5. EXECUTIVE KMP REMUNERATION DETAILS

This section presents Executive KMP remuneration from two different perspectives. The first is the statutory disclosure basis, calculated and presented in accordance with statutory and Accounting Standard requirements. The second basis replaces the movement in the estimated value of share-based payments to which the Executive KMP became entitled during the year. It also removes movement in leave accruals. Whilst this is referred to as actual received, it should be noted that a portion of the relevant share-based payments are subject to holding locks (see section 8.a below) and all payments are stated before applicable income tax.

a. Executive KMP remuneration outcomes in FY20 – Statutory basis

Table 12 below discloses the remuneration for Executive KMP calculated in accordance with statutory requirements and Accounting Standards. Refer to table note underneath Table 12 for the relevant statutory and accounting requirements.

Table 12 – Total Executive KMP remuneration - Statutory basis

	Short term employment benefits			Post-employment benefits		Long term benefits	Sharebased payments	Total
Table note	(1)	(2)		(3)		(4)	(5)	
	Cash salary and leave accruals $	Short term incentive $	Non-monetary benefits $	Super-annuation $	Termination payments $	Long service leave accruals $	Rights, Options & SARs (refer to Table 13) $	$
Jonathan Rubinsztein								
2020	**507,419[(b)]**	**335,750**	**-**	**25,000**	-	**7,506**	**231,617**	**1,107,292**
2019	531,469	395,000	-	25,000	-	2,070	340,279	1,293,818
Richard Leon								
2020	**287,836[(b)]**	**163,611**	**-**	**21,002**	**-**	**4,505**	**119,695**	**596,649**
2019	328,640	205,800	-	20,531	-	1,229	182,794	738,994

i. Footnote to Table 12

(a) The remuneration mix for the Executive KMP based on the remuneration details in Table 12 above are:

(i) Mr Rubinsztein: 49% fixed and 51% at-risk (2019: 43% fixed and 57% at-risk); and

(ii) Mr Leon: 53% fixed and 47% at-risk (2019: 47% fixed and 53% at-risk).

(b) Cash salary and leave accruals shows a reduction compared to the prior corresponding period owing to the application of the Company's 80/20 flex scheduling in response to the COVID-19 pandemic. The Executive KMP utilised accrued annual leave balances at a rate of four days per calendar month in April, May and June 2020.

ii. Table note

(1) Cash salary includes amounts paid in cash plus any salary sacrifice items. Annual leave accruals are determined in accordance with Accounting Standard, AASB 119 Employee Benefits.

(2) The FY20 short term incentive has been approved by the Board and will be paid in cash in September 2020.

(3) Superannuation contributions are paid in line with legislative requirements.

(4) Long service leave accruals are determined in accordance with Accounting Standard, AASB 119 Employee Benefits.

(5) The share-based payments value in Table 12 above represents the value of LTI in accordance with Accounting Standard, AASB 2 Share-based Payments. The values relate to Performance Options and Performance Rights granted to the executive KMP in 2016, together with Share Appreciation Rights granted to Executive KMP in November 2019. A breakdown of the relative values is set out in Table 13 below.

Table 13 – Breakdown of share-based payments

	Performance rights $	Share options $	Share appreciation rights $	Total share based payments $
Jonathan Rubinsztein				
2020	**12,319**	**40,313**	**178,985**	**231,617**
2019	270,529	69,750	-	340,279
Richard Leon				
2020	**5,093**	**20,399**	**94,203**	**119,695**
2019	144,589	38,205	-	182,794

b. Executive KMP remuneration outcomes in FY20 – Actual received

Table 14 discloses the cash and other benefits, being amounts actually received by the Executive KMP as distinct from the technical accounting expense. Accordingly, this table does not align with the statutory remuneration outcomes calculated in accordance with Accounting Standards in Table 12 above.

The actual remuneration received by the Executive KMP in Table 14 below represents:

- cash received/receivable amount for FY20 – cash salary, short term incentive – cash bonus and superannuation; and
- the market value of Performance Options and Performance Rights that vested and which were converted to shares during FY20. The market value represents the variable weighted average price of Infomedia shares in the four weeks following release of the Company's FY19 annual results on 19 August 2019 (FY18 annual results: 15 August 2018). This period has been selected as it gives a fair indication of the value attributed by the market assessing the performance of the Company, and by implication the Executive KMP, based on the corresponding financial year's annual results. The VWAP over the period was $2.16 (2019: $1.26). Whilst this is referred to as actual received, it should be noted that:
    - o the Performance Options and Performance Rights which vested in August 2019 were granted to the recipients in 2016 and represented LTI awards referable to the years 2016-2019 inclusive. No new additional LTI were granted to the Executive KMP between 1 July 2016 and 30 June 2019;
    - o a portion of the relevant share-based payments are subject to holding locks (refer section 8.a below).
    - o the value of shares realised from the exercise of Performance Options have been adjusted to recognise the value received by the KMP after the payment of a 92.2 cent exercise price per Option by the Executive KMP to the Company.
    - o all payments are stated before applicable income tax.

Table 14 – Total Executive KMP remuneration - Actual pre-tax remuneration received

	Short term employment benefits			Post-employment benefits		Long term benefits	Share-based payments[c]		Total
	Cash salary[a]	Short term incentive	Non-monetary benefits	Super -annuation	Termination payments	Long service leave accruals	Performance rights vested and exercised	Performance Options vested and exercised	
	$	$	$	$	$	$	$	$	
Jonathan Rubinsztein									
2020	**510,000**	**395,000**	**-**	**25,000**	**-**	**-**	**1,526,409**	**4,642,500[b]**	**7,098,909[b]**
2019	510,000	329,325	-	25,000	-	-	301,917	-	1,166,242
Richard Leon									
2020	**308,700**	**205,800**	**-**	**21,002**	**-**	**-**	**814,085**	**2,476,000[b]**	**3,825,587[b]**
2019	308,700	159,640	-	20,531	-	-	161,023	-	649,894

Footnote to Table 14

(a) The remuneration mix for the Executive KMP based on the actual remuneration received details in Table 14 above are:

(i) Jonathan Rubinsztein: 8% fixed and 92% at-risk (2019: 46% fixed and 54% at-risk); and

(ii) Richard Leon: 9% fixed and 91% at-risk (2019: 51% fixed and 49% at-risk).

(b) Calculation of share-based payments is based on a point in time average of the Company share price as described in the commentary above Table 14. The Performance Options and Performance Rights which vested in August 2019 were granted to the recipients in 2016 and represented LTI awards referable to the years 2016-2019 inclusive. The grant to the Managing Director and CEO was retrospectively approved by shareholders at the Company's 2018 Annual General Meeting. The value of shares realised from the exercise of Performance Options has been adjusted to offset the payment of a 92.2 cent exercise price per Option by the Executive, to the Company, representing payments of $3.46m and $1.84m by Mr Rubinsztein and Mr Leon, respectively.

(c) No additional LTI were granted to the Executive KMP between 1 July 2016 and 30 June 2019. A portion of the relevant share-based payments are subject to holding locks (refer section 8.a below for details).

(d) This table reflects the actual cash remuneration received during the financial year. Comparatives have been adjusted accordingly.

6. NON-EXECUTIVE DIRECTOR REMUNERATION

a. Board and committee structure

As at the date of this Report, Infomedia's Board and Committees are structured as follows:

Table 15 – Board and committee composition

		Board	Audit and Risk Committee	Remuneration, People and Culture Committee	Technology and Innovation Committee	Nominations Committee
Independent & Non-Executive	Bart Vogel	Chairman		✓	✓	Chair
	Kim Anderson	✓	✓	Chair	-	✓
	Paul Brandling	✓	✓	-	Chair	✓
	Clyde McConaghy	✓	✓	✓	-	✓
	Anne O'Driscoll	✓	Chair	✓	-	✓
Executive	Jonathan Rubinsztein	✓	-	-	✓	-

b. Remuneration structure and governance principles

Remuneration structure	Non-Executive Directors are remunerated in the form of Board fees, Committee chair fees and superannuation paid in line with legislative requirements. See Table 16 below for further details. Fees payable are fixed in accordance with formal agreements held between the Non-Executive Directors and the Company (subject to periodic increases) and are paid from an aggregate fee pool limit of $850,000, as approved by shareholders in 2019. Directors may also be reimbursed for travel and other expenses incurred in attending to the affairs of the Company.
Does the Company impose a minimum shareholding requirement?	The Company does not impose any requirement on Non-Executive Directors to hold a minimum quantity of Infomedia shares at any time. Refer Table 18 showing the shareholdings of the Non-Executive Directors during FY20.

The following table outlines annualised Non-Executive Director fee structure for the Board and its sub-committees as at 30 June 2020. The quoted fees are inclusive statutory superannuation contributions.

Table 16 – Non-Executive Director Fees (inclusive of superannuation)

Board/Committee	Role	Per role $	Total $
Board	Chairman	196,000	196,000
	Non-Executive Director	88,500	354,000
Audit & Risk Committee	Chair fee	15,000	15,000
Remuneration & Nominations Committee	Chair fee	15,000	15,000
Technology & Innovation Committee	Chair fee	15,000	15,000
		Total	**595,000**

7. NON-EXECUTIVE DIRECTORS' REMUNERATION DETAILS

Table 17 below provides remuneration details for the Non-Executive Directors on the Company's Board:

Table 17 – Total Non-Executive Director remuneration

	Short term employment benefits	Post-employment benefits	Total[a]
	Board and committee fees $	Superannuation $	$
Bart Vogel			
2020	**170,045**	**16,155**	**186,200**
2019	178,995	17,005	196,000
Kim Anderson[b]			
2020	**3,730**	**354**	**4,084**
2019	-	-	-
Paul Brandling			
2020	**89,795**	**8,530**	**98,325**
2019	96,017	7,483	103,500
Clyde McConaghy			
2020	**89,795**	**8,530**	**98,325**
2019	94,521	8,979	103,500
Anne O'Driscoll			
2020	**89,795**	**8,530**	**98,325**
2019	94,521	8,979	103,500

Footnote to Table 17

(a) Total remuneration actually earned in the period is reduced on account of the non-executive directors participating in a voluntary 20% reduction in their directors' fees for the months of April, May and June 2020 in response to the COVID-19 pandemic and its potential impact on the Company. Director fees reverted to 100% from 1 July 2020.

(b) Ms Anderson commenced as a Non-Executive Director on 15 June 2020.

8. ADDITIONAL INFORMATION

a. Key terms of Rights and Options vested and exercised during FY20

The key terms described below relate to all Performance Rights and Performance Options granted to the Executive KMP in prior years which vested and were exercised during the period. These terms do not relate to the outstanding SARs and Rights described in section 4.d.i and 4.d.ii above.

- the Rights and Options granted to the Executive KMP are deemed, for accounting purposes, to have been granted on the date when their service agreements were signed;
- the Rights and Options were granted for nil consideration;
- the vesting conditions of the Rights and Options are conditional on continuous employment and meeting performance hurdles based on Compound Annual Growth Rate in the Company's earnings per share;
- when vesting:
  - Rights – each right will be converted into one Infomedia ordinary share for nil consideration;
  - Options – each option will be converted into one Infomedia ordinary share by paying an exercise price of 92.2 cents per option;

- holding lock for vested Rights and Options:
  - o Rights – subject to a holding lock until release of audited accounts for the year ending 30 June 2021;
  - o Options – 50% of exercised Options subject to a holding lock until release of audited accounts for the year ending 30 June 2020.

Additional information relating to these long term incentives is set out in Note 17 to the financial statements.

b. Loans to KMP

There were no loans at the beginning or at the end of the financial year ended 30 June 2020 to the KMP. No loans were made available to KMP during FY20.

c. Shareholdings of Non-Executive Directors and the Executive KMP

Table 18 below summarises the movement in holdings of Infomedia ordinary shares during the year and the balance at the end of the financial year, both in total and held indirectly by related parties of the KMP.

Table 18 – Movement of shareholding interests of KMP in accordance with section 205G of the Corporations Act 2001

Name	Balance at 30 June 2019	Grant as compen-sation	Exercise of share options	Exercise of performance rights	Net other changes	Total shares held directly and indirectly at 30 June 2020[(a)]
Non-Executive Directors						
Bart Vogel	450,000	-	-	-	70,000	520,000
Paul Brandling	209,809	-	-	-	13,333	223,142
Clyde McConaghy	80,000	-	-	-	666	80,666
Anne O'Driscoll	100,000	-	-	-	20,000	120,000
Executive KMP						
Jonathan Rubinsztein	1,266,172	-	3,750,000	706,671	(2,409,776)	3,313,067
Richard Leon	498,411	-	2,000,000	376,891	20,000	2,895,302

Footnote to Table 16

(a) Shares held indirectly are included in the column headed Total shares held at 30 June 2020. Total shares are held directly by the KMP and/or indirectly by the KMP's related parties, inclusive of domestic partner, dependents and entities controlled, jointly controlled or significantly influenced by the KMP.

9. LOOKING FORWARD TO FY21

The Company has deferred its annual salary review for all KMP due to the uncertain impacts of COVID-19. The Board will continue to monitor and, if appropriate, review performance hurdles relevant to existing 'at risk' remuneration components, taking into account market and sector wide impacts of COVID-19.

This concludes the Remuneration Report, which has been audited.

DIRECTORS

The following persons were Directors of Infomedia Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name	Role
Bart Vogel	Chairman & Independent Non-Executive Director
Jonathan Rubinsztein	Chief Executive Officer & Managing Director
Kim Anderson	Independent Non-Executive Director (appointed 15 June 2020)
Paul Brandling	Independent Non-Executive Director
Clyde McConaghy	Independent Non-Executive Director
Anne O'Driscoll	Independent Non-Executive Director

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by the Directors in the three years preceding the end of the financial year are as follows.

Name	Company	Period of directorship
Bart Vogel	InvoCare Ltd (ASX:IVC)	Since 2017
	Macquarie Telecom Ltd (ASX:MAQ)	Since 2014
	Salmat Limited (ASX:SLM)	From 2017 to 2019
Jonathan Rubinsztein	None	
Kim Anderson	Carsales.com Ltd (ASX:CAR)	Since 2010
	Marley Spoon AG (ASX:MMM)	Since 2018
	WPP AUNZ Limited (ASX:WPP)	Since 2010
Paul Brandling	Integrated Research Limited (ASX:IRI)	Since 2015
	Tesserent Limited (ASX:TNT)	From 2015 to 2017
Clyde McConaghy	Serko Limited (ASX:SKO)	Since 2014
Anne O'Driscoll	FINEOS Corporation plc (ASX:FCL)	Since 2019
	Steadfast Group Limited (ASX:SDF)	Since 2013

Particulars of the Directors' qualifications and experience are set out on pages 10 and 11.

MEETINGS OF DIRECTORS

The table below sets out the number of meetings of the Company's Board of Directors (the 'Board') and each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each director as a member:

	Board		Audit & Risk Committee		Remuneration, People & Culture Committee		Technology & Innovation Committee[1]		Nominations Committee		Capital Raising Sub-Committee[2]	
	H[3]	A[4]	H	A	H	A	H	A	H	A	H	A
Bart Vogel	14	14	–	–	4	4	2	2	1	1	2	2
Jonathan Rubinsztein	14	14	–	–	–	–	2	2	–	–	2	2
Kim Anderson	1	1	–	–	–	–	–	–	–	–	–	–
Paul Brandling	14	14	4	4	–	–	2	2	1	1	–	–
Clyde McConaghy	14	14	4	4	4	4	–	–	1	1	–	–
Anne O'Driscoll	14	14	4	4	4	4	–	–	1	1	2	2

Table Notes:

1. The Technology & Innovations Committee met twice during the period which stands outside the express terms of its charter. During the period the Company has been engaged in critical product upgrades to bring forward the next generation of its product suite to meet looming retirement of Adobe Flash™ technology ('NextGen' project). Given the criticality of the project to the business, the Board has temporarily re-assumed responsibility and oversight for matters otherwise delegated to the Technology & Innovation Committee (TIC). The TIC will resume its ordinary meeting cadence following completion of the NextGen project.
2. The Capital Raising Sub-Committee was established during the Company's capital raising project to provide rapid response and to exercise oversight of the capital raising project on behalf of the Board. In addition to the two formal meetings noted, the Committee provided additional ad-hoc support and exercised governance oversight at critical points in the capital raising process.
3. 'H': represents the number of meetings held during the time the relevant Director held office or was a member of the relevant committee.
4. 'A': represents the number of meetings attended by the Director as a member.

COMPANY SECRETARIES

Daniel Wall BBA, LLB

Mr Wall is a lawyer admitted to practice in the Supreme Court of New South Wales and the High Court of Australia. Prior to joining Infomedia he gained experience across a range of areas including commercial litigation, finance and corporate insolvency and restructuring. He also holds a certificate in Governance Practice from the Governance Institute of Australia.

Mark Grodzicky BSc, LLB

Mr Grodzicky is General Counsel and joint Company Secretary. He holds degrees in Law and Science. Prior to joining Infomedia, Mr Grodzicky, over a 30-year career, held general counsel and company secretarial roles with global IT companies including Wang, Sun Microsystems, Digital Equipment, Compaq, HP, Getronics, UXC, CSC and DXC.

SIGNIFICANT CHANGES IN THE AFFAIRS

During the period the company conducted a capital raising via an institutional placement followed by a share purchase plan for retail shareholders. A total of $83.9 million was raised with the proceeds of the capital raising to be directed toward the execution of the Company's growth strategy.

DIVIDENDS

Details of dividends paid or declared by the Company during the financial year ended 30 June 2020 are set out in note 3 to the financial statements.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 24 August 2020, the Board declared a final 70% franked dividend of 2.15 cents per share.

The impact of COVID-19 is ongoing and while it has not had a significant detrimental effect on the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly changing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 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.

INDEMNITY AND INSURANCE OF OFFICERS

To the extent permitted by law, the Company has indemnified the Directors and executives of the Company for liability, damages and expenses incurred, in their capacity as a Director or an 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.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

CORPORATE GOVERNANCE

Infomedia strives to achieve compliance with the governance recommendations set out in the Fourth Edition of the Corporate Governance Principles and Recommendations, published by the ASX Corporate Governance Council (the ASX Principles). The Company addresses the ASX Principles in a manner consistent with its relative size and resourcing capabilities. Infomedia's latest Corporate Governance Statement was lodged with the ASX on the same date as this report and is available on the Company's website at: *http://www.infomedia.com.au/governance*

SHARES ISSUED ON THE EXERCISE OF PERFORMANCE OPTIONS

During the period, 5,546,280 new fully paid ordinary shares were issued upon exercise of performance options with a strike price of 92.2 cents per option. No other options have been exercised between 30 June 2020 and the date of this report.

SHARES ISSUED ON THE EXERCISE OF PERFORMANCE RIGHTS

During the period, 372,466 new fully paid ordinary shares were issued upon exercise of performance rights. No strike price was payable in respect of the performance rights. No other performance rights have been exercised between 30 June 2020 and the date of this report.

PERFORMANCE OPTIONS

There are no outstanding share options issued in respect of ordinary shares of Infomedia Ltd.

PERFORMANCE RIGHTS

As at the date of this report, 1,820,647 performance rights remain on issue in respect of ordinary shares of Infomedia Ltd. Further information about the performance rights is set out in note 17 to the financial statements.

SHARE APPRECIATION RIGHTS

As at the date of this report, 2,418,182 Share Appreciation Rights (SARs) remain on issue in respect of ordinary shares of Infomedia Ltd. Further information about the SARs is set out in note 17 to the financial statements.

AUDITOR

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 21 to the financial statements.

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

The Directors are of the opinion that the services as disclosed in note 21 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

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.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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

Bart Vogel
Chairman
24 August 2020

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Infomedia Ltd
3 Minna Close
Belrose, Sydney NSW 2085

24 August 2020

Dear Board Members

Auditor's Independence Declaration to Infomedia Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Infomedia Ltd.

As lead audit partner for the audit of the financial report of Infomedia Ltd for the year ended 30 June 2020, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Pooja Patel

Pooja Patel
Partner
Chartered Accountants

TABLE OF CONTENTS:

Highlights

- Infomedia reported revenue of $94.6 million for the year, an increase of 12% in the previous corresponding period (pcp).
- Net profit after tax for the year was $18.6 million, an increase of 15% pcp. EBITDA margins increased from 45% to 49% pcp.
- Earnings per share increased 10% to 5.69 cents per share (cps) up from 5.19 cps pcp.

Highlights

- Capitalised development costs, net of amortisation, increased by $5.9 million during the financial year.
- The Group recognised right-of-use assets of $6.4 million and lease liabilities of $7.0 million on the adoption of AASB 16 Leases, effective 1 July 2019.

Page	Notes - Group's capital and risks	Highlights
61	Note 10. Promissory note	• The Group is in a strong financial position with net current assets of $98.0 million. Cash and cash equivalents of $103.9 million include $83.9 million raised via an institutional placement and share purchase plan completed in May. • Infomedia declared a final 70% franked dividend of 2.15 cps.
62	Note 11. Equity – issued capital and treasury shares held in trust	
63	Note 12. Financial instruments	
65	Note 13. Contingencies and commitments	
65	Note 14. Events after the reporting period	

Page	Notes - Business portfolio	Highlights
66	Note 15. Business combinations	• The Group settled $1.2 million of Nidasu contingent consideration on the achievement of the first earn-out target.
68	Note 16. Interests in subsidiaries	

Page	Notes - Other disclosures
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Infomedia Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 $'000	2019 $'000
Revenue	4	94,618	84,598
Expenses			
Research and development expenses	4	(20,057)	(18,258)
Sales and marketing expenses		(25,590)	(25,376)
General and administration expenses		(24,699)	(23,116)
Total expenses		(70,346)	(66,750)
Operating profit		24,272	17,848
Other income	4	521	4,268
Net finance costs	4	(733)	(1,098)
Net foreign currency exchange gain	4	919	39
Profit before income tax expense		24,979	21,057
Income tax expense	5	(6,423)	(4,935)
Profit after income tax expense for the year attributable to the owners of Infomedia Ltd		18,556	16,122
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(724)	424
Other comprehensive (loss)/income for the year, net of tax		(724)	424
Total comprehensive income for the year attributable to the owners of Infomedia Ltd		17,832	16,546
		Cents	**Cents**
Basic earnings per share	2	5.69	5.19
Diluted earnings per share	2	5.67	5.13

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

Infomedia Ltd
Consolidated statement of financial position
As at 30 June 2020

	Note	Consolidated 2020 $'000	2019 $'000
Assets			
Current assets			
Cash and cash equivalents		103,919	15,534
Trade and other receivables	7	12,055	9,340
Prepayments		2,337	1,460
Total current assets		118,311	26,334
Non-current assets			
Property, plant and equipment		1,556	1,531
Right-of-use assets	8	4,494	-
Intangibles	6	67,898	64,355
Total non-current assets		73,948	65,886
Total assets		192,259	92,220
Liabilities			
Current liabilities			
Trade and other payables		7,540	7,934
Contract liabilities	9	1,520	1,728
Promissory note	10	104	-
Lease liabilities	8	1,889	-
Provision for income tax	5	3,504	2,145
Provisions		-	216
Employee benefits		4,131	3,447
Contingent consideration	15	1,669	1,655
Total current liabilities		20,357	17,125
Non-current liabilities			
Promissory note	10	743	-
Lease liabilities	8	3,136	-
Deferred tax	5	10,820	6,526
Provisions		473	1,019
Employee benefits		348	365
Contingent consideration	15	2,080	3,120
Total non-current liabilities		17,600	11,030
Total liabilities		37,957	28,155
Net assets		154,302	64,065
Equity			
Issued capital	11	103,192	14,790
Treasury shares held in trust	11	-	(1,230)
Foreign currency reserve		1,365	2,089
Share-based payments reserve		2,280	5,826
Retained profits		47,465	42,590
Total equity		154,302	64,065

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

Infomedia Ltd
Consolidated statement of changes in equity
For the year ended 30 June 2020

Consolidated	Share capital $'000	Treasury shares held in trust $'000	Foreign currency reserve $'000	Share-based payments reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2018	12,923	(978)	1,665	3,328	37,290	54,228
Profit after income tax expense for the year	-	-	-	-	16,122	16,122
Other comprehensive income for the year, net of tax	-	-	424	-	-	424
Total comprehensive income for the year	-	-	424	-	16,122	16,546
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 11)	1,867	-	-	-	-	1,867
Share-based payments	-	-	-	1,048	-	1,048
Tax effect related to share-based payments	-	-	-	1,719	-	1,719
Shares allocated to employees on vesting of equity instruments	-	269	-	(269)	-	-
Purchase of treasury shares	-	(521)	-	-	-	(521)
Prior year adjustment for make good expenses	-	-	-	-	(102)	(102)
Dividends paid (note 3)	-	-	-	-	(10,720)	(10,720)
Balance at 30 June 2019	14,790	(1,230)	2,089	5,826	42,590	64,065

Consolidated	Share capital $'000	Treasury shares held in trust $'000	Foreign currency reserve $'000	Share-based payments reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2019	14,790	(1,230)	2,089	5,826	42,590	64,065
Profit after income tax expense for the year	-	-	-	-	18,556	18,556
Other comprehensive loss for the year, net of tax	-	-	(724)	-	-	(724)
Total comprehensive (loss)/ income for the year	-	-	(724)	-	18,556	17,832
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 11)	88,100	-	-	-	-	88,100
Share-based payments	-	-	-	1,044	-	1,044
Tax effect related to equity movements	302	-	-	(3,547)	-	(3,245)
Shares allocated to employees on vesting of equity instruments	-	1,230	-	(1,043)	-	187
Dividends paid (note 3)	-	-	-	-	(13,681)	(13,681)
Balance at 30 June 2020	103,192	-	1,365	2,280	47,465	154,302

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

Infomedia Ltd
Consolidated statement of cash flows
For the year ended 30 June 2020

	Note	2020 $'000	Consolidated 2019 $'000
Cash flows from operating activities			
Receipts from customers		93,947	84,548
Payments to suppliers and employees		(51,314)	(45,849)
		42,633	38,699
Interest received		76	39
Interest and other finance costs paid		(179)	-
Income taxes paid		(3,822)	(309)
Net cash from operating activities	18	38,708	38,429
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		-	(466)
Payment for purchase of subsidiary, net of cash acquired	15	-	(5,436)
Payments for prior period's business acquisition		(850)	-
Payments for property, plant and equipment		(808)	(328)
Payments for intangibles	6	-	(49)
Payments for development costs capitalised		(21,910)	(18,971)
Net cash used in investing activities		(23,568)	(25,250)
Cash flows from financing activities			
Proceeds from promissory note	10	847	-
Proceeds on exercise of executive options		5,301	-
Proceeds from the issue of shares (net of transaction costs)		82,624	-
Payments for purchase of treasury shares		(63)	(521)
Dividends paid	3	(13,681)	(10,720)
Repayment of lease liabilities, excluding the financing component	8	(1,950)	-
Net cash from/(used in) financing activities		73,078	(11,241)
Net increase in cash and cash equivalents		88,218	1,938
Cash and cash equivalents at the beginning of the financial year		15,534	13,282
Effects of exchange rate changes on balances of cash held in foreign currencies		167	314
Cash and cash equivalents at the end of the financial year		103,919	15,534

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

Infomedia Ltd
Notes to the consolidated financial statements
30 June 2020

Note 1. Operating segments

Identification of reportable segments

The Group is organised into three reportable segments:

- Asia Pacific;
- Europe, Middle East and Africa ('EMEA'); and
- Americas, representing the combined North, Central and South America.

These reportable segments are based on the internal reports that are reviewed and used by the Chief Executive Officer & Managing Director (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of reportable segments.

The reportable segments are identified by management based on the region in which products are sold. Discrete financial information about each of these operating segments is reported to the Board of Directors regularly.

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

Major customers

The Group has many customers to which it provides products. There is no significant reliance on any single customer contract.

Reportable segment information

Consolidated - 2020	Asia Pacific $'000	EMEA $'000	Americas $'000	Unallocated $'000	Total $'000
Revenue					
Total revenue	29,029	36,346	29,243	-	94,618
Total revenue	29,029	36,346	29,243	-	94,618
EBITDA	23,452	29,387	15,934	(22,724)	46,049
Changes in contingent consideration	521	-	-	-	521
Net finance costs	(9)	(9)	(19)	(696)	(733)
Depreciation, amortisation and impairment	(95)	(108)	(171)	(20,484)	(20,858)
Profit/(loss) before income tax expense	23,869	29,270	15,744	(43,904)	24,979
Income tax expense					(6,423)
Profit after income tax expense					18,556

Australia and the United States of America are the only individual countries from which the Group derives material revenues. In the current year, the Group derived revenue of $18.385 million from the United States of America (2019: $18.973 million) and $18.060 million from Australia (2019: $16.325 million). $67.110 million (2019: $57.817 million) of the Group's non-current assets are located in Australia.

The Group has adopted Accounting Standard AASB 16 Leases for the year ended 30 June 2020 using the modified retrospective approach and as such the comparatives have not been restated.

Infomedia Ltd
Notes to the consolidated financial statements
30 June 2020

Note 1. Operating segments (continued)

Consolidated - 2019	Asia Pacific $'000	EMEA $'000	Americas $'000	Unallocated $'000	Total $'000
Revenue					
Total revenue	22,797	34,264	27,537	-	84,598
Other income	6	-	-	-	6
Total revenue	22,803	34,264	27,537	-	84,604
EBITDA	19,450	27,578	12,934	(21,921)	38,041
Changes in contingent consideration	-	-	-	4,262	4,262
Net finance costs	-	-	-	(1,098)	(1,098)
Depreciation, amortisation and impairment	-	-	-	(20,148)	(20,148)
Profit/(loss) before income tax expense	19,450	27,578	12,934	(38,905)	21,057
Income tax expense					(4,935)
Profit after income tax expense					16,122

Note 2. Earnings per share

	Consolidated 2020 $'000	2019 $'000
Profit after income tax attributable to the owners of Infomedia Ltd	18,556	16,122
	Cents	**Cents**
Basic earnings per share	5.69	5.19
Diluted earnings per share	5.67	5.13
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share:		
Weighted average number of ordinary shares issued	326,471,494	311,806,000
Weighted average number of treasury shares held in trust	(177,325)	(1,267,000)
	326,294,169	310,539,000
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	326,294,169	310,539,000
Adjustments for calculation of diluted earnings per share:		
Share options and performance rights[(a)]	913,684	4,524,000
	327,207,853	315,063,000

The weighted average number of ordinary shares or dilutive potential ordinary shares is calculated by taking into account the period from the issue date of the shares to the reporting date unless otherwise stated as below.

Infomedia Ltd
Notes to the consolidated financial statements
30 June 2020

Note 2. Earnings per share (continued)

(a) Infomedia operates share-based payments arrangements in the form of a long term incentive plan. Eligible employees receive long term incentives in the form of performance rights, performance options and/or share appreciation rights. The long-term incentives vest subject to attainment of specified performance conditions being met over the performance period. Vested entitlements may be exercised and are generally settled by share based payment in the form of ordinary fully paid Infomedia shares, unless otherwise determined by the Board. Further details of the long-term incentives currently on issue are set out in note 17 below. Additional details about long-term incentives issued to Executive KMP are set out in the Company's remuneration report.

(b) Infomedia acquired Microcat CRM™ and Nidasu Pty Limited during the financial year ended 30 June 2018 and 2019, respectively. Any potential contingent consideration to be settled in the future will be partly in the form of Infomedia ordinary shares. As at both 30 June 2019 and 2020, the contingent consideration liability recognised on the statement of financial position has not been included as dilutive potential ordinary shares in the diluted earnings per share calculation. The contingent consideration liability as at 30 June 2020 only relates to Nidasu Pty Limited.

Accounting policy for earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Infomedia by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

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 shares assumed to have been issued at no consideration received in relation to dilutive potential ordinary shares.

Note 3. Equity - dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2020 $'000	2019 $'000
Interim dividend for the year ended 30 June 2020 of 2.15 cents of which 1.505 cents was franked (2019: 1.75 cents fully franked) per ordinary share	6,844	5,449
Final dividend for the year ended 30 June 2019 of 2.15 cents unfranked (2018: 1.70 cents fully franked) per ordinary share	6,837	5,271
	13,681	10,720

On 24 August 2020, the directors declared a final dividend of 2.15 cents per share, 70% franked, to be paid on 17 September 2020. As this occurred after the reporting date, the dividends declared have not been recognised in these financial statements and will be recognised in future financial statements.

The Company's Dividend Reinvestment Plan ('DRP') was suspended on 31 October 2019.

Franking credits

	Consolidated	
	2020 $'000	2019 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	5,355	2,474

The franking credit balance includes:

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

Accounting policy for dividends

Dividends are recognised when declared during the financial year.

Infomedia Ltd
Notes to the consolidated financial statements
30 June 2020

Note 4. Income and expenses

Profit before income tax includes the following specific income and expenses:

	Consolidated 2020 $'000	2019 $'000
Revenue		
Subscriptions revenue	91,277	82,204
Development and other ancillary service revenue	3,341	2,394
	94,618	84,598

The disaggregation of revenue shown above is by nature of revenue. Refer to the revenue recognition policy below.

	2020 $'000	2019 $'000
Other income		
Changes in contingent consideration	521	4,262
Other	-	6
	521	4,268
Net finance costs		
Finance income	154	38
Finance costs excluding interest and finance charges on lease liabilities	(708)	(1,136)
Interest and finance charges paid/payable on lease liabilities	(179)	-
	(733)	(1,098)
Depreciation, amortisation and impairment		
Depreciation - property, plant and equipment	(518)	(524)
Depreciation - right-of-use assets	(1,973)	-
Amortisation	(18,367)	(16,257)
Impairment	-	(3,367)
	(20,858)	(20,148)
Net foreign currency exchange gain		
Net foreign exchange gains/(losses) - unrealised	819	(39)
Net foreign exchange gains/(losses) - realised	100	78
	919	39
Leases expense		
Minimum operating lease payments (AASB 117)	-	(2,230)
Short-term lease payments	(31)	-
	(31)	(2,230)
Employee benefits expense		
Employee benefits expense excluding superannuation	(39,166)	(35,272)
Defined contribution superannuation expense	(2,389)	(2,299)
Share-based payments expense	(1,044)	(1,048)
	(42,599)	(38,619)
Research and development expenses		
Total research and development costs incurred during the financial year	(26,044)	(22,429)
Amortisation of deferred development costs	(15,923)	(14,798)
Less: development costs capitalised	21,910	18,969
	(20,057)	(18,258)

Infomedia Ltd
Notes to the consolidated financial statements
30 June 2020

Note 4. Income and expenses (continued)

Accounting policies

Revenue recognition

The Group derives the majority of its revenue from recurring 'software as a service' subscriptions, where customers are licensed to access and use software and associated support services.

The Group generates revenue through the following streams of revenue:

- subscriptions to the Group's software products, comprising over 95% of total revenue;
- software development services to tailor off-the-shelf software solutions for specific use or functionality requirements or integration with customers' systems; and
- ancillary services in the form of software installation and training.

Each of the above services delivered to customers are considered separate performance obligations even though, in practice, they may be governed by a single legal contract with the customer.

Revenue recognition for each of the above revenue streams are as follows:

- Subscriptions revenue:

  > Customers are typically invoiced monthly, quarterly or yearly based on the terms in the contract with customers, and consideration is payable when invoiced. The consideration received for quarterly or yearly invoices is recognised as contract liabilities.
  > Revenue is then recognised ratably over the life of the subscription agreement beginning when the customer first has access to the software.
  > Revenue is calculated based on the number of subscriptions used and fee per subscription, or as a negotiated package for large customers.

- Software development services:
  > The software development services are typically invoiced as defined in the contract with the customers. Revenue is recognised over time as services are delivered or in accordance with the terms of the service arrangement.
  > Revenue is calculated based on time and/or external supplier costs.

- Ancillary services:
  > The ancillary services are software installation and training and are invoiced as defined in the contract with the customers.
  > Revenue is recognised either at a point in time or over time depending on how the terms of the service arrangements are satisfied.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Infomedia's functional and presentation currency.

Foreign currency transactions are translated into Australian dollars 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.

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenue and expenses of foreign operations are translated into Australian dollars using the monthly 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.

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.

Infomedia Ltd
Notes to the consolidated financial statements
30 June 2020

Note 4. Income and expenses (continued)

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.

Defined contribution superannuation expense

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

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 is measured at 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.

Note 5. Income tax

	Consolidated 2020 $'000	Consolidated 2019 $'000
Income tax expense		
Current tax	4,855	4,545
Deferred tax - current year	1,049	436
Prior year unders / (overs)	519	(46)
Aggregate income tax expense	6,423	4,935
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	(275)	(519)
Increase in deferred tax liabilities	1,324	955
Deferred tax - current year	1,049	436
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	24,979	21,057
Tax at the statutory tax rate of 30%	7,494	6,317
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Additional research and development deduction	(1,519)	(1,476)
Effects of foreign tax rates difference	(70)	3
Changes in contingent consideration	(156)	(1,278)
Impairment of goodwill	-	1,010
Non-deductible expenses	155	405
	5,904	4,981
Prior year unders / (overs)	519	(46)
Income tax expense	6,423	4,935

Infomedia Ltd
Notes to the consolidated financial statements
30 June 2020

Note 5. Income tax (continued)

	Consolidated 2020 $'000	Consolidated 2019 $'000
Amounts charged/(credited) directly to equity		
Deferred tax assets	3,245	(1,719)

	Consolidated 2020 $'000	Consolidated 2019 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Provisions	2,746	2,201
Capital raising transaction costs	300	-
Share-based payments	371	3,917
Other payables	-	4
Foreign currency exchange	(71)	194
Offset against deferred tax liabilities	(3,346)	(6,316)
Deferred tax asset	-	-
Movements:		
Opening balance	-	-
Credited to profit or loss	275	519
(Charged) / credited to equity	(3,245)	1,719
Reversal of offset against deferred tax liabilities	6,316	4,078
Offset against deferred tax liabilities	(3,346)	(6,316)
Closing balance	-	-

	Consolidated 2020 $'000	Consolidated 2019 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Deferred development costs	13,373	11,573
Property, plant and equipment	78	-
Prepayments	30	-
Share-based payment trust contributions	(253)	(17)
Intangible assets	938	1,286
Offset against deferred tax assets	(3,346)	(6,316)
Deferred tax liability	10,820	6,526
Movements:		
Opening balance	6,526	7,088
Charged to profit or loss	1,324	955
Additions through business combinations	-	721
Reversal of offset against deferred tax assets	6,316	4,078
Offset against deferred tax assets	(3,346)	(6,316)
Closing balance	10,820	6,526

Infomedia Ltd
Notes to the consolidated financial statements
30 June 2020

Note 5. Income tax (continued)

	Consolidated	
	2020	2019
	$'000	$'000
Provision for income tax		
Provision for income tax	3,504	2,145

Critical accounting judgements, estimates and assumptions

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain, for example, research and development claims. The Group recognises liabilities for anticipated tax based on the Group's current understanding of the relevant tax regulations. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

The Company has made claims under the research and development tax incentive provided by the Australian Government (R&D incentive). The R&D incentive is claimed by way of self-assessment by the Company.

In recent times there has been a heightened level of audit activity on claims previously submitted under the R&D incentive. The Company’s 2016 R&D claim has been under review with AusIndustry since July 2019. In March 2020, the Company received formal notification from AusIndustry that in their opinion certain R&D activities were ineligible R&D activities and, therefore, would not qualify for the R&D tax offset for the 2016 income year.

The potential exposure to the Group for the 2016 income year is tax of $0.780 million and interest of approximately $0.300 million to 30 June 2020. The Company and its tax advisors are of the opinion that the R&D tax incentive claims with respect to the 2016 year can be substantiated and, therefore, have not provided for the potential exposure. The Company requested an Internal Review by AusIndustry of the negative finding and this process is underway. The Company submitted additional information to AusIndustry on 17 August 2020 to address the concerns raised.

Interpretation 23 Uncertainty over Income Tax

The Group has adopted Interpretation 23 from 1 July 2019. The interpretation clarifies how to apply the recognition and measurement requirements of AASB 112 ‘Income Taxes’ in circumstances where uncertain tax treatments exists. The interpretation requires: the Group to determine whether each uncertain tax treatment should be treated separately or together, based on which approach better predicts the resolution of the uncertainty; the Group to consider whether it is probable that a taxation authority will accept an uncertain tax treatment; and if the Group concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, measuring the tax uncertainty based on either the most likely amount or the expected value.

In making the assessment it is assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. Interpretation 23 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening retained profits as at 1 July 2019.

Accounting policy for 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.

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.

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Note 5. Income tax (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.

Note 6. Non-current assets - intangibles

	Consolidated	
	2020 $'000	2019 $'000
Goodwill	17,461	20,828
Less: Impairment write down	-	(3,367)
	17,461	17,461
Capitalised development costs	103,161	81,172
Less: Accumulated amortisation	(58,579)	(42,577)
	44,582	38,595
Software systems - at valuation	8,309	8,309
Less: Accumulated amortisation	(4,357)	(2,233)
	3,952	6,076
Customer relationships - at valuation	1,894	1,894
Less: Accumulated amortisation	(705)	(385)
	1,189	1,509
Brand names - at valuation	714	714
	67,898	64,355

Reconciliations

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

Consolidated	Goodwill $'000	Capitalised development costs $'000	Software systems $'000	Customer relationships $'000	Brand names $'000	Total $'000
Balance at 1 July 2018	15,604	34,424	3,310	355	-	53,693
Additions	-	18,969	49	-	-	19,018
Additions through business combinations (note 15)	5,224	-	3,928	1,402	714	11,268
Impairment of assets	(3,367)	-	-	-	-	(3,367)
Amortisation expense	-	(14,798)	(1,211)	(248)	-	(16,257)
Balance at 30 June 2019	17,461	38,595	6,076	1,509	714	64,355
Additions	-	21,910	-	-	-	21,910
Amortisation expense	-	(15,923)	(2,124)	(320)	-	(18,367)
Balance at 30 June 2020	17,461	44,582	3,952	1,189	714	67,898

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Note 6. Non-current assets - intangibles (continued)

Impairment testing

The Group performed impairment testing for goodwill on an annual basis and other intangibles where there are indicators of impairment.

Goodwill acquired through business combinations or territory acquisition has been allocated to a reportable segment (refer note 1) for impairment testing as follows:

	Consolidated	
	2020 $'000	2019 $'000
Asia Pacific	8,001	8,001
EMEA	5,837	5,837
Americas	3,623	3,623
	17,461	17,461

Impairment assessment

The methodology used in the impairment testing is value in use, a discounted cash flow model, based on a five year projection from the approved plan for the year ending 30 June 2021 ('FY21'). Key assumptions are those to which the recoverable amount of each reportable segment are most sensitive.

The following key assumptions were used in the discounted cash flow model for the different reportable segments:

- growth rates applied based on the FY21 plan applied were 6% to 14% (2019: 6% to 22%) for Asia Pacific, 3% to 8% (2019: 3% to 11%) for EMEA, 3% to 6% (2019: 3% to 5%) for Americas and CRM (2019: 0%);
- terminal growth rate applied for all reportable segments was 1.5% (2019: 1.5%);
- post-tax weighted average cost of capital applied was 11% (2019: 11.0%) for Asia Pacific, 10.5% (2019: 10.5%) for EMEA, 10.5% (2019: 10.5%) for Americas and CRM (2019: 18.0%); and
- exchange rates used in the cash flow projections for foreign operations were: AUD/USD exchange rate $0.67 (2019: $0.70) and AUD/EUR exchange rate $0.61 (2019: $0.62).

As at 30 June 2020, the value in use of net assets of the Group was greater than the carrying value of the assets and therefore goodwill was not considered to be impaired for all reportable segments. All goodwill associated with CRM was impaired in FY19 by $3.367 million. CRM is being monitored within the Asia Pacific reportable segment in FY20.

Critical accounting judgements, estimates and assumptions - COVID-19

Judgement has been exercised in considering the impacts that the COVID-19 has had, or may have, on the Group and FY21 outlook. This consideration extends to the nature of the products and services offered, customers, the inherent uncertainty in the timing of new incremental revenue, the global workforce and the lockdown restrictions and economic conditions of the geographic regions in which the Group operates.

The following describes each key assumption on which management had based its cash flow projections when determining the value-in-use of its cash generating units:

- the Group will continue to have access to the data supply from automakers over the projection period;
- the Group will not experience any substantial adverse movements in currency exchange rates;
- the Group's research and development program will ensure that the current suite of products remains competitive; and
- the Group is able to maintain its current gross margins.

Sensitivity – Asia Pacific, EMEA and Americas

No reasonable change in assumptions would result in the recoverable amount being materially less than the carrying value for any reportable segments.

Intangible assets other than goodwill

There were no indicators of impairment during the year ended 30 June 2020 and 30 June 2019.

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Note 6. Non-current assets - intangibles (continued)

Critical accounting judgements, estimates and assumptions - goodwill

The recoverable amounts of goodwill of the relevant reportable segments have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Critical accounting judgements, estimates and assumptions - research and development

Research and development expenses incurred relate to works provided by third parties and internal salaries and on-costs of employees.

Research costs are expensed in the period in which they are incurred.

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility, and the costs can be measured reliably.

The key judgements relate to:

- determining the portion of the internal salary and on-costs that are directly attributable to development of the Group's product suite and software; and
- identifying and assessing the technical feasibility of completing the intangible asset and generating future economic benefits.

An impairment loss is recognised if the carrying amount of the development asset exceeds its recoverable amount.

The Group determines the estimated useful lives for the capitalised development costs. The useful lives could change significantly as a result of technical innovations or some other event. The amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or items no longer in use will be written off or written down.

Accounting policy for intangible assets

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill 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. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed if the related asset subsequently increases in value.

Capitalised development costs

Research costs are expensed in the period in which they are incurred. Capitalised development costs represent the up-front costs of developing new products or enhancing existing products to meet customer needs. 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 estimated finite useful life of four to five years.

Software systems

Software systems acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their estimated finite useful life of four to five years.

Customer relationships

Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their estimated finite useful life of three to nine years.

Brand names

Brand names acquired in a business combination are capitalised as an asset. The brand is recognised as having an infinite useful life as there is no foreseeable limit to the period over which the brand is expected to generate cash flows. The brand names are carried at cost less accumulated impairment losses.

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Note 6. Non-current assets - intangibles (continued)

Impairment of non-financial assets

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

Recoverable amount is the higher of (a) an asset's fair value less costs of disposal; and (b) 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.

Note 7. Current assets - trade and other receivables

	Consolidated 2020 $'000	Consolidated 2019 $'000
Trade receivables	12,035	9,277
Less: Allowance for expected credit losses	(498)	(350)
	11,537	8,927
Other receivables	518	413
	12,055	9,340

Allowance for expected credit losses

The ageing of the impaired receivables provided for above are as follows.

Consolidated	Expected credit loss rate 2020 %	Expected credit loss rate 2019 %	Carrying amount 2020 $'000	Carrying amount 2019 $'000	Allowance for expected credit losses 2020 $'000	Allowance for expected credit losses 2019 $'000
Not overdue	0.22%	0.20%	6,308	4,926	14	10
0 to 30 days overdue	6.81%	0.20%	1,953	1,692	133	3
30 to 60 days overdue	7.39%	0.40%	1,634	619	121	2
Over 60 days overdue	10.75%	16.40%	2,140	2,040	230	335
			12,035	9,277	498	350

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

	Consolidated 2020 $'000	Consolidated 2019 $'000
Opening balance	350	414
Additional provisions recognised	148	-
Receivables written off during the year as uncollectable	-	(64)
Closing balance	498	350

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Note 7. Current assets - trade and other receivables (continued)

Critical accounting judgements, estimates and assumptions - allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the COVID-19 and forward-looking information that is available. The allowance for expected credit losses is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Accounting policy for 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 provision for impairment. Trade receivables are generally due for settlement within 30 to 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.

Note 8. Leases

The Group adopted AASB 16 Leases on 1 July 2019 using the ‘modified retrospective’ approach with no restatement of comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are, therefore, recognised in the opening balance sheet on 1 July 2019. There was no impact on opening retained profits at 1 July 2019 following the adoption of AASB 16.

On adoption of AASB 16, the Group recognised lease liabilities in relation to property leases which had previously been classified as ‘operating leases’ under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rates as of 1 July 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.05%.

The associated right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any deferred incentives relating to that lease as at the transition date.

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

When adopting AASB 16 from 1 July 2019, the Group has applied the following practical expedients:

- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

	1-Jul-19 $'000
Assets	
Non-current right-of-use assets	6,422
Liabilities	
Current lease liabilities	(1,996)
Non-current lease liabilities	(4,979)
	(6,975)

The net impact on retained profits on 1 July 2019 was Nil.

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Note 8. Leases (continued)

The following table reconciles the Group's operating lease commitments as at 30 June 2019 to the lease liabilities recognised upon transition on 1 July 2019:

	1-Jul-19 $'000
Operating lease commitments (net of sublease income) as at 30 June 2019	7,460
Commitments related to outgoings and similar service costs	(989)
Commitments related to short-term leases and leases of low-value assets	(76)
Impact of discounting	(369)
Lease agreements and/or renewals executed during the year	903
Other	46
Lease liabilities as at 1 July 2019	6,975

8(a). Lease liabilities

		Consolidated
	2020 $'000	2019 $'000
Current	1,889	-
Non-current	3,136	-
	5,025	-

Reconciliation

A reconciliation of lease liabilities at the beginning and end of the current financial year is set out below:

	$'000
Recognised on adoption of AASB 16	6,975
Lease payments (AASB 16 rent adjustment)	(2,069)
Interest charges	179
Exchange differences	(60)
Balance at 30 June 2020	5,025

Future lease payments in relation to lease liabilities as at 30 June 2020 are disclosed in note 12.

Interest and finance charges paid/payable on lease liabilities are disclosed in note 4.

On 12 February 2020, the Company signed a new lease agreement to replace its existing office premises in Melbourne. The lease is for a term of 5 years at an initial rent charge of $272,800 per annum, with options for renewal. The Company will occupy this premises after the June 2020 year-end.

Critical accounting judgements, estimates and assumptions - Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

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Note 8. Leases (continued)

Critical accounting judgements, estimates and assumptions - Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Accounting policy for lease liabilities

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

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

8(b). Right-of-use assets

		Consolidated
	2020 $'000	2019 $'000
Right-of-use assets	6,463	-
Less: Accumulated depreciation	(1,969)	-
	4,494	-

The Group leases buildings for its offices under agreements of between 1 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliation
A reconciliation of the written down values at the beginning and end of the current financial year is set out below:

	Land and buildings $'000
Additions on adoption of AASB 16	6,422
Exchange differences	45
Depreciation	(1,973)
Balance at 30 June 2020	4,494

Accounting policy for right-of-use assets

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

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

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Note 8. Leases (continued)

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

Note 9. Current liabilities - contract liabilities

	Consolidated 2020 $'000	Consolidated 2019 $'000
Contract liabilities	1,520	1,728

Reconciliation

A reconciliation of the contract liabilities values at the beginning and end of the current and previous financial year is set out below:

	2020 $'000	2019 $'000
Opening balance	1,728	1,131
Billings in advance	6,285	5,935
Material right liability	231	-
Transfer to revenue - included in the opening balance	(1,728)	(1,131)
Transfer to revenue - performance obligations satisfied in the current financial period	(4,993)	(4,212)
Foreign currency translation differences	(3)	5
Closing balance	1,520	1,728

Unsatisfied performance obligations

The aggregate amount of the contract liabilities allocated to the performance obligations that are unsatisfied at 30 June 2020 was $1.520 million (2019: $1.728 million) and is expected to be recognised as revenue in future periods as follows:

	Consolidated 2020 $'000	Consolidated 2019 $'000
Within 6 months	662	1,415
6 to 12 months	858	313
	1,520	1,728

Accounting policy for contract liabilities

Contract liabilities represent the Group's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the services to the customer.

Note 10. Promissory note

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current	104	-
Non-current	743	-
	847	-

On 22 June 2020, the Group received funds under the US Small Business Administration Paycheck Protection Program ('PPP') established by the Coronavirus Aid, Relief and Economic Security ('CARES') Act.

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Note 10. Promissory note (continued)

The promissory note matures on 1 June 2025 and the Group is liable to repay the principal amount in equal instalments (commencing 6 months from the funding date) together with interest at a rate of 1% per annum.

The proceeds are being used toward permitted payroll, rent and other utility costs and, therefore, may be eligible for forgiveness (i.e. not repayable) under the terms of the CARES Act should an application be submitted and approved.

Accounting policy for borrowings

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

Note 11. Equity - issued capital and treasury shares held in trust

				Consolidated
	2020 Shares	2019 Shares	2020 $'000	2019 $'000
Ordinary shares - fully paid	374,457,626	312,426,494	103,192	14,790
Treasury shares held in trust - fully paid	-	(1,287,282)	-	(1,230)
	374,457,626	311,139,212	103,192	13,560

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2018	310,823,521		12,923
Shares for part settlement of purchase of a business	5 September 2018	385,582	$1.21	467
Shares for part settlement of purchase of a subsidiary	31 December 2019	1,217,391	$1.15	1,400
Balance	30 June 2019	312,426,494		14,790
Shares issued to executives upon vesting of options and/or performance rights	19 August 2019	5,546,280	$0.92	5,114
Shares issued to executives upon vesting of options and/or performance rights	1 October 2019	372,466	$0.00	-
Shares for part settlement of purchase of a subsidiary	23 March 2020	195,528	$1.86	364
Institutional placement	28 April 2020	46,606,449	$1.50	69,910
Share purchase plan	27 May 2020	9,310,409	$1.50	13,966
Share issue transaction costs (net of tax)		-	-	(952)
Balance	30 June 2020	374,457,626		103,192

Movements in treasury shares held in trust

Details	Date	Shares	Acquisition price	$'000
Balance	1 July 2018	(1,254,142)		(978)
Purchase of treasury shares		(399,158)	$1.30	(521)
Disposal of treasury shares		366,018	$0.73	269
Balance	30 June 2019	(1,287,282)		(1,230)
Purchase of treasury shares		(30,917)	$2.04	(63)
Disposal of treasury shares		1,318,199	$0.98	1,293
Balance	30 June 2020	-		-

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Note 11. Equity - issued capital and treasury shares held in trust (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of shares held, taking into account amounts paid on those shares. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. Each member represented at a general meeting, whether in person or by proxy, shall have one vote on a show of hands. Each share carries one vote upon a poll.

Treasury shares held in trust

Treasury shares are ordinary shares of the Company purchased on market by the trustee of the Infomedia Employee Share Scheme Trust. The treasury shares are held on trust for the purpose of meeting future obligations in connection with the Company's long term employee incentive scheme. Trust shares are allocated or transferred to recipients upon vesting and exercise of long-term incentives. Further details about the Company's long term incentives are set out in note 17 to these financial statements.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue its listing on the Australian Securities Exchange, provide returns for shareholders and benefits for other stakeholders.

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 and take on borrowings.

Accounting policy for 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.

Note 12. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include the identification and analysis of both the risk exposure of the Group as well as the appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks where appropriate. Finance reports to the Board on a regular basis.

The Group uses derivative financial instruments, zero cost collar contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange and aging analysis for credit risk.

Market risk

Foreign currency risk

The Group operates and trades in three major economic currency regions (Asia Pacific; Europe, Middle East and Africa; and Americas, including North, Central and South America); and as a result, exposures to exchange rate fluctuations arise. These exposures mainly arise from the subscriptions for the Group's products and to a lesser extent the associated costs relating to these products. As the Group's product offerings are typically made on a recurring monthly subscription basis, there is a relatively high degree of reliability in estimating a proportion of future net cash flow exposures. The Group seeks to mitigate exposure to movements in these currencies in extreme situations by entering into zero cost collar contracts under an approved hedging policy.

In addition to the transactional sale of products, the Group's investment in both its European and United States subsidiaries, the Group's statement of financial position can be affected by movements in both the Euro ('EUR') and United States dollar ('USD') against the Australian dollar ('AUD'), with a corresponding impact to the foreign currency reserve in equity.

As at 30 June 2020, there are no outstanding derivative financial instruments.

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Note 12. Financial instruments (continued)

At 30 June 2020, the carrying value of foreign currency denominated cash and cash equivalents are as follows:

	Consolidated 2020 $'000	2019 $'000
US Dollar	6,092	6,574
Euro	10,575	4,264
	16,667	10,838

The Group had cash denominated in foreign currencies of $16.667 million as at 30 June 2020 (2019: 10.838 million). Based on this exposure, had the Australian dollar weakened by 15%/strengthened by 10% (2019: weakened by 15%/strengthened by 10%) against these foreign currencies with all other variables held constant, the Group's profit after tax for the year would have been $1.750 million higher/$1.167 million lower (2019: $1.138 million higher/$0.759 million lower) and equity would have been $1.750 million higher/$1.167 million lower (2019: $1.138 million higher/$0.759 million lower).

The percentage change is the expected overall volatility of the significant currencies, based on management's assessment of reasonable possible fluctuations. The actual foreign exchange gain for the year ended 30 June 2020 was $0.919 million (30 June 2019: gain of $0.039 million).

Interest rate risk

The Group is not exposed to any significant interest rate risk. As at the reporting date, the Group had the following variable rate cash and cash equivalents:

	2020		2019	
Consolidated	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Cash at bank	-	19,296	-	12,827
Cash on deposit	1.07%	84,623	0.99%	2,707
		103,919		15,534

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 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.

Credit risk of the Group mainly arises from cash and cash equivalents and trade and other receivables.

The cash and cash equivalents are placed with major banks in those countries where the Group operates and therefore the credit risk is minimal.

The Group’s credit risk with regard to trade receivables is spread broadly across three automotive groups - manufacturers, distributors and dealerships. Receivable balances are monitored on an ongoing basis with the result that the Group’s exposure to bad debts is not significant. As the products typically have a monthly life cycle and are priced on a relatively low subscription price, the concentration of credit risk is relatively low with automotive manufacturers being the exception.

Since the Group trades only with recognised third parties, collateral is not requested nor is it the Group’s policy to securitise its trade and other receivables. The ageing analysis as disclosed in note 7 shows that majority of the Group’s trade receivables are within the normal credit term and the receivables impairment loss is immaterial.

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Note 12. Financial instruments (continued)

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 7, due to COVID-19, the calculation of expected credit losses has been revised as at 30 June 2020 and rates have increased in each category of overdue receivables.

Generally, 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 and a failure to make contractual payments for a period greater than 1 year even with active debt collection activities.

Liquidity risk

The Group's exposure to liquidity risk is minimal given the relative strength of the statement of financial position and cash flows from operations.

Given the nature of the Group's operations with no borrowings other than the promissory note (refer note 10), the Group does not have fixed or contractual payments at the reporting date other than leases and contingent consideration.

Contingent consideration may be payable over the next 1.5 years with 70% in cash and 30% in Infomedia's ordinary shares. The amount to be paid are determined by:

- the revenue and profit before tax of Nidasu Pty Limited over the three year period from date of acquisition.

The remaining contractual maturity of the Group's other financial liabilities are as stated in the statement of financial position and are less than 60 days.

The Group's financial instruments exposed to interest rate and liquidity risk are:

- cash and cash equivalents, minimal exposure to interest rate risk;
- lease liabilities are interest bearing, there is no exposure to interest rate risk on the basis that the interest rate is fixed and the remaining contractual maturities of leases including principal and interest payments are: within 1 year $1.889 million; between 1 and 2 years $1.924 million; between 2 and 3 years $1.212 million; between 3 and 4 years $Nil; between 4 and 5 years $Nil; and greater than 5 years $Nil;
- trade and other receivables and trade and other payables are non-interest bearing and with credit terms of 30 to 60 days; and
- as at 30 June 2020, the Group has a total of cash and cash equivalents and trade and other receivables of $115.974 million (2019: $24.874 million) to meet its future cash outflows of trade and other payables of $7.540 million (2019: $7.934 million) when due for payment.

Note 13. Contingencies and commitments

Operating lease commitments were disclosed under the requirements of AASB 117 Leases. AASB 117 was superseded by AASB 16 Leases effective 1 July 2019. Operating leases commitments are no longer disclosed under AASB 16.

The Company has provided the following bank performance guarantees:

- In respect of its corporate headquarters lease - a maximum value of $0.722 million (2019: $0.722 million).
- In respect its Melbourne office lease - a maximum value of $0.186 million (2019: Nil). This is a new lease agreement to replace its existing office space in Melbourne. The Company only expects to occupy the premises in the 2021 financial year.

Note 14. Events after the reporting period

On 24 August 2020, the Board declared a final 70% franked dividend of 2.15 cents per share.

The impact of COVID-19 is ongoing and while it has not had a significant detrimental effect on the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly changing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 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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Note 15. Business combinations

Acquisition of Nidasu Pty Limited - For the year ended 30 June 2019

On 13 December 2018, the Group acquired 100% of the ordinary shares of Nidasu Pty Limited. Nidasu is the leading provider of data analytics to automakers and dealerships throughout Australia. The monthly subscription business model is highly complementary to Infomedia's software as a service ('SaaS') recurring revenue business. It represents a key step in building Infomedia's data strategy and presents a significant opportunity to access new customers and leverage Infomedia's data business globally. As at 30 June 2019, the acquisition of Nidasu is based on final purchase price accounting. None of the goodwill is expected to be deductible for tax purposes.

The fair values (as determined at acquisition date using an independent expert) of identifiable assets and liabilities in relation to this acquisition are listed in the tables below and were final as at 30 June 2019.

	Fair value $'000
Identifiable intangible assets – software systems	3,928
Identifiable intangible assets – customer relationships	1,402
Identifiable intangible assets - brand names	714
Cash and cash equivalents	164
Working capital	182
Deferred tax	(721)
Net assets acquired	5,669
Goodwill	5,224
Acquisition-date fair value of the total consideration transferred	10,893
Representing:	
Cash paid to vendor	5,600
Infomedia Ltd shares issued to vendor	1,400
Contingent consideration*	3,893
Acquisition-date value of the total consideration transferred	10,893
Acquisition costs expensed to profit or loss	56

* Pursuant to the Share Purchase Agreement, some of the consideration will be settled based on future years' actual financial performance of the acquired business determined on contractual terms and thus was recognised as contingent consideration by the Group. Refer to fair value measurement section below for further details of fair value of the contingent consideration.

Accounting policy for business combinations

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

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

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

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

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Note 15. Business combinations (continued)

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

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Fair value measurement - contingent consideration

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; and
Level 3: Unobservable inputs for the asset or liability.

The Group's only financial instrument measured at fair value as at 30 June 2020 is contingent consideration (2019: contingent consideration).

	Level 1 $'000	Level 2 $'000	Level 3 $'000
Consolidated 2020			
Liabilities			
Contingent consideration - current	-	-	1,669
Contingent consideration - non-current	-	-	2,080
	-	-	3,749

	Level 1 $'000	Level 2 $'000	Level 3 $'000
Consolidated - 2019			
Liabilities			
Contingent consideration - current	-	-	1,655
Contingent consideration - non-current	-	-	3,120
	-	-	4,775

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

The contingent consideration arose on business combinations (refer to earlier sections within this note). The fair value was determined using an independent expert and is estimated based on a multiple of forecast profit before tax or net profit after tax of the acquired business over a three year period, subject to clawback. Any settlement of contingent consideration will be in the form of cash and Infomedia's ordinary shares split in accordance with the corresponding Agreements. Any variation at the time of settlement will be recognised as income or expense in profit or loss.

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Note 15. Business combinations (continued)

Critical accounting judgements, estimates and assumptions - fair value of financial instruments

The Group's contingent consideration liability is measured at fair value at the end of each reporting period. The information provided below is about how the fair value of this financial liability is determined, including the valuation technique and inputs used.

- Fair value hierarchy: level 3;
- Valuation technique: the fair value is calculated based on a multiple of forecast net profit before tax or net profit after tax of the business over a three year period, subject to clawback;
- Significant unobservable inputs: forecast net profit of the business and the discount rate; and
- Relationship of unobservable inputs to fair value: the estimated fair value would increase/decrease if the forecast net profit or discount rate were higher/lower.

Level 3 liabilities

Movements in level 3 liabilities during the current and previous financial year are set out below:

	2020 $'000	2019 $'000
Opening balance at 1 July	4,775	4,941
Contingent consideration acquired in business combination	-	3,893
Settlement during the financial year	(1,213)	(933)
Release of finance costs during the financial year	708	1,136
Changes in contingent consideration through profit and loss	(521)	(4,262)
Closing balance at 30 June	3,749	4,775

Sensitivity analysis on fair value of contingent consideration

The carrying value of contingent consideration at 30 June 2020 might be impacted by the changes in discount rate or the forecast net profit before tax of Nidasu Pty Limited. The impact to the carrying value for the following unobservable inputs is as follows:

- Discount rate - a 100 basis points increase/decrease in the discount rate would decrease/increase the contingent consideration by $0.033 million (2019: $0.056 million and $0.057 million respectively).
- Profitability, adjustments on profit before tax - a 5% increase/decrease in the profitability would increase/decrease the contingent consideration by $0.352 million (2019: $0.420 million).

Note 16. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described at the end of each relevant notes:

		Ownership interest	
Name	Principal place of business / Country of incorporation	2020 %	2019 %
IFM Europe Limited	United Kingdom	100%	100%
IFM Americas Inc.	USA	100%	100%
IFM China (WOFE)	China	100%	100%
Nidasu Pty Limited	Australia	100%	100%

Infomedia Ltd is the parent entity of the Group.

Transactions with related parties

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

Receivable from and payable to related parties

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

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Note 16. Interests in subsidiaries (continued)

Loans to/from related parties

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

Note 17. Share-based remuneration

The ultimate objective of share-based remuneration is to incentivise and align executives with delivery of long-term shareholder value. Long term incentives, with appropriate performance hurdles, align participants to the longer-term strategies, goals and objectives of the Group, and provide greater incentive for senior employees to have broader involvement and participation in the Group beyond their immediate role. Equity participation also assists the Group to attract and retain skilled and experienced senior employees.

The obligations under share-based payment arrangements are settled by either issuing new ordinary shares in the Company or acquiring ordinary shares of the Company on market. Alternatively, the Board retains a discretion to settle the arrangements by cash in appropriate circumstances. The arrangements are governed by the terms of the Company's Equity Plan Rules.

Trading in the Company's ordinary shares awarded under the share-based remuneration arrangements is governed by the Company's Securities Trading Policy. The policy restricts employees from trading in the Company's shares when they are in a position to be aware, or are aware, of price sensitive information. Certain employees designated by the Company are restricted from trading shares outside a defined set of three trading windows per annum which coincide with the Company's half and full year reporting, and the Annual General Meeting. Trading outside these specified windows is prohibited unless Board express approval is obtained.

Executive incentive plan

The Executive Incentive Plan ('the Plan') forms an integral part of the Group's remuneration policy.

The Group provides eligible employees (including the key management personnel but excluding non-executive directors) with the opportunity to receive short-term incentives in the form of annual cash bonuses and long-term incentives in the form of performance rights ('Rights'),share options ('Options') and/or share appreciation rights ('SARs'). The Board, based on recommendations from the Remuneration, People and Culture Committee, approves the participation of each individual ('participant') in the Plan. All Rights, Options and SARs are issued by Infomedia.

Long term incentive – Performance rights

The Board approves the issue of Rights to eligible employees. The following general terms relate to Rights currently on issue:

- Rights are granted for nil consideration;
- The vesting conditions of the Rights are not market related and are conditional on meeting the performance hurdles described below;
- Participants must remain employed at any relevant vesting and/or exercise date, subject to limited exceptions contained in the Equity Plan Rules;
- For Rights issued prior to 2019, participants do not receive dividends until the Rights are exercised and converted into shares. Rights issued from 2019 onward do not receive dividends, however they carry a right to receive additional shares upon vesting, equivalent to the value of dividends paid between the grant date and vesting date;
- No voting rights are attached to the Rights until the Rights are exercised and converted into fully paid ordinary shares;
- Before vesting, the Board will determine the number of Rights to vest based on the outcome of the performance hurdles;
- Upon vesting, each Right converts into one Infomedia ordinary share for nil consideration upon exercise by the participants; and
- If the vesting conditions are not met then the Rights automatically lapse.

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Note 17. Share-based remuneration (continued)

The following performance hurdles and vesting scales apply to the outstanding Rights on issue during the financial year:

Rights granted during the financial year ended 30 June 2017 (CEO and CFO only)

- Grant dates: 29 January 2016 and 17 February 2016 (being signing dates of service agreements) are deemed grant date for the CEO and CFO, respectively;
- Testing date: Tranche 1: 33% of Rights measured over 1 July 2016-30 June 2017; Tranche 2: 33% of Rights measured over 1 July 2017-30 June 2018; Tranche 3: 33% of Rights measured over 1 July 2018-30 June 2019;
- Rights retested on testing date: Tranche 1: Fully vested in FY18, no retesting is required; Tranche 2: Rights measured over 1 July 2017-30 June 2019 (final testing for unvested Rights). 50.5% vesting in FY19;
- Performance hurdle: Compound Annual Growth Rate ('CAGR') target: Compound EPS Growth percentage above FY16 EPS;
- Vesting scale: Below 10% CAGR: Nil; At 10% CAGR: 25%; Between 10% and 15% CAGR: straight line pro-rata vesting between 25%-100%; At or above 15% CAGR: 100%;
- Post vesting disposal restrictions: Shares acquired upon vesting of Rights can only be disposed following the announcement of the audited results for the financial year ending 2021; and
- All Rights issued in connection with this plan vested, and were exercised, on 19 August 2019.

Rights granted during the financial year ended 30 June 2017 (other participants)

- Testing date: 1 October 2019;
- Rights will be tested for vesting on the testing date. Any unvested Rights will lapse;
- Performance hurdle: CAGR target: Compound EPS Growth percentage above FY16 EPS; and
- Vesting scale: Below 10% CAGR: Nil; At 10% CAGR: 25%; Between 10% and 15% CAGR: straight line pro-rata vesting between 25%-100%; At or above 15% CAGR: 100%.
- All Rights issued in connection with this tranche vested and were exercised on 1 October 2019.

Rights granted during the financial year ended 30 June 2018

- Testing date: 1 October 2020;
- Rights will be tested for vesting on the testing date. Any unvested Rights will lapse;
- Performance hurdle: CAGR target: Compound EPS Growth percentage above FY17 EPS;
- Vesting scale: Below 10% CAGR: Nil; At 10% CAGR: 25%; Between 10% and 15% CAGR: straight line pro-rata vesting between 25%-100%; At or above 15% CAGR: 100%; and
- The Board has elected to apply discretion in determining the vesting outcome to exclude non-trading income & expenses and the shares issued in connection with the Placement and Share Purchase Plan in calculating the three-year EPS CAGR.

Rights granted during the financial year ended 30 June 2019

- Testing date: following release of the Company's audited FY21 results;
- Rights will be tested for vesting and any unvested Rights will lapse;
- Performance hurdle: CAGR target: Compound EPS Growth percentage above FY18 EPS; and
- Vesting scale: Below 10% CAGR: Nil; At 10% CAGR: 25%; Between 10% and 15% CAGR: straight line pro-rata vesting between 25%-100%; At or above 15% CAGR: 100%.

Rights granted during the financial year ended 30 June 2020

- Testing date: Upon release of the Company's audited FY22 results;
- Rights tested on testing date: 100% - if unvested, Rights lapse. Vested Rights may be exercised up to six years after the grant date;
- Performance hurdle: CAGR target: Compound EPS Growth percentage above FY19 EPS; and
- Vesting scale: Below 10% CAGR: Nil; At 10% CAGR: 25%; Between 10% and 15% CAGR: straight line pro-rata vesting between 25%-100%; At or above 15% CAGR: 100%.

The fair value of the Rights is estimated as at the grant date by reference to the share price in accordance with the applicable accounting standard (*AASB 2 Share-Based Payments*).

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Note 17. Share-based remuneration (continued)

The following information relates to the Rights issued under the Plan:

2020

Grant date	Expiry date	Fair value at grant date	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
29/01/2016	01/10/2019	$0.53-$0.57	706,671	-	(706,671)	-	-
17/02/2016	01/10/2019	$0.53-$0.57	376,891	-	(376,891)	-	-
01/07/2016	01/10/2019	$0.48	403,383	-	(403,383)	-	-
04/10/2017	01/10/2020	$0.67	882,578	-	-	-	882,578
26/11/2018	01/10/2021	$1.00	876,072	-	-	-	876,072
15/11/2019	14/11/2025	$2.09	-	61,997	-	-	61,997
			3,245,595	61,997	(1,486,945)	-	1,820,647

2019

Grant date	Expiry date	Fair value at grant date	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
13/10/2015	01/10/2018	$0.75	529,000	-	-	(529,000)	-
29/01/2016	01/10/2019	$0.53-$0.57	945,378	-	(238,707)	-	706,671
17/02/2016	01/10/2019	$0.53-$0.57	504,202	-	(127,311)	-	376,891
01/07/2016	01/10/2019	$0.48	403,383	-	-	-	403,383
04/10/2017	01/10/2020	$0.67	882,578	-	-	-	882,578
26/11/2018	01/10/2021	$1.00	-	876,072	-	-	876,072
			3,264,541	876,072	(366,018)	(529,000)	3,245,595

During the year ended 30 June 2020, 1,486,945 Rights vested and were exercised (2019: 366,018). The value attributable to these Rights at vesting was $2.17 per Right (2019: $1.26 per Right). The value represents the blended variable weighted average price of Infomedia shares in the four weeks from the vesting dates.

Long term incentive – Share options (CEO and CFO only)

The Group provided the CEO and CFO with the opportunity to subscribe for ordinary shares in the form of Options in the Company through the Performance Rights and Option Plan.

The key terms of the Options are:

- Options issued during FY17: the grant dates of 29 January 2016 and 17 February 2016 are the deemed grant date for CEO and CFO, respectively, reflecting the dates of entering into their services agreements;
- Granted for nil issue consideration;
- An exercise price of 92.2 cents per option applies;
- Each Option entitles the participants to subscribe for one Infomedia ordinary share;
- Options will become exercisable when the Company's share price exceeds the exercise price of 92.2 cents;
- Options may not be exercised prior to the release of the Company's audited results for the year ending 30 June 2019;
- Participants must remain employed at any relevant vesting and/or exercise date, subject to limited exceptions contained in the Plan rules;
- When Options are exercised by participants, the Company has discretion to either transfer existing shares or issue new ordinary shares to satisfy the allocation; and
- The following post vesting disposal restrictions apply: 50% of shares following the exercise of the Options subject to a disposal restriction until after the release of the Company's audited results for the year ending 30 June 2020

The fair value of the Options granted under the Plan is estimated as at the grant date using a Monte-Carlo Simulation model taking into account the term and conditions upon which the Options were granted.

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Note 17. Share-based remuneration (continued)

The following information relates to the Options issued under the Plan:

2020

Grant date	Expiry date	Fair value at grant date	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
29/01/2016	29/01/2020	$0.07	3,750,000	-	(3,750,000)	-	-
17/02/2016	17/02/2020	$0.07	2,000,000	-	(2,000,000)	-	-
			5,750,000	-	(5,750,000)	-	-

2019

Grant date	Expiry date	Fair value at grant date	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
29/01/2016	29/01/2020	$0.07	3,750,000	-	-	-	3,750,000
17/02/2016	17/02/2020	$0.07	2,000,000	-	-	-	2,000,000
			5,750,000	-	-	-	5,750,000

During the year ended 30 June 2020 5,750,000 Options vested and were exercised (2019: nil). The value attributable to these Options at vesting was $2.16 per Option. The value represents the variable weighted average price of Infomedia shares in the four weeks from the vesting date. An exercise price of 92.2 cents per option was paid by the option holders to the Company at the time of exercise.

No Options were vested and exercisable as at 30 June 2020 (2019: None).

Long term incentive – Share Appreciation Rights (SARs)

The Board approves the issue of SARs to eligible employees. The following general terms relate to SARs currently on issue:

- SARs reward executives for the growth in Infomedia's share price between the date of grant and the date of exercise;
- SARs are granted for nil issue consideration;
- SARs are tested over a three-year performance period and vest proportionally based on the relevant vesting and performance criteria for each grant;
- SARs which do not vest on the relevant testing date automatically lapse. Vested SARs may be exercised up to six years after the grant date;
- Upon exercise, the recipient is entitled to receive, for nil consideration, fully paid ordinary shares in Infomedia which are equivalent to the growth in Infomedia's share price over the 'Reference Price' calculated for that particular grant, multiplied by the number of vested SARs. The share price must exceed the Reference Price at the time of exercise;
- The 'Reference Price' is determined by calculating the variable weighted average share price of Infomedia shares over a Board specified period, following the release of the Company's Annual Results (as applicable in the relevant year the SARs are issued); and
- Participants must remain employed at any relevant vesting date, subject to limited exceptions contained in the Plan rules.

SARs granted during the financial year ended 30 June 2020

- Grant date: 15 November 2019
- Testing date: Upon release of the Company's audited FY22 results;
- Vested SARs may be exercised up to six years after the grant date;
- Performance hurdle: CAGR target: Compound EPS Growth percentage above FY19 EPS;
- Vesting scale: Below 10% CAGR: Nil; At 10% CAGR: 25%; Between 10% and 15% CAGR: straight line pro-rata vesting between 25%-100%; At or above 15% CAGR: 100%;
- Each vested SAR entitles the Executive KMP to receive the benefit of share price growth over the period between grant and exercise. Upon exercise Executive KMP receive such number of Shares as determined by the following calculation:

$$\frac{((SAR\ End\ Price - Reference\ Price) \times Number\ of\ SARs)}{SAR\ End\ Price} = Number\ of\ Shares\ vested$$

Where:

- **SAR End Price** means the 5-day Volume Weighted Average Price of the Company's shares up to the day of exercise; and
- **Reference Price** means the 10-day VWAP calculation on the Company's share price following release of the FY19 results. The Reference Price in relation to SARs issued in 2019 was $2.1415.

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Note 17. Share-based remuneration (continued)

The fair value estimate of the SARs granted under the Plan as at the grant date is based on Cox-Ross-Rubinstein binomial lattice methodology taking into account the term and conditions upon which the SARs were granted.

The estimated value inputs and assumptions used are listed in the table below:

Assumptions	Value
Reference price	$2.1415
Share price	$2.0900
Grant date	15 November 2019
Vesting date	30 June 2022
Term to expiry	5.83 years
Risk-free rate of interest	0.96%
Dividend yield	1.87%
Volatility	38.6%

The risk-free rate of interest represents the 5.83-year zero-coupon interest rate yield at the grant date. Expected volatility was determined by calculating the annualised standard deviation of the log change in the daily close price of Infomedia's shares over 6 years.

The following information relates to the SARs issued under the Plan.

2020

Grant date	Expiry date	Fair value per SAR at grant date	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
15/11/2019	14/11/2025	$0.65	-	2,418,182	-	-	2,418,182
			-	2,418,182	-	-	2,418,182

2019

Grant date	Expiry date	Fair value per SAR at grant date	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
-	-	-	-	-	-	-	-
			-	-	-	-	-

Accounting policy for share-based payments

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

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

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using a 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 other vesting conditions have been taken into account.

The cost of equity-settled transactions is 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.

Infomedia Ltd
Notes to the consolidated financial statements
30 June 2020

Note 18. Cash flow information

Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2020 $'000	Consolidated 2019 $'000
Profit after income tax expense for the year	18,556	16,122
Adjustments for:		
Depreciation and amortisation	20,858	16,781
Impairment of intangibles	-	3,367
Share-based payments	1,044	1,048
Foreign exchange differences	(822)	113
Capitalised development costs	-	(754)
Non-cash finance costs	708	1,136
Revaluation of contingent consideration	(521)	(4,262)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(2,807)	(1,305)
Decrease/(increase) in prepayments	(877)	131
Increase in trade and other payables	(374)	1,004
Increase/(decrease) in contract liabilities	(208)	597
Increase in provision for income tax	1,355	2,685
Increase/(decrease) in other provisions	11	(54)
Increase/(decrease) in employee benefits	667	249
Increase in deferred tax liabilities	1,118	1,571
Net cash from operating activities	38,708	38,429

Non-cash investing and financing activities

During the financial year ended 30 June 2020, Infomedia issued $0.364 million ordinary shares (2019: $1.867 million) as part payment for purchase of a subsidiary and a business.

Changes in liabilities arising from financing activities

Consolidated	Lease liabilities $'000	Loan $'000	Total $'000
Balance at 1 July 2018	-	-	-
Balance at 30 June 2019	-	-	-
Recognition of lease liabilities on 1 July 2019 on adoption of AASB 16	6,975	-	6,975
Net cash from financing activities	(1,950)	847	(1,103)
Balance at 30 June 2020	5,025	847	5,872

Infomedia Ltd
Notes to the consolidated financial statements
30 June 2020

Note 19. 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	
	2020 $	2019 $
Short-term employee benefits	1,737,776	1,924,963
Post-employment benefits	88,101	87,977
Long-term benefits	12,011	3,299
Share-based payments	351,312	523,073
	2,189,200	2,539,312

Note 20. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2020 $'000	2019 $'000
Profit after income tax	17,352	16,031
Total comprehensive income	17,352	16,031

Statement of financial position

	Parent	
	2020 $'000	2019 $'000
Total current assets	111,437	21,007
Total assets	181,748	85,140
Total current liabilities	17,988	13,051
Total liabilities	32,946	24,078
Equity		
Issued capital and treasury shares held in trust	103,192	14,790
Share-based payments reserve	2,280	6,612
Retained profits	43,330	39,660
Total equity	148,802	61,062

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 2020 and 30 June 2019.

Infomedia Ltd
Notes to the consolidated financial statements
30 June 2020

Note 20. Parent entity information (continued)

Contingent liabilities

Other than the guarantee below, there were no unrecognised contingent liabilities as at 30 June 2020 and 30 June 2019.

The parent entity has provided bank performance guarantees to a maximum value of $0.908 million (2019: $0.722 million) relating to the lease commitments on its corporate headquarters and other premises.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 23, 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 21. 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, and unrelated firms:

		Consolidated
	2020	2019
	$	$
Deloitte and related network firms		
Audit or review of financial reports:		
- Group base fee	250,000	161,000
- Group other fees	50,000	12,500
	300,000	173,500
Other services:		
- Tax compliance services	79,408	44,776
	379,408	218,276
Other auditors and their related network firms		
Audit or review of financial reports:		
- Subsidiaries	20,716	21,738
Other services:		
- Tax compliance services	1,522	1,734
	22,238	23,472

Note 22. Basis of preparation and other accounting policies

Infomedia Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

3 Minna Close
Belrose, Sydney NSW 2085

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.

Infomedia Ltd
Notes to the consolidated financial statements
30 June 2020

Note 22. Basis of preparation and other accounting policies (continued)

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 August 2020. The directors have the power to amend and reissue the financial statements.

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.

The accounting policies adopted in the preparation of the financial statements have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are presented in Australian dollars, which is Infomedia Ltd's functional and presentation currency.

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.

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

Interpretation 23 Uncertainty over Income Tax

Refer to note 5 for detailed analysis on the adoption of Interpretation 23 Uncertainty over Income Tax.

AASB 16 Leases

Refer to note 8 for detailed analysis on the adoption of AASB 16 Leases.

Historical cost convention

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Infomedia as at 30 June 2019 and the results of all subsidiaries for the year then ended.

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

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Cash and cash equivalents

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

Infomedia Ltd
Notes to the consolidated financial statements
30 June 2020

Note 22. Basis of preparation and other accounting policies (continued)

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.

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.

Investments and other financial assets

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

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

Financial assets at amortised cost

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

Impairment of financial assets

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

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

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Financial 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.

Infomedia Ltd
Notes to the consolidated financial statements
30 June 2020

Note 22. Basis of preparation and other accounting policies (continued)

Reserves

Foreign currency 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 as part of their remuneration.

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 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Group's financial statements.

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 21 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 2020 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors

Bart Vogel
Chairman

24 August 2020

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Infomedia Ltd.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Infomedia Ltd **(**the "Company") and its subsidiaries (the "Entity") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) giving a true and fair view of the Entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) 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 Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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 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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<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>Capitalised labour development costs
As at 30 June 2020, the Entity’s carrying value of the product and software development costs capitalised as intangibles totalled $44.6m of which $21.9m is attributable to capitalisation in the current financial year as disclosed in Note 6.

Judgement is involved in determining the quantum of labour costs directly attributable to develop the Entity’s product suite and software.</td><td>Our procedures included, but were not limited to:
Holding discussions with department heads involved in product development to understand the basis and rationale for capitalising labour costs associated with key projects;
Testing on a sample basis, capitalised labour costs through reviewing timesheets and holding discussions with staff members outside the finance department;
Assessing whether that all eligible employees are included and ineligible employees are excluded in the calculations, where appropriate;
Challenging management’s key assumptions in the labour capitalisation calculation and estimated useful life; and
Testing the mathematical accuracy of management’s labour capitalisation schedule.
We also assessed the appropriateness of the disclosure in Note 6 to the financial statements.</td></tr>
<tr><td>Contingent Consideration
As at 30 June 2020, the Entity has an contingent consideration liability of $3.7m which relates to its acquisition of Nidasu in FY19.

Payments will be made to the seller if agreed net profit hurdles are met in future periods. Judgment is involved in forecasting these cash flows and the discount rate applied in calculating the best estimate of the amount expected to settle the obligation.</td><td>Our procedures included, but were not limited to:
Assessing management's contingent consideration calculations against the net profit hurdle stipulated in the signed share purchase agreement;
Challenging the reasonableness of key assumptions included in the forecast cash flows including:
Comparing historical budget forecasts against actual results;
Comparing forecast growth to business plans approved by the Board; and
Performing sensitivity analysis on the revenue growth assumptions to assess the impact on the forecasted cash flow.
Recalculating the interest expense related to the net present value of contingent consideration;
Testing the mathematical accuracy of management’s contingent consideration calculation; and
Assessing the accuracy of the classification of current and non-current contingent consideration liability disclosed.
We also assessed the appropriateness of the disclosure in Note 15 to the financial statements.</td></tr>
</table>

Deloitte.

Research and development ('R&D') tax incentive	Our procedures included, but were not limited to:
The Company's self-assessed R&D tax incentive during the 2020 financial year was $7.1m. Under review is the Entity's 2016 R&D claim, AusIndustry is of the opinion that a portion the Entity's 2016 R&D claims related to activities that were 'ineligible R&D activities' which would not be eligible for R&D tax incentive. The potential exposure to the Company for the 2016 income year is is tax of $0.78m and interest of approximately $0.3m to 30 June 2020. The Company has appointed an external tax expert and on the 17th of August 2020 has made the necessary submissions to AusIndustry in support of the R&D tax incentive claims made with respect to the 2016 financial year.	• Assessing the professional competence, objectivity and experience of management's external tax expert; • Engaging in discussions with management's external expert with our internal R&D tax experts to assess the appropriateness of management's assessment and proposed submission relating to the 2016 claim under review; • Reading, understanding and challenging the proposed submissions made by management to substantiate eligibility of research and development expenditures to AusIndustry; and • Evaluating the appropriateness of implementation of the relevant tax regulation and *Interpretation 23 – Uncertainty over Income Tax Treatments* with respect to research and development expenditure tax credits. We also assessed the appropriateness of the disclosure relating to this matter in Note 5 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Entity 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 Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.

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 19 to 34 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Infomedia Ltd, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Pooja Patel

Pooja Patel
Partner
Chartered Accountants
Sydney, 24 August 2020

Shareholder information – as at 14 August 2020

The following information is presented in compliance with ASX Listing Rules 4.10 (as relevant). The information is current as at 14 August 2020.

1. NUMBER OF SHAREHOLDERS

As at 14 August 2020 there were 5,610 shareholders holding a total of 374,457,626 fully paid ordinary shares

2. DISTRIBUTION OF QUOTED EQUITY SECURITIES & SMALL HOLDINGS

Range	Fully Paid Ordinary Shares	%	No. of holders	%
100,001 and Over	319,529,078	85.31	107	1.91
10,001 to 100,000	41,257,512	11.04	1,419	25.29
5,001 to 10,000	7,268,774	1.94	925	16.49
1,001 to 5,000	5,783,719	1.55	2,075	36.99
1 to 1,000	618,543	0.16	1,084	19.32
Total	**374,457,626**	**100.00**	**5,610**	**100.00**
Unmarketable Parcels	11,708	0.00	199	3.55

3. TOP 20 REGISTERED SHAREHOLDERS

Rank	Name	14 Aug 2020	%IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	108,230,116	28.90
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	56,951,523	15.21
3	NATIONAL NOMINEES LIMITED	28,747,588	7.68
4	CITICORP NOMINEES PTY LIMITED	28,113,092	7.51
5	BELL POTTER NOMINEES LTD	25,478,884	6.80
6	BNP PARIBAS NOMINEES PTY LTD	13,940,973	3.72
7	BNP PARIBAS NOMS PTY LTD	8,285,318	2.21
8	PACIFIC CUSTODIANS PTY LIMITED	5,142,752	1.37
9	INVIA CUSTODIAN PTY LIMITED	3,649,841	0.97
10	MR JONATHAN RUBINSZTEIN	3,313,067	0.88
11	MIRRABOOKA INVESTMENTS LIMITED	3,130,008	0.84
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,904,184	0.78
13	MR RICHARD LEON	2,895,302	0.77
14	NATIONAL NOMINEES LIMITED	1,910,982	0.51
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,903,016	0.51
16	POWERWRAP LIMITED	1,816,066	0.48
17	CITICORP NOMINEES PTY LIMITED	1,576,587	0.42
18	MR PETER ALEXANDER BROWN	1,350,000	0.36
19	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	1,319,149	0.35
20	JONATHAN LEONARD SCHARRER	1,059,689	0.28
	Total	**301,718,137**	**80.57**

4. SUBSTANTIAL SHAREHOLDERS

The share balances in this table are extracted from substantial shareholder notices received by the Company.

Rank	Shareholder	Number of shares	Voting Power	Date of last notice
1	Viburnum Funds Pty Ltd ACN 126 348 990	40,937,728	10.93%	5 June 2020
2	Selector Funds Management Limited ACN 102 756 347	29,777,167	8.15%	29 April 2020
3	Wilson Asset Management Group	24,034,732	6.42%	5 June 2020
4	Eley Griffiths Group Pty Limited ACN 102 271 812	18,686,853	5.12%	20 May 2020
	Total		**30.62%**	

5. UNQUOTED EQUITY SECURITIES

Unquoted Share Appreciation Rights	Number on issue	Number of holders
Employees	2,418,182	24
Directors	-	-
Unquoted Performance Rights		
Employees	1,820,647	28
Directors	-	-

6. ESCROWED SECURITIES

Class	Number	Escrow End Date
Fully Paid Ordinary Shares	608,696	13 December 2021
Fully Paid Ordinary Shares	195,528	31 March 2022

7. VOTING RIGHTS

Fully Paid 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 shall have one vote for each share represented.

Unquoted Share Appreciation Rights and Performance Rights: No voting rights apply unless and until the unquoted securities are converted to Fully Paid Ordinary Shares.

8. SHARE BUY-BACK

Infomedia Ltd does not have a current on-market buy-back in operation.

9. SHARES PURCHASED ON-MARKET

During the reporting period 30,917 shares were purchased on-market to satisfy vested share options or performance rights granted in connection with employee incentive schemes. The average purchase price was $2.04 per share.

10. CORPORATE GOVERNANCE STATEMENT

Infomedia's 2020 Corporate Governance Statement may be found by visiting *http://www.infomedia.com.au/governance*

CORPORATE DIRECTORY

INFOMEDIA LTD (ASX:IFM)
ABN 63 003 326 243

DIRECTORS
Bart Vogel – Non-Executive Chairman
Jonathan Rubinsztein – CEO & Managing Director
Kim Anderson
Paul Brandling
Clyde McConaghy
Anne O'Driscoll

COMPANY SECRETARIES
Daniel Wall
Mark Grodzicky

CHIEF FINANCIAL OFFICER
Richard Leon

REGISTERED OFFICE
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ANNUAL GENERAL MEETING 2020

The 2020 Annual General Meeting of Infomedia will be held on Wednesday, 11 November. The meeting will take place virtually, owing to the ongoing COVID-19 pandemic. A formal Notice of Meeting will be released in October.

FINANCIAL CALENDAR (2021)

FINANCIAL HALF YEAR END	31 December 2020
FINANCIAL HALF YEAR RESULTS ANNOUNCEMENT	25 February 2021*
FINANCIAL YEAR END	30 June 2021
FINANCIAL YEAR END RESULTS ANNOUNCEMENT	24 August 2021*
ANNUAL GENERAL MEETING	16 November 2021*

* Please note dates are subject to change. Any changes will be published via a notice to the Australian Securities Exchange (ASX).

GLOSSARY

APAC	Sales region covering the area of the Asia Pacific
Cash EBITDA	Cash earnings; identifies the cash impact of investing in development costs that are capitalised. Cash EBITDA is a key internal metric for Infomedia
cps	Cents per share
FY20	The financial year from 1 July 2019 to 30 June 2020
EBITDA	Earnings before interest, tax, depreciation and amortisation
EMEA	Sales region covering the area of Europe, Middle East and Africa
NPAT	Net profit after tax
OEM	Original equipment manufacturer
pcp	Previous corresponding period
SaaS	Software as a Service
VIN	Vehicle identification number

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